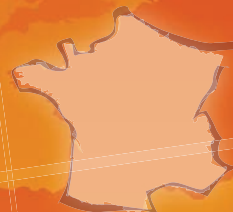


2012 *Presidential Elections*  
Facts and Figures



## **Weaknesses and strengths of France in the euro zone**

The challenge of reconvergence ■



**Coe-Rexecode**

**March** 2012

This report was prepared by the team of economists at Coe-Rexecode under the direction of Gilles Koléda.

**Composition and Graphics**

The maps were created with the help of the software “Cartes & Données de chez Articque” by Aurelie Heuzé’s statistical team, and the graphics were done by Dominique Dalle-Molle. The composition is the work of Martine Grangé, Françoise Saint-Louis and the Regards Conseil Agency

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All the figures used in the tables and the maps of this report are given in the Annex starting on page 33, which cites the statistical sources used. This entire report is available on the Internet at [www.coe-rexecode.fr](http://www.coe-rexecode.fr)

## 2 | **Éditorial** The challenge of reconvergence

*The future of the euro zone and France's economic policies are at the center of debates and Presidential platforms. To allow everyone to evaluate France's situation in its European environment, Coe-Rexecode has put under the scanner the 17 countries which make up the euro zone and produced 13 maps and 9 particularly representative graphics and tables. These precise "x-rays", complete and previously unpublished, show the weaknesses of France, but also the strengths on which France can rely to once again make economic progress.*

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France played a determining role in the foundation and the evolution of the European Union and the euro zone. European construction has

not always advanced but neither has it ever regressed. It should be noted that this union of States is governed by the community principle: everything, in principle, is decided together, except for certain decisions of the qualified majority and certain areas, such as foreign tariffs, which have been delegated to the Union. On the other hand, that which has not been explicitly delegated falls within the competence of the States. Public spending, taxation, and social laws always fall within this category. This explains why policies conducted individually by the countries of the euro-zone in these fundamental areas have given rise, over time, to profound divergences which today threaten the growth, and even beyond that, the cohesion of the Monetary Union.

While the initial objective of the establishment of the euro was to integrate and to bring together the European countries, it turns out that the euro has given rise to long-lasting divergences, long ignored when they were believed to be without concrete consequences. The euro has even nourished the faulty illusion that budgetary constraints and foreign constraints had disappeared. The shock of the world crisis has exploded these pipe dreams. It has brutally exposed the dangers that these public finance and competitiveness differences pose within the same monetary zone.

Even France, though being a founding country of the euro, only realized belatedly the obligations implied by

having a sole currency. France did not take advantage of the favorable world economic conditions at the beginning of the years 2000 to restore the balance of its public accounts. It engaged in a restrictive policy of work and productive supply, at a time when, instead, the euro needed to strengthen its competitiveness. It favored supporting demand at a time when the constraint of the industrial supply limited the capacity of the country's growth.

The maps and the data put into perspective in this report clearly show the fracture lines which are opening up between the national territories. The similarities of the maps of competitiveness, costs, deficits, debt, deindustrialization and unemployment are particularly striking.

France is far from finding itself in the perilous situation of some of the peripheral States. It often occupies an intermediary position, between a group of Northern European countries (including

Germany) and certain Southern European countries (including Italy and Spain). France's drifts in direction can, however, cause fear that it is dangerously approaching this second group of countries. It is a known fact that France has shown weaknesses and delays in structural adaptation. But it also possesses some powerful strengths: a dynamic demography, a weak employment rate and work week which offer a high potential for growth and purchasing power, and a State whose financial credibility remains very strong. Some of the past weaknesses can become real opportunities, on the condition, of course, that necessary reforms are taken, amplified and brought to term.

Our conviction is that new headway into European integration, around the historic heart of Europe, constitutes the most desirable path for the economic future of the euro zone. This new headway can only take place in a climate of mutual trust. The object of the

new Treaty is to re-establish this trust by setting up strict rules. Its effective implementation is the first condition for a return to sustained growth for all.

France and Germany are the first guarantors of the euro zone. The "reconvergence" of the French and German economies is not a mode but a vital stake in Europe and the only possible path out of this crisis. Any hesitation or divergence from this path would only relaunch the European crisis and prolong economic stagnation. It is up to these two "pillars of the euro" countries to work together towards this reconvergence. It is their responsibility.

For France, this consists, first of all, of the necessity of restoring its financial balance and strengthening its competitiveness.

**Michel DIDIER**



## **The euro zone** Problems in its divergences

The euro zone, globally, does not present a major imbalance in relation to other large world regions \_\_\_\_\_ **6**

A geographic fragmentation which largely coincides with economic variances \_\_\_\_\_ **7**

The differences between the rates of return of State bonds continue to widen \_\_\_\_\_ **8**

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## The euro zone, globally, does not present a major imbalance in relation to other large world regions

Public deficit, current account balance, average annual growth rate of GDP by inhabitant, unemployment rate in the euro zone, the United States, Japan and China (as %)

	Euro zone	U.S.	Japan	China
Public deficit, as % of GDP	-4	-10	-9	-2
Current account balance, as % of GDP	-1	-3	+4	+5
Average annual growth rate of GDP by inhabitant	+0,6	+0,6	+0,7	+10
Unemployment rate	9	6,8	4,5	nc

The public deficit is that of 2011. The current account balance is that of 2010. The average annual growth rate of GDP per inhabitant is from the period 2000-2010. The unemployment rate is the average unemployment rate for the period of 2005-2011. nc: non comparable

We have compared four large world economic zones: the euro zone, the United States, Japan, and China. Three principal conclusions stand out.

A difference in the area of growth is very pronounced between an emerging China (10% per year) and the three developed regions. This is not surprising. Less well known is the observation that the average growth rate of the GDP by inhabitant during the decade 2000-2010 was almost identical (about 0.6% per year) for the euro zone, the United States and Japan. In terms of growth, the euro zone is, therefore, not "lagging" in relation to the United States.

The euro zone is globally the most balanced from a financial standpoint. It has an almost balanced foreign trade, whereas the United States has a strong deficit

and Japan and China have a large foreign surplus (in spite of very divergent exchange movements between the euro, the dollar and the yen).

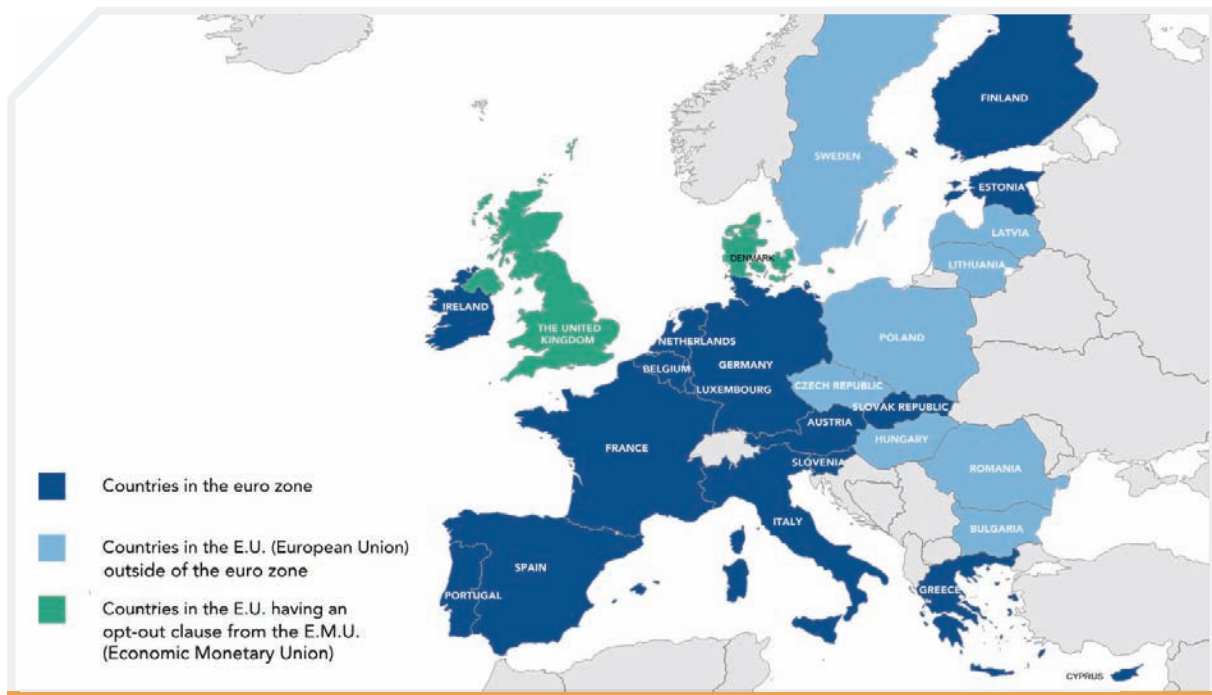
In regards to the global public deficit in the euro zone, it is half as elevated as that of the United States and Japan, and it tends to be reduced more quickly than that of the United States.

The principal European "anomaly" concerns unemployment. For the same underlying growth rate by inhabitant, the euro zone has, on the average, twice as many unemployed as does Japan and 30% more than the U.S., even though the working-age population is increasing in the U.S. almost 3 times faster than the euro zone. **The efficiency of the labor market in Europe is far from being optimal, and, thus, questions should be clearly raised as to why.**



## A geographic fragmentation which largely coincides with economic variances

Member countries of the euro zone  
(on January 1, 2012)



The European Union now comprises 27 countries for a total population of 455 million inhabitants. Its total GDP was 12,300 billion euro in 2010. It is the world's leading economic power. France represents 14.6% of the European Union population and 13.8% of its surface area.

The euro zone (Economic and Monetary Union) now totals 17 countries with 330 million inhabitants, which is two-thirds of the population of the European Union (less than 5% of the world population). The GDP of the euro zone reached 9,200 billion euro in 2010, which represents 75% of the European Union GDP and 19% of worldwide GDP.

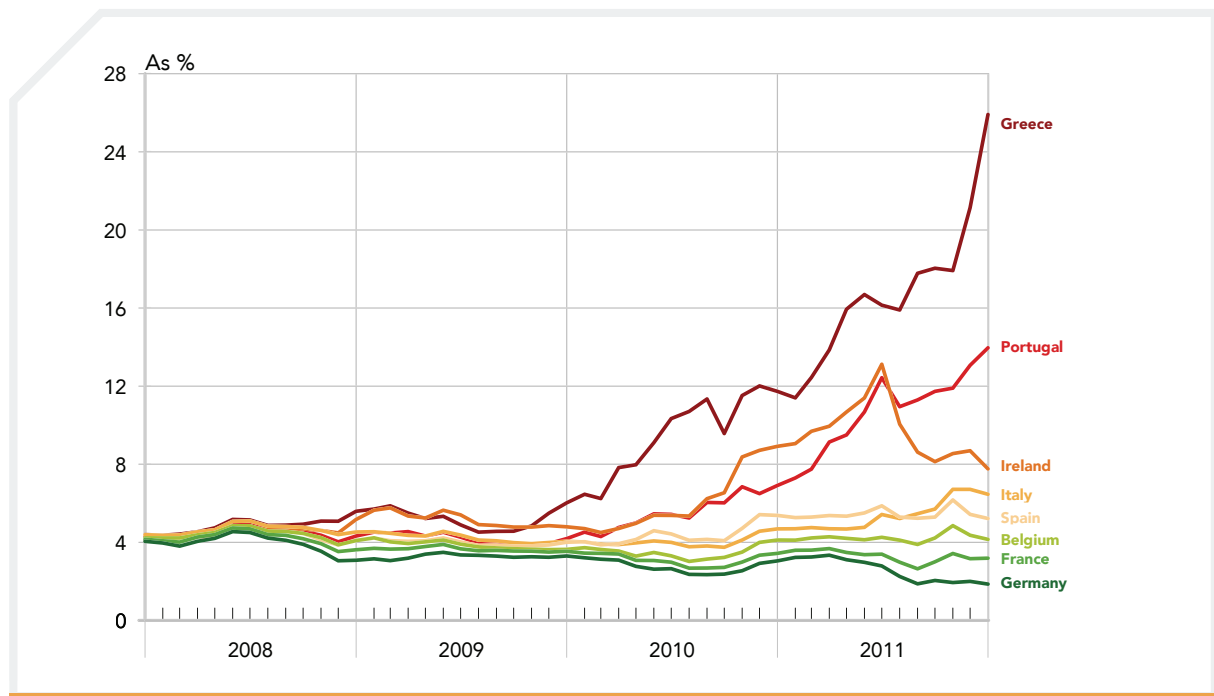
The euro zone is an incomplete structure. Romania, Bulgaria, Hungary, the Czech Republic, Poland,

Lithuania, Latvia and Sweden signed the Maastricht Treaty and plan to enter the euro zone one day. The United Kingdom and Denmark, on the other hand, have obtained an opt-out clause to the Maastricht Treaty concerning their membership in the euro zone.

Just a glance at the geography of the euro zone is enough to note the geographic fragmentation between the countries that it is composed of. The six founding countries of the European Union form the "heart" of the euro zone. The other members are geographically more "peripheral" and sometimes disjointed geographically. **The geographic positions of the euro zone countries coincide, generally, rather well with their current economic and financial differences.**

## The differences between the rates of return of State bonds continue to widen.

### Rates of return of 10-year State bonds (2008 – 2012)



We have not drawn the curve for Netherlands which is almost the same as that of Germany.

In the beginning of 2009, the rates of return for 10-year State bonds in the countries of the euro zone were very close to one another. Those rates have since moved apart. To understand the significance of these differences, let's take the point of view of the saver who has placed his savings in State bonds. If he buys 10-year German state bonds, with the present rate of return of 1.9%, in ten years his placement will have become 120. If he buys, for example, Italian bonds, his placement would become 170. However, a lot of investors today prefer to buy German bonds.

The explanation is that they fear, either rightly or wrongly, that the Italian state will not reimburse the totality of its debt or that the "Italian euro" will one day lose its value in comparison to the "euro mark."

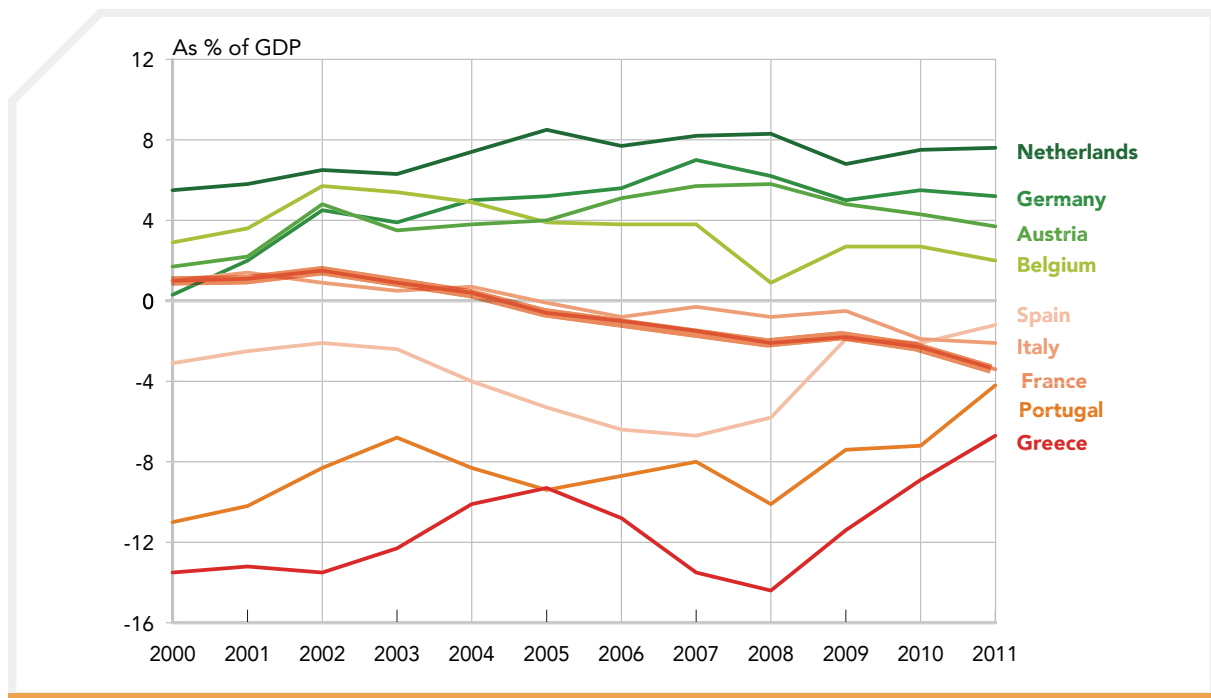
This means that they do not ignore the possibility of a return to national currencies. These differences in the

rates of return are representative of that which is called the "credibility" of the States (or the "sovereign" debts).

The Greek, Portuguese and Irish cases illustrate extreme situations where the State no longer finds takers for its bond markets. To avoid a default in payment which would force them to halt all spending, they must ask for aid from other States. This is what has happened in these three countries. This assistance demands plans for balanced budgets because the financial aid asked for is only given in exchange for these plans. France is far from finding itself in these extreme situations, but savers have separated it a bit from Germany (the same placement in French bonds would yield 134 in 10 years). **For the viability of the euro zone, for which France and Germany are, together, the principal guarantors, it is now crucial to get rid of the France-Germany gap.**

## Foreign trade balances, symptoms of competitiveness gaps

Foreign trade balances of goods and services as percentage of GDP for the countries of the euro zone (2000 – 2011)



The foreign trade balances of goods and services reflect the insertion of territory in worldwide exchanges. The countries with the highest deficits, like Greece, Portugal and Spain, are also those who are today experiencing financial difficulties. We should not be too deluded by the reduction in deficits of some of these countries recently (Greece and Portugal since 2008, Spain since 2011). It is mostly a result of the economic recession.

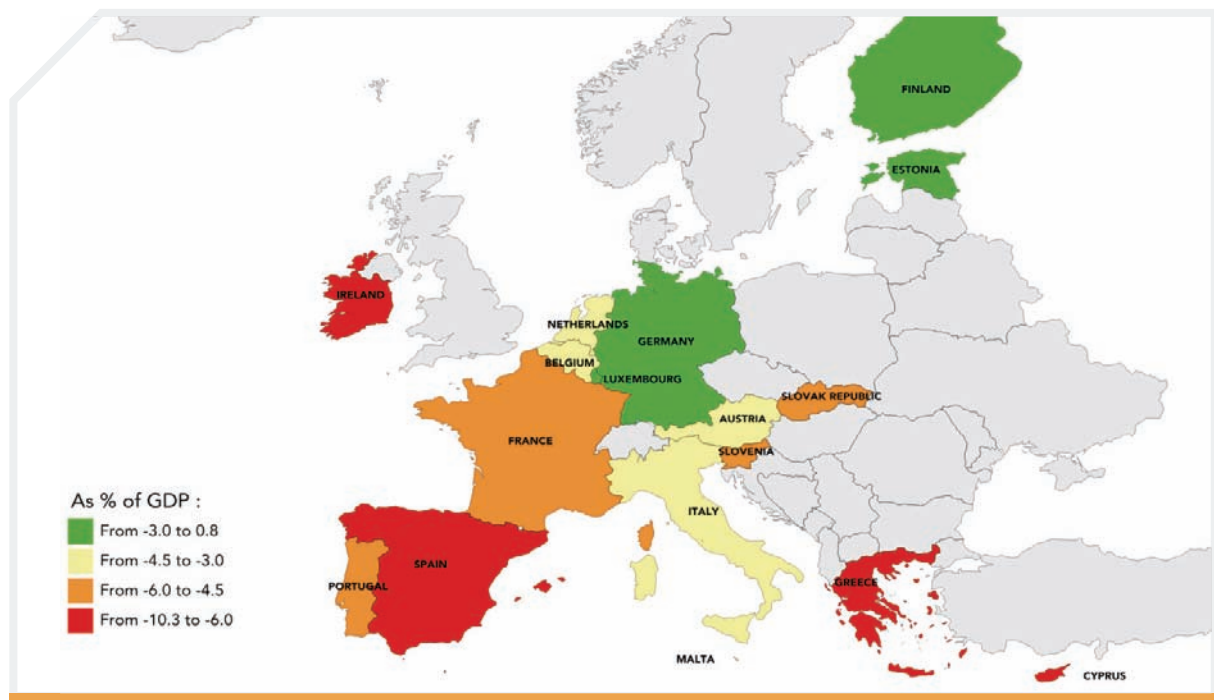
The countries with the highest surpluses are Netherlands, Germany, Austria, and Belgium. Finland, for whom we have not drawn the curve for reasons of readability, has experienced a continued downward

tendency of its foreign trade balance over the last decade but it was still balanced in 2011.

France presented a commercial surplus at the beginning of the decade 2000. This surplus disappeared starting in 2005 and it has now given way to a growing deficit which is higher (in % of GDP) than that of Spain and Italy, and is even approaching that of Portugal. The gap between the French foreign trade balance of goods and services and that of surplus countries (notably Germany and Netherlands) has, thus, widened during the last decade. **This growing gap between foreign trade balances is one of the signs of our loss of competitiveness.**

## Levels of public deficit very disparate between the States of the euro zone

Levels of public deficit as % of GDP in 2011



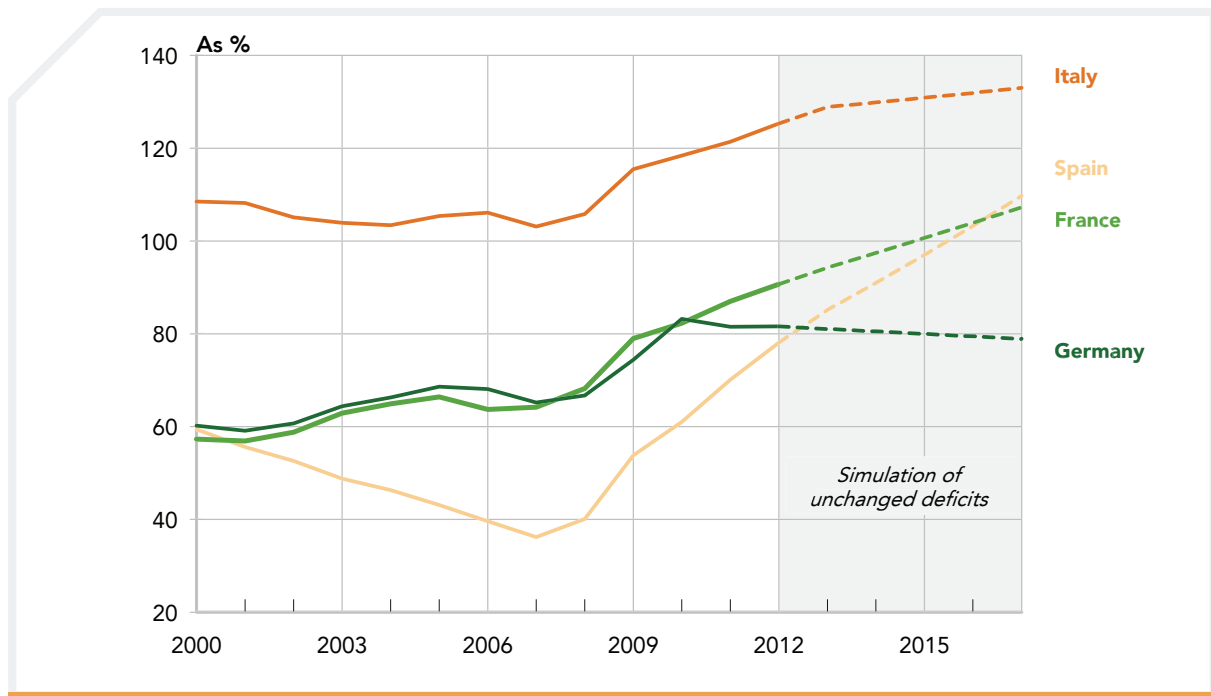
In the thirteen member countries of the euro zone, the public deficits last year went over 3 points of the GDP, the maximum acceptable threshold according to the Stability and Growth Pact. Among these 13 countries, three even have a public deficit (expressed by percentage of GDP) two times higher than the Maastricht threshold: Greece (-8.9%), Spain (-8.5%), and Ireland (-10.3%). On the other hand, Germany (-1.3%), Finland (-1.0%), and Luxembourg (-0.6%) have a deficit lower than 3% of the GDP while Estonia even has a budgetary surplus (+0.8%).

With a public deficit which reached 5.4% of the GDP in 2011, France is in a worrisome budgetary situation, to a degree that could be considered as "intermediary" between the two groups of the preceding countries.

It should also be highlighted that the public deficit of all the public administrations (State, local authorities and social security systems) is, in France, excessive, while the rate of tax and social security deductions (taxes and mandatory contributions related to domestic products) is already one of the highest in Europe (see page 18). This contrast can be explained by the weight of public administration spending on the GDP, by far the highest in Europe. **Reducing, first and foremost, our public spending would allow France to be brought back to the average in the euro zone in terms of deficits.**

## A risk of an explosion in public debt (as a percentage of GDP) if the levels of current deficits remain unchanged

### Public debt (as % of GDP)



The graph above traces the evolution of the public debt (as % of GDP) between 2000 and 2011, and then anticipates the dynamic of these ratios if the levels of public debt reached in 2012 persist over the upcoming years. This should not in any way be interpreted as a forecast, but as a simulation aimed at illustrating the threats that current trends pose. We have only used the four principal countries of the euro zone as an example.

Up until 2011, the weights of French and German public debt in the GDP were very close. Italy, on the other hand, for more than twenty years, has been over the German and French levels and has maintained that gap at a fairly constant rate because of the weight of their former debt (but they have a budget surplus). Spain, which is appreciably under that of France and Germany, is rapidly moving closer. The dotted line shows the level the sovereign debts would reach if the current deficits continue on a long-term basis (meaning

in the theoretical hypothesis where the level of deficit as a percentage of GDP in 2012 remained constant until 2017). In that case, the large countries of the euro zone would find themselves pulled into a dynamic of increasing differences in their debts, which would be an uncontrollable situation and probably incompatible with the preservation of a single currency. We understand the seriousness of these threats to the stability of the euro zone and the necessity of strongly changing the direction of these trends.

We can see that the difference in rates of return on debts, illustrated on page 8, which reflect the value of these debts on markets, can be explained less by the current level of debts than by the threats of differences that the deficits weigh on the States for the future.

**This is why it is imperative that these deficits be rapidly reduced.**

## France in the euro zone

### Weaknesses and delays in adaptation

The largest drop in export market shares  
in the euro zone \_\_\_\_\_ **14**

French unit wage costs are trending towards those  
of countries in difficulty \_\_\_\_\_ **15**

The weight of French public spending is the heaviest  
in the euro zone \_\_\_\_\_ **16**

Deindustrialization has hit France strongly \_\_\_\_\_ **17**

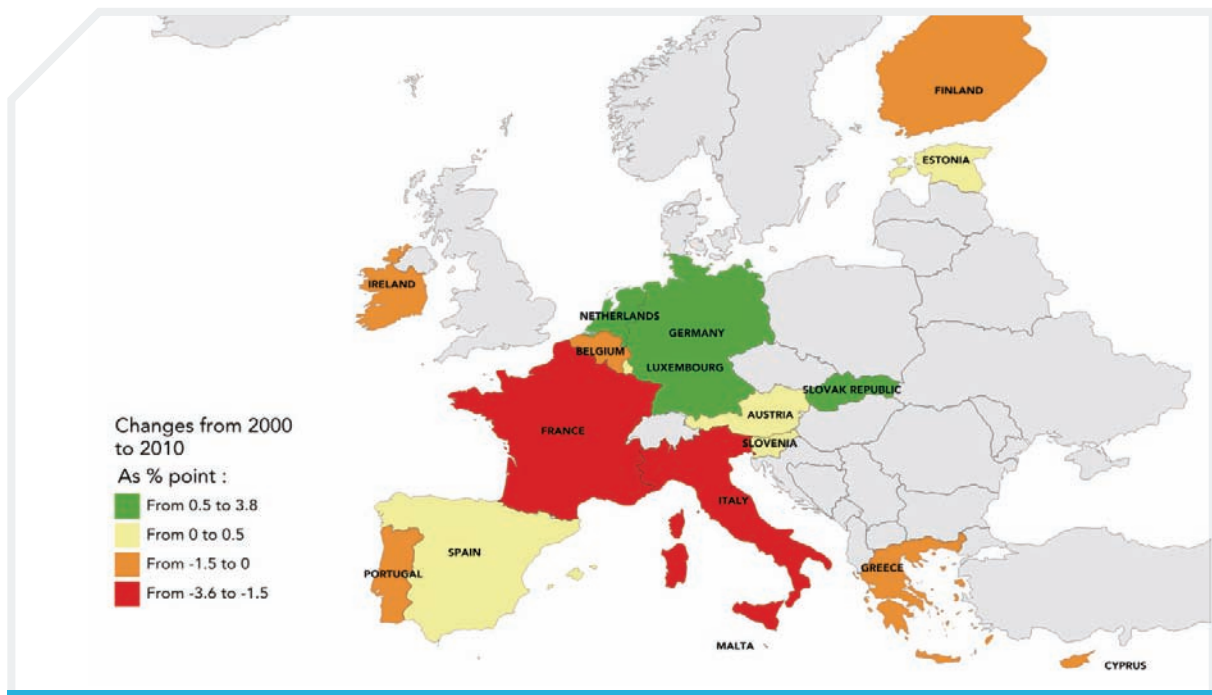
The share of the French manufacturing industry added  
value is among the weakest in the euro zone \_\_\_\_\_ **18**

The unemployment rate is at an intermediary level among  
the countries of the euro zone \_\_\_\_\_ **19**

Purchasing power of the GDP per French inhabitant falls  
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## The largest drop in export market shares in the euro zone

Evolution in the share of exports of goods and services in value in the total exports of the euro zone



The “market share”, which means the share of exports of a country in the total of world exports or in the total of exports of countries in the same economic zone, is a significant indicator of competitiveness. The evolution in the share of the French market is compared, on the map above, with that of other countries in the euro zone.

Between 2000 and 2010, the market shares of Portugal, Greece, Belgium and Finland in the euro zone slightly diminished. Those of Spain and Austria slightly increased. The share of German exports of goods and services in value in the total exports of the euro zone increased by 3.6 points. The market share of Italy diminished by 1.8 points.

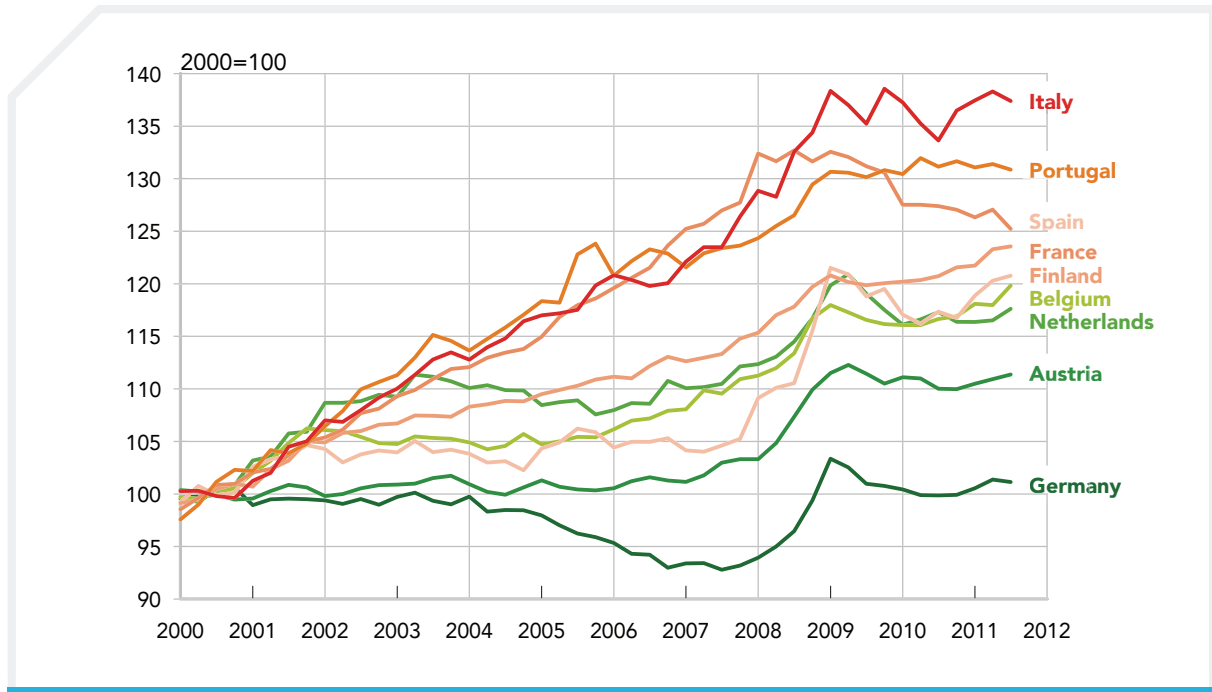
In the world, France’s market share has diminished like that of most developed countries. This drop is a result of the increase in power of emerging countries in world commerce and is not, in itself, disturbing.

More worrisome is the decrease in France’s market share within the euro zone. Between 2000 and 2010, France’s market share diminished by 3.5 points. It is the largest drop among countries in the euro zone. Now, each point (1% of the total of exports of the euro zone) represents about 38 billion euro.

**The gap between France and Germany has, thus, widened by about 250 billion euro in ten years, or 13% of our GDP.**

## French unit wage costs are trending towards those of countries in difficulty

Unit wage costs in the non-agricultural trade sector for several countries in the euro zone



Unit wage costs are on a macroeconomic scale what wage cost price is to a company. These costs are calculated by relating the change in the mean labor costs per hour to that of labor productivity (output per hour). If unit wage costs increase more quickly in a country than those in their competitor countries, either the increase in cost is reflected in prices and the country loses in price competitiveness or the cost is not reflected in prices and the country risks losing its competitiveness not because of price but because they no longer have the means to invest.

The countries in the south of the euro zone experienced, between 2000 and 2010, a very strong increase in their unit wage costs (Italy: +37% and Greece: +36%). On the other hand, Germany, and to a lesser extent, Austria, experienced only very slight progressions. Germany, which instituted a rigorous policy of competitiveness, experienced almost none at all.

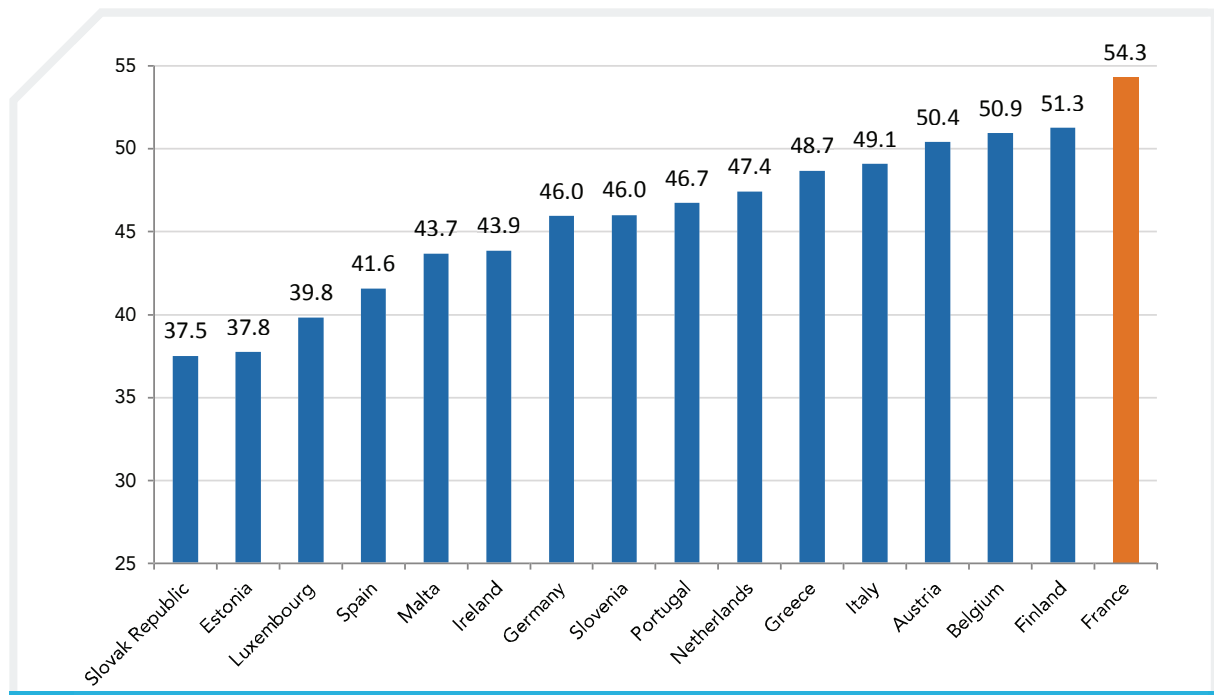
France registered an increase of 19% in its unit wage costs. This increase is noticeably higher than that of Germany. It can be noted that, for countries in difficulty, the recession has resulted in stagnation or a drop in their labor costs. France has been relatively spared but it is approaching countries who are today in financial difficulty.

We have also observed for the last ten years that countries whose unit wage costs have increased the fastest are also often those whose share of the export market in the euro zone has dropped. **Today, some countries are finding themselves forced to lower salaries, with all the social consequences that this implies. This is not the case in France.**



## The weight of French public spending is the heaviest in the euro zone

Public spending as percentage of GDP (2005 – 2010 average)



A high level of public spending is often considered a handicap for competitiveness. Public deductions weigh on costs and reduce disposable income for consumption, investment and exporting.

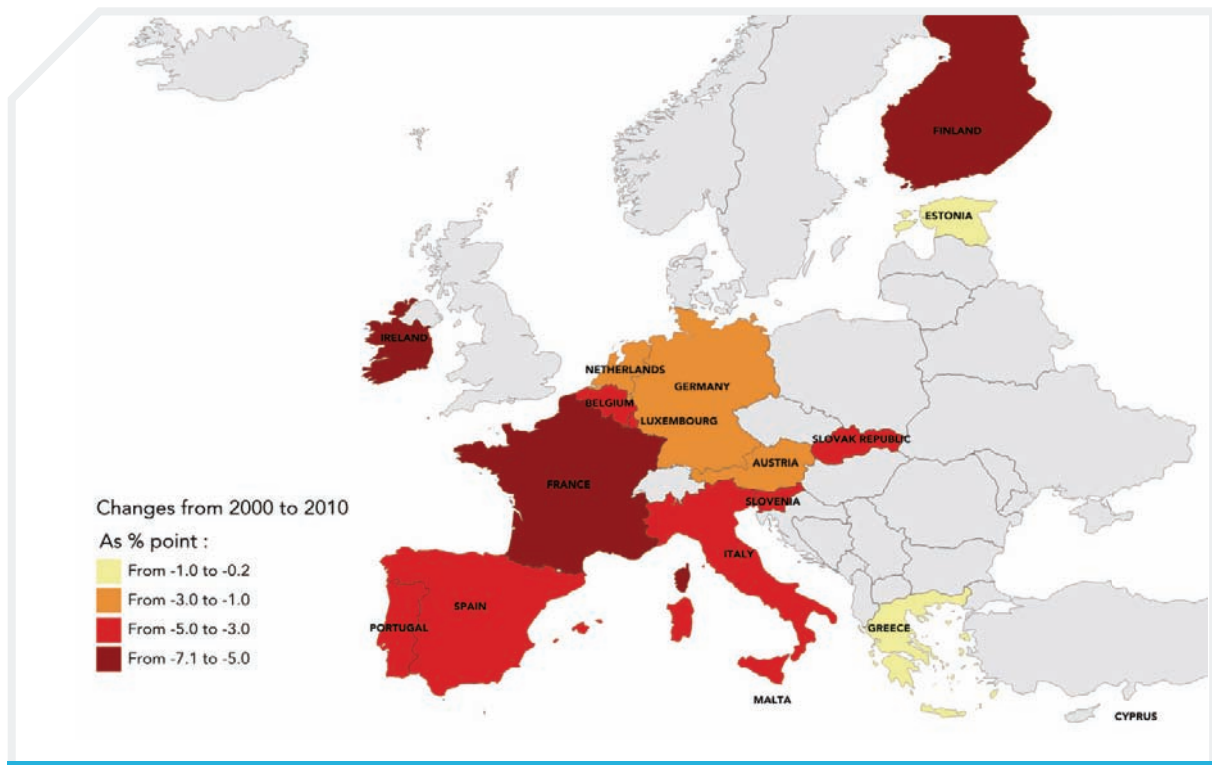
This judgment must certainly be qualified according to the use which is made of the public spending. We can, indeed, imagine that an insufficient production of collective goods or a too weak redistribution would turn out to be harmful to productive efficiency. However, for comparable countries, it is difficult to explain the gaps in public spending. We have used here the average over five years (2005-2010) in order

to avoid giving too important a weight to just one year. The weight of public spending (as percentage of GDP) in France is the highest of all the countries in the euro zone: 54.3% for the average of 2005-2010.

France is followed by Belgium and Finland (between 50 and 51% of GDP). In Germany, the weight of public spending was 46% of GDP, or 8 points of GDP less than the weight of public spending in France. **The France-Germany gap related to our economy represents more than 150 billion euro, or one and a half times our total public deficit.**

## Deindustrialization has hit France strongly

Evolution in the share of the French industrial added value in the GDP between 2000 and 2010



We have measured here deindustrialization over the period 2000-2010 by the evolution of the share of the manufacturing industry added value in the GDP. The map illustrates how fast the countries have de-industrialized.

Overall, between 2000 and 2010 in the euro zone, the weight of the manufacturing industry added value in the GDP has gone from 19.2% to 15.5% (meaning a drop of 3.7 points in the GDP).

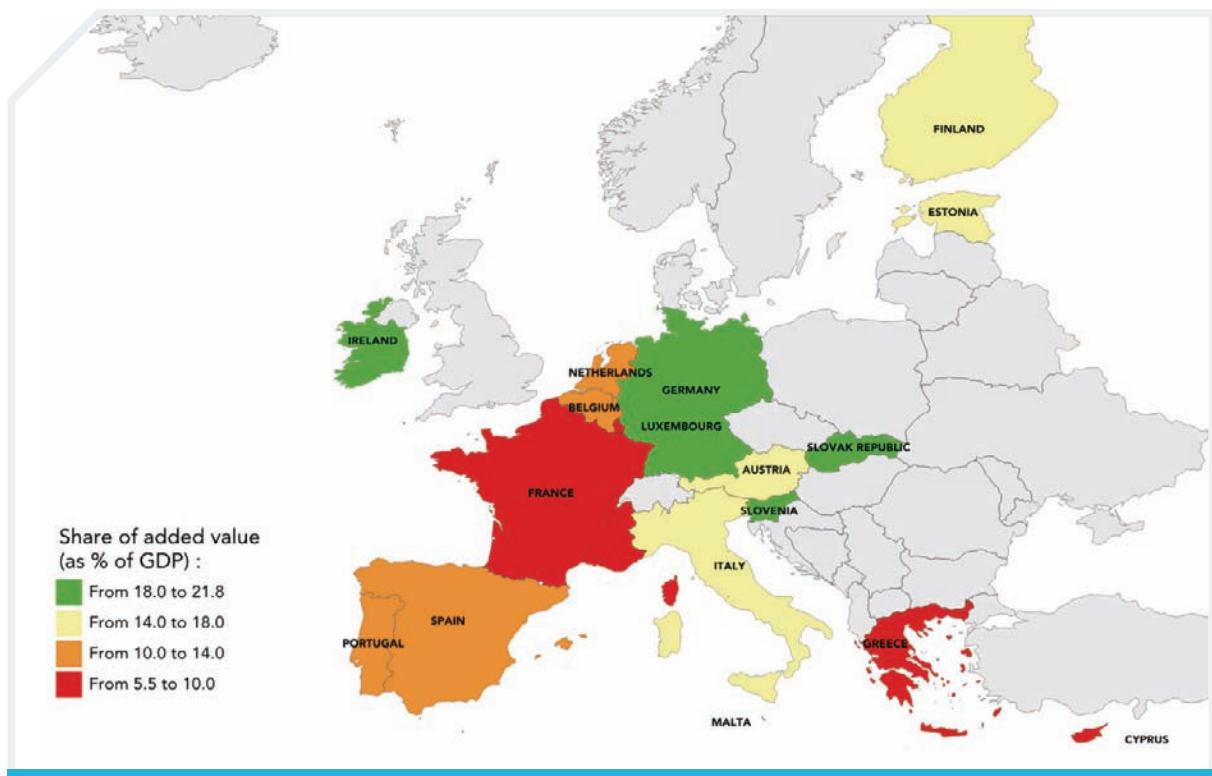
In France, the share of the industrial added value in the GDP lost 5.2 points (which represents more than 100 billion euro). This drop is not a result of exceptional growth in non-industrial sectors but is due to the fact that from 2000 to 2010, the industrial

share of the GDP dropped about one third. It is an historically unprecedented evolution which constitutes a handicap for the entire economy. The weight of the industrial added value in the GDP diminished in all of the countries in the euro zone but at a much less pronounced rate.

Deindustrialization poses a threat to future growth. About 85% of private research efforts are, in fact, done by industry. The more the industrial base is reduced, the less the country has in assets to support applied research, generate technical progress and contribute to the expansion of other economic sectors. **The loss of competitiveness and deindustrialization feed off of each other in a vicious circle.**

## The share of the French manufacturing industry added value is among the weakest in the euro zone

■ Share of the manufacturing industry added value in the GDP in 2010



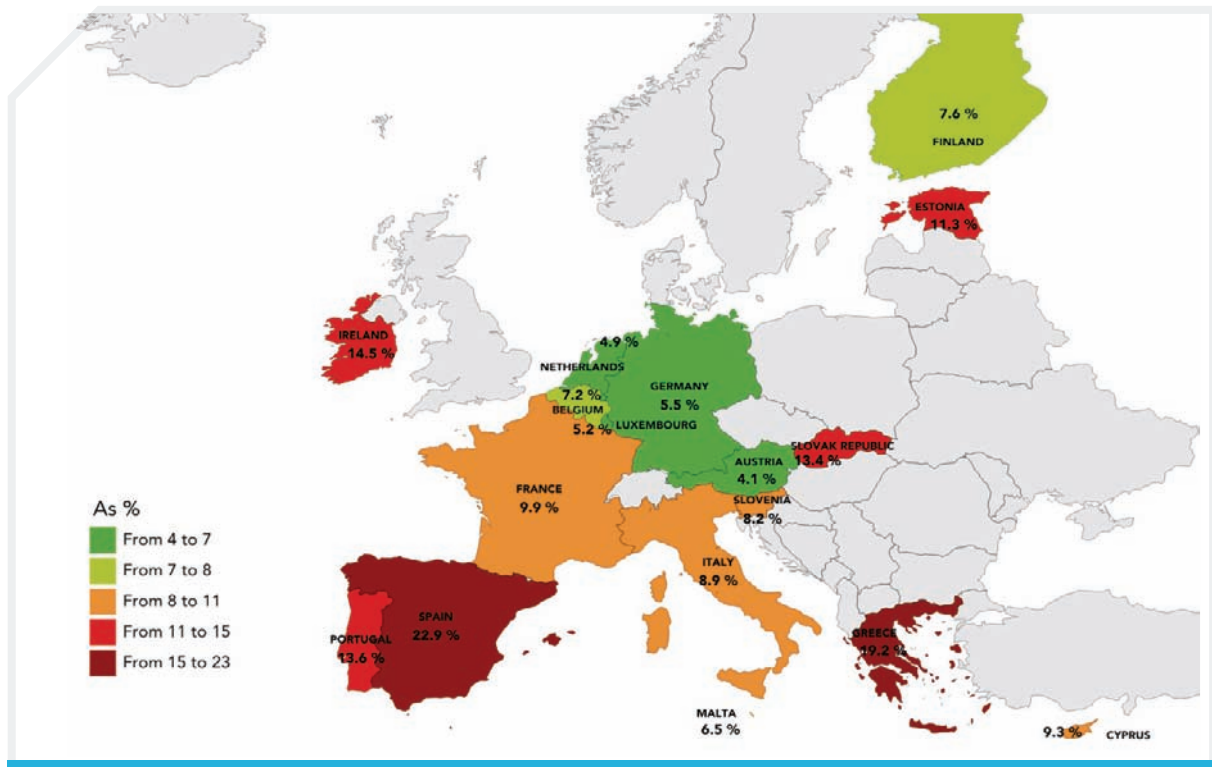
The map represents the share of the manufacturing industry added value in the GDP of countries in the euro zone in 2010. It is the current outcome of years of deindustrialization. It concerns, like in the preceding map, the added value produced by industrial enterprises established on the territory (whatever the nationality of the parent company) to the GDP.

The weight of the manufacturing industry is weak in Spain and Portugal (weight of the value of the manufacturing industry in the GDP respectively of 12.1% and 11.8%), as well as Belgium and Netherlands (13.1% and 11.9%), but it remains higher in those countries than in France. The manufacturing industry has, on the other

hand, kept a relatively high share in Italy (the added value of the manufacturing industry there represents 15% of GDP). Germany is, among the largest countries in the euro zone by size and by population, the country which has kept the highest share of its manufacturing industry in the GDP (the weight of industry is 18.7% of GDP). In euro, the added value of German industry (464 billion euro in 2010) is more than two and a half times the added value of French industry. **As of now, France is the country in the euro zone whose share of the added value of the manufacturing industry in the GDP is the weakest (9.3% in 2010).**

## The unemployment rate is at an intermediary level among the countries of the euro zone

### Unemployment rate harmonized end of 2011



The unemployment rate measures the share of the working population that is jobless, but is looking for work, in the population present on the labor market (this represents in France 71% of the total population between the ages of 15 to 64 years old).

The French unemployment rate increased, like in most of the other countries, after the recession. The unemployment rate in France at the end of 2011 was 9.9%, a slightly lower level than that of the average in the euro zone (10.4% in December 2011).

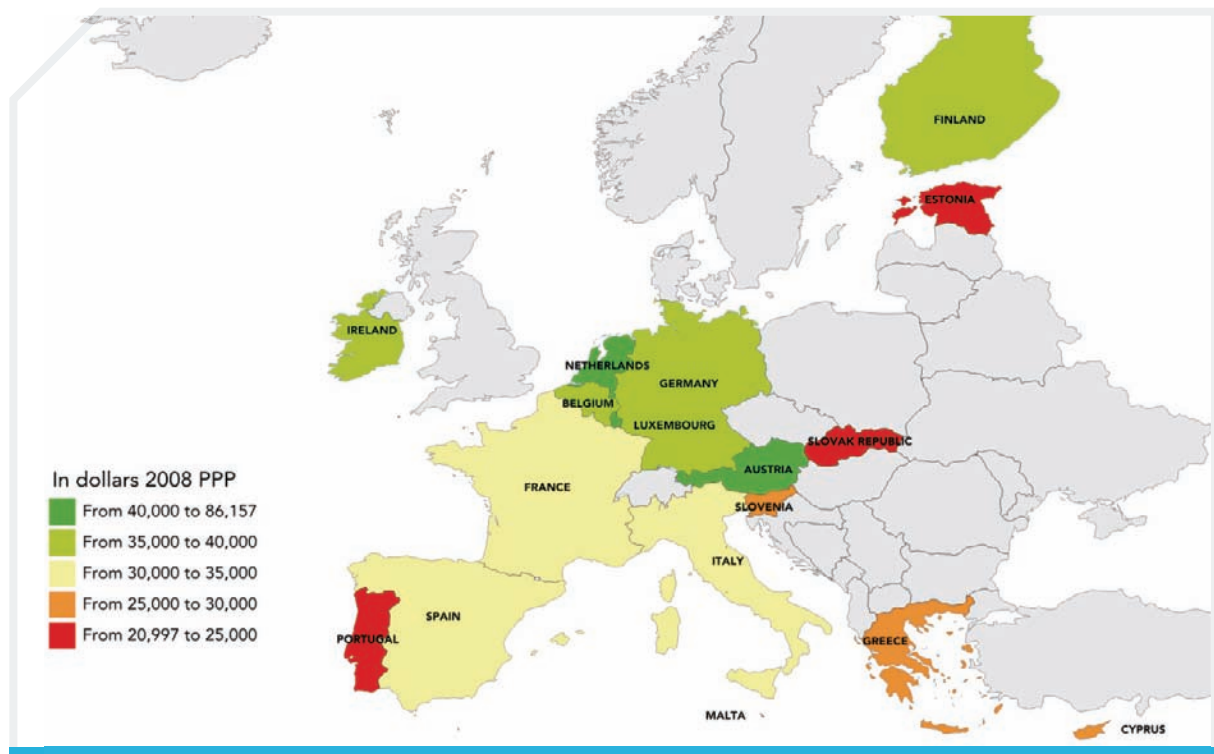
Some European countries have posted much higher increases. They are, in addition, the countries whose

deficits, public debts and interest rates have strongly diverged from the rest of the euro zone. In the autumn of 2011, the unemployment rate reached 19% in Greece, 23% in Spain, 13% in Portugal and 15% in Ireland.

On the other hand, in other countries, principally those who have maintained or strengthened their competitiveness and mastered their deficits, the unemployment rate is much lower (5.5% in Germany, 4% in Austria, and 4.9% in Netherlands), or about two times lower than in France. A reduction in the unemployment rate is possible in France. **To accomplish that, the labor market must become more efficient.**

## Purchasing power of the GDP per French inhabitant falls within the average of the euro zone

■ GDP per inhabitant in purchasing power parity in 2011



A classic indicator of the level of creation of wealth in countries is the average GDP per inhabitant, meaning the GDP divided by the total population. It measures the value created by countries related to the number of inhabitants, and, consequently, the shareable value.

Two populations which have the same GDP will, however, have different purchasing powers if the average price of products is higher in one of the two countries. This is why international organizations calculate purchasing power parity indexes which represent the scale of average price levels between countries (see table in Annex). Here, we divide the GDP by inhabitant by average price index to obtain the “average purchasing power per inhabitant” (or GDP by purchasing power ratio).

In 2010, the member countries of the euro zone showed marked differences in relation to GDP per inhabitant calculated by purchasing power ratio, which meant correcting the gaps in price levels. Portugal, Estonia and the Slovak Republic had a GDP per inhabitant lower than 20,000 euro purchasing power ratio in 2010 (the Slovak Republic and Estonia joined the European Union and the euro zone rather late). Germany, Belgium, Finland, Austria and Ireland had a GDP per inhabitant of between 28,000 and 32,000 euro purchasing power ratio in 2010. Netherlands and Luxembourg had a GDP per inhabitant higher than 32,000 euro. **France, like Italy and Spain, had a GDP per inhabitant lower than 28,000 euro. France is, thus, situated at an intermediary level in terms of purchasing power of GDP per inhabitant.**



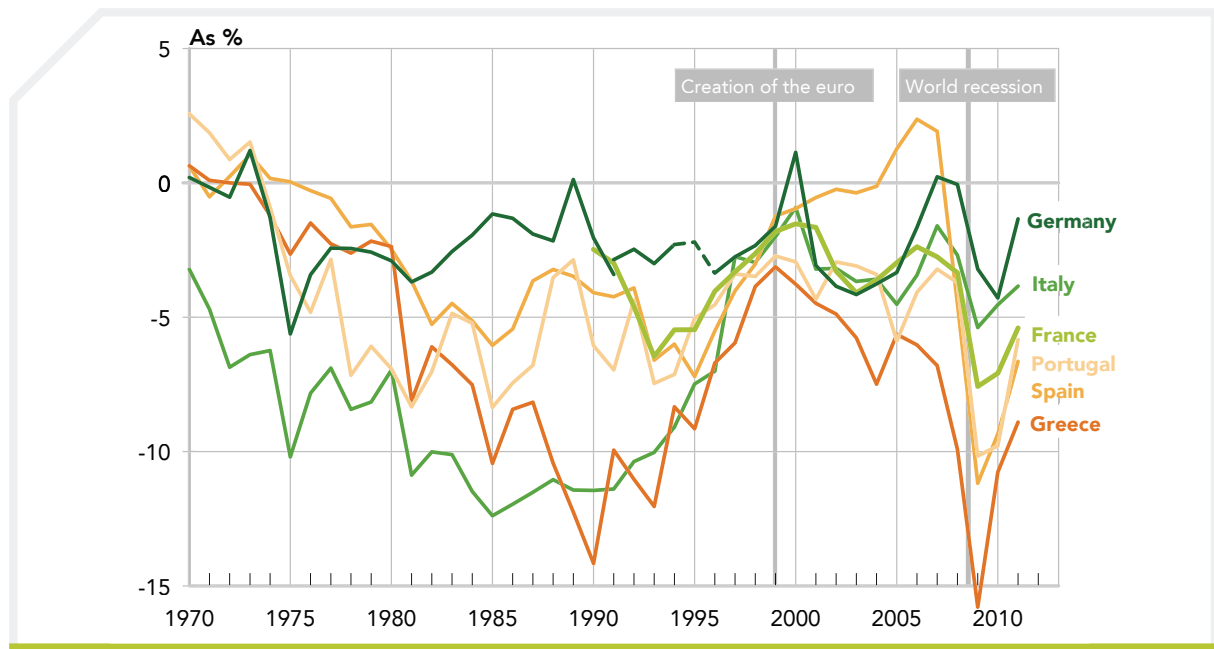
## **Reconverging** Absolute priority for the euro zone

Putting an end to excessive deficits is possible \_\_\_\_\_ **22**

Restoring the credibility of the States quickly \_\_\_\_\_ **23**

## Putting an end to excessive deficits is possible.

### Public deficit as % of GDP (for the period 1970 – 2011)



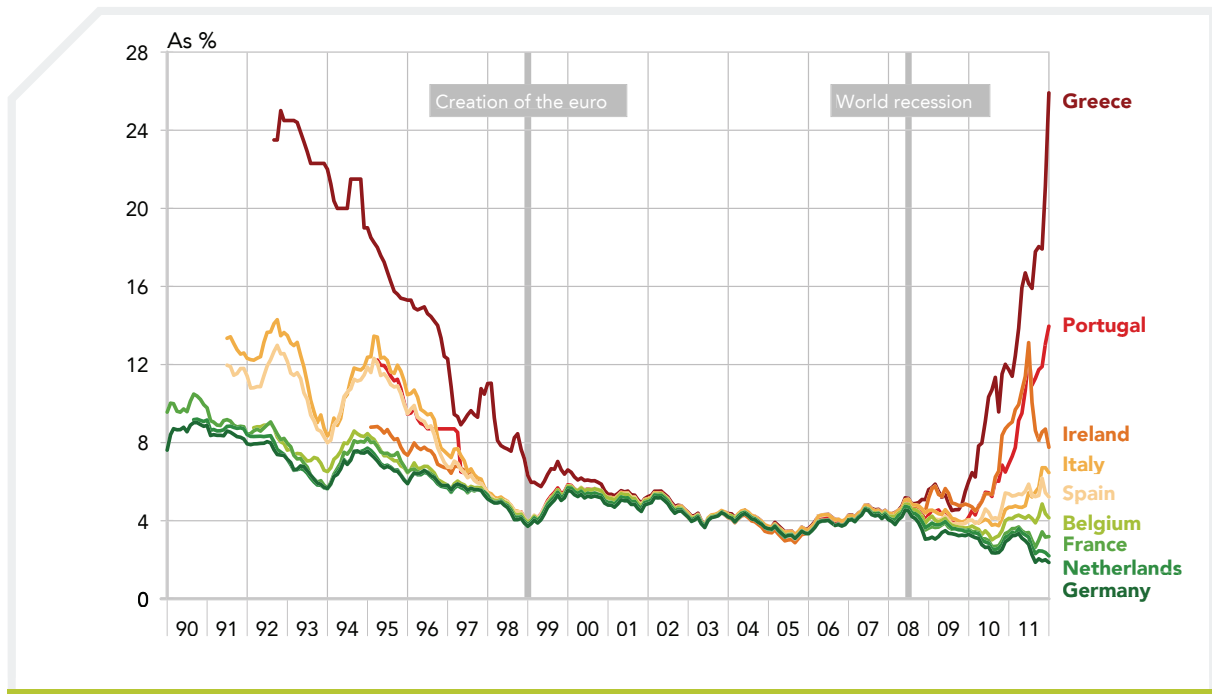
The graph presents the evolution of public deficits as percentage of GDP from 1970 to 2011 for France, Germany and three countries which, today, are encountering refinancing difficulties: Italy, Portugal and Greece. We can observe that the deficits began to diverge when the euro was created. The shock of the world crisis brutally accelerated this deterioration.

It should be recalled that most of the European countries had already encountered high deficits at the end of the 1980s, after the oil crises and the two recessions. All the countries at that time made big efforts (helped by the decrease in interest rates back then) to reduce their deficits between 1995 and 1997, in order to respect the criteria for entry into the euro in 1999. This "austerity" did not prevent a general economic recovery in Europe at the time.

France, like other countries, made a marked recovery. However, in 2000, it did not take advantage of the good general economic situation to sufficiently reduce its deficit maintained at a high level at the height of the economic cycle. France wasn't very far from Germany (who was still feeling the weight of the reunification), but they didn't commit to the same structural reforms or they only did so later. The policies of favoring consumption, in addition, weighed on the deficit. France, therefore, moved away from Germany who had brought their deficit to zero in 2007 (and will be once again close to that in 2012). **The only solution is to commit to an effort of reducing deficits at least as important as that done in the second half of the 1990s. Experience proves that this effort is possible.**

## Restoring the credibility of the States quickly

### Rates of return of 10-year State bonds



The evolution of the gaps in rates of return on 10-year State bonds reveals the differences between the three periods which have marked the euro zone since its creation. The first period was the “steps towards the euro.” After the Maastricht Treaty (1992), the European countries successfully undertook policies of convergence to respect the rules of access to the euro (convergence of public deficits, inflation and interest rate gaps). At the beginning of the years 2000, the interest rates for State bonds had even completely converged.

The second period was that of the “happy euro.” Starting with the creation of the euro, investors considered that holding a German debt or a Spanish debt was equivalent, or any other State in the euro zone. All the States had achieved the same “credibility”, at least in appearance. The rate of return of public bonds was, thus, the same for all.

The last period was marked by the “return of divergences.” The shock of the recession from 2008 to 2009 once again dispersed public deficits. The accumulation of debts of certain States increased and the rates of return of public bonds deviated. The gaps in rates of return have even gone back to their pre-euro level!

Reconverging is still possible. We have already been able to do it once before. But, at the time, the adjustment was partly accomplished thanks to monetary devaluations (Italy and Spain notably). Devaluations of exchange rates no longer being possible, the States must observe a stricter convergence, not only of public finances but also of their internal economic systems. **An additional increase in the gap between France and Germany would be the worst of threats for the euro because it would undermine the foundations of systems of stability.**



## **Opportunities** and Strengths for France

The strength of a dynamic demography \_\_\_\_\_ **26**

The share of the working-age population as a part of the total population is particularly low \_\_\_\_\_ **27**

High productivity, weak working time, high prices.  
In all, an average purchasing power of GDP per inhabitant \_\_\_ **28**

A weaker working time in France makes increased growth and purchasing power possible \_\_\_\_\_ **29**

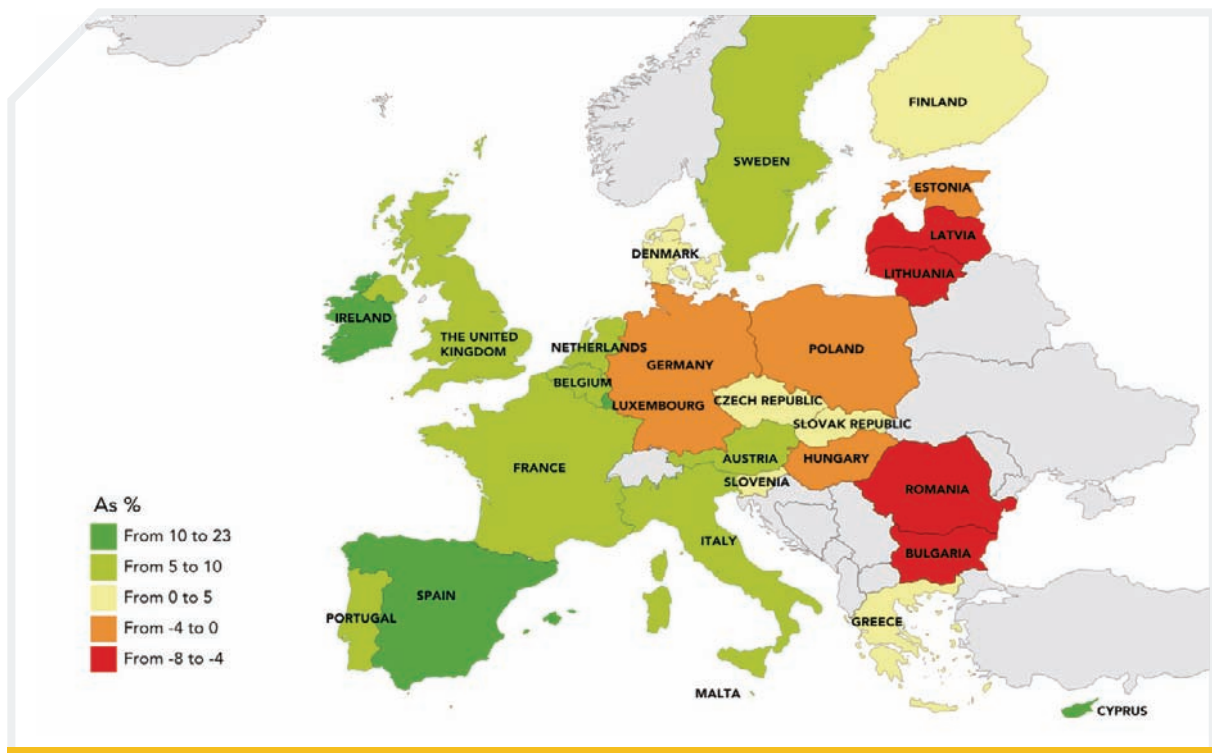
The weakness of the French employment rate constitutes an opportunity for growth \_\_\_\_\_ **30**

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The “French signature” is and remains one of the most credible in the world \_\_\_\_\_ **32**

## The Strength of a dynamic demography

### Evolution of the population between 2000 and 2011



France has a particularly dynamic demography. The French population (home country and overseas territories) went from 60.5 million in 2000 to 65.1 million in 2011, meaning an increase in population of +7.5% in a little more than a decade. Only two countries in Europe have a stronger expanding population: Spain (+15.2% in ten years, 46.2 million inhabitants in 2011) and Ireland (+18.6%, 4.5 million inhabitants in 2011). The demography of the United Kingdom is also growing, but at a weaker rate than France: its population increased by 6.2% during the period (62.4 million in 2011).

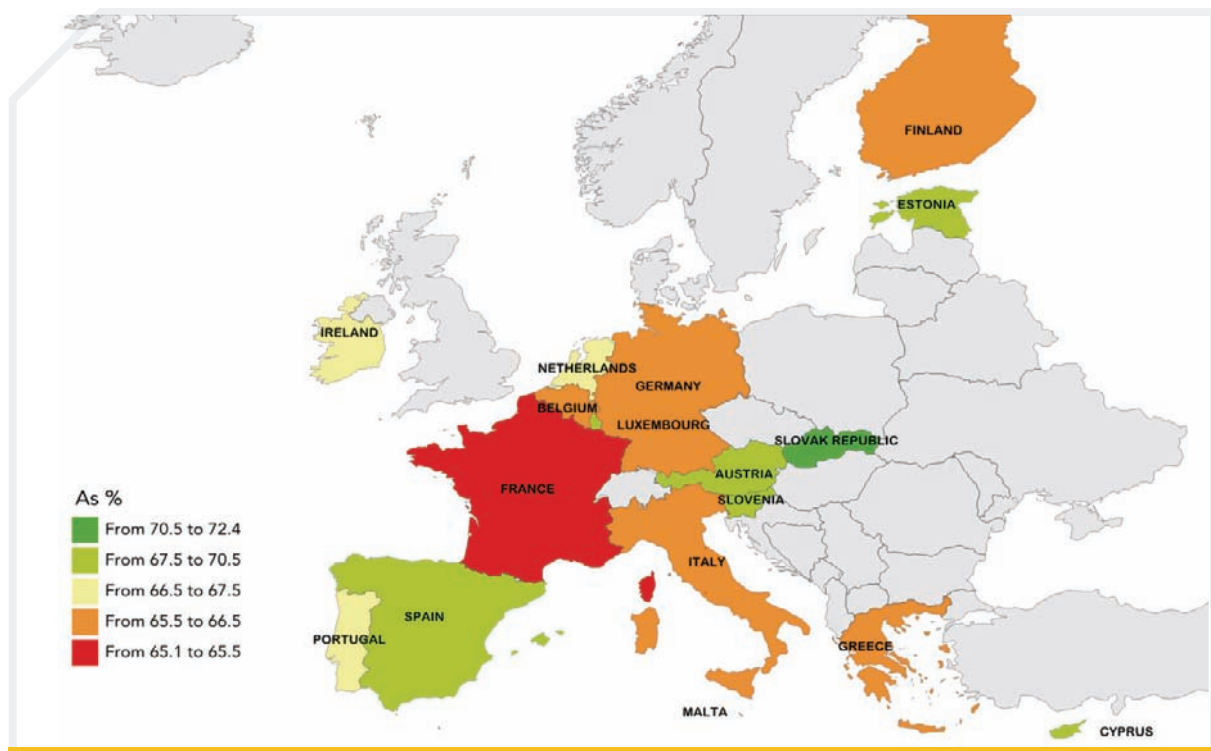
In a large part of European countries located in Central and Eastern Europe, the population has

diminished. This is notably the case in Germany (where the population has diminished by 0.5% since 2000 (81.8 million inhabitants) and even more so in several former Communist countries like Poland, Romania, and Bulgaria. The map of the rate of population growth between 2000 and 2011 shows the gap between the Western part of the European Union, which is in strong expansion, and the Eastern part which is in demographic decline.

An expanding French population is an asset for growth. **But it is also a constraint as it implies that the economy must adapt rather quickly to create jobs in sufficient number and a purchasing power necessary to a larger population.**

## The share of the working-age population as a part of the total population is particularly low

Share of the working-age population in total population



A first consequence of a dynamic demography in France is that the share of the working age population (population between 15 and 64 years old) as a part of the total population is the lowest of all the countries in the euro zone. In France, there are, in effect, relatively more young people less than 15 years old in the total population (18.6% in France compared to 15.4% on average in the euro zone). On the other hand, the share of people from 15 to 64 years old in the total population (65.1% in France) is lower than the average in the euro zone. So, other things being equal, a lower working age population leads to lower production and, thus, a lower revenue per inhabitant, with fewer workers having to support more people. A possible compensation is work hour productivity (GDP related to the total number of working hours in the country),

while another could be the average number of hours worked per working age person. It turns out that work hour productivity is rather elevated in France but that the average volume of work hours per working age person is rather low (see following page).

A second consequence of demographic dynamism is that, to maintain the same employment rate, a growing number of job creations is necessary each year. On the same note, to maintain the same level of production per inhabitant (the same standard of living), there would have to be a higher growth rate than elsewhere. Demographic dynamism is undeniably an asset. **It is also a challenge which would involve a higher growth rate and more capacity for adaptation, innovation and dynamism.**

## High productivity, weak working time, high prices

In all, an average purchasing power of GDP per inhabitant



The productivity per hour of work (1,932 billion euro in 2010 divided by 42 billion hours worked) is rather high in France. Other things being equal, we would expect the French standard of living to be among the highest. This is not the case as productivity is not strong enough to compensate for the insufficient average amount of work per inhabitant, and a relatively high general level of prices in France.

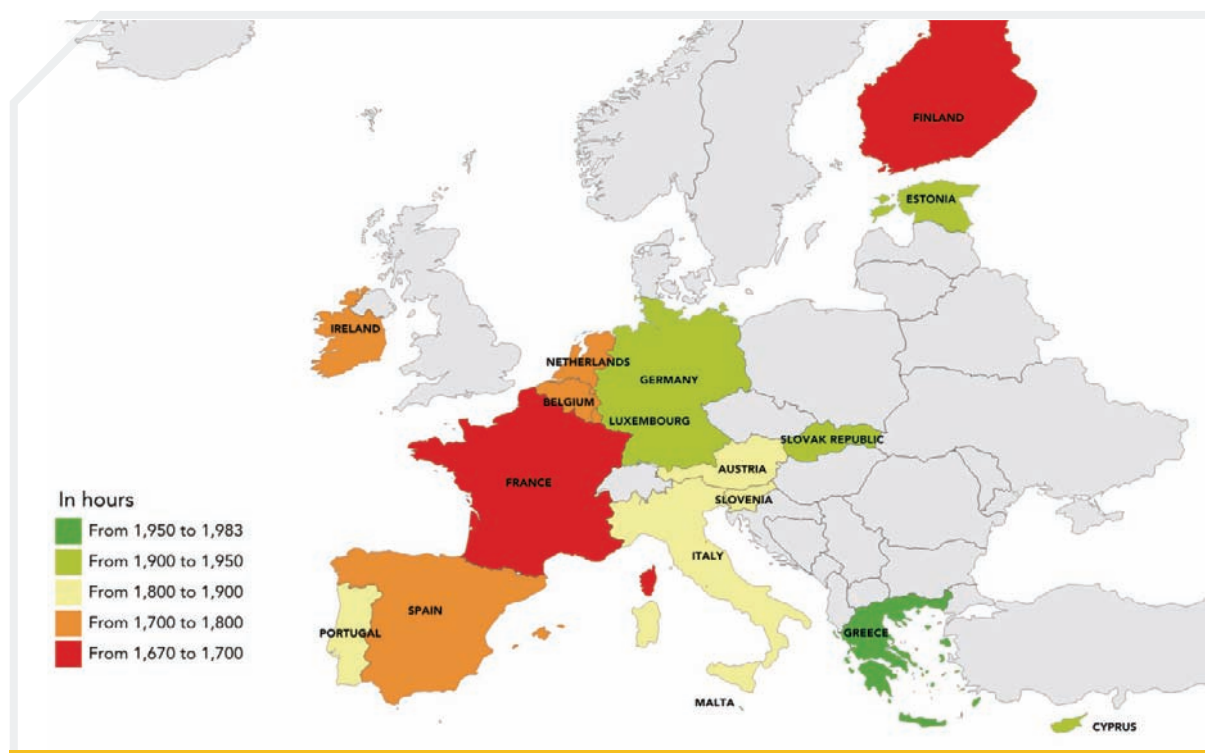
The apparent work productivity (first column) is higher in France than in Germany (46.4 euro in France per hour compared to 38.4 euro in 2010). To go from “hourly productivity” to average purchasing power per inhabitant, we must first take into account the average volume of hours worked per inhabitant (second

column). By multiplying the average quantity of work per inhabitant by the average productivity of the work hour, we obtain the GDP per inhabitant in today’s euro. To compare purchasing powers, we must again take into account the gaps in the average price levels in European countries. These levels are calculated by Eurostat. The average price level turns out to be rather high in France, 113 on the index compared to 105 in Germany (see Annex).

In all, the average “purchasing power of the GDP” per inhabitant was 27,700 euro in France. **It is situated, as already shown on the map on page 20, in the average of the euro zone, below Germany and Netherlands but above Southern countries (Italy and Spain).**

## A weak working time in France makes increased growth and purchasing power possible

### Average annual working time for full-time salaried employees in 2010



The map illustrates the differences between the average annual working time for full-time salaried employees in the euro zone. According to the Labor Force Survey, the annual working time of non-salaried workers, which represents 11.3% of employment, is rather high in France (2,290 hours in 2010). The average working time of part-time salaried employees (which represents 16.3% of salaried employment, a weak proportion in relation to other countries) is relatively high (978 hours on average in 2010). This translates to a rather high part-time average quota (which is to say the proportion in relation to full time) in France.

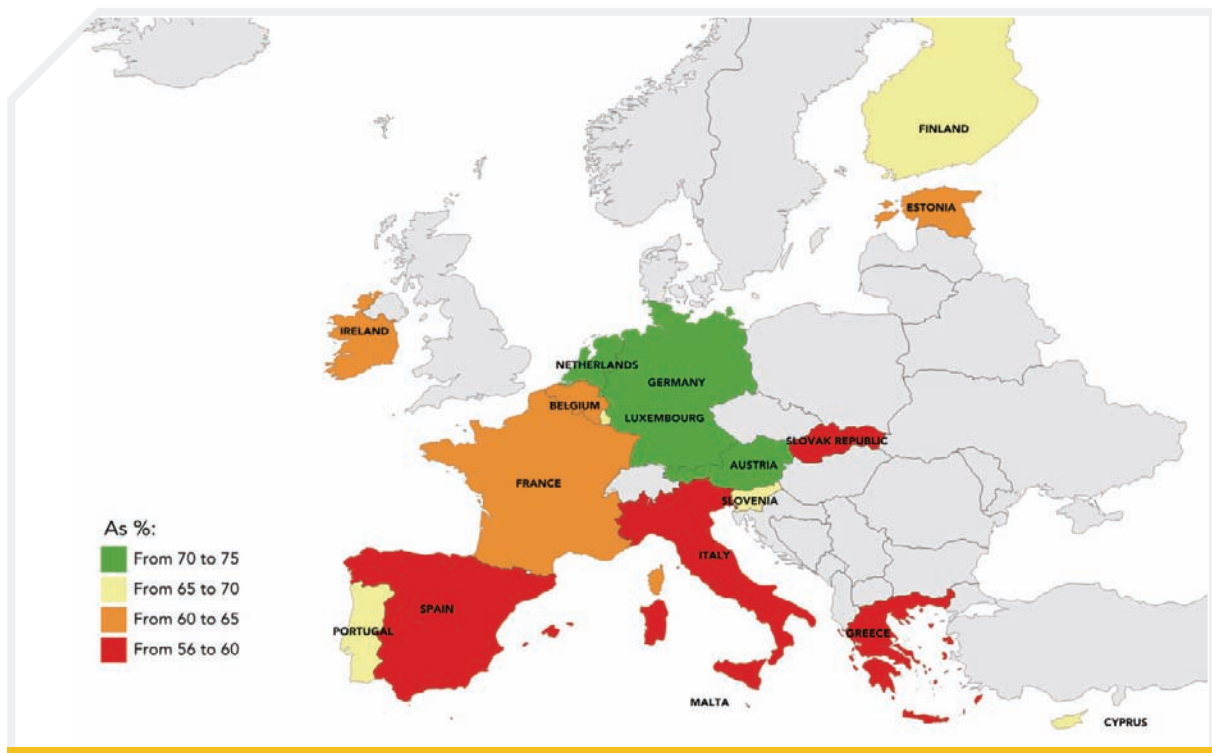
The French exception concerns full-time salaried employees for whom the notion of “working time” is

the most significant (for these questions, we can refer you to the document *La durée du travail en France et en Europe*, “Document de travail”, No. 29, Coe-Rexecode, 2012). The actual annual working time of full-time salaried employees (which represents 72.4% of salaried employment in France) is, with Finland, the weakest of all the countries of the euro zone (1,679 hours in 2010 compared to 1,904 hours in Germany and 1,813 hours in Italy). This is not surprising inasmuch as the principal objective at the beginning of the years 2000 was to lower working time.

**A weak working time can be considered a limitation but also an opportunity as long as there exists a reserve capacity for additional production in France subject to a more efficient labor market.**

## The weakness of the French employment rate constitutes an opportunity for growth

Employment rate in 2010 (15 to 64 years old)



The employment rate is the proportion of people who have a job in the working-age population (population from 15 to 64 years old). In 2010, in France, 63.8% of the working-age population had, in fact, a job. The others, which was 36.2% of the working-age population (14.5 million people from 15 to 64 years old), did not wish to work or found themselves unemployed.

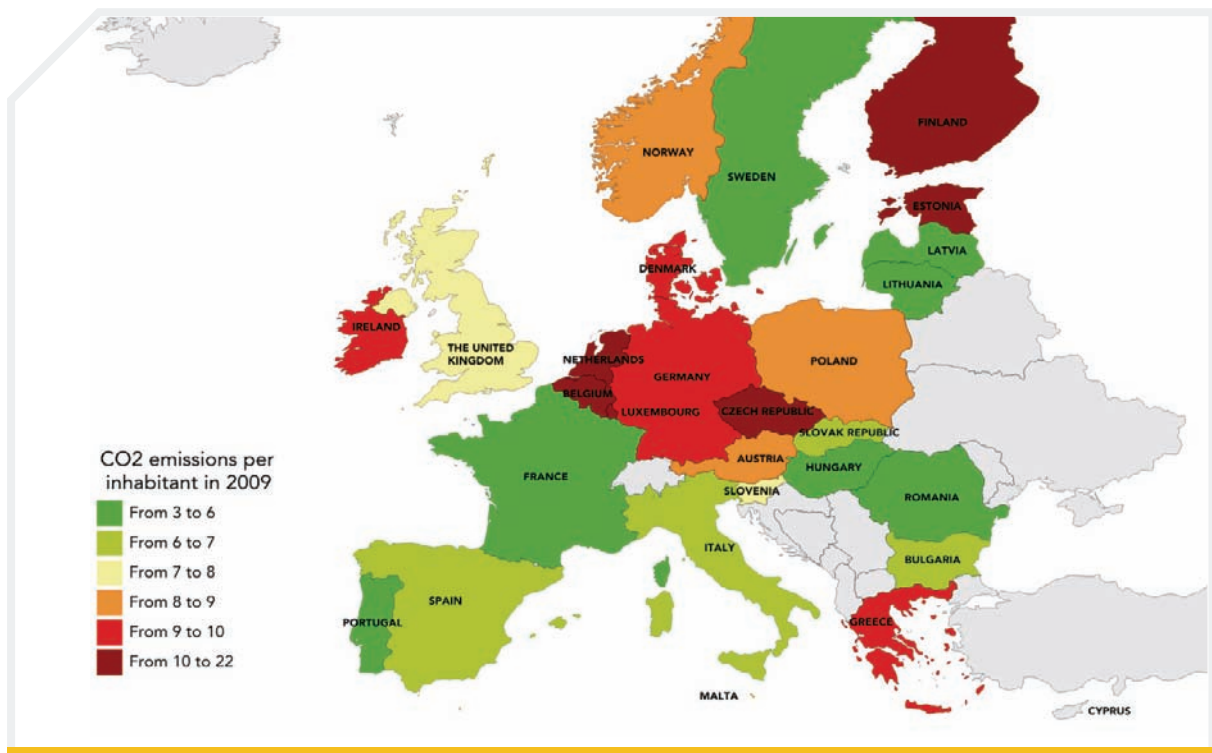
Within the euro zone, Italy and Spain had weaker employment rates (56.9% and 58.6% respectively). Germany, Austria and Netherlands had higher employment rates (71.1%, 71.7% and 74.7% respectively). The gap in employment rates between France and Germany, meaning a little more than 7% of

the working-age population, can be explained partly by the difference in the unemployment rate (much lower in Germany). These situations reflect the differences in the efficiency of the labor markets in France and in Germany.

France, thus, has an important potential for a rise in employment and production, subject to whether the activity rate increases and the unemployment rate decreases. **To illustrate the point, an increase in the French employment rate to the average level of Germany, Austria and Netherlands would allow, other things being equal, the GDP to grow to 200 billion euro, meaning an annual gain of 8,000 euro on average per French household.**

## A strength to conserve The low level of CO<sub>2</sub> per inhabitant

### CO<sub>2</sub> emissions per inhabitant in 2009



The European Union emitted in 2009 a little less than 3.8 metric gigatonnes of CO<sub>2</sub> (4.1 in 2008, the drop in 2009 being explained partly by the fall in industrial production). European emissions represent about 12% of world emissions. On average, the annual CO<sub>2</sub> emissions of the European Union are a little less than 8 metric tons per inhabitant, quite a bit less than the United States (18 metric tons per inhabitant), and slightly more than China (5.3 metric tons per inhabitant).

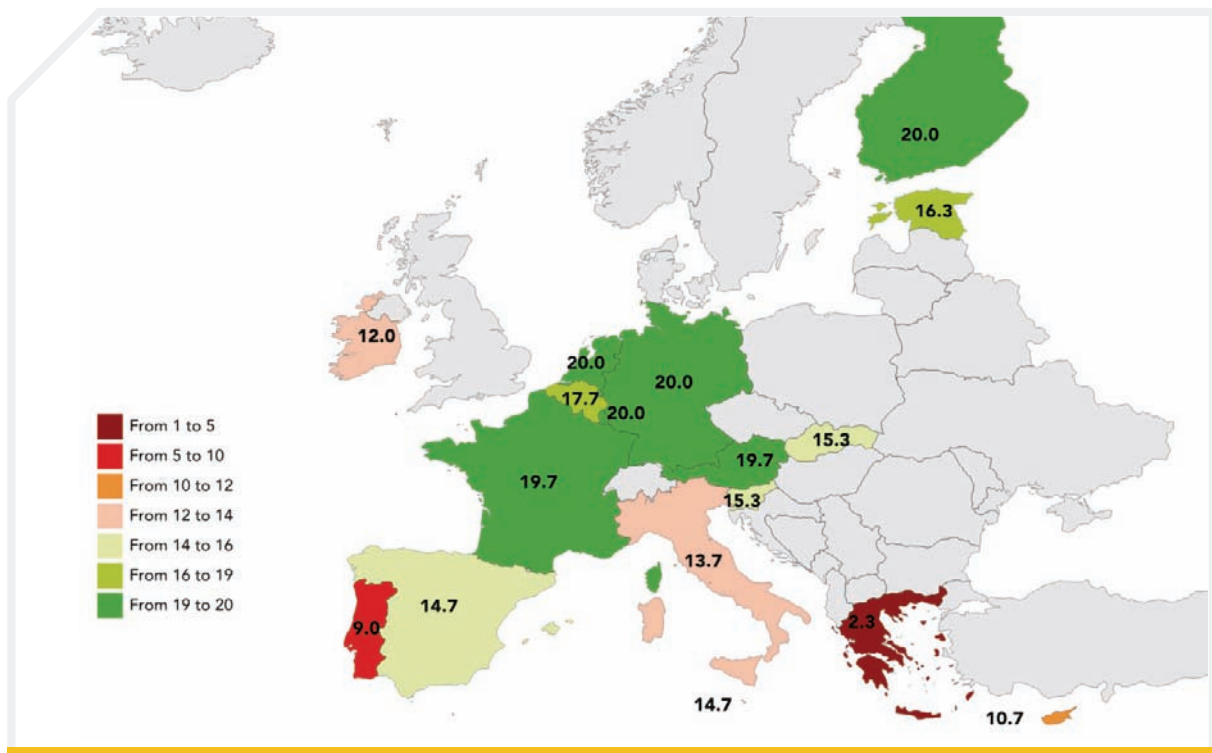
As the map above shows, the CO<sub>2</sub> emissions per inhabitant differ strongly within the European Union. France is characterized by a very low emissions level per inhabitant (5.9 metric tons per French person and

per year), close to certain Eastern European countries whose GDP per inhabitant is much weaker. Germany (9.6 metric tons per inhabitant) emits two times more emissions than France although its population is only higher by 30%.

The low level of CO<sub>2</sub> emissions in France can be explained notably by the low emissions associated with the production of electricity. The group of French nuclear power plants, which emits no, or very little, carbon dioxide, provides about 75% of the production of electricity. **As there will be a charge for CO<sub>2</sub> emissions quotas in Europe starting in 2013, the low level of emissions in France is a strength to conserve.**

## The “French signature” is and remains one of the most credible in the world

Average of “ratings” of the agencies Fitch, Standard & Poor’s and Moody’s (February 13, 2012)



At the beginning of 2011, a rating agency downgraded by one or two notches in its scale of ratings the scores of eight States in the euro zone (Austria, Cyprus, France, Italy, Malta, the Slovak Republic, Slovenia and Spain). Then, a second agency lowered by one or two notches the ratings of Italy, Spain, Belgium, Cyprus and Slovenia. At the beginning of February, a third agency lowered its ratings of six countries in the zone (Italy, Malta, Portugal, the Slovak Republic, Slovenia, and Spain). The markets acknowledged these rating changes with serenity.

The ranking scales of these agencies include 20 levels. We have determined an overall rating by calculating the average of ratings of the sovereign debts of countries of the euro zone attributed by the three agencies. The

countries whose ratings of their sovereign debt are the lowest are located on the periphery of the euro zone. These are also the countries in which their competitiveness has gone down, their unemployment rates are the highest and their level of GDP per inhabitant is relatively the weakest.

France is not today a part of these countries in difficulty. With a ranking of 19.7, it is one of the most credible countries in the euro zone, very close to Germany. **However, it is certain that a growing divergence with Germany would pose a problem with the stability plans that have been implemented. It would revive the financial crisis and could even threaten the very existence of the euro zone.**



## Some Information on these comparisons

The crisis in the euro zone should not be considered as an overall crisis, but rather **the result of economic and financial divergences** which became more pronounced between national territories adopting the same currency.

These divergences have brought about growing gaps between the national interest rates, **a dramatic increase in public deficits** and they have led some States to no longer be able to self finance. They are manifest also in the evolution of **market shares**, foreign **trade balances** and **unemployment rates** in the countries of the euro zone.

These divergences and their impact are particularly felt today on our territory.

**- First of all, on our international market shares:**

France has posted, for the last ten years, the strongest drop in foreign trade market shares. The gap with Germany, which was negligible ten years ago, has widened to 250 billion euro, or 13 points of our GDP.

**- Next, on our labor costs:**

Over the same period of time, the unit wage cost increased in a proportion intermediary between Germany and the Southern European countries, who are currently in difficulty. The gap in the evolution over ten years of the unit wage cost between France and Germany was about 20%. **Deindustrialization** was particularly rapid in France.

**- Finally, on our public finances:** The weight of **public spending in the GDP** is, in France, the heaviest among the countries of the euro zone. The gap with Germany represents more than 150 billion euro, or one and a half times our public deficit.

However, France has a **major strength** which has been too little emphasized, and that is its dynamic demography. Work hour productivity is high in France but this advantage is counterbalanced by a weak average quantity of work per inhabitant and by a relatively high general level of prices and costs. The weak levels of working time and the employment rate can become **opportunities for growth** as long as the labor market becomes more efficient.

It is crucial to, **firstly, get rid of the gaps** in the public interest rates between France and Germany, countries which are the principal guarantors of the euro, and to conserve the very **strong credibility** of both countries. The divergences within the countries of the euro zone are not inevitable. During the 1990s, the European States, in a similar situation, were able to end their excessive deficits to converge and create the euro together, in 1999. Today, a **new convergence** is necessary to insure the stability and the viability of the euro zone and to **restore growth**. This is even the object of the new European treaty on stability, coordination and governance in Europe.

France has the advantage of a dynamic demography. A larger population requires that our economy show a larger **capacity for adaption** and mobilize all its resources.



# I Annexes

## Summary

### Maps and Graphics

You will find here the summary of data which we used to create the maps and graphics

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## Graphic page 8

Rates of Return of 10-year State bonds, as %

	Germany	Netherlands	France	Belgium	Spain	Italy	Ireland	Portugal	Greece
Jan -10	3,3	3,5	3,5	3,6	4,0	4,0	4,8	4,2	6,0
Feb -10	3,2	3,4	3,4	3,7	4,0	4,0	4,7	4,5	6,5
Mar -10	3,1	3,4	3,4	3,6	3,9	3,9	4,5	4,3	6,2
Apr -10	3,1	3,3	3,4	3,6	3,9	3,9	4,7	4,8	7,8
May -10	2,8	3,0	3,1	3,3	4,1	4,0	5,0	5,0	8,0
Jun -10	2,6	2,9	3,1	3,5	4,6	4,1	5,4	5,5	9,1
Jul -10	2,6	2,9	3,0	3,3	4,4	4,0	5,4	5,4	10,3
Aug -10	2,4	2,6	2,7	3,0	4,1	3,8	5,3	5,2	10,7
Sept -10	2,3	2,5	2,7	3,1	4,2	3,8	6,2	6,0	11,3
Oct -10	2,4	2,6	2,7	3,2	4,1	3,7	6,5	6,0	9,6
Nov -10	2,5	2,8	3,0	3,5	4,7	4,1	8,4	6,8	11,5
Dec -10	2,9	3,2	3,3	4,0	5,4	4,6	8,7	6,5	12,0
Jan -11	3,1	3,2	3,4	4,1	5,4	4,7	8,9	6,9	11,7
Feb -11	3,2	3,4	3,6	4,1	5,3	4,7	9,1	7,3	11,4
Mar -11	3,2	3,3	3,6	4,2	5,3	4,8	9,7	7,7	12,4
Apr -11	3,3	3,6	3,7	4,3	5,4	4,7	9,9	9,1	13,9
May -11	3,1	3,4	3,5	4,2	5,3	4,7	10,7	9,5	15,9
Jun -11	3,0	3,3	3,4	4,1	5,5	4,8	11,4	10,7	16,7
Jul -11	2,8	3,2	3,4	4,3	5,9	5,4	13,1	12,4	16,2
Aug -11	2,3	2,7	3,0	4,1	5,3	5,2	10,1	10,9	15,9
Sept -11	1,9	2,3	2,6	3,9	5,2	5,5	8,6	11,3	17,8
Oct -11	2,0	2,5	3,0	4,2	5,3	5,7	8,1	11,7	18,0
Nov -11	1,9	2,4	3,4	4,9	6,2	6,7	8,5	11,9	17,9
Dec -11	2,0	2,4	3,2	4,4	5,4	6,7	8,7	13,1	17,9
Jan -12	1,9	2,2	3,2	4,2	5,2	6,5	7,8	14,0	25,9

Source: Global Insight

## Graphic page 9

Foreign Trade balances of goods and services  
as points of GDP for the countries of the Euro zone (2000-2011)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Netherlands	5,5	5,8	6,5	6,3	7,4	8,5	7,7	8,2	8,3	6,8	7,5	7,6
Germany	0,3	2,0	4,5	3,9	5,0	5,2	5,6	7,0	6,2	5,0	5,5	5,2
Austria	1,7	2,2	4,8	3,5	3,8	4,0	5,1	5,7	5,8	4,8	4,3	3,7
Belgium	2,9	3,6	5,7	5,4	4,9	3,9	3,8	3,8	0,9	2,7	2,7	2,0
Finland	9,1	9,4	9,2	6,8	6,5	4,1	4,7	5,1	3,8	1,6	0,9	-0,2
Spain	-3,1	-2,5	-2,1	-2,4	-4,0	-5,3	-6,4	-6,7	-5,8	-1,9	-2,1	-1,2
Italy	1,0	1,4	0,9	0,5	0,7	-0,1	-0,8	-0,3	-0,8	-0,5	-1,9	-2,1
<b>France</b>	<b>1,0</b>	<b>1,1</b>	<b>1,5</b>	<b>0,9</b>	<b>0,4</b>	<b>-0,6</b>	<b>-1,0</b>	<b>-1,5</b>	<b>-2,1</b>	<b>-1,8</b>	<b>-2,3</b>	<b>-3,4</b>
Portugal	-11,0	-10,2	-8,3	-6,8	-8,3	-9,4	-8,7	-8,0	-10,1	-7,4	-7,2	-4,2
Greece	-13,5	-13,2	-13,5	-12,3	-10,1	-9,3	-10,8	-13,5	-14,4	-11,4	-8,9	-6,7

Source: National accounts

## Map page 10

Public deficit  
(as % of GDP in 2011)

Ireland	-10,3
Greece	-8,9
Spain	-8,5
Cyprus	-6,7
Slovakia	-5,8
Portugal	-5,8
Slovenia	-5,7
<b>France</b>	<b>-5,4</b>
Netherlands	-4,3
Italy	-3,8
Belgium	-3,7
Austria	-3,4
Malta	-3,0
Finland	-1,2
Germany	-1,0
Luxembourg	-0,6
Estonia	0,8

Source: Ameco or more recent evaluations  
for certain countries

## Graphic page 11

Public debt as a point of GDP  
(under the theoretical hypothesis where the 2012 deficits are maintained until 2017)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Germany	60,2	59,1	60,7	64,4	66,3	68,6	68,1	65,2	66,7	74,4	83,2
Spain	59,4	55,6	52,6	48,8	46,3	43,1	39,6	36,2	40,1	53,8	61,0
<b>France</b>	<b>57,3</b>	<b>56,9</b>	<b>58,8</b>	<b>62,9</b>	<b>64,9</b>	<b>66,4</b>	<b>63,7</b>	<b>64,2</b>	<b>68,2</b>	<b>79,0</b>	<b>82,3</b>
Italy	108,5	108,2	105,1	103,9	103,4	105,4	106,1	103,1	105,8	115,5	118,4

Source : Eurostat, National Accounts

	2011	2012	2013	2014	2015	2016	2017
Germany	81,5	81,6	81,1	80,5	80,0	79,5	78,9
Spain	70,1	78,1	85,1	91,0	97,0	103,3	109,7
<b>France</b>	<b>87,0</b>	<b>90,7</b>	<b>94,3</b>	<b>97,4</b>	<b>100,7</b>	<b>103,9</b>	<b>107,2</b>
Italy	121,4	125,3	128,9	129,9	130,9	131,9	133,0

Source : Coe-Rexecode simulation starting with 2013 based on IMF data

## Map page 14

Share of exports of goods and services  
of each country in value in the total exports of the euro zone

	2000	2010	Changes from 2000 to 2010 on the market share
Belgium	7,9	7,6	-0,3
Germany	27,4	30,9	3,6
Estonia	0,2	0,3	0,1
Ireland	4,1	4,2	0,1
Greece	1,4	1,3	-0,1
Spain	7,3	7,6	0,2
<b>France</b>	<b>16,6</b>	<b>13,1</b>	<b>-3,5</b>
Italy	12,9	11,1	-1,8
Cyprus	0,2	0,2	0,0
Luxembourg	1,3	1,8	0,5
Malta	0,2	0,2	0,0
Netherlands	11,7	12,3	0,5
Austria	3,9	4,1	0,3
Portugal	1,5	1,4	0,0
Slovenia	0,5	0,6	0,2
Slovakia	0,6	1,4	0,8
Finland	2,3	1,9	-0,4
	<b>100,0</b>	<b>100,0</b>	<b>0,0</b>

Source : National Accounts

## Graphic page 15

Unit wage costs in the non-agricultural trade sector for several countries in the euro zone Base 100 Average for the year 2000

	Slova- kia	Estonia	Italy	Cyprus	Por- tugal	Espagne	France	Slovenia	Fin- land	Bel- gium	Netherlan	Austria	Ireland	Ger- many
2000	100	100	100	100	100	100	100,0	100	100	100	100	100	100	100
2001	99,5	104,9	103,2	102,2	103,8	103,3	102,8	100,8	103,5	104,1	104,6	100,3	103,2	99,4
2002	104,8	109,1	107,8	108,8	108,7	106,8	105,8	101,7	103,8	105,6	108,9	100,3	100,6	99,2
2003	113,7	113,3	111,9	111,2	113,5	110,5	107,2	100,2	104,3	105,2	110,6	101,3	103,4	99,6
2004	121,9	118,1	114,5	116,4	115,3	113,1	108,6	102,3	103,0	104,9	110,0	100,4	106,0	98,7
2005	133,0	123,7	117,9	120,5	120,8	117,1	110,1	103,8	105,3	105,1	108,4	100,7	114,6	96,8
2006	139,6	137,1	120,3	123,0	122,3	121,3	111,8	104,1	104,9	107,1	109,0	101,2	119,4	94,2
2007	162,7	160,0	123,9	122,6	122,9	126,4	113,4	107,0	104,5	109,6	110,7	102,3	122,7	93,2
2008	182,9	181,8	131,0	124,9	126,5	132,1	117,5	113,6	111,3	113,3	114,2	106,4	126,9	96,2
2009	196,5	184,2	137,3	127,8	130,5	131,6	120,2	123,1	120,2	117,0	119,3	111,4	112,9	101,9
2010	191,7	170,9	135,7	129,8	131,3	127,4	120,7	121,3	116,8	116,4	116,6	110,5	103,5	100,0
2011	194,4	171,4	137,7	131,2	131,1	126,2	122,9	120,5	120,0	118,6	116,8	110,9	107,2	101,0

Source : Quarterly national accounts

## Table page 16

Public spending as percentage of GDP

	2005	2006	2007	2008	2009	2010	Average 2005-2010
Slovakia	38	36,5	34,2	34,9	41,5	40	37,5
Estonia	33,6	33,6	34	39,5	45,2	40,6	37,8
Luxembourg	41,5	38,6	36,3	37,1	43	42,5	39,8
Spain	38,4	38,4	39,2	41,5	46,3	45,6	41,6
Malta	44,6	44,4	42,9	44	43,3	42,9	43,7
Ireland	33,8	34,3	36,6	42,8	48,9	66,8	43,9
Germany	46,9	45,3	43,5	44	48,1	47,9	46,0
Slovenia	45,3	44,6	42,5	44,2	49,3	50,1	46,0
Portugal	45,6	44,4	44,4	44,8	49,9	51,3	46,7
Netherlands	44,8	45,5	45,3	46,2	51,5	51,2	47,4
Greece	44,6	45,2	47,6	50,6	53,8	50,2	48,7
Italy	47,9	48,5	47,6	48,6	51,6	50,3	49,1
Austria	50	49,1	48,6	49,3	52,9	52,5	50,4
Belgium	52,1	48,6	48,3	49,9	53,8	52,9	50,9
Finland	50,4	49,2	47,4	49,3	55,9	55,3	51,3
<b>France</b>	<b>53,6</b>	<b>53</b>	<b>52,6</b>	<b>53,3</b>	<b>56,7</b>	<b>56,6</b>	<b>54,3</b>

Source : National Accounts

**Maps pages 17 et 18**

Share of the manufacturing industry  
added value in the GDP in 2000 and 2010

	2000	2010	Change 2000-2010
Greece	9,8	9,6	-0,2
Estonia	15,8	14,9	-0,9
Austria	18,4	17,3	-1,1
Netherlands	13,9	11,9	-2,0
Germany	20,8	18,7	-2,1
Slovakia	22,0	18,8	-3,2
Cyprus	9,3	6,0	-3,3
Portugal	15,4	11,8	-3,6
Italy	18,6	15,0	-3,7
Slovenia	22,4	18,3	-4,1
Belgium	17,1	13,1	-4,1
Luxembourg	10,1	5,5	-4,6
Spain	16,8	12,2	-4,7
<b>France</b>	<b>14,4</b>	<b>9,3</b>	<b>-5,1</b>
Finland	23,0	16,4	-6,7
Ireland	28,9	21,8	-7,1
Malta	19,5	11,8	-7,7

Source : Eurostat, Annual National Accounts by sector



## Map page 19

Unemployment rate harmonized in 2011

	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sept-11	Oct-11	Nov-11	Dec-11
Austria	4,4	4,5	4,3	4,1	4,2	3,9	3,7	3,7	3,9	4,1	4,1	4,1
Netherlands	4,3	4,3	4,2	4,2	4,2	4,1	4,3	4,4	4,5	4,8	4,9	4,9
Luxembourg	4,7	4,7	4,7	4,7	4,8	4,8	4,9	4,9	5	4,9	4,9	5,2
Germany	6,4	6,3	6,2	6,1	6	5,9	5,9	5,8	5,8	5,7	5,6	5,5
Malta	6,5	6,5	6,4	6,6	6,6	6,5	6,5	6,4	6,4	6,4	6,5	6,5
Belgium	7,3	7,1	7	7	7,1	7,2	7,3	7,4	7,4	7,3	7,2	7,2
Finland	8	8	8	7,9	7,8	7,8	7,8	7,7	7,7	7,6	7,6	7,6
Slovenia	8,1	8,1	8,1	8	7,9	8	8,1	8	8,2	8,2	8,2	8,2
Italy	8,2	8,1	8,2	8,2	8,3	8,2	8,3	8,3	8,6	8,5	8,8	8,9
Cyprus	6,5	6,7	6,9	7	7,3	7,4	7,7	8	8,4	8,7	9	9,3
<b>France</b>	<b>9,6</b>	<b>9,6</b>	<b>9,6</b>	<b>9,6</b>	<b>9,6</b>	<b>9,6</b>	<b>9,7</b>	<b>9,6</b>	<b>9,7</b>	<b>9,7</b>	<b>9,8</b>	<b>9,9</b>
Portugal	12,4	12,4	12,4	12,5	12,6	12,5	12,6	12,6	12,8	13	13,2	13,6
Slovakia	13,6	13,4	13,3	13,3	13,3	13,3	13,4	13,4	13,4	13,5	13,5	13,4
Ireland	14,4	14,3	14,2	14,2	14,2	14,4	14,6	14,6	14,4	14,4	14,4	14,5
Greece	14,7	15	15,7	16,1	16,9	17,2	17,9	18,4	18,8	19,2		
Spain	20,5	20,7	20,8	20,8	21	21,3	21,7	22,1	22,4	22,7	22,9	22,9
Estonia	13,6	13,6	13,6	12,7	12,7	12,7	11,3	11,3	11,3			
Zone euro (17 pays)	10	10	10	9,9	10	10	10,1	10,2	10,3	10,3	10,4	10,4

Source : Eurostat

## Map page 20

GDP per inhabitant for 2010 (purchasing power ratio in euro 2010)

	GDP per inhabitant in value	Purchasing Power Ratio Index	GDP per inhabitant in standard of purchasing power
Estonia	10 724	68	15 735
Slovakia	12 088	67	17 982
Portugal	16 235	83	19 542
Malta	14 826	73	20 236
Slovenia	17 329	84	20 735
Greece	20 886	92	22 756
Cyprus	22 521	89	25 232
Spain	22 905	93	24 613
Italy	25 894	104	24 786
<b>France</b>	<b>31 427</b>	<b>113</b>	<b>27 736</b>
Finland	33 624	119	28 204
Germany	30 651	105	29 134
Belgium	32 549	112	28 955
Austria	34 634	111	31 282
Ireland	34 950	112	31 145
Netherlands	35 913	109	32 971

Source : National Accounts, Eurostat

## Graphic page 22

*Note: In 1995, the German public deficit reached 9.7 points of the GDP of which 7.5 points of the GDP came from the taking over by the Amortization Funds of debts inherited from commitments of the Treuhand Agency which managed nationalized companies of the former East Germany. For better readability of this graph, we have only used the level of public debt which would have occurred in 1995 without this debt takeover.*

## Map page 26

Population in 2011 and change from 2000 to 2011

	Population in 2011 (in millions)	Rate of population change between 2000 and 2011 (by %)
Lithuania	3,2	-7,9
Bulgaria	7,4	-7,0
Latvia	2,2	-6,0
Romania	21,1	-4,7
Hungary	10,0	-2,6
Estonia	1,3	-2,3
Poland	38,0	-1,1
Germany	81,8	-0,5
Slovakia	5,4	0,7
Czech Republic	10,5	2,2
Slovenia	2,0	2,3
Greece	11,2	2,4
Denmark	5,5	2,9
Finland	5,4	3,7
Netherlands	16,7	5,0
Austria	8,4	5,1
Portugal	10,8	5,2
Sweden	9,3	5,4
Belgium	10,7	5,5
Italy	60,3	5,6
Malta	0,4	5,7
UK	62,6	6,3
<b>France</b>	<b>65,2</b>	<b>7,4</b>
Cyprus	0,9	13,0

Source : FMI

## Map page 27

Structure by population age in 2010 (by % of total)

	Less than 15 yrs old	15 to 64 yrs old	65 yrs old or older
<b>France</b>	<b>18,6</b>	<b>65,1</b>	<b>16,3</b>
Italy	14,1	65,9	20,0
Belgium	16,9	65,9	17,2
Finland	16,6	66,2	17,2
Germany	13,2	66,3	20,5
Greece	14,5	66,5	19,1
Zone euro	15,4	66,5	18,1
Portugal	15,2	66,9	17,9
Ireland	21,5	67,1	11,4
Netherlands	17,7	67,4	14,9
Estonia	15,2	67,7	17,1
Austria	15,0	67,9	17,1
Spain	15,1	68,2	16,7
Luxembourg	18,1	68,6	13,3
Cyprus	17,8	69,3	12,9
Slovenia	14,1	69,4	16,5
Malta	15,4	69,5	15,1
Slovakia	15,4	72,4	12,2

Source : Eurostat, Forces de Travail surveys

## Table page 28

Purchasing Power Ratio  
in the countries of the Euro area

Slovakia	68
Estonia	68
Malta	73
Portugal	83
Slovenia	83
Cyprus	89
Greece	92
Spain	93
Italy	105
Germany	105
Netherlands	109
Austria	111
Ireland	112
Belgium	112
<b>France</b>	<b>113</b>
Finland	119
Luxembourg	120

Source : Eurostat

Note : The GDP per French inhabitant would be 26.2 and not 27.7 if we used the total population and not the population numbers used by the Forces de Travail survey which did not take into account the population outside of the mainland. The GDP per work hour would be 44.1 instead of 46.4.

## Map page 29

## Average annual working time in 2010

	Full-time salaried employees	Part-time salaried employees	Full-time non-salaried workers
Malta	1 983	1 050	2 325
Greece	1 971	1 031	2 344
Estonia	1 946	1 059	2 108
Slovakia	1 930	1 008	2 209
Cyprus	1 913	958	2 209
Germany	1 904	883	2 459
Portugal	1 877	931	2 224
Austria	1 840	926	2 551
Italy	1 813	1 042	2 189
Slovenia	1 811	902	2 240
Ireland	1 798	876	2 255
Spain	1 798	879	2 074
Luxembourg	1 797	928	2 064
Netherlands	1 795	920	2 289
Belgium	1 765	1 068	2 402
<b>France</b>	<b>1 679</b>	<b>978</b>	<b>2 453</b>
Finland	1 670	890	2 192

Source : Eurostat, Forces de Travail survey

## Map page 30

## Employment rate in 2010 and changes in the employment rate between 2005 and 2010 (15 – 64 year olds)

	2010	Change 2010-2005
Germany	71,1	5,1
Austria	71,7	3,1
Belgium	62	0,9
Cyprus	69,7	1,2
Spain	58,6	-4,7
Estonia	61	-3,4
Finland	68,1	-0,3
<b>France</b>	<b>63,8</b>	<b>0,1</b>
Greece	59,6	-0,5
Ireland	60	-7,6
Italy	56,9	-0,7
Luxembourg	65,2	1,6
Malta	56,1	2,2
Netherlands	74,7	1,5
Portugal	65,6	-1,9
Slovakia	58,8	1,1
Slovenia	66,2	0,2

Source : Eurostat, Forces de Travail survey.  
The national accounts differ a bit from these figures.

## Map page 31

CO<sub>2</sub> emissions (in millions of metric tons and in metric tons per inhabitant)

	2009		2008	
	MtCO <sub>2</sub>	tCO <sub>2</sub> /inhab	MtCO <sub>2</sub>	tCO <sub>2</sub> /inhab
Latvia	7	3,1	8,2	3,6
Lithuania	13	3,9	15	4,5
Romania	85,9	4	104,7	4,9
Hungary	50,4	5	56,1	5,6
Sweden	46,6	5	52	9,5
Portugal	56,1	5,3	59,4	5,6
<b>France</b>	<b>377,8</b>	<b>5,9</b>	<b>394,9</b>	<b>6,2</b>
Bulgaria	45,8	6	49,9	5,4
Malta	2,5	6,1	2,7	6,4
Spain	296,9	6,5	322	7
Slovakia	35,1	6,5	39,1	7,2
Italy	417,2	6,9	466	7,8
UK	480,6	7,8	531,8	8,7
Slovenia	16	7,9	17,9	8,9
Poland	310,4	8,1	334,7	7,3
Austria	67,5	8,1	73,9	8,9
Norway	42,8	8,9	45,3	5,9
Denmark	49,5	9	54,3	7,1
Greece	104,3	9,2	110,1	9,8
Ireland	42,4	9,5	44,4	9,3
Germany	788,8	9,6	848	10,3
Belgium	108,3	10	119,1	11,1
Netherlands	169,8	10,3	175,3	10,7
Finland	55,4	10,4	58,2	11
Estonia	14,3	10,7	17,2	12,8
Czech Republic	113,4	10,8	120,4	11,6
Luxembourg	10,7	21,5	11,3	23,1

Citation : Climate Analysis Indicators Tool (CAIT UNFCCC), Version 5.0

## Map page 32

Ratings of agencies on the sovereign debts  
of the member countries of the euro zone and the average of the ratings

	FitchRatings		Standard & Poor's		Moody's		Average Rating of 3 Agencies
	Agency Rating On Sovereign Debt	Rating on a scale of 20	Agency Rating On Sovereign Debt	Rating on a scale of 20	Agency Rating On Sovereign Debt	Rating on a scale of 20	
Finland	AAA	20	AAA	20	Aaa	20	20,0
Germany	AAA	20	AAA	20	Aaa	20	20,0
Luxembourg	AAA	20	AAA	20	Aaa	20	20,0
Netherlands	AAA	20	AAA	20	Aaa	20	20,0
Austria	AAA	20	AA+	19	Aaa	20	19,7
<b>France</b>	<b>AAA</b>	<b>20</b>	<b>AA+</b>	<b>19</b>	<b>Aaa</b>	<b>20</b>	<b>19,7</b>
Belgium	AA	18	AA	18	Aa3	17	17,7
Estonia	A+	16	AA-	17	A1	16	16,3
Slovenia	A	15	A+	16	A2	15	15,3
Slovakia	A+	16	A	15	A2	15	15,3
Spain	A	15	A	15	A3	14	14,7
Malta	A+	16	A-	14	A3	14	14,7
Italy	A-	14	BBB+	13	A3	14	13,7
Ireland	BBB+	13	BBB+	13	Ba1	10	12,0
Cyprus	BBB-	11	BB+	10	Baa3	11	10,7
Portugal	BB+	10	BB	9	Ba3	8	9,0
Greece	CCC	4	CC	2	Ca	1	2,3
Average euro zone balanced by the weights of the GDP		17,6		17,1		17,2	17,3
Average euro zone balanced by the weights of debts		17,0		16,4		16,6	16,7

Explanation: The ratings of agencies are letters. We have transposed them to grades out of 20 because the different scales of rating include 20 levels. We have thus computed the average of the three agency ratings.



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