

Allianz SE

Group Communications and Corporate Responsibility

Media Release

Survey in Germany and France: Tailwind for Macron's reform agenda

- Almost half of the French population favor far-reaching reforms, only one quarter in Germany
- Confidence in political system falling in both countries
- Two-thirds of Germans rate economic prospects fairly good, only one-third of the French

Munich, June 26, 2017

The outcome of the French parliamentary elections, that gave Emmanuel Macron's party "La République en marche" a clear majority, is in tune with a study carried out by Institut für Demoskopie Allensbach on behalf of Allianz on the mood in Germany and France ahead of their respective elections. According to the study almost half of the French population favor far-reaching economic and social reforms. By contrast, in Germany the majority is in favor of smaller reforms.

Back in 2015 Institut für Demoskopie Allensbach had already carried out a representative survey on behalf of Allianz looking at the economic and political situation in France and Germany. "Since the UK's Brexit vote, the future of the EU hinges more than ever on Franco-German relations. It is therefore encouraging that, since the previous survey, interest among the French and Germans in developments in their neighboring country has risen. However, on many other topics, assessments differ widely," said Michael Heise, Chief Economist at Allianz SE.

In both Germany and France 73 percent agree that safeguarding the pension system is particularly important to ensure that the country has a bright future. Successful counterterrorism measures, improvements to the education system and expanding the social safety net are also high on the priority list of both countries.

Growing dissatisfaction

One of the most striking differences found between Germany and France two years ago was the completely different assessment of the pace of social change. Whereas the vast majority of the German population had the impression that they were living in a society characterized by dynamic change, the French were of the opinion that their society was standing still. In the meantime, the French population's sense of living in a static society has grown even more. In

2017, 74 percent felt that society in France was changing only very little or practically not at all.

In Germany the situation is seen very differently, with only 20 percent of this opinion. Nonetheless, the survey does reveal growing unease in Germany as well. Whereas in 2015 only 34 percent of those surveyed felt that the changes taking place in their country were predominantly negative, this had risen to 54 percent in 2017. Unlike in France, this had less to do with economic trends and shortcomings, but was focused mainly on domestic security and migration.

Confidence in political system declining in both countries

Confidence in the political system has declined in both Germany and France compared with 2015. In France only 23 percent regard political stability as one of their country's strengths, down from 35 percent in 2015. In Germany the figure stood at 72 percent compared with 81 percent in 2015. An unchanged 62 percent of Germans regard the political system as a whole as one of their country's strengths. In France the figure is down to only 15 percent (2015: 23 percent).

According to 81 percent of those surveyed, the uppermost objective for French policymakers must be to tackle unemployment, whereas in Germany only 42 percent are of this view. "President Macron's first priority is the right one: an overhaul of the French labor market to finally address mass unemployment. More flexicurity, a Marshall plan for training, and competitiveness measures will accelerate job creation in the private sector," explained Ludovic Subran, Chief Economist at Euler Hermes.

Pining for an economic miracle

Unsurprisingly, the French and the Germans assess the economic situation of their country completely differently. 62 percent of the French view the current situation as bad, 13 percent indeed as very bad. And in their view the prospects are anything but rosy – whereas 75 percent of Germans rate their country's economic prospects positively, only 36 percent of the French are upbeat.

In line with this is the view of 38 percent of the French that they are losers in terms of prosperity, whereas 37 percent of Germans see themselves as winners. Accordingly, only 26 percent of Germans are in favor of far-reaching economic reforms compared with 47 percent of the French, and this although 50 percent of those surveyed believe such reforms will be disadvantageous for them personally. Michael Heise: "This result provides a tailwind for Macron's reform agenda. Everything should now be done to implement the ambitious reforms and get the French economy back on its feet. Despite the positive assessment of the economic situation in Germany, there is no room for complacency. Weak investment, in particular, remains the Achilles' heel of the German economy."

The assessment of whether globalization benefits or harms one's country also reflects the economic skepticism among the French: 55 percent of the French population believe that globalization damages their country, whereas 57 percent of Germans think that globalization is good for the German economy. Against this backdrop it is not surprising that protectionist tendencies are far more widespread than in Germany: only 16 percent of Germans compared with 33 percent of the French believe that trade barriers have a positive effect. 56 percent of the French population would welcome protective tariffs on goods from non-EU countries, but only 31 percent of Germans.

In light of the new government and the economic reforms now on the table in France, the economists at Allianz and Euler Hermes have nudged up their growth forecast. "Given rising optimism, we now see growth already picking up in 2017, and we have therefore revised our forecast up to 1.5 percent," said Ludovic Subran, summing up the outlook for France. For Germany the forecast remains unchanged at 1.7 percent.

You can find the study on our Homepage https://www.allianz.com/en/economic_research/ under Publications/Specials.

For further information please contact:

Dr. Lorenz Weimann Tel. +49.69.24431-3737, e-mail: lorenz.weimann@allianz.com

About Allianz

The Allianz Group is one of the world's leading insurers and asset managers with more than 86 million retail and corporate customers. Allianz customers benefit from a broad range of personal and corporate insurance services, ranging from property, life and health insurance to assistance services to credit insurance and global business insurance. Allianz is one of the world's largest investors, managing over 650 billion euros on behalf of its insurance customers while our asset managers Allianz Global Investors and PIMCO manage an additional 1.3 trillion euros of third-party assets. Thanks to our systematic integration of ecological and social criteria in our business processes and investment decisions, we hold a leading position in the Dow Jones Sustainability Index. In 2016, over 140,000 employees in more than 70 countries achieved total revenue of 122 billion euros and an operating profit of 11 billion euros for the group.

These assessments are, as always, subject to the disclaimer provided below.

Cautionary note regarding forward-looking statements

The statements contained herein may include prospects, statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those expressed or implied in such forward-looking statements.

Such deviations may arise due to, without limitation, (i) changes of the general economic conditions and competitive situation, particularly in the Allianz Group's core business and core markets, (ii) performance of financial markets (particularly market volatility, liquidity and credit events), (iii) frequency and severity of insured loss events, including from natural catastrophes, and the development of loss expenses, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) particularly in the banking business, the extent of credit defaults, (vii) interest rate levels, (viii) currency exchange rates including the euro/US-dollar exchange rate, (ix) changes in laws and regulations, including tax regulations, (x) the impact of acquisitions, including related integration issues, and reorganization measures, and (xi) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences.

No duty to update

The company assumes no obligation to update any information or forward-looking statement contained herein, save for any information required to be disclosed by law.