
EU Commission: economic forecast. Gentiloni, recovery postponed to 2025. Geopolitical tensions increase uncertainty

“Following subdued growth last year, the EU economy has entered 2024 on a weaker footing than expected”. The European Commission’s Winter Forecast presented in Brussels today revises growth in both the EU and the euro area down to 0.5% in 2023, from 0.6% projected in the Autumn Forecast, and to 0.9% (from 1.3%) in the EU and 0.8% (from 1.2%) in the euro area in 2024. “In 2025, economic activity is still expected to expand by 1.7% in the EU and 1.5% in the euro area”. So, this means the recovery will be delayed or postponed, according to the EU Commission’s estimates. A positive note about inflation instead, its rush expected to slow down quicker than expected in Autumn. Actually, inflation on consumer prices is expected to drop from 6.3% in 2023 to 3.0% in 2024 and to 2.5% in 2025. In the euro area, it is expected to slow down from 5.4% in 2023 to 2.7% in 2024 and to 2.2% in 2025. “The European economy has left behind it an extremely challenging year, in which a confluence of factors severely tested our resilience”, this is the first comment of Paolo Gentiloni, Commissioner for Economy. “The rebound expected in 2024 is set to be more modest than projected three months ago, but to gradually pick up pace”. A promising outlook comes from a “strong” labour market. “Investment is expected to hold up”. In 2025, “growth is set to firm and inflation to decline to close to the 2% target”, set out by the ECB. Last but not least: “Geopolitical tensions, an ever more unstable climate and a number of crucial elections around the world this year are all factors increasing the uncertainty” around European economy.

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