BUSINESS OPPORTUNITIES IN THE EUROPEAN MARKETPLACE

The Eurozone – Future Potential & Prospects

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Global Parameters – Output Trends

Forecasts are reasonably accurate up to 2 years, and moderately reliable up to 5 years.

Just remember who is paying the piper.

Capital-flow Cycle - global imbalance in capital flows at root of current crisis as a result of under- & over-valued exchange rates.

Geography – difficult to change and ease of access to markets significant factor.

Globalisation - increased local proximity production & manufacturing repatriation.
Global Parameters – Business Trends

Business Cycle – does exist

Weaker performance forecast as investment boom falters—China, Brazil, Russia, India, Nigeria, Indonesia

Difficult transition from Middle Income to High Income

Despite government shift in focus to domestic consumption

Stronger performance in EU?
EU to return to pre-crisis growth trajectory
Global Parameters – Political Trends

Political Cycle –
- electoral cycle in the US and Europe
- generational cycle in China, India & Saudi Arabia,
- consolidation post-Arab Spring
- withdrawal from Afghanistan
- the impact of Shale Gas on US Energy policy & economic prospects for Poland and Ukraine.
EU Prospects
European Sovereign Debt crisis
  - manageable economically
  
  - problematic politically

  - moves to greater integration
    Fiscal harmonisation
    Streamlining decision-making

Questions over German export structure & benefits of past exchange rate under-valuation

Growth to recover in EU
Emergence of hard Euro

EU supply chain and role of net-exports
4 economies provide 62.4% of EU GDP
Further 6 provide 24.6% of EU & remaining 17 some 13%
Midlands output is equivalent to 1.9% of EU GDP
Midlands Economic Structure

2009 GVA

Source: WMEF & ONS

- Production: 28%
- Logistics: 25%
- Services: 23%
- Societal: 24%
The Midlands export performance continues to improve (£38 bln), ranked second only to the South East (£43 bln) in 2011, and stronger than London (£35 bln).
Manufactures continue to be the key driver of exports
Import structure reflects an economy geared toward adding value.
The destination of exports is indicative of the capacity of the local economy to supply high-valued products and brands.
A diversified import structure
The number of exporting companies reflects the strength of Innovation in the local economy & its inherent competitiveness.
Comparative Industrial Productivity

Midlands – dynamic productivity
IMF projects firm growth in EU imports of goods & services
Concluding comments

The EU is likely to remain the principal export market for the Midlands

EU growth prospects to strengthen in the medium-term

Revaluation of Euro to boost competitiveness of Midlands export – provided Sterling remains competitive

Need to assess the structure of the EU supply chain & access points for net-exports
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