



The Transatlantic Economy 2015

The Case for Investing in Romania Conference
Organized by AmCham Romania

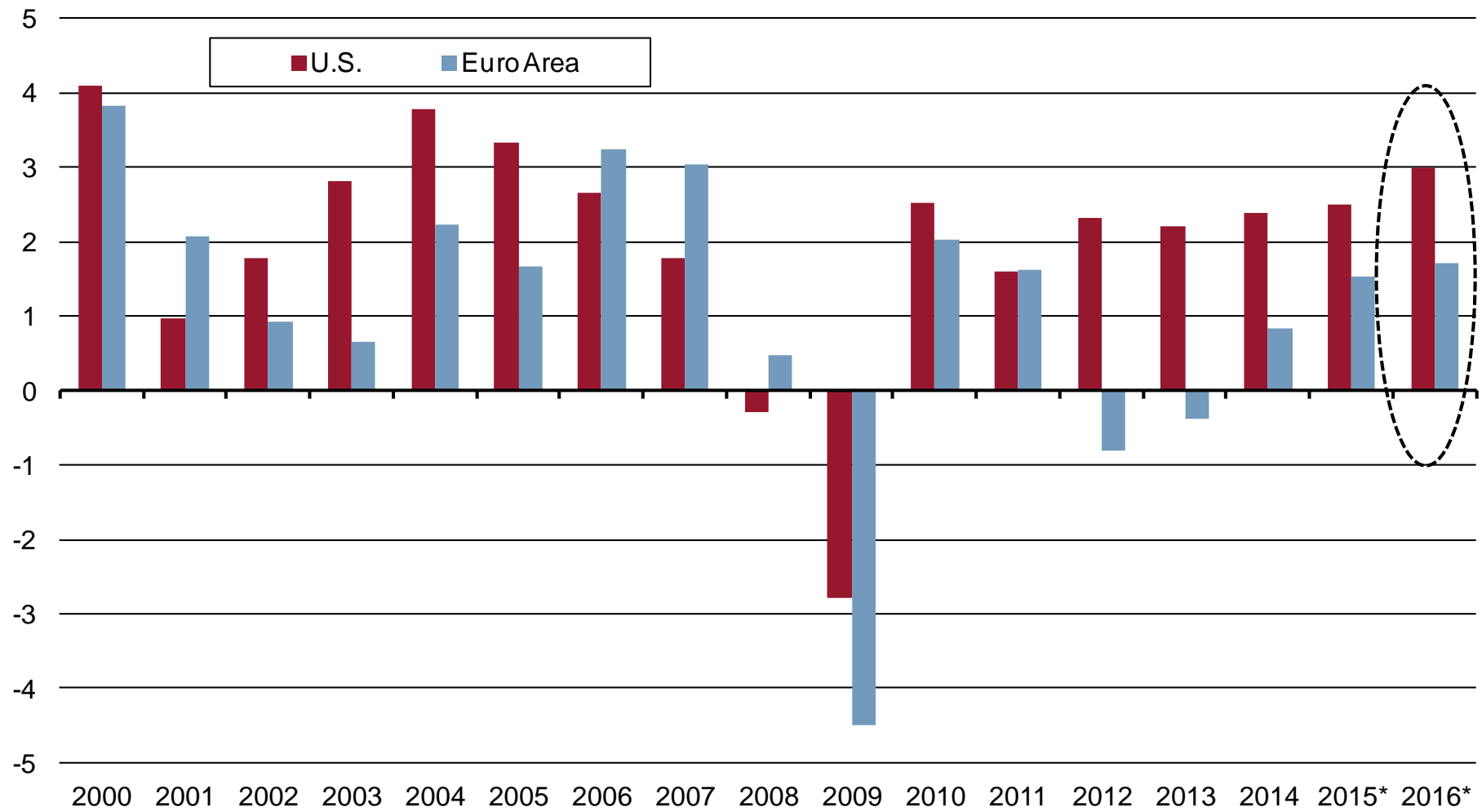
October 13, 2015 - Bucharest, Romania

“After six or seven years of hell in Europe, we are finally beginning to see the first steps of the purgatory.”

Sergio Marchionne
CEO, Fiat Chrysler
Financial Times, February 2, 2015.

Transatlantic Economic Outlook

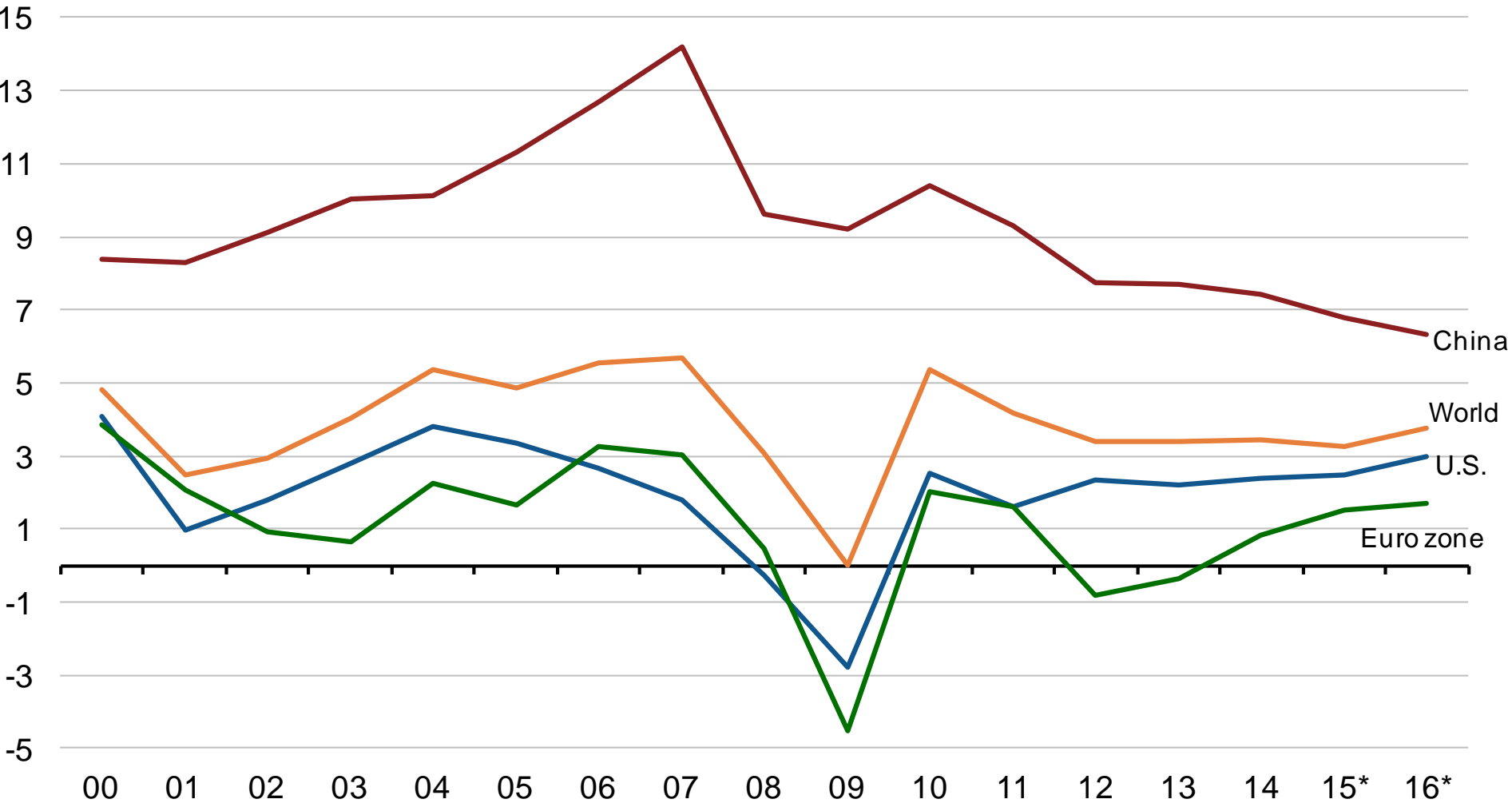
U.S. vs. Euro Area Real GDP, Annual Percent Change



*Forecast.
Data as of July 2015.
Source: IMF

Real GDP Growth

(Annual % change)

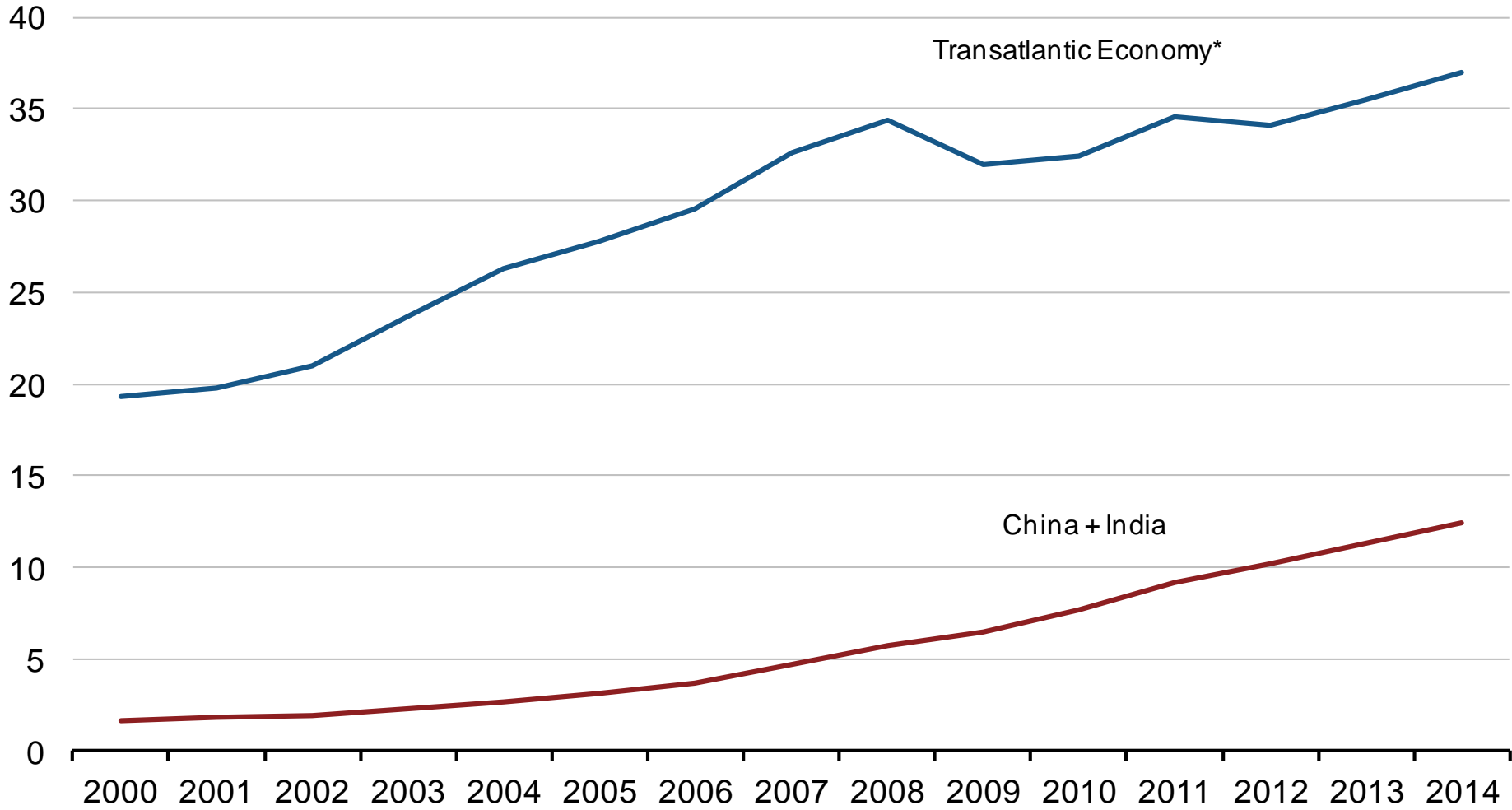


*Forecast.
Source: IMF.
Data as of July 2015.

The World's Largest Economic Entity

(Gross domestic product)

(Trillions of nominal \$)

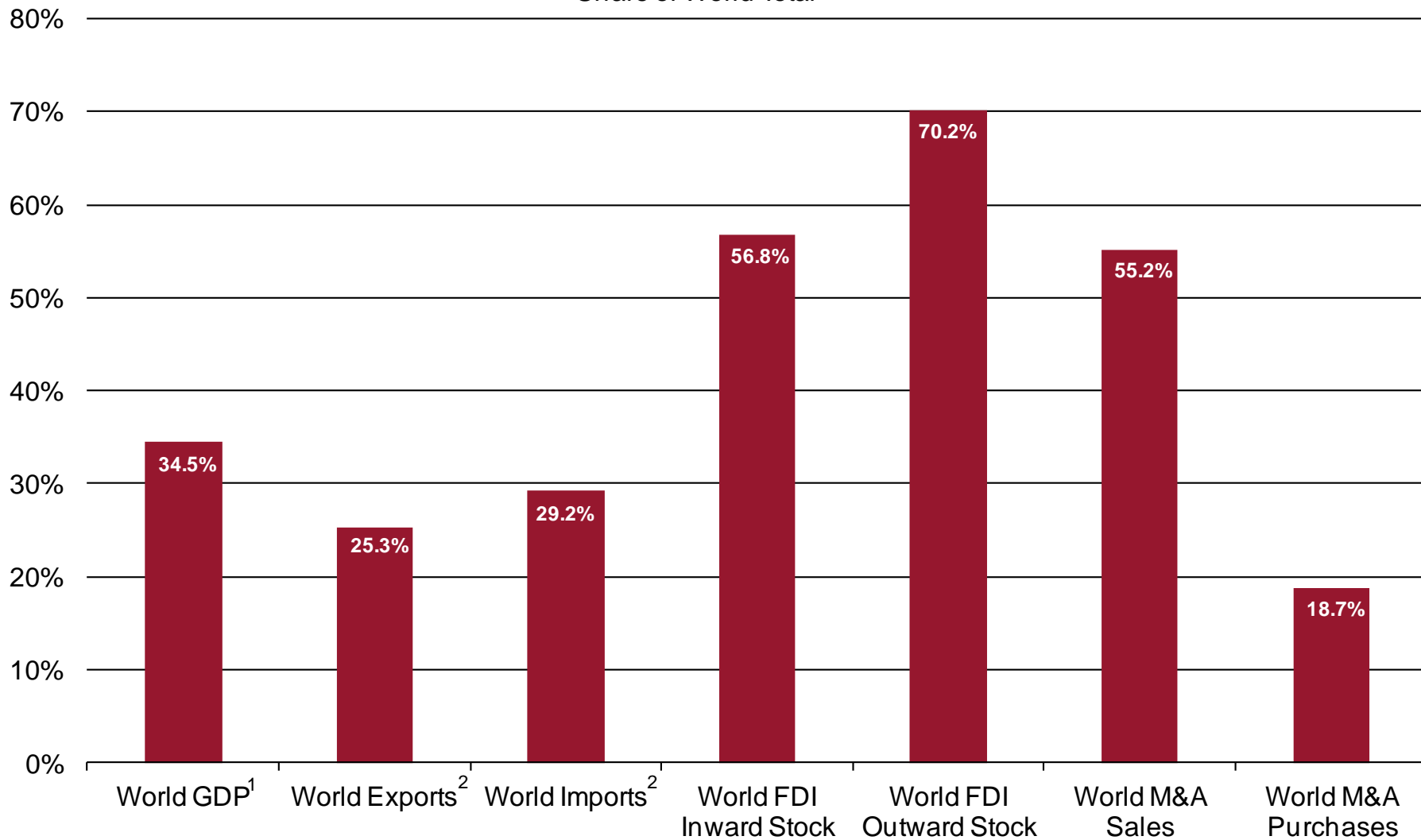


*Transatlantic Economy = EU28 + U.S. + Iceland + Norway + Switzerland.

Source: International Monetary Fund.

The Transatlantic Economy vs. The World

Share of World Total



Sources: UN, IMF, figures for 2013.

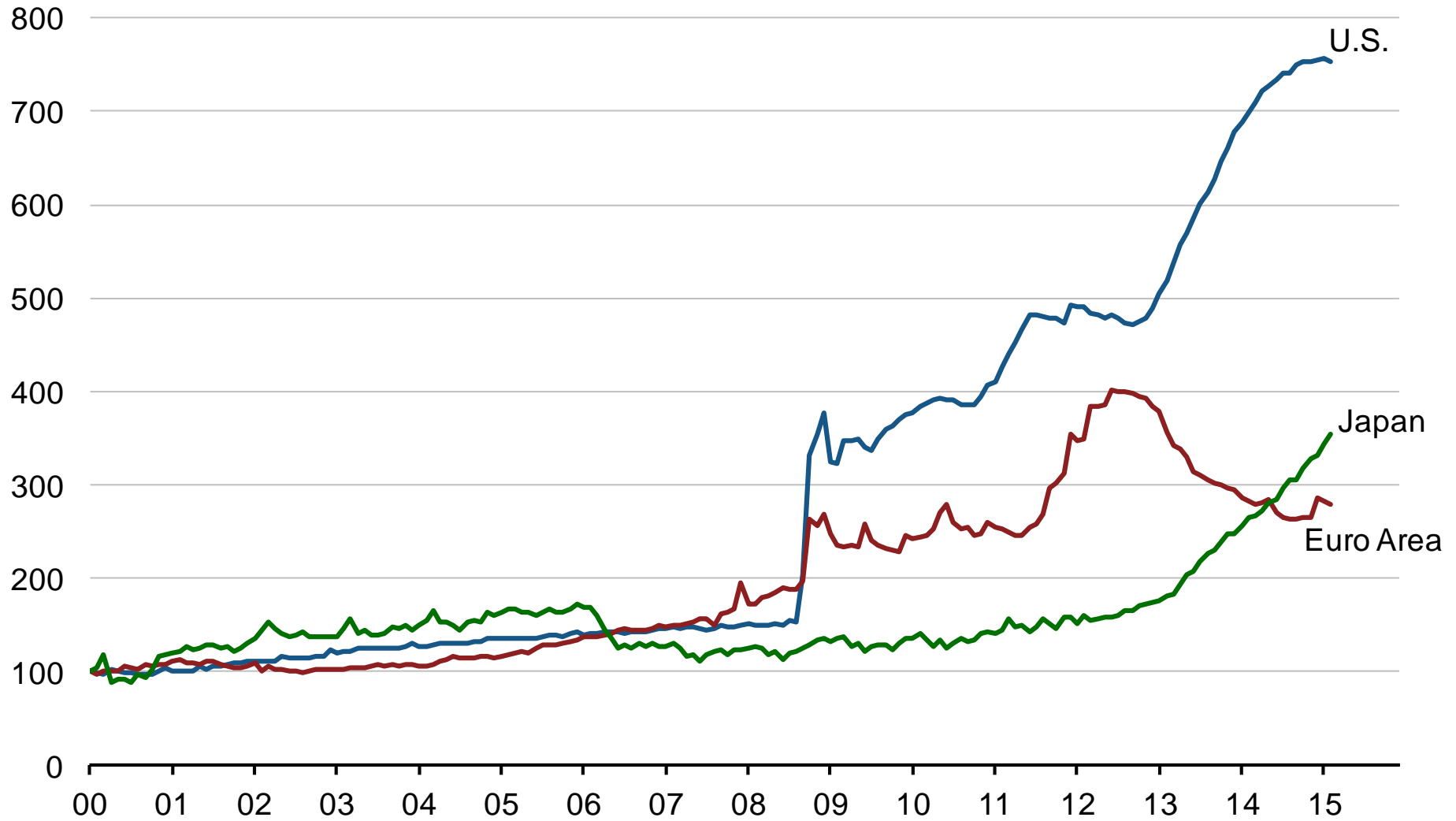
1. Based on PPP estimates.

2. Excluding intra-EU, Norway, Switzerland and Iceland trade.

Central Bank Balance Sheets

(Local currency terms)

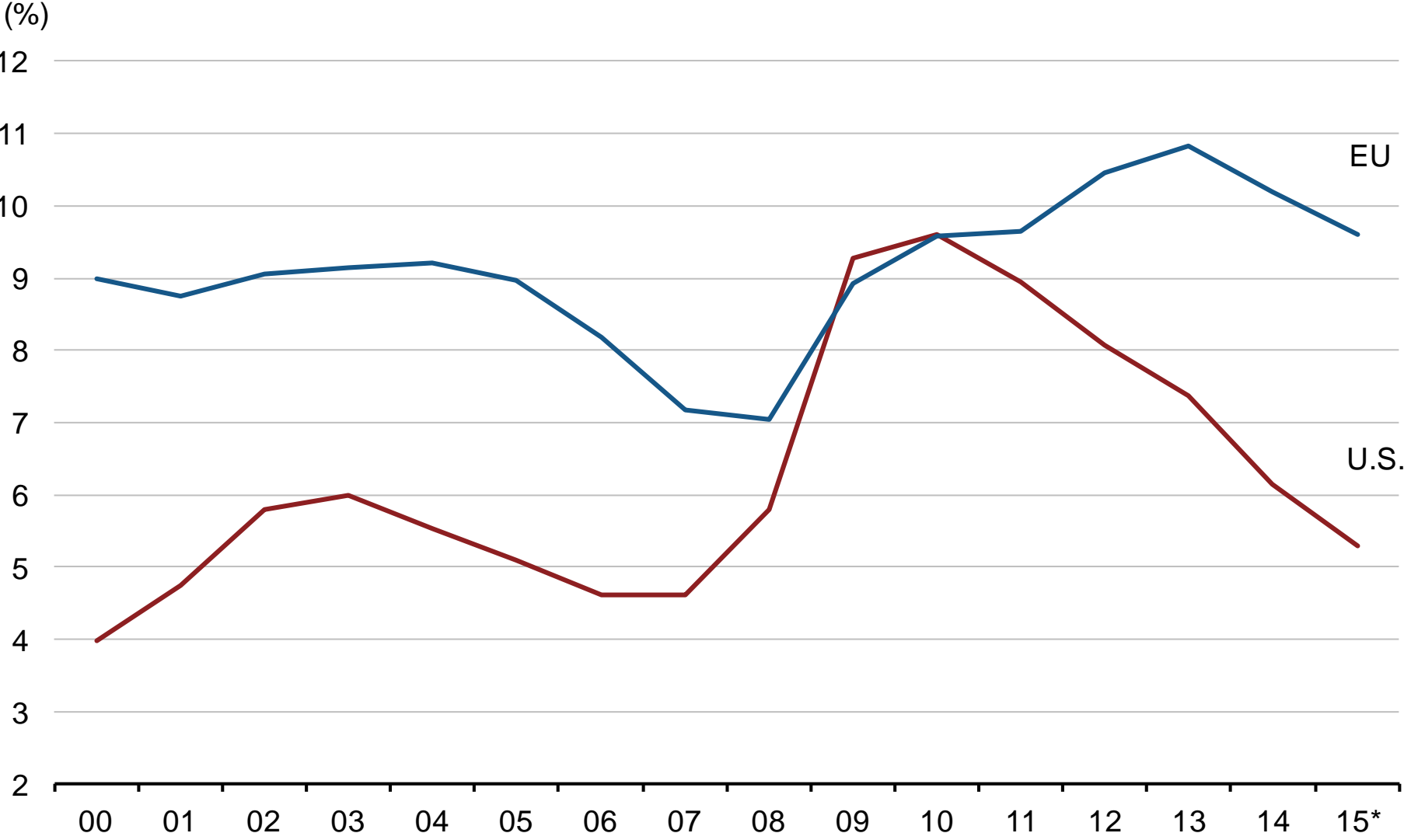
Index January 2000 = 100



Data as of March 2015.

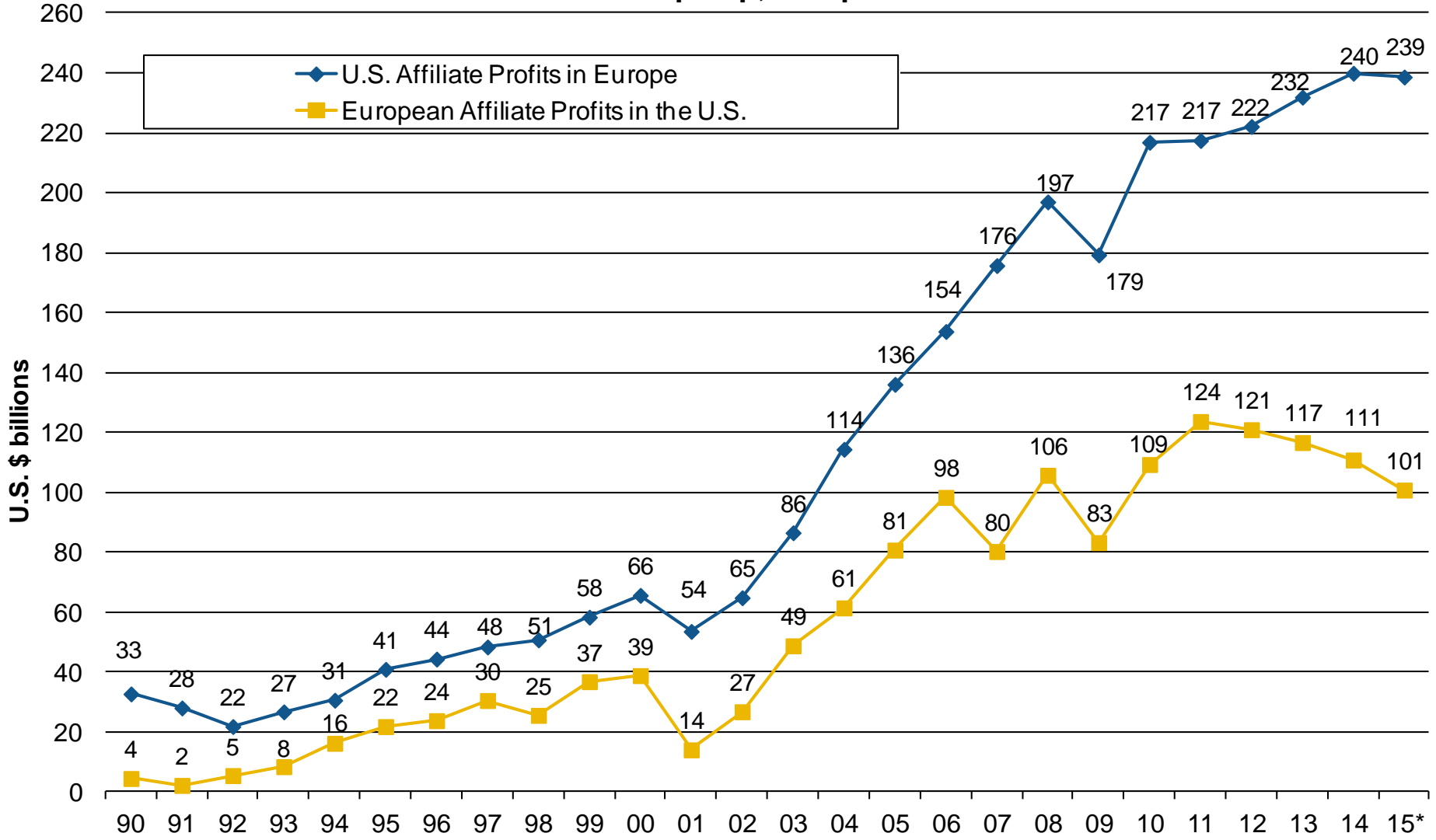
Sources: FRB; ECB; BoJ/Haver.

U.S. vs. EU Unemployment Rate



*2015 data through June.
Source: OECD.

U.S. Profits in Europe Up, European Profits in America Down ¹



¹Income of affiliates

*Data through Q2-2015 annualized for full year estimate.

Source: Bureau of Economic Analysis

Transatlantic Economies are the Most Competitive in the World

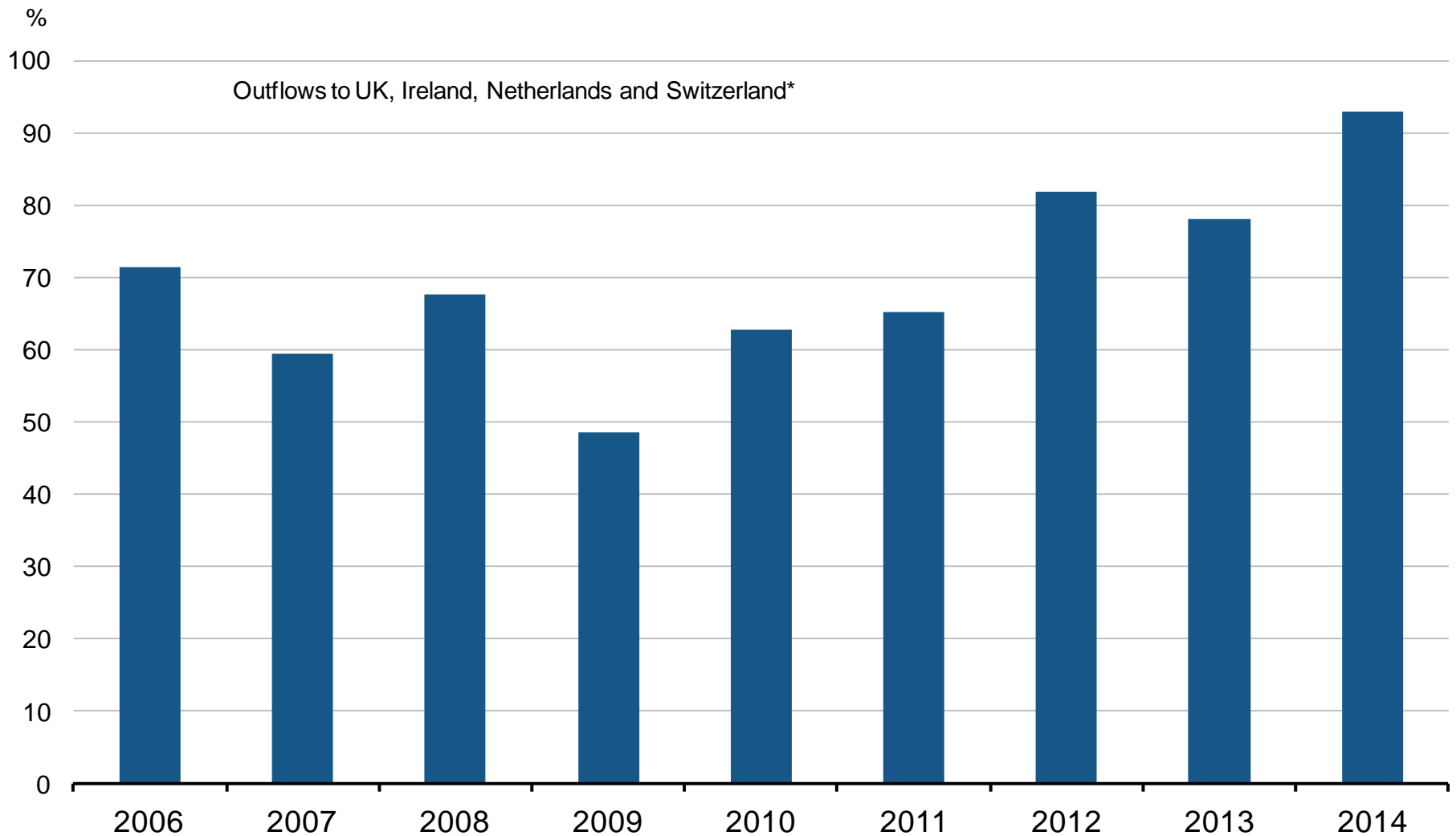
Global Competitiveness Index 2015-2016	
<u>Rank</u>	<u>Country</u>
1	Switzerland
2	Singapore
3	United States
4	Germany
5	Netherlands
6	Japan
7	Hong Kong
8	Finland
9	Sweden
10	United Kingdom
11	Norway
12	Denmark
13	Canada
14	Qatar
15	Taiwan
53	Romania
54	Bulgaria
59	Slovenia
67	Slovak Republic
77	Croatia
81	Greece

Source: World Economic Forum, *Global
Competitiveness Report 2015-2016*

U.S. Corporate Strategies:

- Do more with less
- Do more in less locations
- Do more at home

U.S. FDI Outflows*: Consolidation and Concentration in Europe

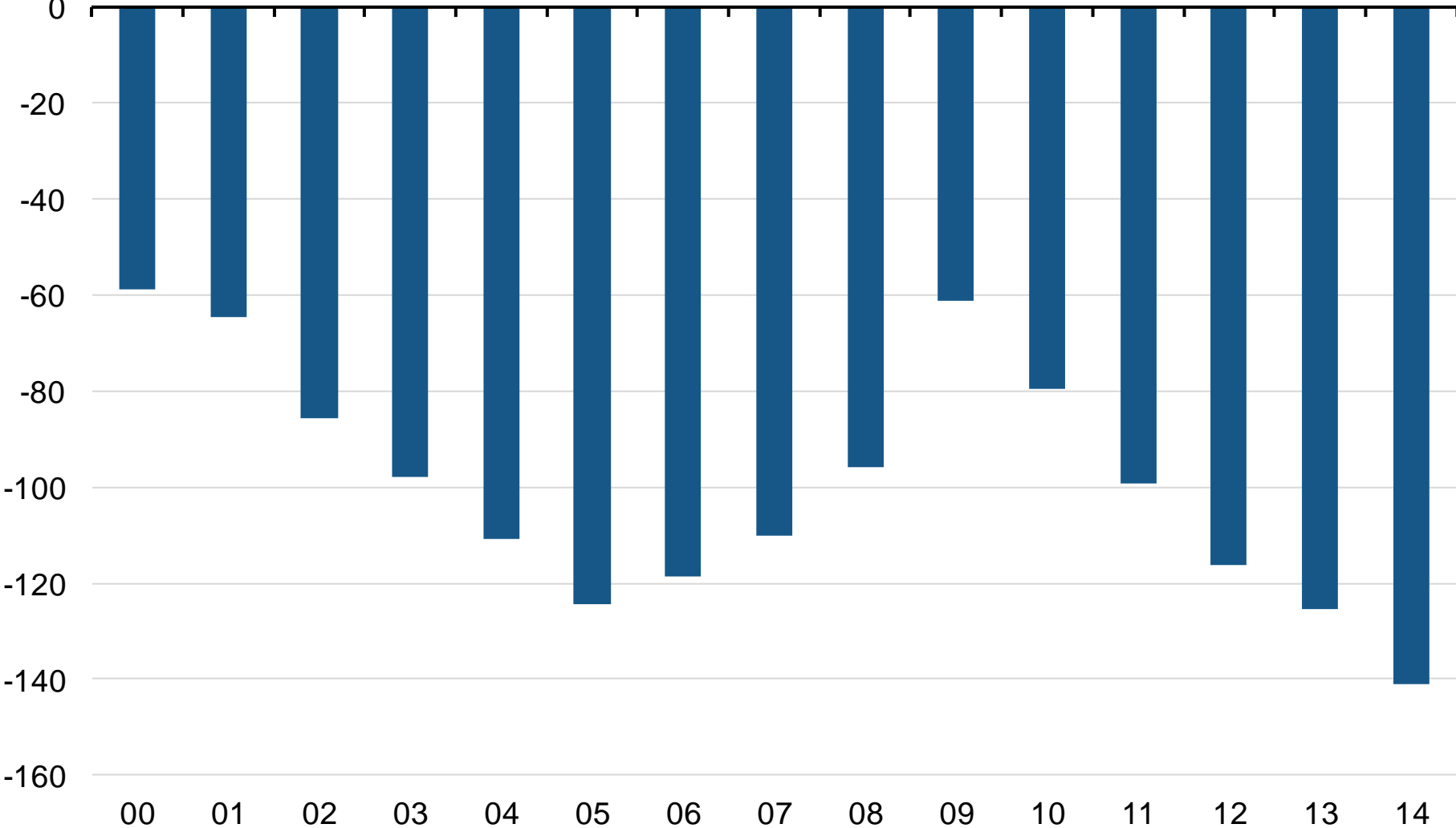


*Excluding nonbank holding companies, % of Europe total

Source: Bureau of Economic Analysis

Data as of September 2015.

U.S. Merchandise Trade Balance with the EU (Billions of \$)



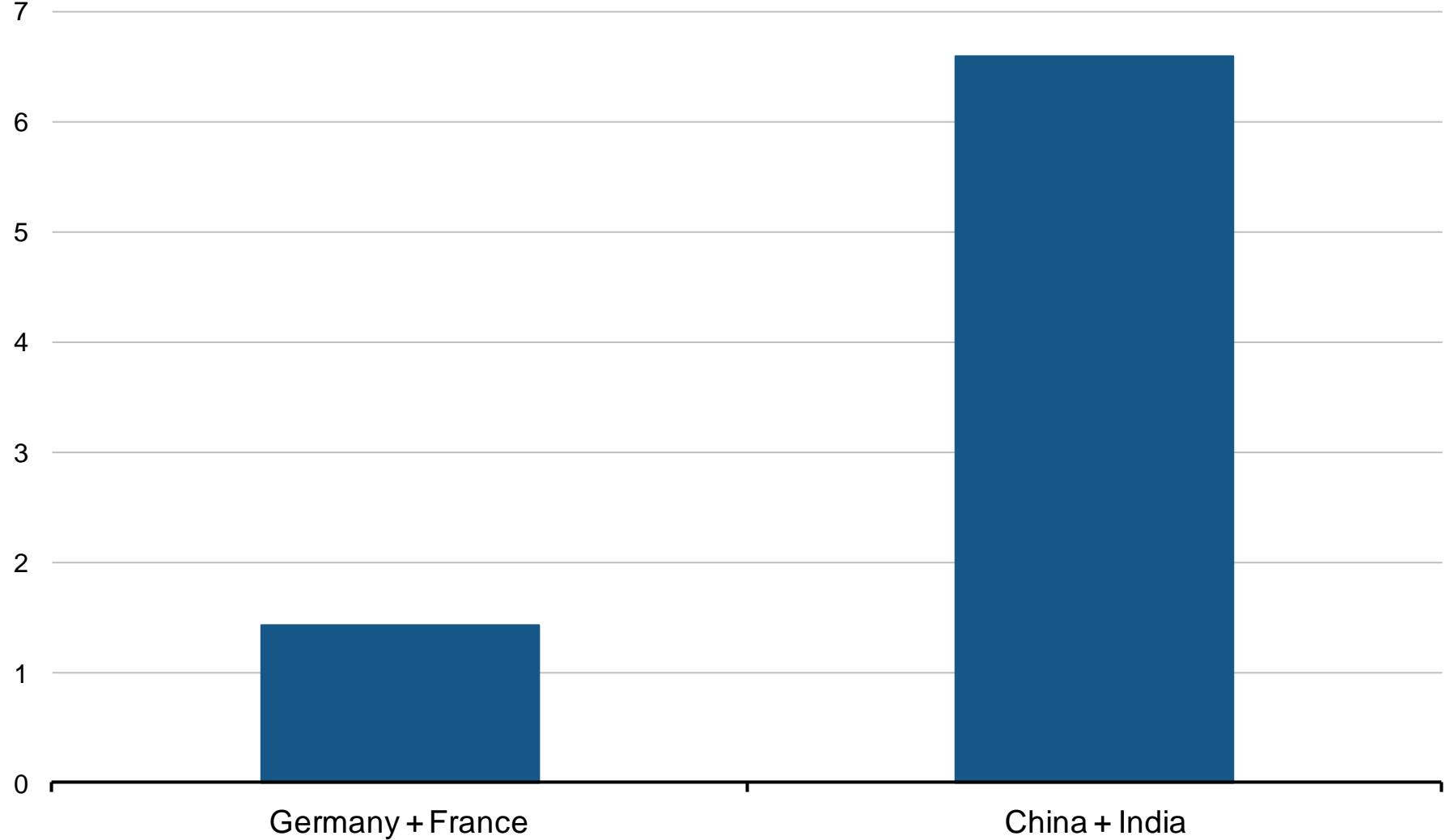
Source: United States Census Bureau.

The Real Reason for TTIP:

- Last (best) chance for U.S./Europe to control global commanding heights.
- U.S./EU relationship is in a structural decline.

U.S. FDI Outflows* to Europe's Core vs. Chindia, 2014

Billions of \$

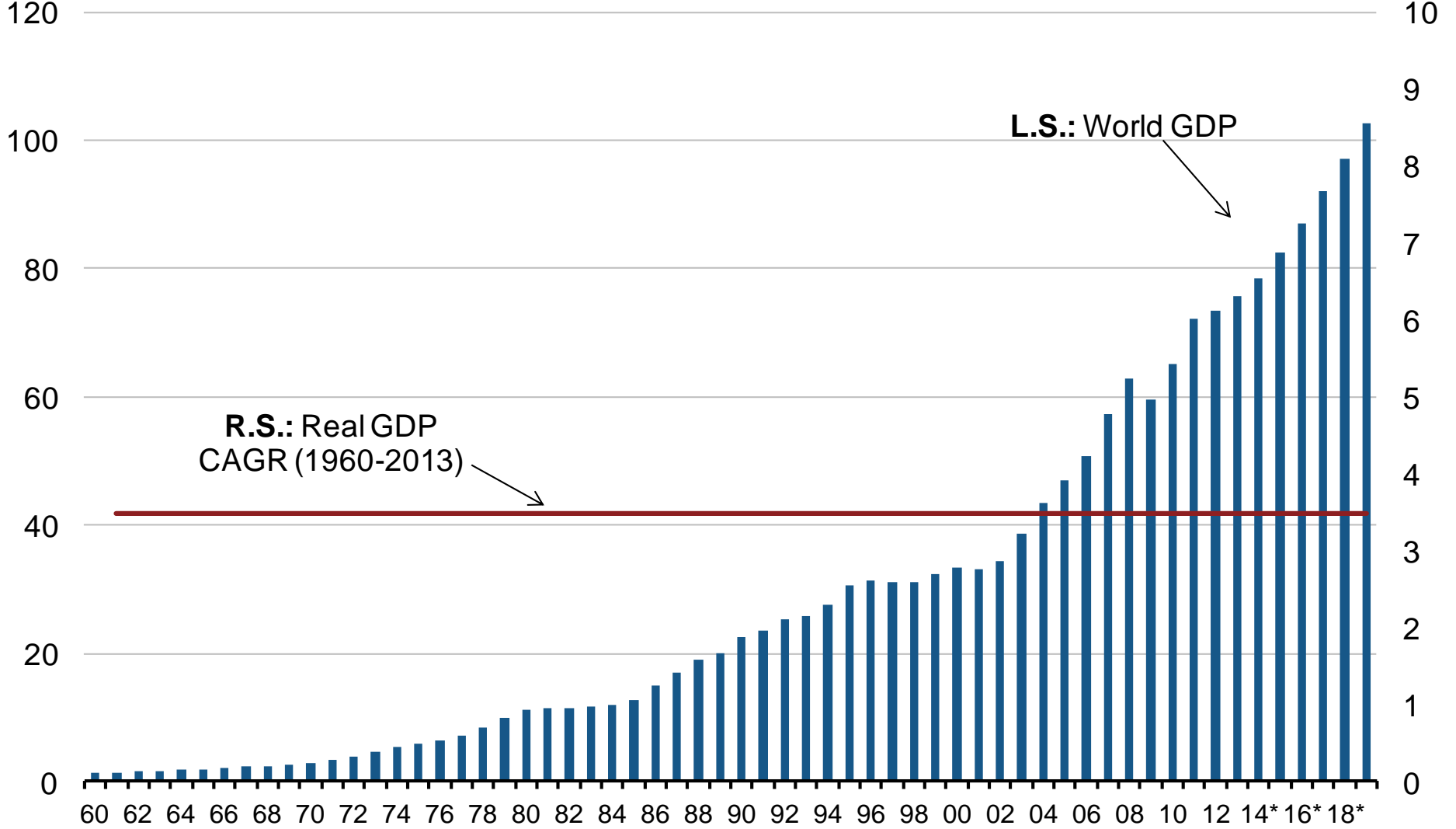


*Outflows excluding nonbank holding companies
Source: Bureau of Economic Analysis

The World We Made - Larger and Wealthier for All (GDP)

Trillions of nominal \$

Percent



*2014 estimate. 2015-2019 projections.

Source: World Bank.
Data as of December 2014.

Some Suggestions for Romania

- Boosting the quality of public infrastructure spending (through an increased absorption of the EU-funds)
- State-owned-enterprises: challenges & reform priorities
- Export performance & external competitiveness (increase FDI, participation in global value chains, increase quality of exports & diversification)
- More fiscal reform