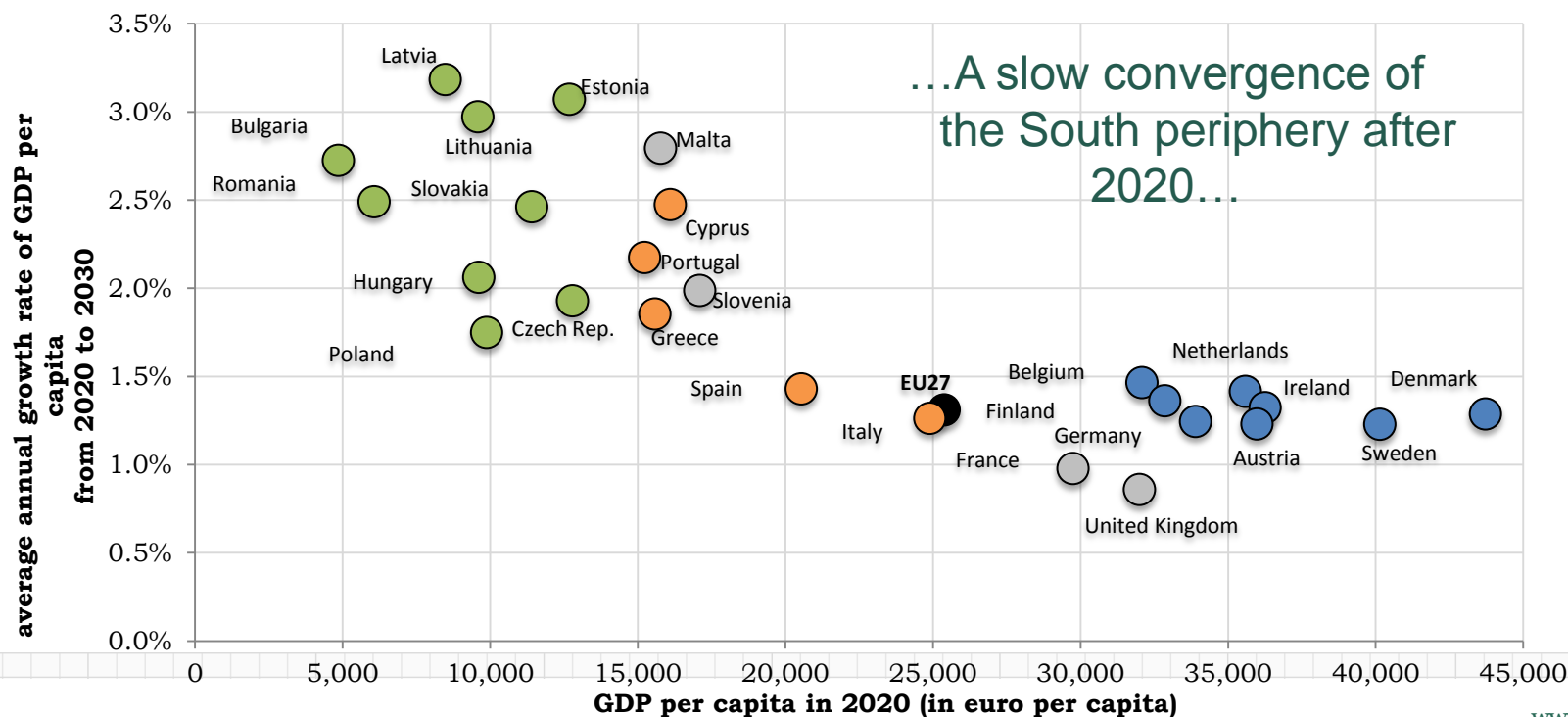




- Weak population dynamics affect labour force
- Low labor productivity growth likely to persist
- Weak growth likely to continue under unchanged policies



## .....so what?

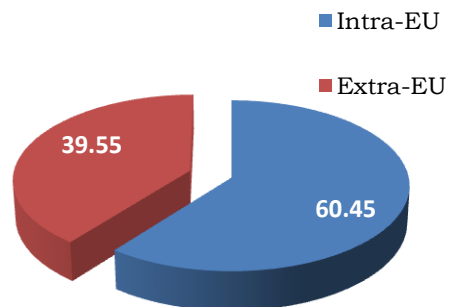
- Attempt to shift innovation through R&D at 3% of GDP + more graduates is necessary but not sufficient (Japan fulfills all 2020 targets today).
- Need ‘disruptive’ policies to enhance innovation/productivity:
  - Labour markets/regulation of services
  - Well functioning capital markets



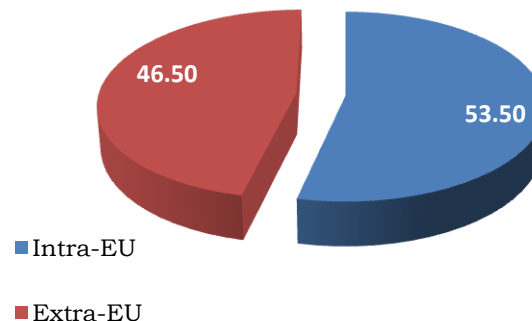
# Centrifugal forces undermining EU integration

- The importance of Intra-EU trade relative to extra EU-trade will fall.

**2010**



**2030**



- Energy sector: nuclear and renewables divergent national policies
- Financial fragmentation in the euro area