
EU Commission: economy, “recovery has lost momentum”. EU-27 GDP at 1.3%. Gentiloni, “tensions increased uncertainty”

“The European economy has lost momentum this year against the background of a high cost of living, weak external demand and monetary tightening. While economic activity is expected to gradually recover going forward, the European Commission’s Autumn Forecast revises EU GDP growth down compared to its summer projections”. The European Commission’s Economic Forecast presented in Brussels by Commissioner for Economy Paolo Gentiloni, points to “a modest recovery ahead after a challenging year”. Among other things, “inflation is estimated to have dropped to a two-year low in the euro area in October and is set to continue declining” over the coming months. The figure for GDP growth in the EU-27 is expected to stand at 1.3% in 2024. This is still a downward revision of 0.1 pps. from the summer. In the euro area, GDP growth is projected to be slightly lower, at 1.2%. In 2025, with inflation and the drag from monetary tightening subsiding, growth is expected to strengthen to 1.7% for the EU and 1.6% for the euro area. “We are approaching the end of a challenging year for the EU economy”, Gentiloni said. “Strong price pressures and the monetary tightening needed to contain them, as well as weak global demand, have taken their toll on households and businesses. Looking ahead to 2024, we expect a modest uptick in growth”. Thanks in part to the Recovery and Resilience Facility, “investment is set to keep increasing. Public debt and deficits are expected to pursue their decline, albeit more gradually”. The conflict in the Middle East “has so far had a limited economic impact outside the region, but heightened geopolitical tensions have further increased the uncertainty and risks clouding the outlook”.

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