

An uncertain future for the European economy



The COVID-19 pandemic will have a strong negative effect on the economies of the European Union member countries, which this year will suffer an unprecedented setback in their Gross Domestic Product, GDP -- the worst since the Great Depression of the 1930s.

This was confirmed by the European Commission when publishing its initial projections in the spring forecast, where it usually traced the direction of the integrating mechanism until the end of the year.

The EU will probably suffer a GDP drop of 7.4 percent, which means a loss of nine points compared to the previous estimates. For the so-called Euro Zone -- the set of nations covered in the common currency, the Euro -- the loss will be greater.

The negative effect will not be symmetrical, nor are the damages caused by the SARS-CoV-2. Greece, one of the weakest links of the Eurogroup, will have a fall of -9.7 percent; followed by Italy, with -9.5; Spain, -9.4; and France, although it is considered the second largest regional economy, will end the year with a negative balance of -8.2.

According to Paolo Gentiloni, European Commissioner for Economic and Financial Affairs, it is an unprecedented attack against the economy after the Great Depression that forced a change to the pre-established rules around the world.

This will have a direct impact on the loss of jobs and will put an end to the recently achieved progress in this important indicator. France, for example, will again exceed the unemployment rate of 10%.

The public debt burden will increase and will be 102 percent of the GDP in the Euro zone, but Greece will show even worse results, since it will reach 200 points, that is to say twice the country's production for this year.

But the situation can be even tougher. There is much uncertainty about the decision of several countries to lift the isolation and social distancing measures, when there is a strong viral flow in Italy, Spain and France, among others.

In case of a second wave of infections, stronger than the first one, the European Union economies would sink even deeper, and the chances of a recovery next year would be very distant indeed.

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