

UK economy suffers record 9.9 percent slump in 2020



People walk past closed shops amid the coronavirus disease (COVID-19) pandemic in London.
(Photo: Kevin Coombs/Reuters)

London, February 13 (RHC)-- The United Kingdom's coronavirus-ravaged economy shrank 9.9 percent in 2020, the biggest annual fall in output since modern records began, but it avoided heading back towards

recession at the end of last year, official figures showed on Friday.

The UK's gross domestic product (GDP) grew 1 percent between October and December, the Office for National Statistics said. This makes it unlikely the country will see two straight quarters of contraction – the standard definition of recession in Europe – even though the economy is set to shrink sharply in early 2021 due to the effects of a third COVID lockdown.

The UK's economy grew 1.2 percent in December alone, after a 2.3 percent fall in output in November when there was a partial lockdown, leaving output 6.3 percent lower than in February before the start of the pandemic.

However, the Bank of England forecasts the economy will shrink by 4 percent in the first three months of 2021 due to a new lockdown and Brexit disruption, and take until early 2022 before it regains its pre-COVID size, assuming vaccination continues to smoothly.

“Today's figures show that the economy has experienced a serious shock as a result of the pandemic, which has been felt by countries around the world,” finance minister Rishi Sunak said.

Last year's fall in output was the biggest since modern official records began after WWII, and longer-running historical data hosted by the Bank of England suggest it was the biggest drop in decades. The fall is also steeper than almost any other big economy, although Spain – also hard-hit by the virus – suffered an 11 percent decline.

The UK has reported Europe's highest death toll from COVID-19 and is among the world's highest in terms of deaths per head. Some of the damage also reflects how the UK's economy relied more on face-to-face consumer services than other countries, as well as disruption to schooling and routine healthcare which few other countries factored in to GDP.

However, the UK has vaccinated many more people than other European countries so far, raising the prospect of a bounce-back for its economy later this year. Britain's finance minister Rishi Sunak said the country's record GDP fall was in line with other countries when measured on a comparable basis. “I think it's important to clear up this question of our comparative economic performance actually,” he told UK broadcasters.

“We calculate GDP in a different way to pretty much every other country ... now if you correct for that difference or look at it on a more comparable way, nominal GDP, what you find is, our performance is actually very much in line with all our international peers.”

He added that Britain's employment performance during the pandemic was better than most of its international peers.

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