



REAL ECONOMIC BENEFITS OF EMU

Antonio de Lecea

European Union Delegation to the United States of America

“The Euro and the Dollar in the Crisis and Beyond”,
Federal Reserve Bank of Dallas
March 17, 2010



USA with 50 currencies?



CITIZENS

BUSINESSES

MACROECONOMY

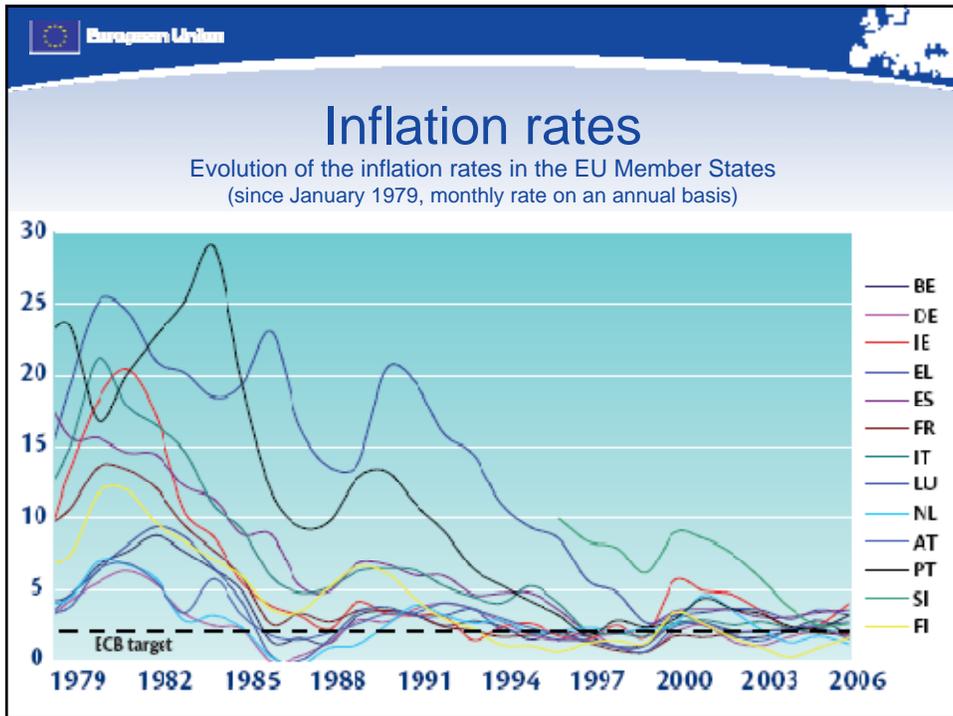
GLOBAL ECONOMY

POLITICAL

European Union

The Benefits of the Euro

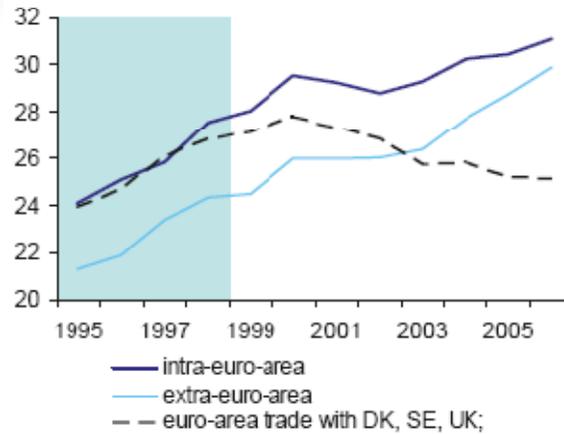
- ECONOMIC STABILITY
- CLOSER ECONOMIC, FINANCIAL INTEGRATION
- ENHANCED FISCAL DISCIPLINE
- MORE WEIGHT IN GLOBAL FINANCE
- MORE GROWTH, JOBS





Trade: Intra-euro-area

Real trade in goods
(Sum of exports and imports as a % of GDP)

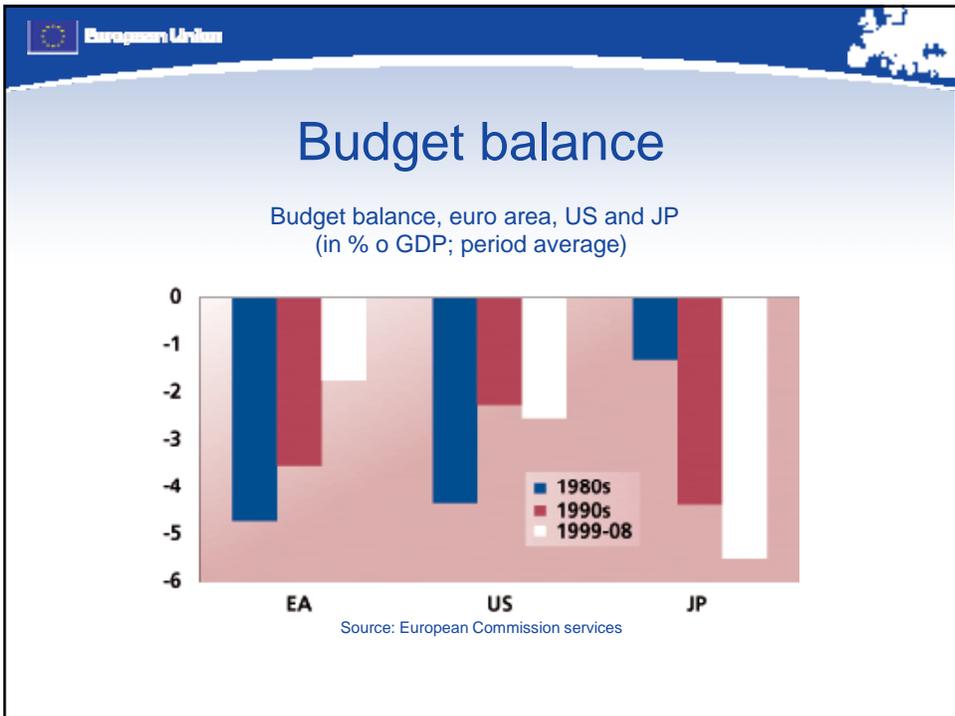
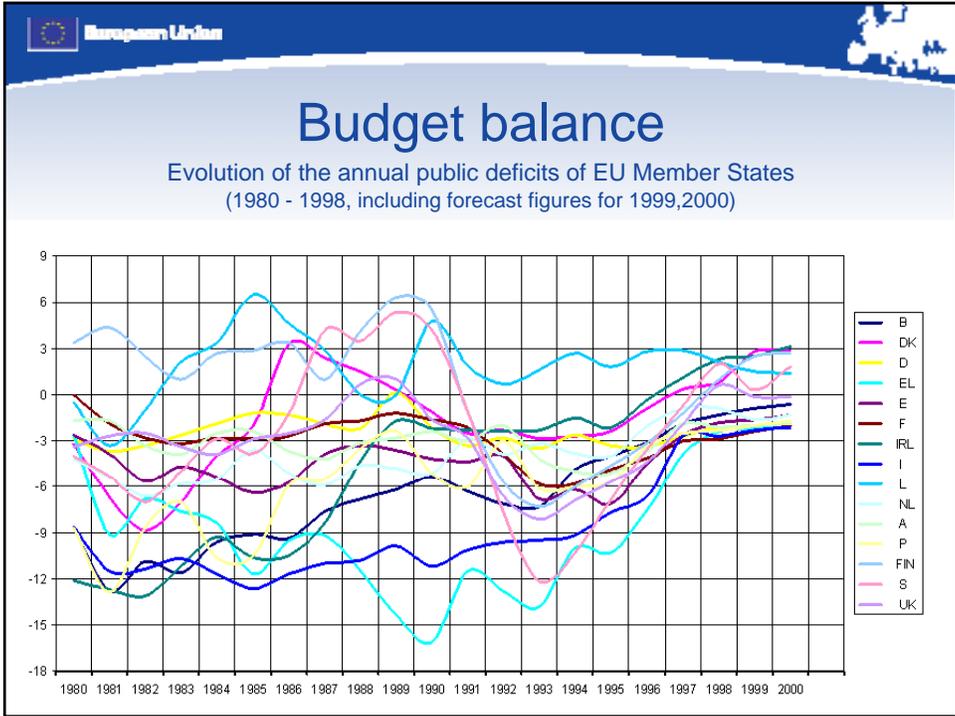


Source: European Commission



Improved productivity

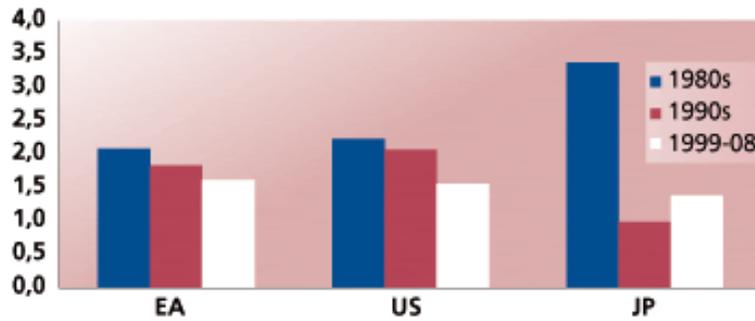
- End of competitive devaluations
- Low-tech firms restructuring (expanding upstream and downstream)
- Employment reallocation within sectors
- No downside effect on jobs





GDP per capita

GDP per capita, euro area, US and JP
(y-o-y change in %; period average)

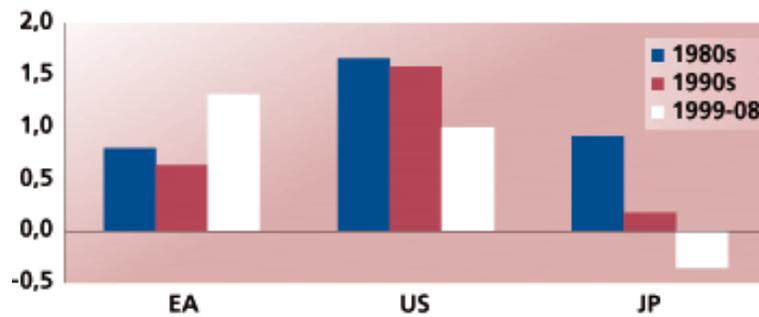


Source: European Commission services



Employment

Employment, euro area, US and JP
(y-o-y change in %; period average)



Source: European Commission services



Further potential benefits

- Improve the quality and sustainability of public finances
- Enhance intra-area adjustment and internal market
- Manage the euro area's global role



Conclusion

- Euro brings stability and growth**
 - Inflation has decreased
 - Trade and foreign direct investment have grown
 - Public budget deficits fell
 - Productivity, job creation has increased
- Further potential gains (from improved coordination)**
 - Further fiscal discipline (especially in good times)
 - Improved crisis management mechanisms
 - Further internal convergence (Further flexibility and better integration of European markets, including financial markets)
 - Further external coordination



**Thank you for
your attention**