


Europe's Role in the World Economy

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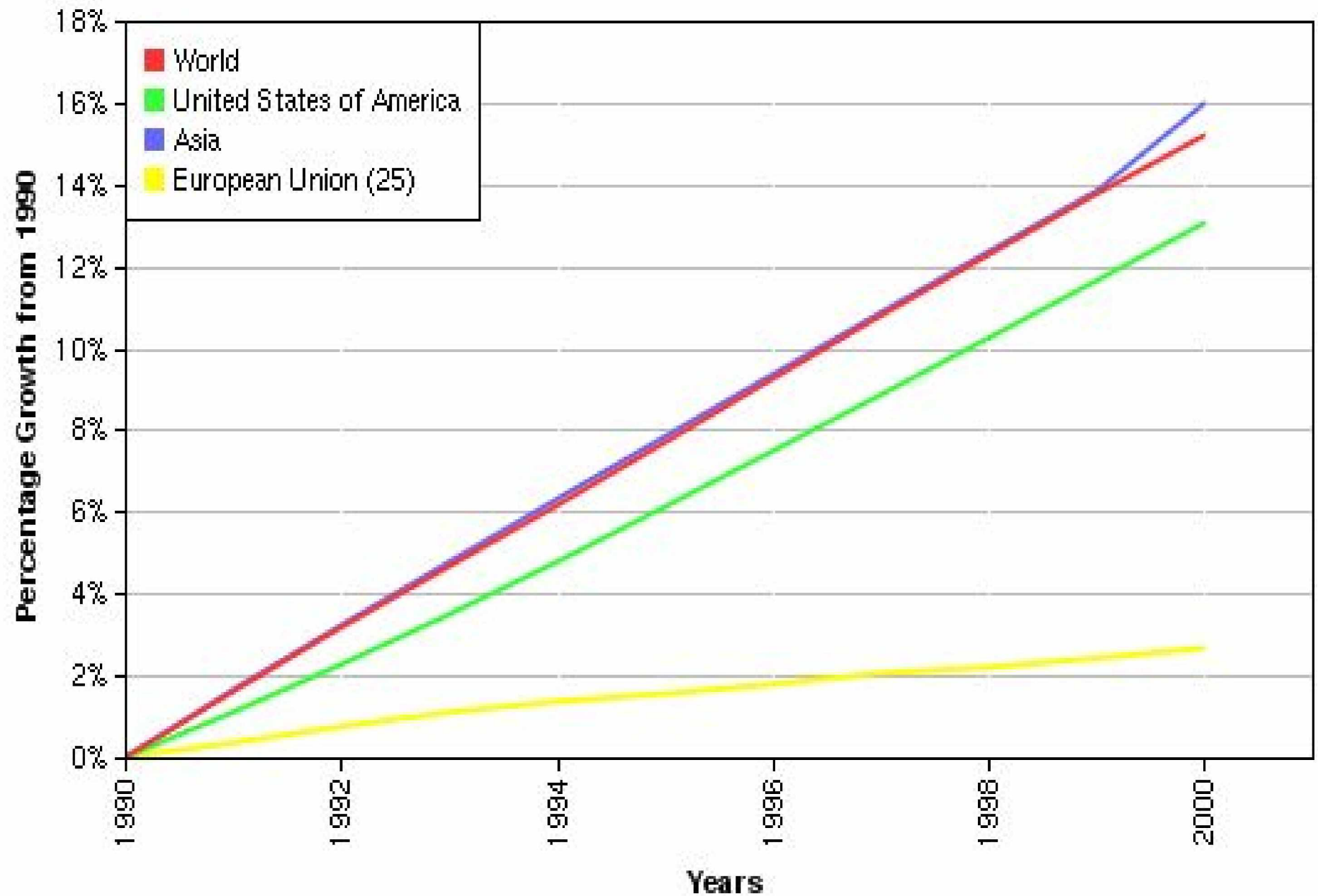


Population

(<http://cait.wri.org>)

- | Europe Union (25)
 - 452.6 million
 - 7.4% of World Total
- | US
 - 289.4 million
 - 4.7% of World Total

Population, 1990-2000



Size of Economy

- | European Union (25)
 - 10.5 trillion dollars
 - 22.5% of world total
- | US
 - 9.9 trillion dollars
 - 21.2% of world total

Global GDP and World Trade

- | Statistical Appendix to the IMF Annual Report (<http://www.imf.org>)

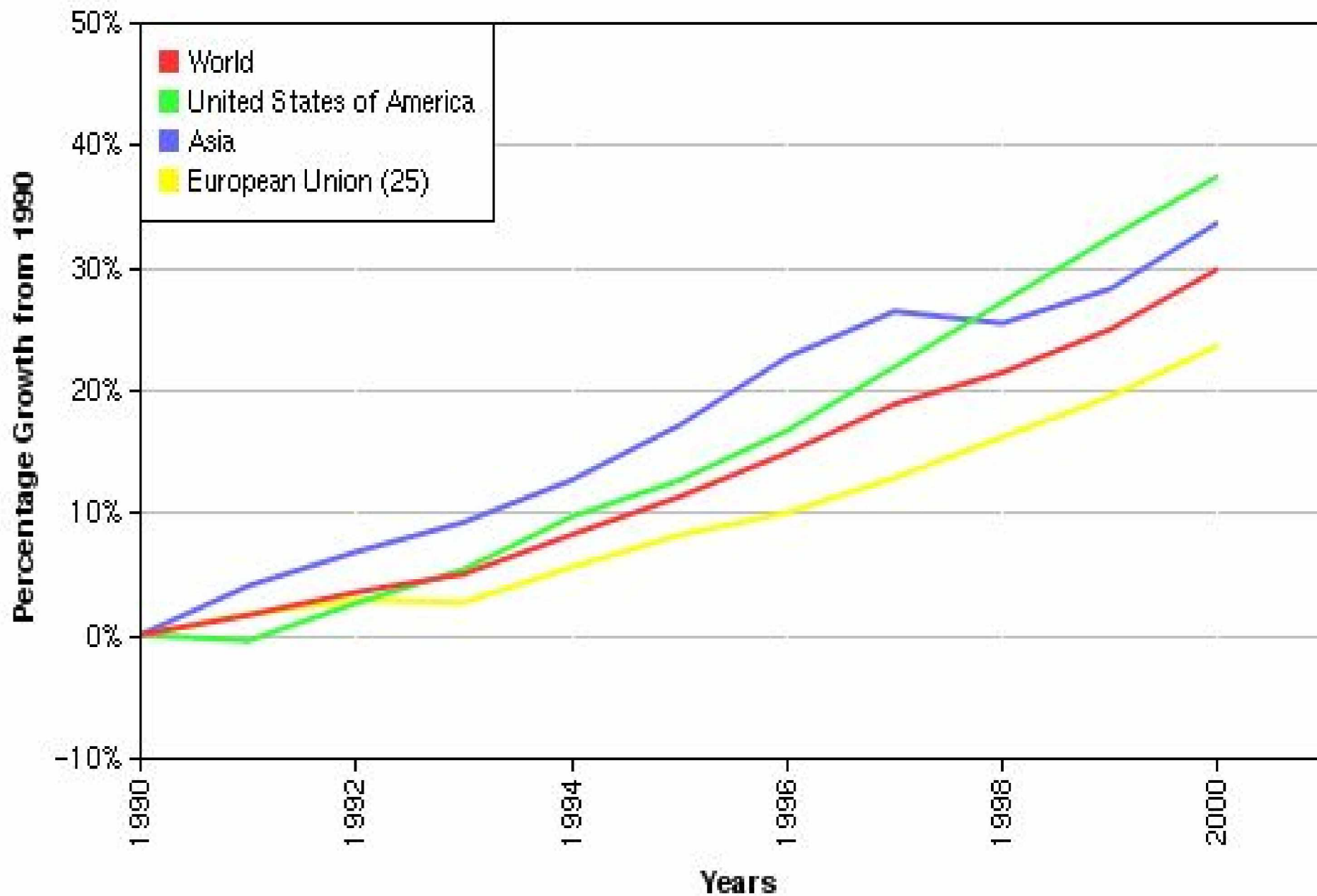
Table A. Classification by World Economic Outlook Groups and Their Shares in Aggregate GDP, Exports of Goods and Services, and Population, 2003¹

(Percent of total for group or world)

	Number of Countries	GDP		Exports of Goods and Services		Population	
		Advanced economies	World	Advanced economies	World	Advanced economies	World
Advanced economies	29	100.0	55.5	100.0	73.4	100.0	15.4
United States		38.0	21.1	15.1	11.1	30.4	4.7
Euro area	12	28.6	15.9	43.6	32.0	32.2	5.0
Germany		8.1	4.5	12.9	9.5	8.6	1.3
France		5.8	3.2	6.8	5.0	6.4	1.0
Italy		5.5	3.0	5.4	4.0	6.0	0.9
Spain		3.2	1.8	3.5	2.6	4.3	0.7
Japan		12.6	7.0	7.8	5.7	13.3	2.1
United Kingdom		5.7	3.2	6.7	4.9	6.2	1.0
Canada		3.5	1.9	4.9	3.6	3.3	0.5
Other advanced economies	13	11.7	6.5	21.9	16.1	14.6	2.2
<i>Memorandum</i>							
Major advanced economies	7	79.1	43.9	59.7	43.8	74.3	11.4
Newly industrialized Asian economies	4	5.9	3.3	12.7	9.3	8.6	1.3
		Other		Other		Other	

	Ten-Year Averages		Annual Percent Change In World Output (Real GDP)									
	1986-95	1996-2005	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
World	3.3	3.8	4.1	4.2	2.8	3.7	4.7	2.4	3.0	3.9	5.0	4.3
Advanced economies	3.0	2.8	3.0	3.4	2.7	3.5	3.9	1.2	1.6	2.1	3.6	2.9
United States	2.9	3.4	3.7	4.5	4.2	4.4	3.7	0.8	1.9	3.0	4.3	3.5
Euro area	...	2.0	1.4	2.3	2.9	2.8	3.5	1.6	0.8	0.5	2.2	2.2
Japan ²	3.1	1.6	3.5	1.8	-1.2	0.2	2.8	0.4	-0.3	2.5	4.4	2.3
Other advanced economies ³	3.7	3.4	3.7	4.1	2.0	4.6	5.2	1.7	3.0	2.3	3.8	3.1
Other emerging market and developing countries	3.7	5.1	5.6	5.3	3.0	4.0	5.9	4.0	4.8	6.1	6.6	5.9
Regional groups												
Africa	1.9	3.9	5.7	3.2	3.1	2.7	2.9	4.0	3.5	4.3	4.5	5.4
Central and eastern Europe	0.8	3.6	4.8	4.2	2.8	0.4	4.9	0.2	4.4	4.5	5.5	4.8
Commonwealth of Independent States ⁴	...	4.1	-3.9	1.1	-3.5	5.1	9.1	6.4	5.4	7.8	8.0	6.6
Developing Asia	7.7	6.6	8.2	6.5	4.1	6.2	6.7	5.5	6.6	7.7	7.6	6.9
Middle East	2.7	4.5	4.6	5.3	3.8	2.4	5.5	3.6	4.3	6.0	5.1	4.8
Western Hemisphere	2.8	2.6	3.7	5.2	2.3	0.4	3.9	0.5	-0.1	1.8	4.6	3.6
<i>Memorandum</i>												
European Union	2.3	2.4	1.9	2.8	3.1	2.9	3.7	1.8	1.2	1.1	2.6	2.5

GDP, 1990-2000



Importance in World Trade Negotiations

- | Common External Tariffs and Trade Regulations
- | Doha Round
 - Agricultural Subsidies
 - Market Access for Manufactured Goods
- | Lome Convention
- | Bi-lateral Free Trade Agreements
- | Trade Disputes
 - Fiscs
 - Bananas
 - Hormonally Enhanced Beef
 - Textiles and Apparel
 - Steel

Foreign Direct Investment

- | FDI Coming To Europe
- | European Source of FDI

Outflows and Inflows of FDI in 2004 (millions of euros)

	Outward flows to:					Inward flows from:			
	Extra-EU25	of which:			Intra-EU25	Extra-EU25	of which:		
		USA	Japan	Canada			USA	Japan	Canada
EU25*	118055	49320	-234	4 326	185 175	77183	18007	3 234	7 972



Global Companies



Financial Times/PricewaterhouseCoopers World's Most Respected Companies Survey 2004

# 13 DaimlerChrysler	# 43 Deutsche Bank
#16 BMW	#44 Virgin
#17 Nestle	#46 BASF
#21 Sony Ericson	#49 SAP
#23 Siemens	#49 BHP Billiton
#26 Nokia	#51 British Airways
#27 HSBC	#52 Airbus
#30 Ikea	#54 Volkswagen
#33 Unilever	#55 GlaxoSmithKline
#34 Royal Dutch/Shell	#56 Royal Bank of Scotland
#36 L'Oreal	#57 Vodafone
#39 Danone	#59 Bayer
#40 Ferrari	#60 Tesco

Technological Innovation

- | Patents Issued to European-based Companies or Institutions
- | Cloning (Dolly)
- | Advanced Space Research

Global Financial System

- | Use of the Euro in World Trade
- | Use of the Euro in National Reserves
- | Financings Denominated in Euros
- | European-Based Financial Markets

Global Regulatory Movement

- | Pressure for Convention on Private Foreign Investment
- | Movement Toward Greater Transparency in Business and Government
- | World Court
- | Concern for Global Warming: Kyoto Accords
- | World Criminal Court
- | EU Directorate General for Competition
 - GE-Honeywell Case
 - Microsoft Case

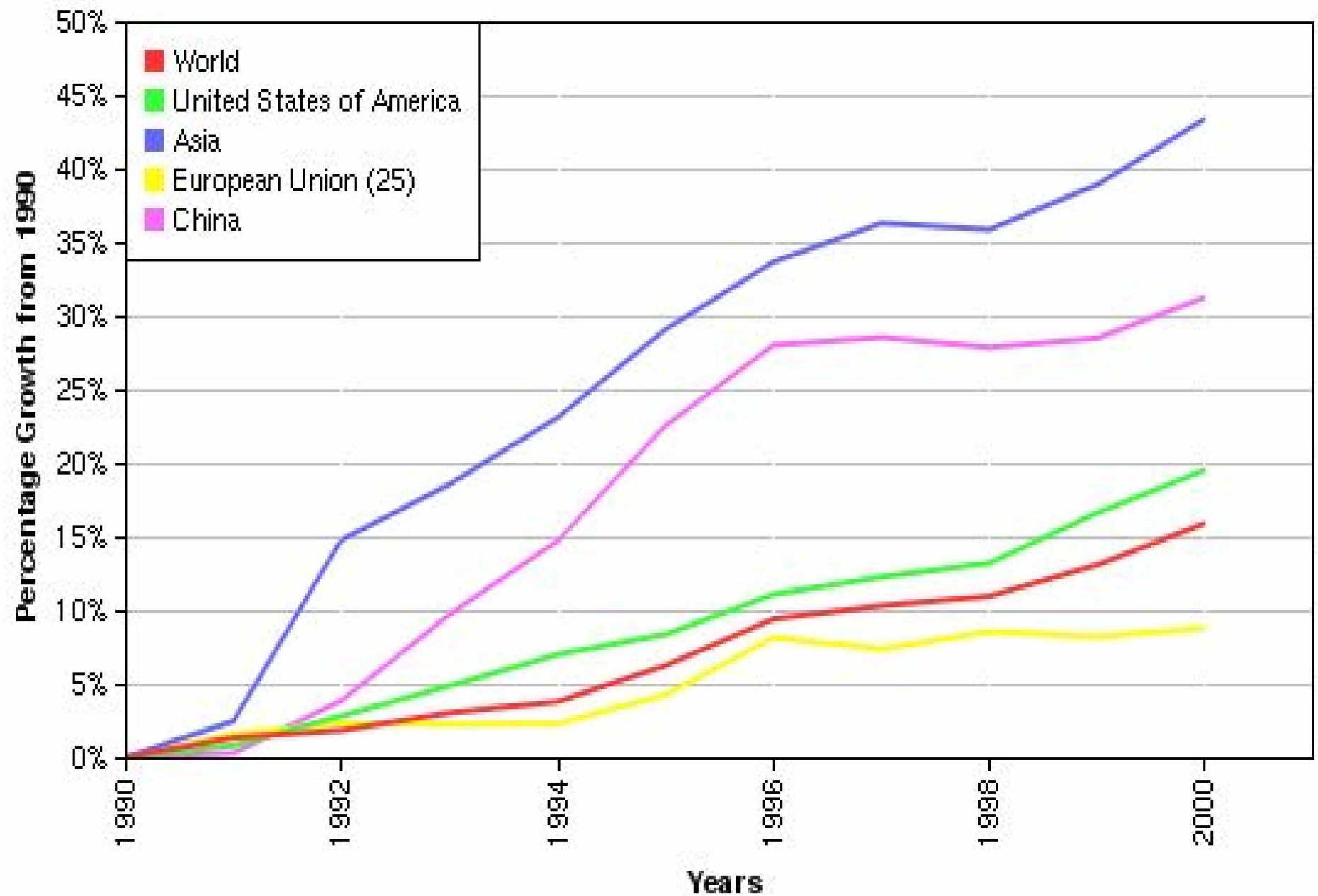
Energy Use and Environment

- | Sources: World Resources Institute, Climate Analysis Indicators Tool, <http://cait.wri.org>

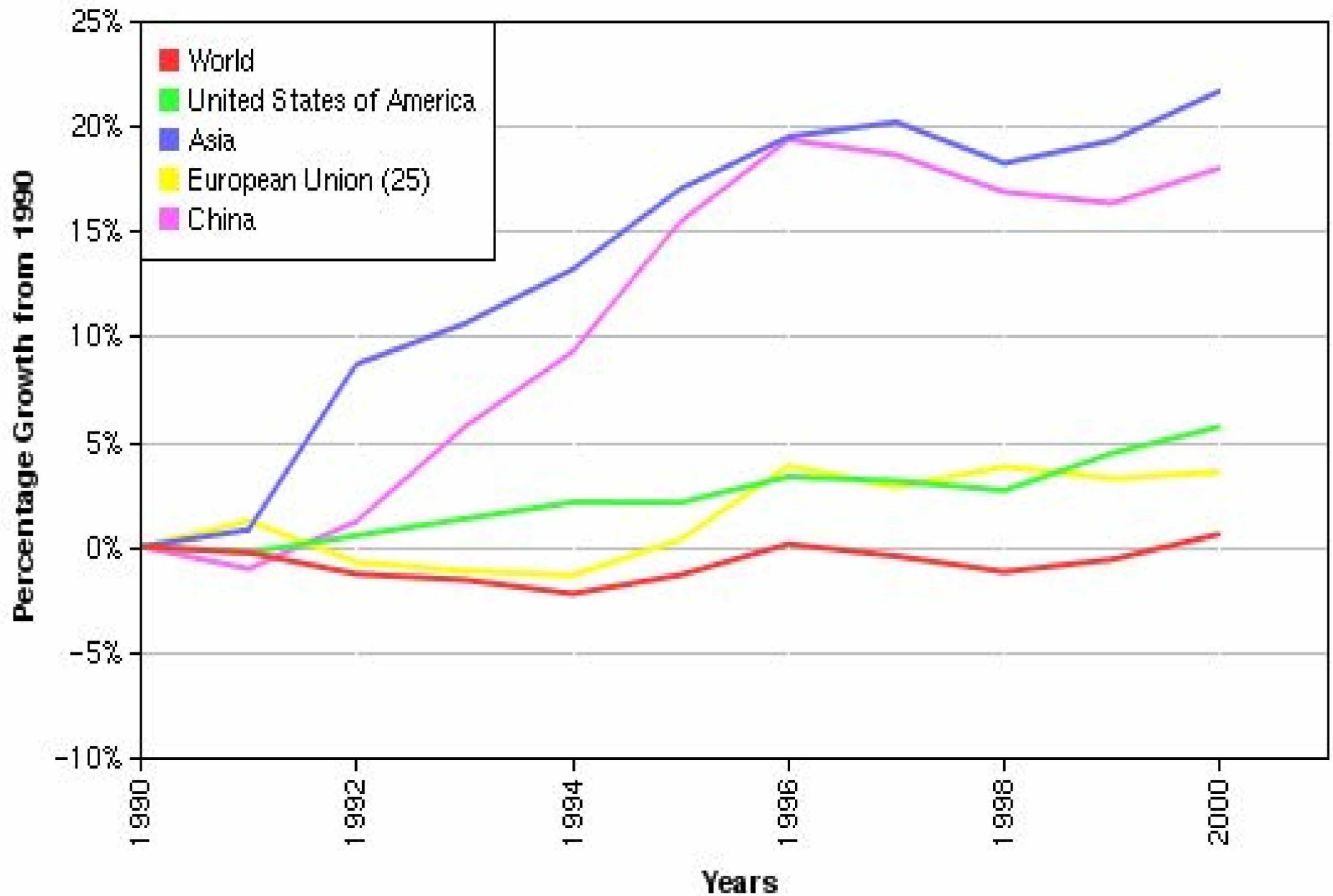
Yearly Greenhouse Gas Emissions

- | European Union (25)
 - Yearly % World Total 14.05%
- | US
 - Yearly % World Total 20.6%

Energy Use, 1990-2000



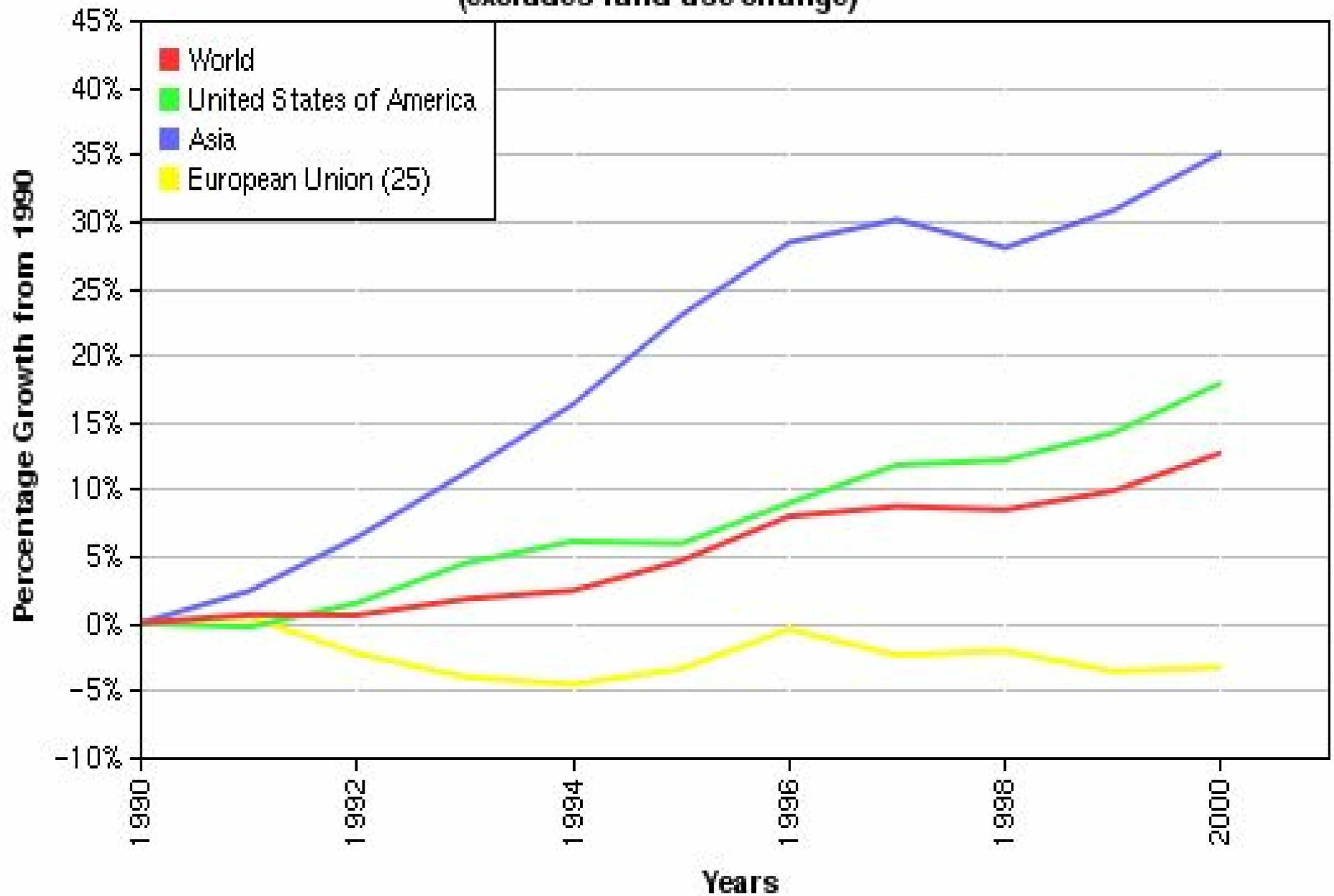
Energy Use/Person, 1990-2000



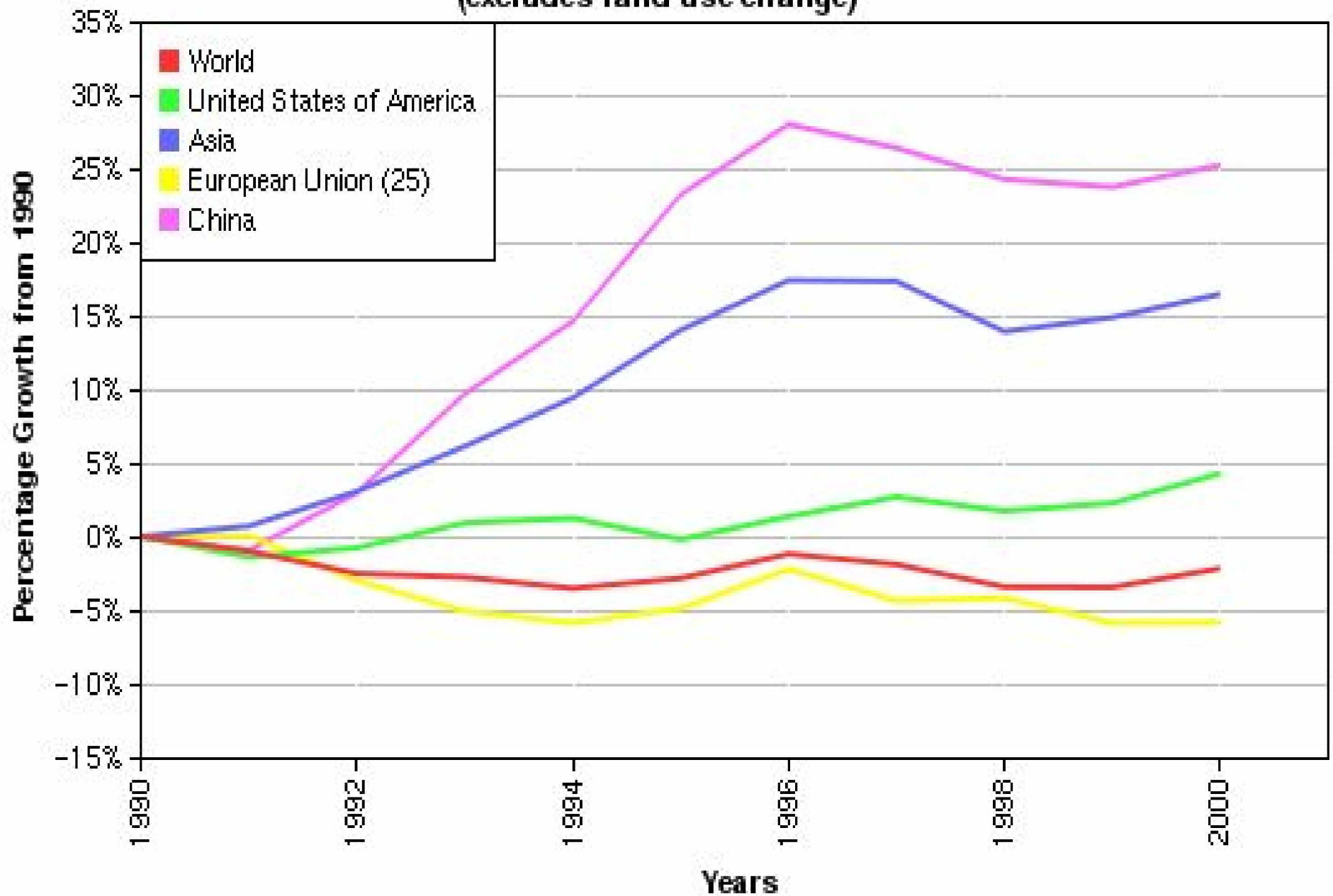
Oil Equivalent Energy Use

- | European Union (25)
 - Annual Metric Tons Oil Equivalent 1,660
 - 16.71% World Total
 - MT Oil Equivalent/Person 3.7
- | US
 - Annual Metric Tons Oil Equivalent 2,304
 - 23.19% World Total
 - MT Oil Equivalent/Person 8.0

Total CO2 Emissions, 1990-2000 (excludes land use change)



Total CO2 Emissions/Person, 1990-2000 (excludes land use change)



Welfare State

- | Europeans continue to support their way of life based on collective expenditures to raise the standard of living of all people in their societies
- | Public policies are being adjusted in the light of economic and social changes, but the basic commitment to the welfare state continues to be strong

Summary of Salient Points

- | Regulatory approaches to business are important all over the world
- | Sheer size of the market means that companies must always take the EU into account in their strategies
- | The euro is increasingly used as a worldwide money
- | The thrust of EU policies and the policies of European nation-states continues to facilitate globalization