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## **EU Commission: Gentiloni points out five key factors for EU economy. Concerns about surging energy prices**

(from Brussels) In presenting the Autumn Economic Forecast, EU Commissioner for Economy Paolo Gentiloni highlighted five key factors. “First, the EU economy is set to expand”, although at a decreasing pace, with a positive growth over the next two years (GDP growth at 5% this year and 2.5% in 2023). This despite disruptions in global logistics and shortages of several raw materials and the impacts of COVID restrictions. “Still, strong domestic demand is expected to continue fuelling the expansion in the EU”. Second: “Labour markets are set to recover”; indeed, with the “economic activity expected to keep growing”, employment should increase. In 2023, the unemployment rate is expected to decrease to 6.5%. Third: “Inflation, which has risen this year, will slow down in 2022”: increases in the inflation rate are due to a strong demand for consumer goods and higher energy prices. Fourth: “Government deficits are forecast to narrow. But debt-to-GDP ratios remain high. Fifth: “Uncertainty remains substantial”, and there are still risks for the economy linked to global “disruptions” which must be seriously considered. “The growth momentum is facing new headwinds. Bottlenecks and disruptions in global supply are weighing on activity in the EU - according to the Commission’s Forecast - in particular in its highly integrated manufacturing sector. Moreover, after having fallen sharply in 2020, energy prices, particularly for natural gas, have increased at a tumultuous pace over the last month and are now well above pre-pandemic levels. This is set to weigh on consumption and investment”.

Valentina Bombelli