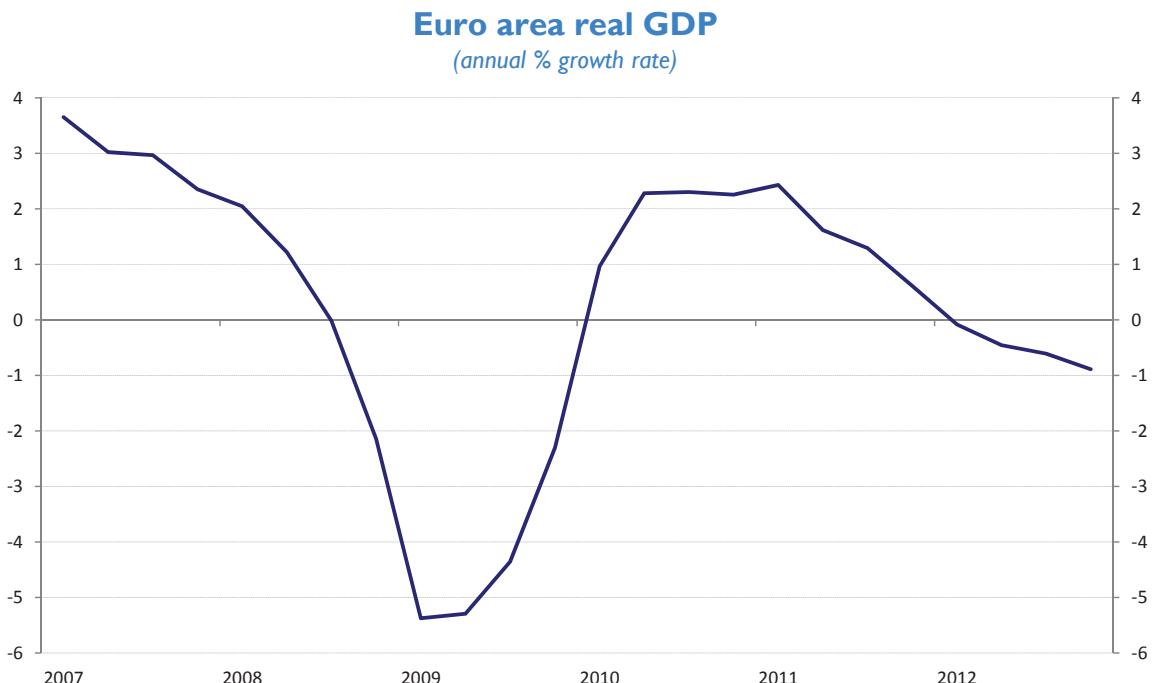


# Euro area economic situation and the foundations for growth

Presentation by  
Mario Draghi  
President of the European Central Bank  
at the Euro Summit  
Brussels, 14 March 2013

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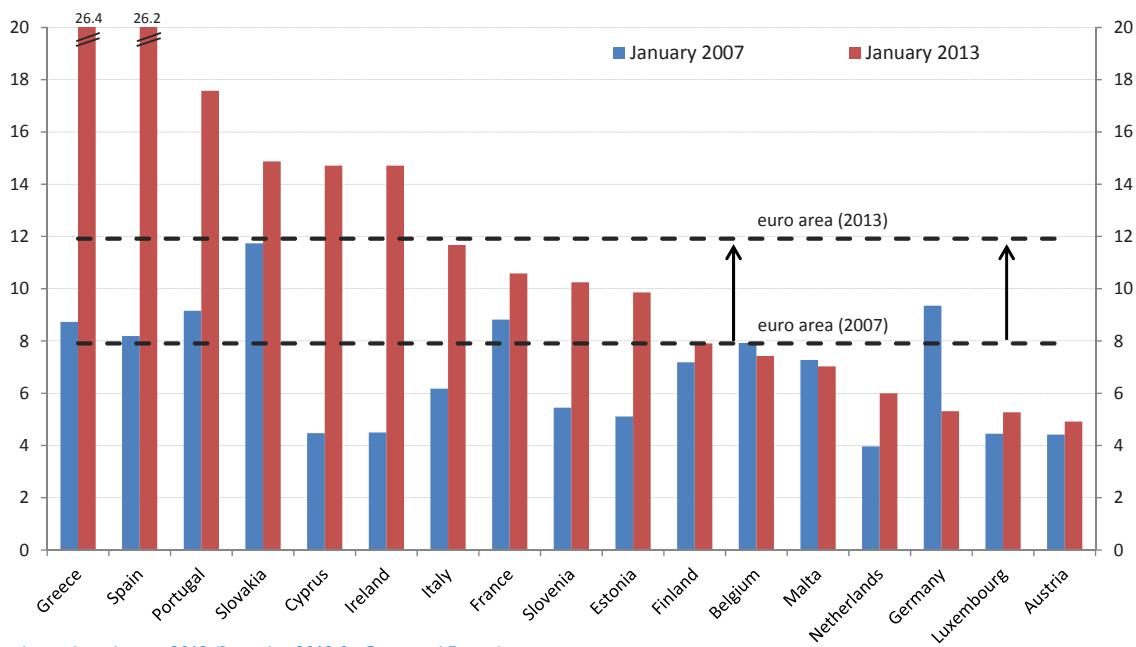
## Economic situation



Latest data: 2012Q4. Sources: Eurostat.

# Economic situation

**Euro area unemployment**  
(% of labour force)

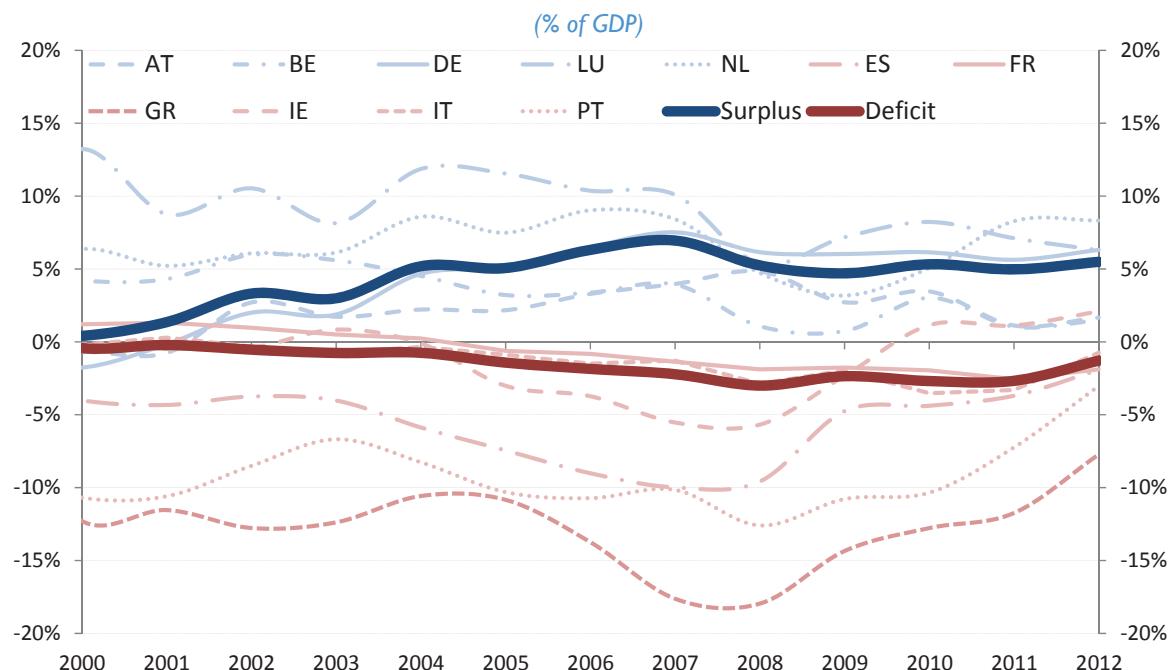


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# External imbalances

**Current account balance**



Note: For improved readability, this and subsequent charts only show the countries listed above and do not include FI, EE, SK, SI, CY, MT. Countries are assigned to "External surplus/deficit" group if they had a current account surplus/deficit in 2007 (the last pre-crisis year). "Surplus" countries in blue, "deficit" countries in red.  
Annual data (smoothed lines). Source: AMECO.

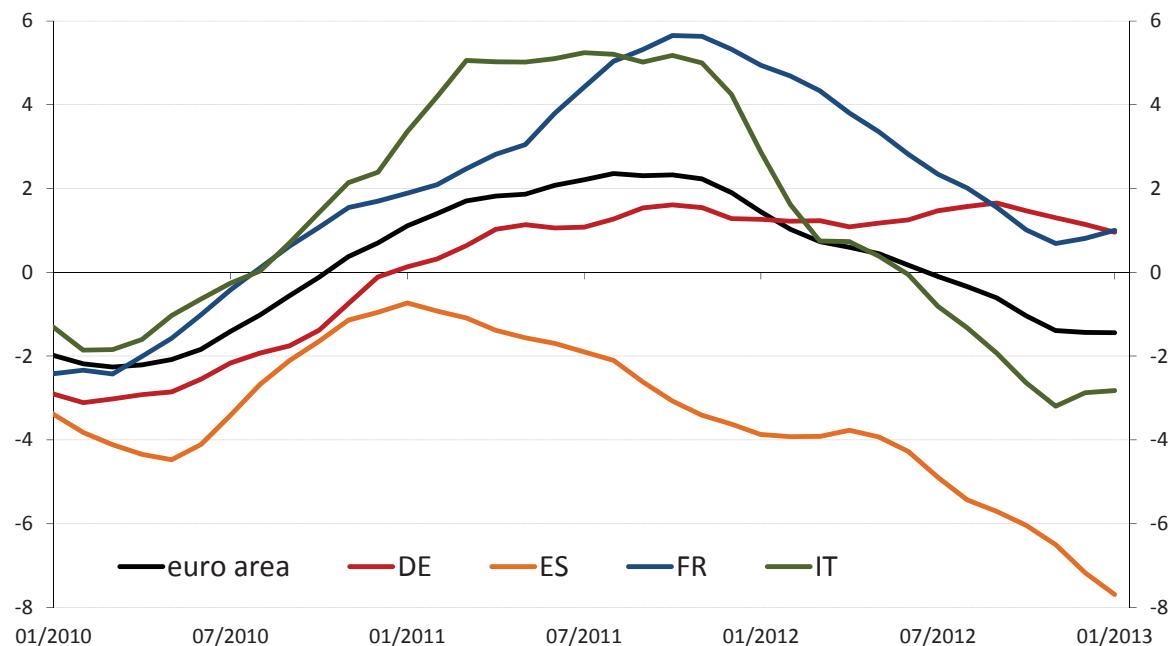
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# Credit situation

## Bank credit to firms

(annual rate of growth)



Notes: MFI loans to non-financial corporations adjusted for loan sales and securitisation. 3-month moving average.  
Latest observation January 2013. Source: ECB.

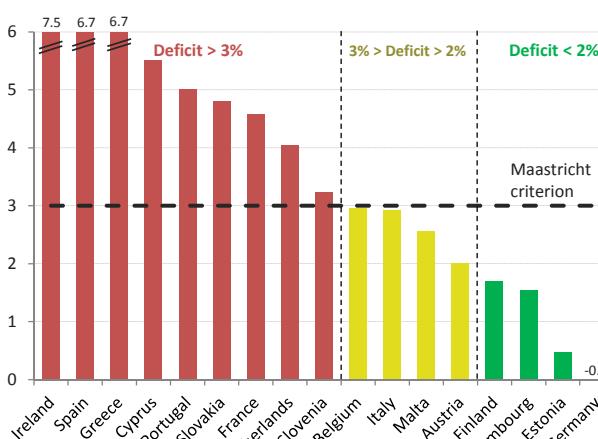
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# Fiscal situation

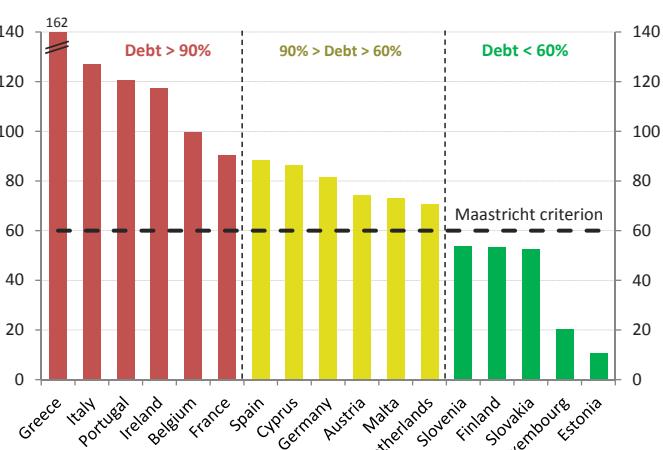
## Government deficits (2012)

(% of GDP)



## General government debt (2012)

(% of GDP)

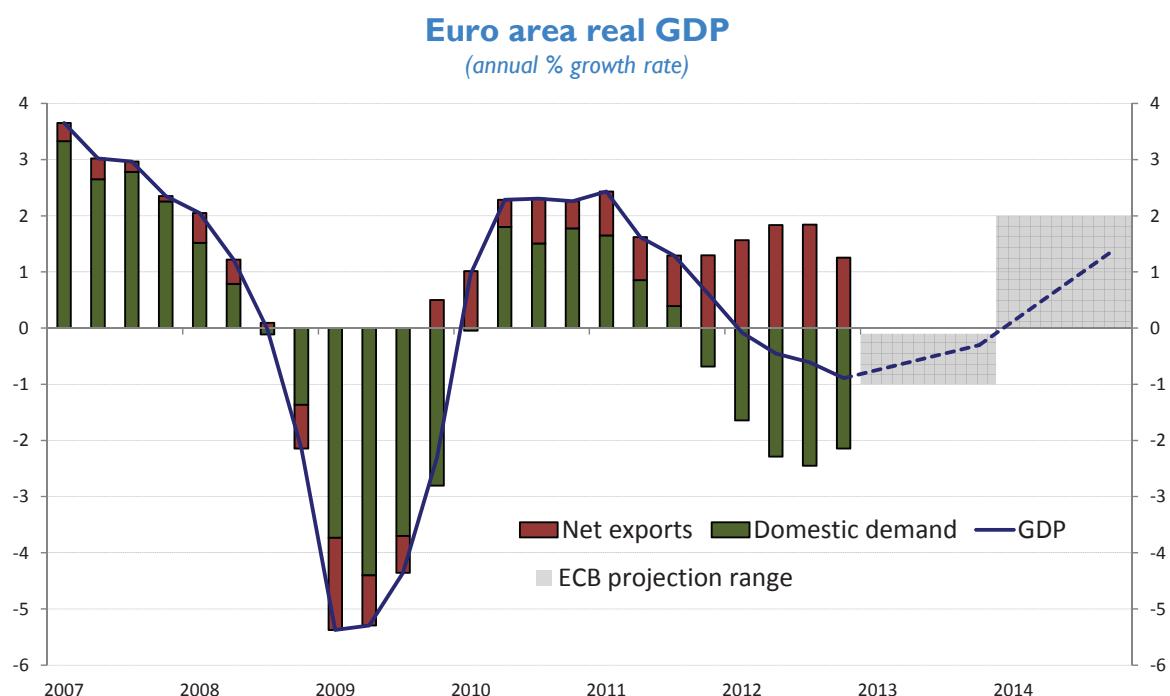


Note: Budget balance is corrected for capital injections into banks.  
Source: European Commission 2013 Winter Economic Forecast.

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# Economic situation



Latest data: 2012Q4. Sources: Eurostat, ECB, EC.

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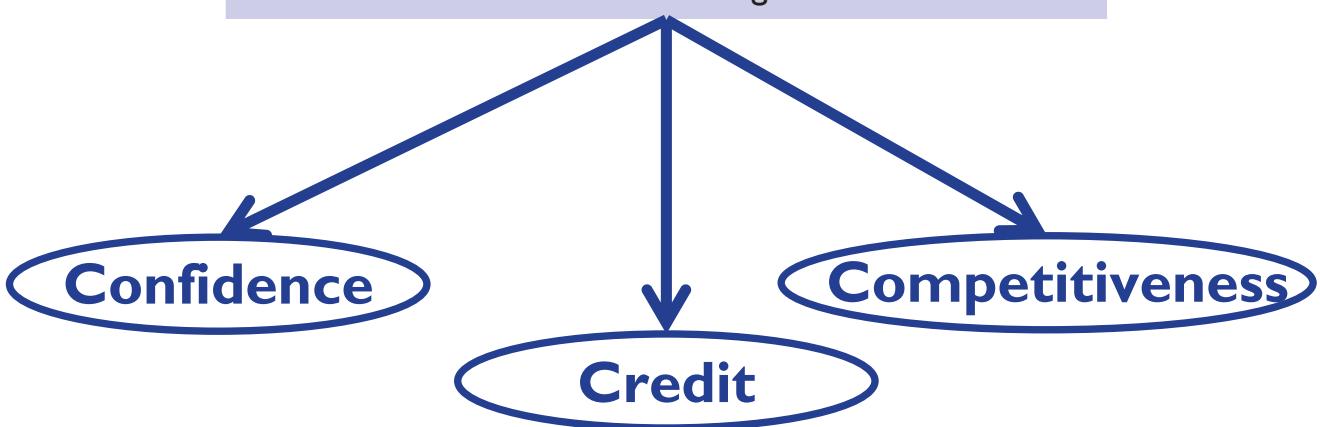
## Foundations for growth

### Where does growth come from?

- strengthening of global demand

- supportive monetary policy anchoring price stability

- and restoring :

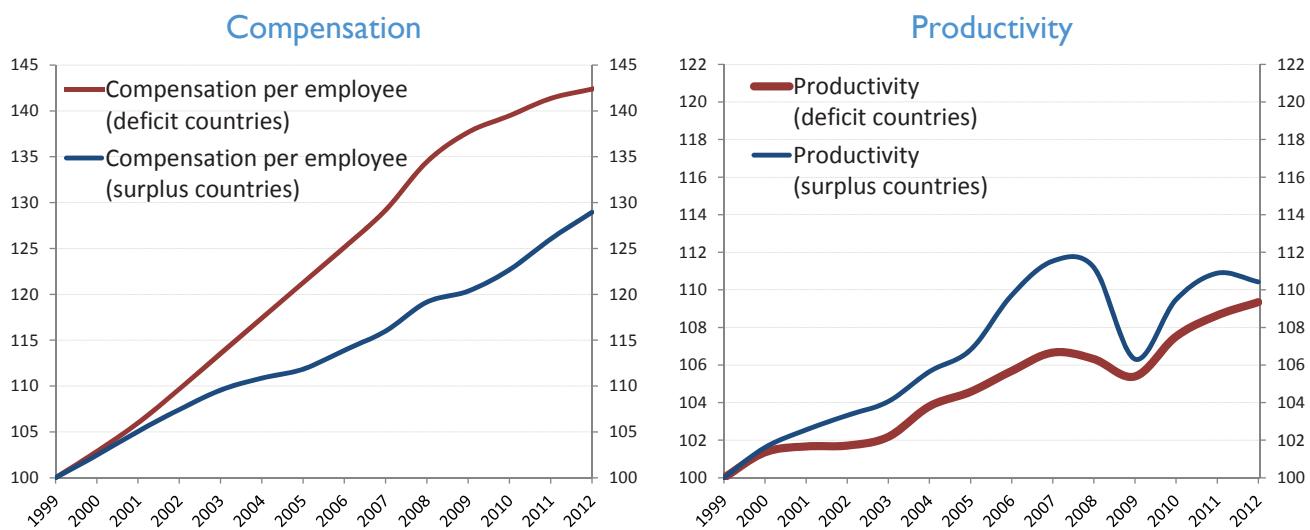


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# The competitiveness problem

## Wage and productivity developments

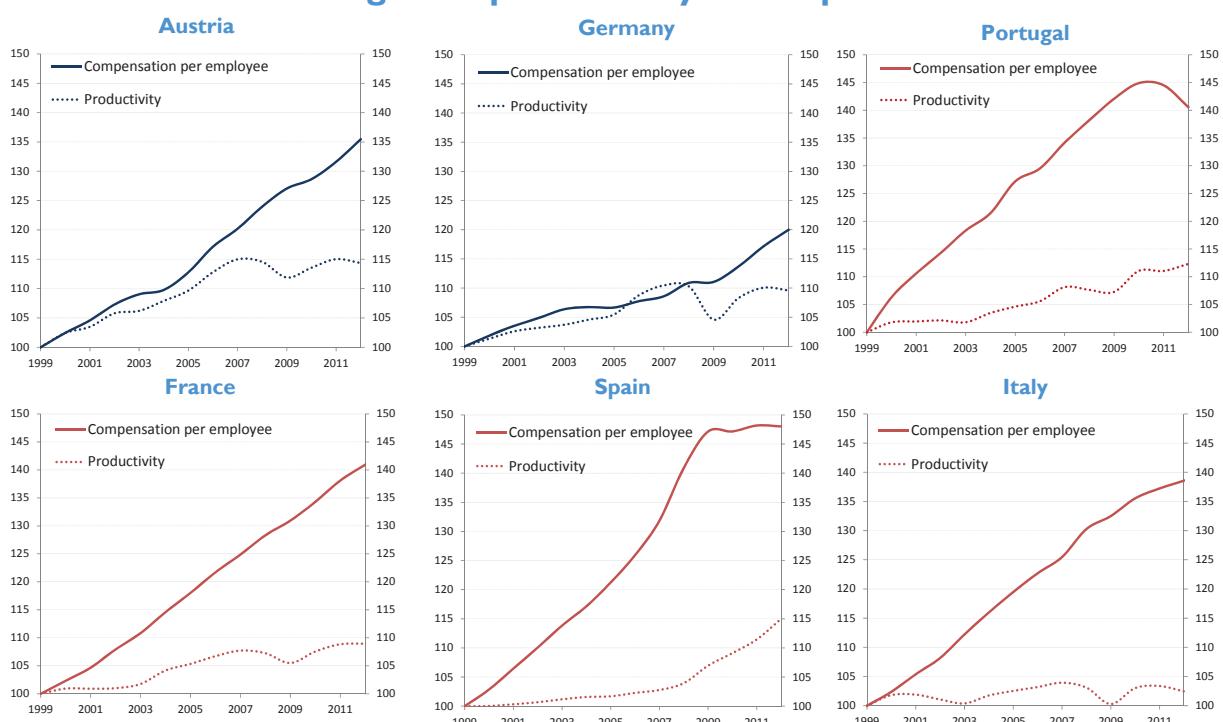


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## Country perspective (selection)

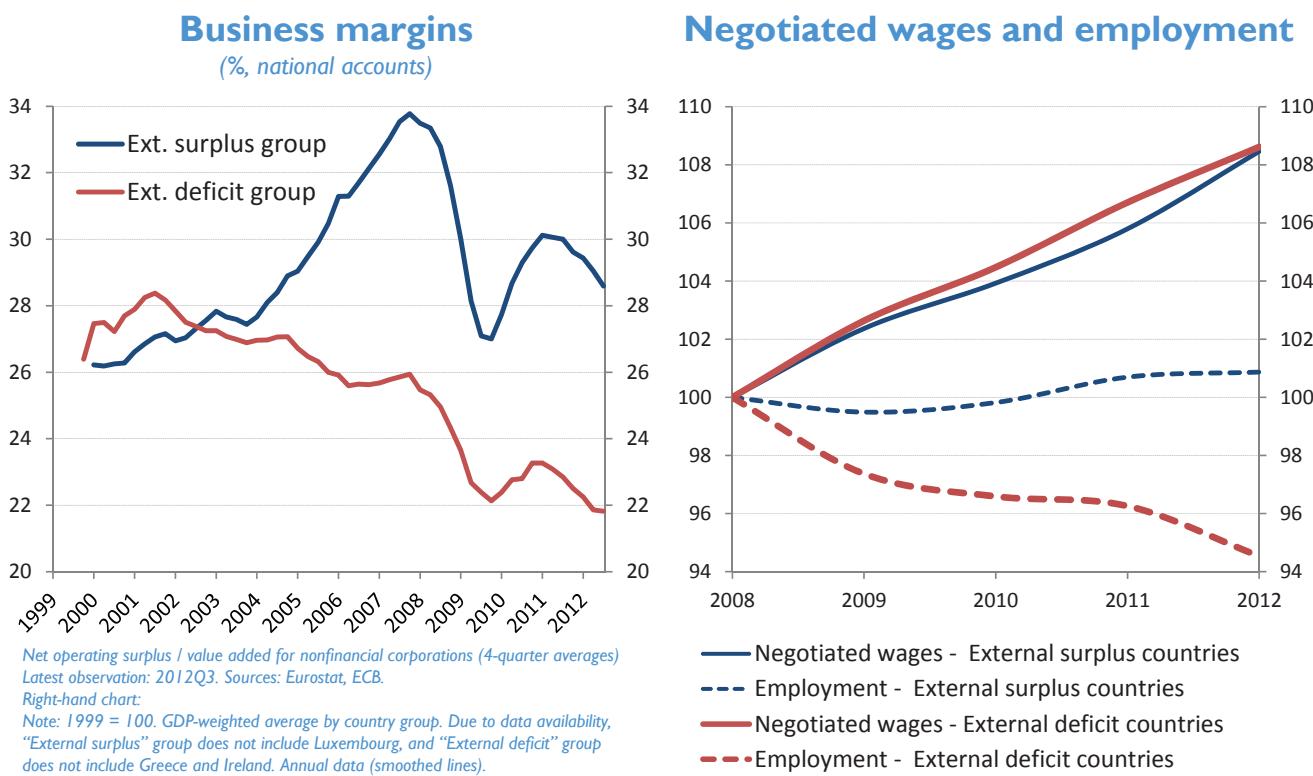
### Wage and productivity developments



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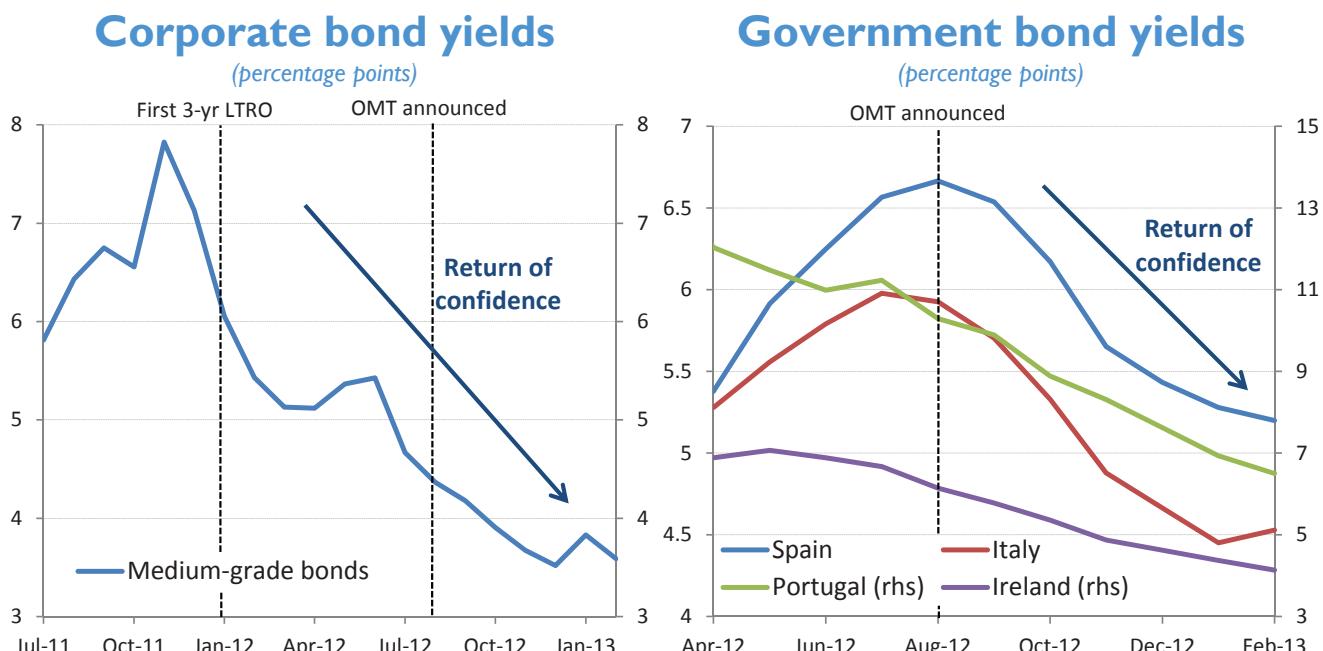
# Profitability problems



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# Confidence returning

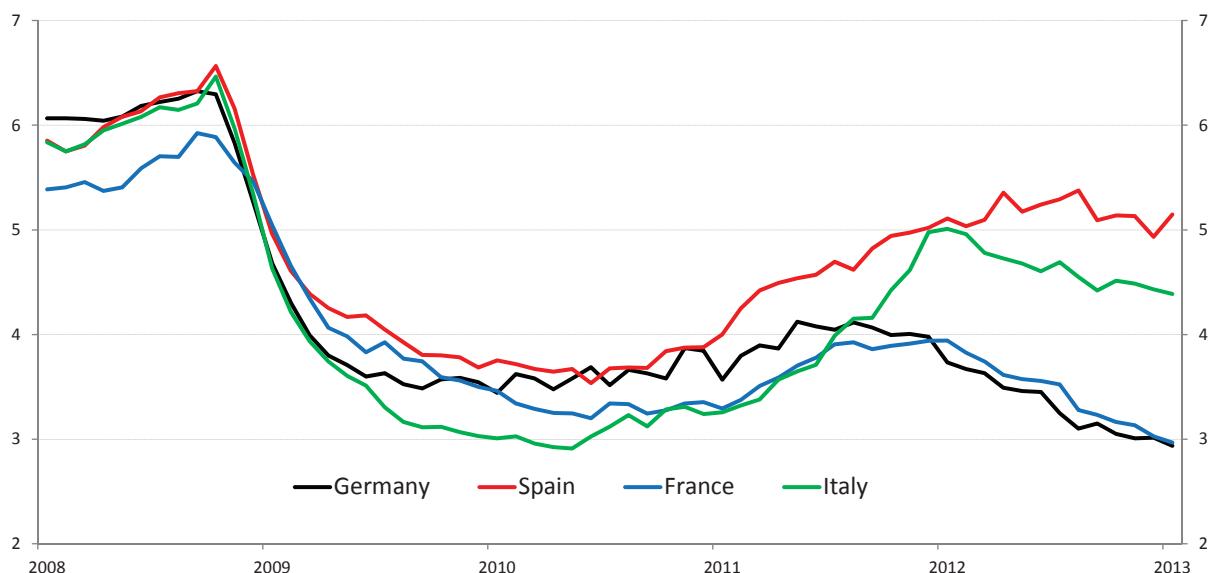


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# Problems for smaller firms

Interest rate on new loans to firms  
(Loans up to EUR 1 million to firms, percent per annum)



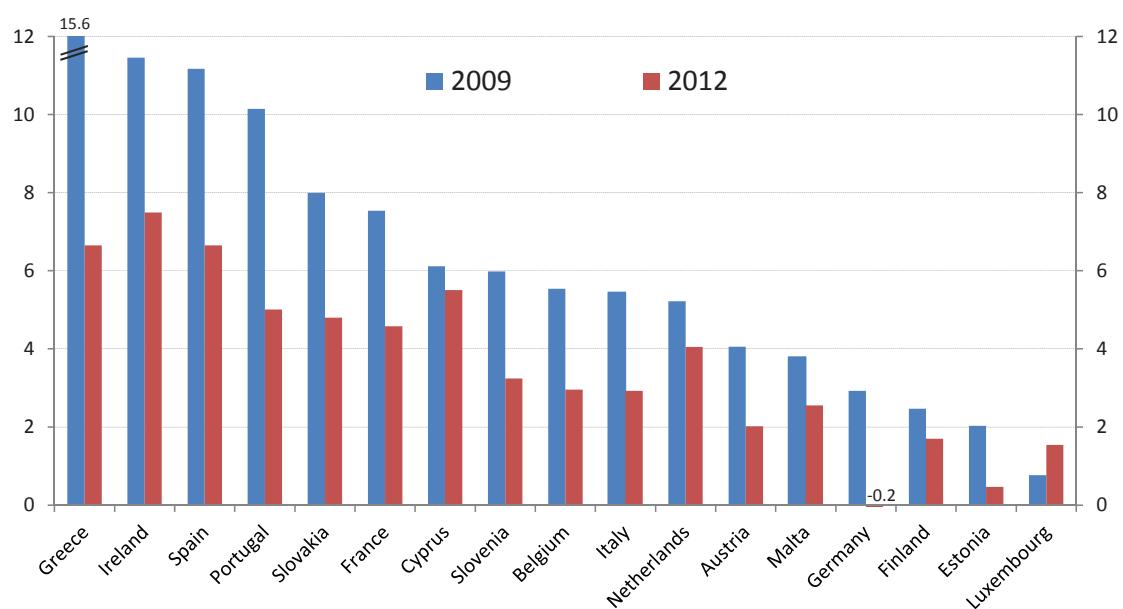
Source: ECB.

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# Fiscal progress

Government deficits in 2009 and 2012  
(% of GDP)



Note: Budget balance is corrected for capital injections into banks.

Source: European Commission's winter 2013 economic forecast and ESCB.

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# Conclusions

- I. Review of product and labour markets to see whether they are compatible with participation in monetary union**
- 2. Reform contracts for countries with pressing competitiveness problems.**
- 3. Full implementation of Single Market legislation**