
Commission: economy in free fall, crisis more serious than expected. EU GDP plummeting (-8.3%). Italy last in Europe (-11.2%)

The Summer Economic Forecast released by the European Commission in Brussels today is bleaker than last Spring Economic Forecast. The EU27 economy this year “will experience a deep recession due to the coronavirus pandemic, despite the swift and comprehensive policy response at both EU and national levels”, a statement from the Commission reads. “Because the lifting of lockdown measures is proceeding at a more gradual pace than assumed in our Spring Forecast, the impact on economic activity in 2020 will be more significant than anticipated”. The euro area economy “will contract by 8.7% in 2020 and grow by 6.1% in 2021” while the EU27 economy “is forecast to contract by 8.3% in 2020 and grow by 5.8% in 2021”. The contraction in 2020 is “projected to be significantly greater than the 7.7% projected for the euro area and 7.4% for the EU as a whole in the Spring Forecast”. Growth in 2021 will also be slightly less robust than projected. In this context, the Italian situation is the most critical, with Italy’s GDP expected to fall by 11.2% this year, before picking up to 6.1% in 2021. In May, the Commission’s forecast for Italy was -9.5% in 2020 with a “rebound” of 6.5% in 2021.

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