
Economy: EU Commission, growth and GDP slowing down. Gentiloni, these are “the effects of the war in Ukraine”

“Conflicting signals” and concerns “over the ongoing war in Ukraine”. It is against this backdrop that EU Commissioner for Economy Paolo Gentiloni presented the Spring Economic Forecast at the Berlaymont Palace, the headquarters of the European Commission. GDP growth is 1.3 percentage points lower than projected in the Winter Forecast. This is “one of the steepest downgrades”, according to Gentiloni, with inflation that “is expected to hit an all-time high”. “The war has clearly exacerbated the headwinds”, he explained. There is, however, a “strong and improving labour market”, at least this year, although it may slow down as a result of the ongoing military operations and their impact on the economy and trade. “Government deficits and debt ratios are forecast to decline this year”, while uncertainty has increased and “risks have tilted to the downside and are predominantly related to the duration of the war”. “Private consumption and investment are set to continue growing”. In detail: real GDP growth in both the EU and the euro area is now expected at 2.7% in 2022 and 2.3% in 2023, down from 4.0% and 2.8% (2.7% in the euro area), respectively, in the Winter 2022 Interim Forecast.

Valentina Bombelli