

# KIEL INSTITUTE **ECONOMIC OUTLOOK**

**World Economy**  
Autumn 2020

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Forecasting Center

# GRADUAL RECOVERY AFTER PARTIAL REBOUND

*Klaus-Jürgen Gern, Philipp Hauber, Stefan Kooths, and Ulrich Stolzenburg*

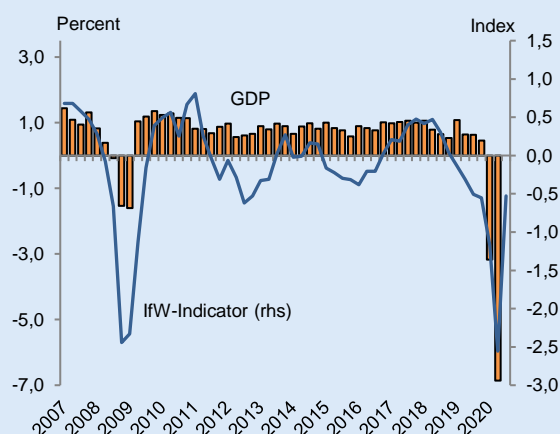
The world economy contracted by close to 10 percent in the first half of 2020 as the COVID-19 pandemic unfolded. After a 3 percent drop in activity in the first quarter, global output contracted by some 7 percent as governments around the world implemented measures to contain the virus and households voluntarily adopted social distancing and reduced spending in certain activities to avoid getting infected. Since then, output is recovering. While we generally expect a strong rebound in the short term, pre-crisis levels of GDP will be reached only towards the end of the forecast horizon in many countries. Further normalization of economic activity is likely to be gradual as long as the pandemic is lingering and inhibiting activity in important sectors of the economy. Global output measured at PPP exchange rates will shrink by 3.6 percent this year. For 2021 we expect a rebound with growth of 6.7 percent. This represents an upward revision of our June forecast by 0.2 and 0.5 Percentage points, respectively. In 2022, we expect GDP to increase by 4.1 percent. However, a deterioration of longer-term business prospects in the wake of lower incomes and weaker balance sheets of firms around the globe are likely to weigh on investment. As a result, we do not expect world output to return to the pre-crisis trend in the coming years

## Economic environment

**The world economy contracted by close to 10 percent in the first half of 2020 as the COVID-10 pandemic unfolded, but the recovery has already started.** The collapse of activity by 7 percent in the second quarter followed on a 3 percent contraction in the first quarter (Figure 1) and was partly due to government measures intended to contain the coronavirus. These were gradually lifted from May onwards, triggering a rebound of economic activity. While the recovery of output in May and June did not prevent steep declines in second quarter GDP in many countries, including by more than 20 percent in the UK, India and Peru, high growth rates can be expected for the third quarter, given available information on output from monthly data such as industrial production and the rebound in sentiment apparent in most countries.

**World trade in goods has been relatively resilient despite a sharp contraction in spring.** The volume of world trade declined by 17 percent between December and May, with the fall concentrated in April. June figures and national data from July suggest that a strong rebound has started. While the dimension of the contraction is similar to the one registered in the course of the global financial crisis in 2008/2009 (-18.6 percent), the collapse of world trade this time looks more short-lived and was concentrated in a shorter period of time.

Figure 1:  
World Economic Activity, 2012–2020



Quarterly data, seasonally adjusted. Indicator is based on business expectations in 42 economies. GDP: price adjusted, change over previous quarter, 46 countries, weighted by purchasing power parities.

Source: OECD, Main Economic Indicators; national sources; Kiel Institute calculations.

Compared to the financial crisis trade in goods seems relatively resilient, which can partly be explained by the fact that the less trade-intensive services sector is more strongly affected.

**Output in the advanced economies has declined across the board, although to a differing extent.**

GDP in the advanced economies as a whole contracted by 10.5 percent in the second quarter, following a drop of 2 percent in the first quarter. The loss of output in the first half of this year was particularly strong in a number of European countries, including France and Italy with close to 20 percent and the UK and Spain with even more than 20 percent. GDP in the United States, however, contracted by less than initially assumed (-10 percent). Relatively moderate reductions of activity were recorded in some Asian economies, such as Korea (-4 percent) and Taiwan (-2,5 percent), where COVID-19 was contained relatively early and efficiently.

**While output in China has already recovered its pre-crisis level, economic activity in most other emerging economies followed the pattern observed in the advanced economies.**

Increasing incidence of COVID-19 and strict measures enforced to contain the disease led to steep declines in output in many emerging economies, sometimes reaching a dimension of 25 to 30 percent, for instance in India or Peru. Although the number of newly infected remained high or even increased further, governments in most countries gradually eased the lockdowns and enabled the economies to pick-up from May onwards.

**Massive production cuts have led to a gradual strengthening of oil prices.**

With oil demand drastically shrinking in the wake of the corona-induced economic contraction oil prices fell in to multi-year lows in April. Oil producers reacted with an unprecedented reduction of output which triggered expectations that high inventory levels would be reduced over the coming months and helped prices to stabilize. We expect oil prices to gradually increase further from currently around 45 US-dollar to around 60 dollar by the end of 2022.

**Fiscal support in the advanced economies is strong.** Governments have introduced additional expenditures and tax deferrals on a large scale in order to support incomes and limit the longer-term effects of the pandemic on the economy, which together with revenue losses due to the reduced activity will lead to a massive rise in budget deficits, often into double-digits in relation to GDP.

**Monetary policy has become even more expansive.** Central banks around the world quickly eased monetary policy in response to the corona shock, with interest rates cut where scope was available, such as in the US, in the UK and in Canada, and asset purchasing programs implemented or expanded. The US Fed announced a new inflation target focusing on average inflation over the medium-term implying that it would keep interest rates low for longer.

**Financial market stress has subsided.** Monetary easing has helped to ease symptoms of stress in financial markets which were developing as the pandemic took hold, including huge capital outflows from emerging markets and widening yield spreads in European sovereign debt markets. Stock prices recovered and rose to new highs in some countries, such as the US. The US-dollar depreciated markedly since May, contributing to easing pressure on emerging market economies.

**Outlook: Recovery remains incomplete for the time being**

**High growth rates will be recorded in the second half of 2020 as the world economy rebounds from the deep fall of activity in the first half of the year.** The extent of immediate recovery will, however, differ across countries, depending on the success in containing COVID-19 and structural factors, such as the share of output related to tourism. Sentiment indicators suggest that economic conditions in advanced economies so far have improved more quickly than in the emerging economies.

**World output is expected to fall by 3.6 percent in 2020 and increase by 6.7 percent in 2021, provided that a renewed broad-based lockdown can be avoided.** Our forecast is contingent on the assumption that the easing of lockdown measures implemented over the past months will prevail and

that the situation will further normalize in the course of 2021. We expect that authorities will try to stem the rise of new infections currently observed in many countries with more targeted measures. The development, however, shows that economic activity will continue to be hampered by Covid-19 and the associated uncertainties for some time to come. On a PPP-basis, we forecast world output to decline by 3.6 percent this year – by far the largest contraction in 70 years – followed by an increase of 6.7 percent in 2021 (Table 1). Based on market exchange rates the forecast for global growth is –4.3 percent and 4.2 percent, respectively. We expect growth in 2022 to remain above trend rates at 4.2 percent (3.4 percent at market exchange rates). World output will nevertheless remain significantly below the level we expected at the start of this year for a prolonged period of time, as a result of the pandemic and the associated reduction of incomes and negative impact on investment plans due to lower expected profitability and reduced equity. Compared to our June report, we have revised up our forecast for 2020 and 2021 by 0.1 percentage points and 0.5 percentage points, respectively. World trade is expected contract by 8 percent this year, followed by growth of 6.7 percent and 3.7 percent in 2021 and 2022, respectively.

**Table 1:**  
Real GDP and consumer prices in selected countries and regions, 2020–2022

	Gross domestic product			Consumer prices		
	2020	2021	2022	2020	2021	2022
United States	-4.1	3.8	2.5	1.3	2.3	2.1
Japan	-5.0	3.4	2.0	0.3	0.8	0.8
Euro Area	-7.1	5.3	2.6	0.4	1.7	1.3
United Kingdom	-9.8	7.6	2.8	0.9	1.8	2.3
<b>Advanced economies total</b>	-5.2	4.6	2.6	0.9	1.8	1.8
China	2.0	9.7	5.7	3.2	2.3	2.3
Latin America	-7.7	5.3	2.8	7.7	7.0	7.2
India	-9.1	12.7	7.5	6.3	5.5	4.9
East Asia	-4.7	6.6	4.7	1.3	2.5	2.8
Russia	-3.0	4.2	1.8	3.2	4.2	4.0
<b>World economy total</b>	-3.6	6.7	4.1	3.4	3.4	3.6
<i>Addendum:</i>						
World trade volume	-8.0	6.7	3.7	.	.	.
Oil price (Brent in US\$)	43.1	53.0	55.7	.	.	.
World economy total (weighted according to GDP at market exchange rates)	-4.3	6.0	3.6	2.6	2.9	3.0

Weighted according to GDP at PPP rates. East Asia: Emerging Asia excluding China and India. Shaded: Kiel Institute forecast.

Source: Kiel Institute forecast.

**In the advanced economies, despite robust growth in the second half of this year and in 2021, the pre-crisis level of output will be recovered only in the course of 2022.** For the advanced economies as a whole we expect GDP growth of 4.9 percent next year, following a contraction of 5.9 percent this year. Assuming a progressive normalization of economic activity in the remainder of the forecast horizon, we expect the recovery to continue in 2022. While monetary policy will continue to stimulate growth until the end of the forecast horizon, fiscal policy is expected to start consolidating the budget after two years of expansive policies. The US economy will grow by 3.8 percent in 2021 and 2.5 percent in 2022, following a negative 4.1 percent growth this year. The reduction of output in 2020 is even larger in Japan and in the euro area, at 5.0 and 7.1 percent, respectively, and the recovery to pre-crisis levels is expected to take longer given lower trend growth, less monetary stimulus and less fiscal room to manoeuvre.

**The pace of recovery differs across emerging economies.** Output in the group of emerging economies is forecast to shrink by 3 percent this year, with pronounced differences across countries.

While we expect China to register positive growth of 2 percent on an annual basis – a rare exception in the global picture –, the contraction of GDP in India and Latin America is set to be substantial, amounting to 9 and 8 percent, respectively. While production is likely to rise across the board at robust rates over the forecast horizon, the timing of a recovery to pre-crisis levels will differ as will the extent to which the loss of output will be persistent relative to the pre-crisis trend.

**Uncertainty around the economic impact of the corona shock remains high, and resurgent trade policy tensions are an additional downward risk.** Another wave of the pandemic in autumn would probably not result in second downward spiral of global economic activity as in spring, but could reduce the pace of recovery markedly, implying substantially lower growth in 2021. An important issue will be to strike a balance between short-term stabilization of output and employment and structural adjustment, which is necessary to preserve the vitality of the economy. Another risk for the recovery stems from lingering trade conflicts, especially between the US and China, but potentially also between the US and the European Union. Finally, uncertainty is still high with respect the terms of the exit of the UK from the EU common market, which is due on January 1<sup>st</sup>, 2021

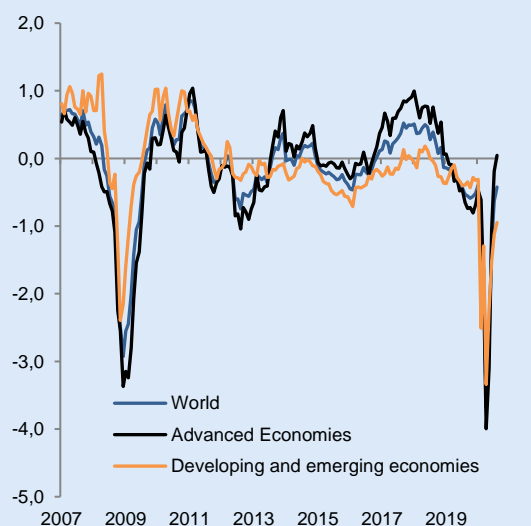
**Data annex**

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## 1. World Economy

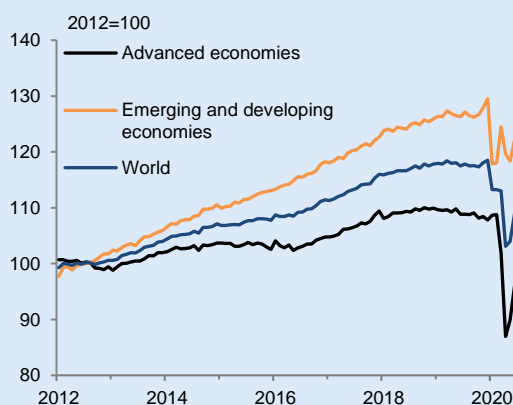
**Figure 1.1:**  
Business expectations by groups of countries, 2007–2020



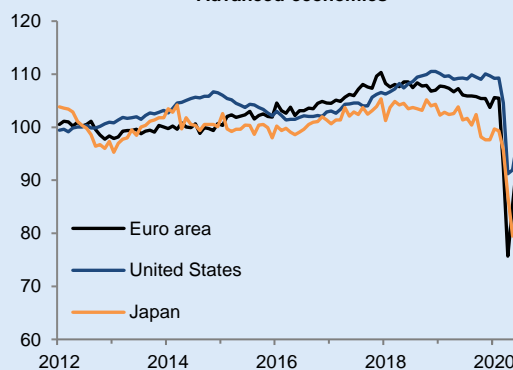
Monthly data, seasonally adjusted. Indicators are based on business expectations in 42 countries (34 advanced economies and 8 emerging economies).

Source: OECD, *Main Economic Indicators*; national sources; Kiel Institute calculations.

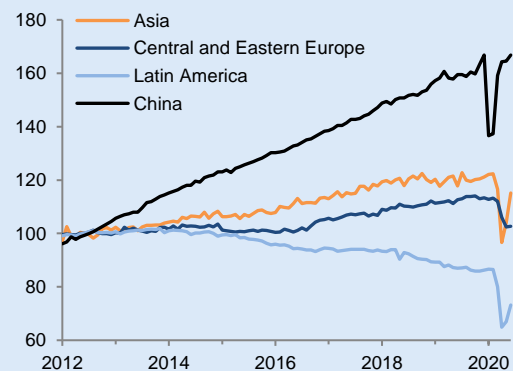
**Figure 1.2:**  
Industrial production by groups of countries and regions, 2012–2020



**Advanced economies**



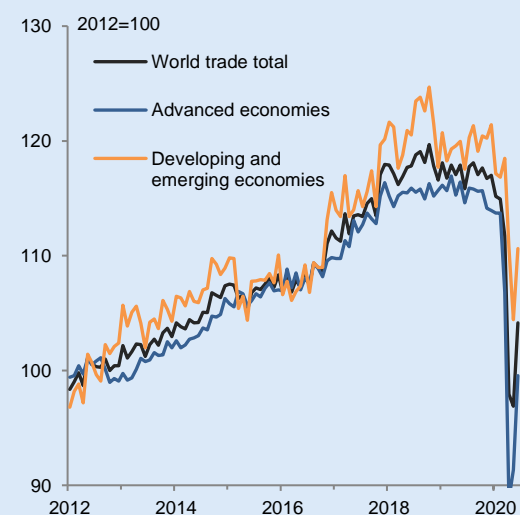
**Emerging and developing economies**



Monthly data. Last value: June 2020.

Source: CPB, *World Trade Monitor*; Kiel Institute calculations.

**Figure 1.3:**  
World Trade, 2012–2020



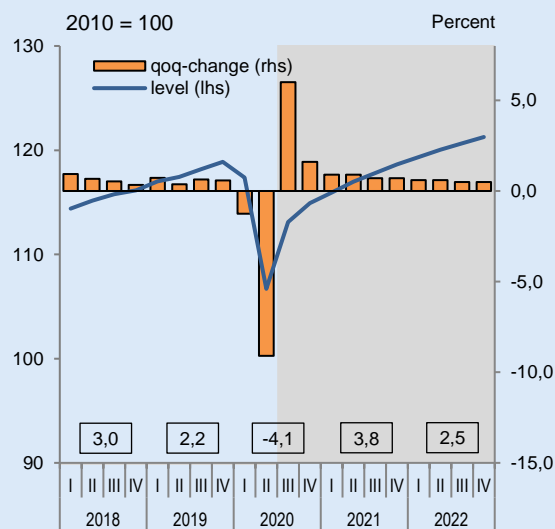
Monthly Data.

Source: CPB, *World Trade Monitor*; Kiel Institute calculations.



## 2. United States

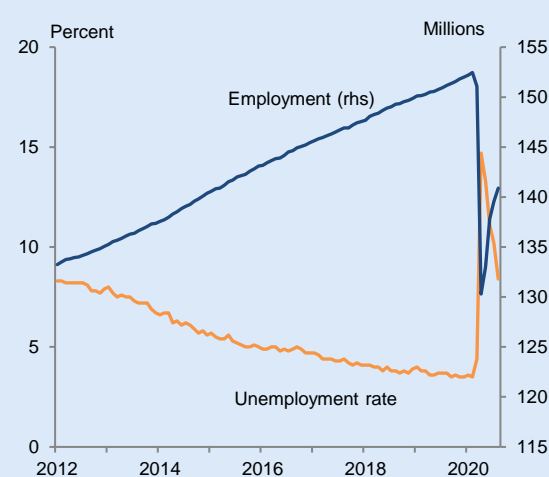
**Figure 2.1:**  
GDP, 2018–2022



Quarterly data, price, seasonally and calendar adjusted, qoq-change; annual rate of change (boxes).

Source: Bureau of Economic Analysis; shaded: Kiel Institute forecast.

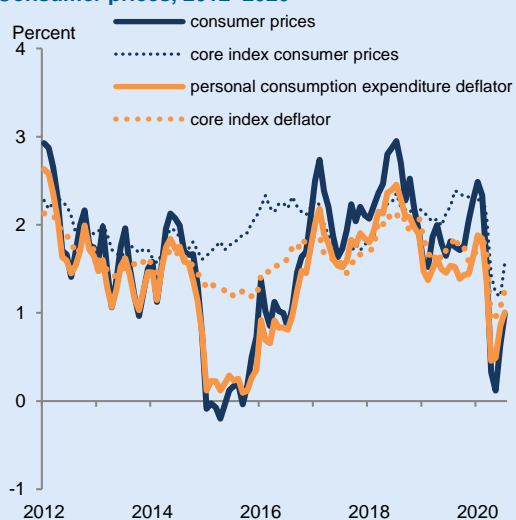
**Figure 2.2:**  
Labor Market, 2012–2020



Monthly data; seasonally adjusted. .

Source: US Department of Labor, *Employment Situation*.

**Figure 2.3:**  
Consumer prices, 2012–2020



Monthly data; change over previous year. Core index: consumer prices excluding energy and food.

Source: US Department of Labor, *Consumer Price Index*.

**Table 1:**  
Key indicators for the United States 2019–2022

	2019	2020	2021	2022
Gross Domestic Product	2.2	-4.1	3.8	2.5
Domestic expenditure	2.3	-4.3	4.1	2.6
Private consumption	2.4	-4.8	4.1	2.6
Government consumption	2.3	2.5	2.1	1.0
Gross fixed capital formation	1.9	-4.1	3.7	3.1
Enterprises	2.1	-9.5	4.5	2.9
Residential Investment	6.4	1.4	2.8	3.2
Public investment	-0.6	-6.3	3.9	3.2
Change in inventories	-1.7	-0.9	3.5	3.2
Net exports	0.0	-0.9	0.5	0.2
Exports	-0.1	0.2	-0.3	0.0
Imports	-0.1	-12.8	7.1	4.2
Consumer prices	1.1	-12.2	8.8	4.1
Unemployment rate	1.8	1.3	2.3	2.1
Current account balance	3.7	8.2	6.2	5.6
Government budget balance	-2.2	-2.1	-2.4	-2.5

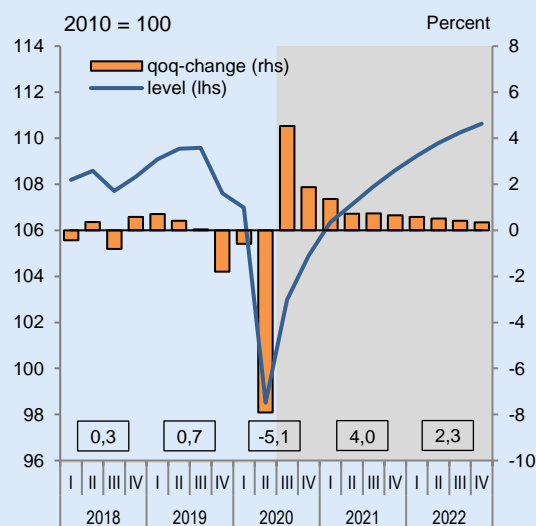
Percent. GDP: volumes, change over previous year, percent. Net exports, inventories: contribution to growth, percentage points. Unemployment rate: unemployed in relation to labor force. Current account balance, government budget balance: percent of nominal GDP.

Source: Cabinet Office, *National Accounts*; OECD, *Main Economic Indicators*; own calculations; shaded: Kiel Institute forecast.



### 3. Japan

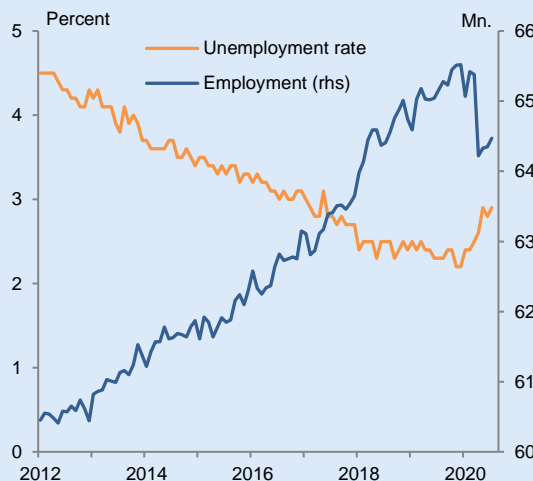
**Figure 3.1:**  
GDP, 2018–2022



Quarterly data, price, seasonally and calendar adjusted, qoq-change; annual rate of change (boxes).

Source: Cabinet office, *National Accounts*; shaded: Kiel Institute forecast.

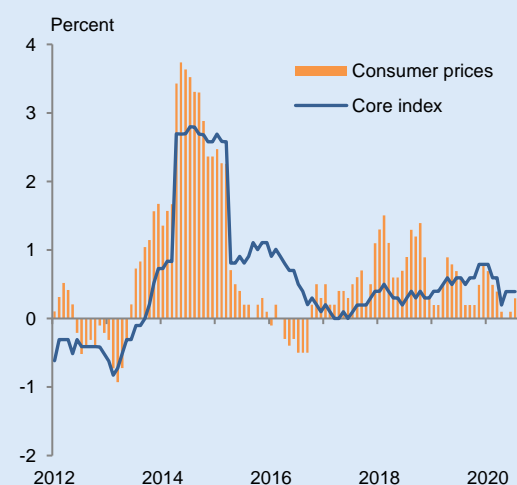
**Figure 3.2:**  
Labor market, 2012–2020



Monthly data; seasonally adjusted.

Source: Department of Labor.

**Figure 3.3:**  
Consumer prices, 2012–2020



Monthly data; change over previous year. Core index: consumer prices excluding energy and fresh food.

Source: Statistics Bureau of Japan.

**Table 3.1:**  
Key indicators Japan, 2019–2022

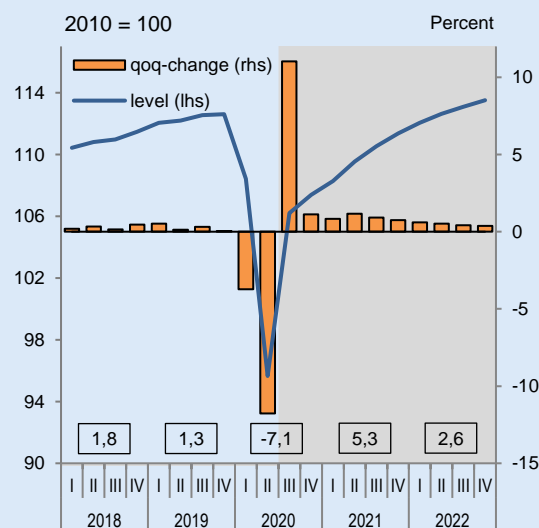
	2019	2020	2021	2022
Gross Domestic Product	0.7	-5.0	3.4	2.0
Domestic expenditure	0.9	-3.4	3.0	1.9
Private consumption	0.2	-5.6	3.3	1.9
Government consumption	1.9	1.5	1.9	1.5
Gross fixed capital formation	1.3	-2.3	3.2	2.3
Enterprises	0.7	-3.9	2.6	2.9
Residential Investment	2.1	-4.2	2.6	1.7
Public investment	2.8	4.1	5.3	1.0
Change in inventories	0.1	0.0	0.0	0.0
Net exports	-0.1	-1.2	0.4	0.1
Exports	-1.6	-13.6	7.8	4.0
Imports	-0.6	-4.0	4.8	3.2
Consumer prices	0.8	0.3	0.8	0.8
Unemployment rate	2.4	2.8	2.7	2.5
Current account balance	3.6	-2.8	3.4	3.2
Government budget balance	-2.6	-10.5	-7.0	-4.0

Percent. GDP: volumes, change over previous year, percent. Net exports, inventories: contribution to growth, percentage points. Unemployment rate: unemployed in relation to labor force. Current account balance, government budget balance: percent of nominal GDP.

Source: Cabinet Office, *National Accounts*; OECD, *Main Economic Indicators*; own calculations; shaded: Kiel Institute forecast.

## 4. Euro Area

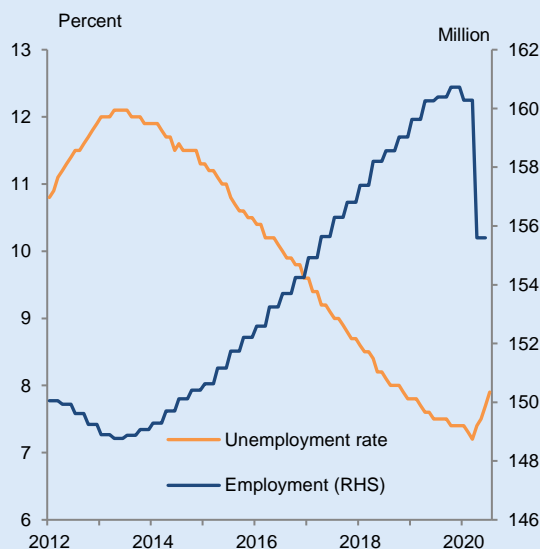
**Figure 4.1:**  
GDP, 2018–2022



Quarterly data, price, seasonally and calendar adjusted, qoq-change. Annual data: price adjusted, annual rate of change (boxes).

Source: Federal Statistical Office, Fachserie 18, Series 1.3; shaded: IfW Kiel forecast.

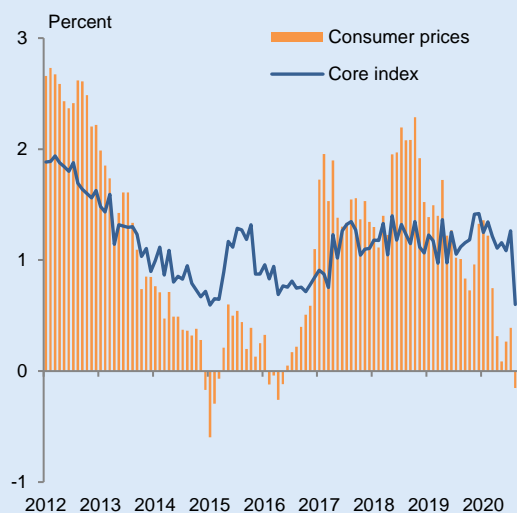
**Figure 4.2:**  
Labor market, 2012–2020



Monthly data; seasonally adjusted.

Source: Eurostat, *Labor Statistics*; ECB, *Monthly Bulletin*.

**Figure 4.3:**  
Consumer prices, 2012–2020



Monthly data; y-o-y change. Core index: HICP without energy and unprocessed food.

Source: Eurostat, *Price Statistics*.

**Table 4.1:**  
Key indicators Euro Area, 2019–2022

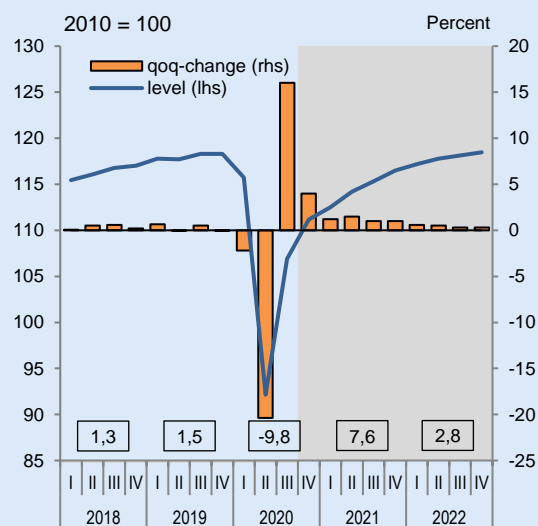
	2019	2020	2021	2022
Gross Domestic Product	1.3	-7.0	5.3	2.6
Domestic expenditure	1.9	-6.0	5.0	2.7
Private consumption	1.3	-8.1	5.4	3.0
Government consumption	1.8	0.4	2.6	0.9
Gross fixed capital formation	5.6	-7.9	6.8	3.8
Inventories	-0.4	0.2	0.0	0.0
Net exports	-0.5	-1.3	0.4	0.0
Exports	2.5	-11.2	7.2	5.0
Imports	4.0	-9.4	6.7	5.3
Consumer prices	1.2	0.5	1.7	1.3
Unemployment rate	7.5	7.5	8.9	7.5
Current account balance	2.7	1.9	2.3	2.4
Government budget balance	-0.6	-8.8	-5.0	-3.3

GDP: volumes, change over previous year, percent. Net exports, inventories: contribution to growth, percentage points. Unemployment rate: unemployed in relation to labor force, percent. Current account balance, government budget balance: percent of nominal GDP.

Source: Eurostat, *National Accounts*; own calculations; shaded: Kiel Institute forecast.

## 5. United Kingdom

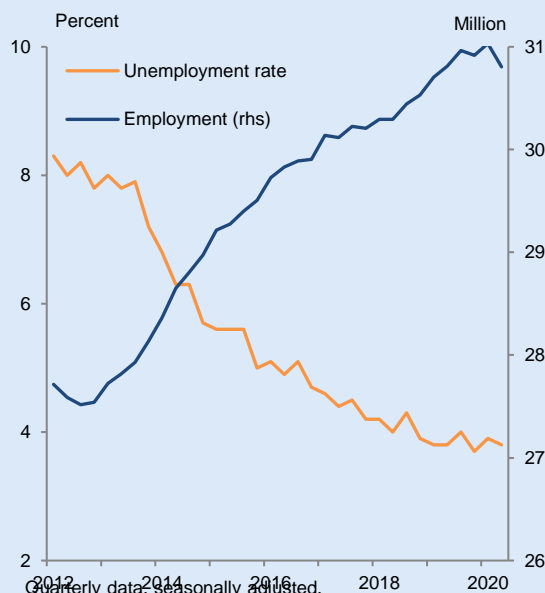
**Figure 5.1:**  
GDP, 2018–2022



Quarterly data, price, seasonally and calendar adjusted, qoq-change; annual rate of change (boxes).

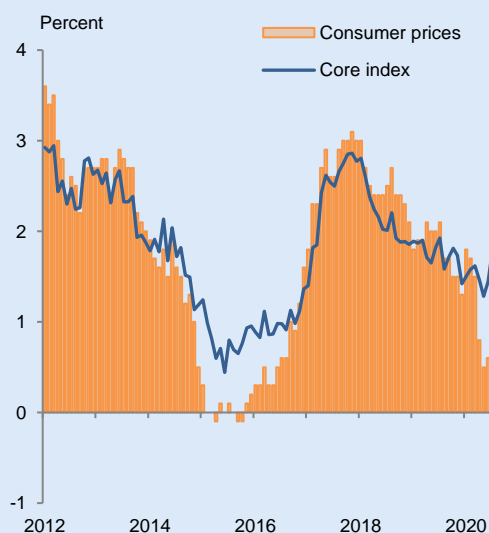
Source: Cabinet office, *National Accounts*; shaded: Kiel Institute forecast.

**Figure 5.2:**  
Labor market, 2012–2019



Source: Office for National Statistics, *Economy*.

**Figure 5.3:**  
Consumer prices, 2012–2020



Monthly data, change over previous year. Core rate: consumer prices excluding energy and fresh food.

Source: Office for National Statistics, *Economy*.

**Table 5.1:**  
Key indicators United Kingdom, 2020–2022

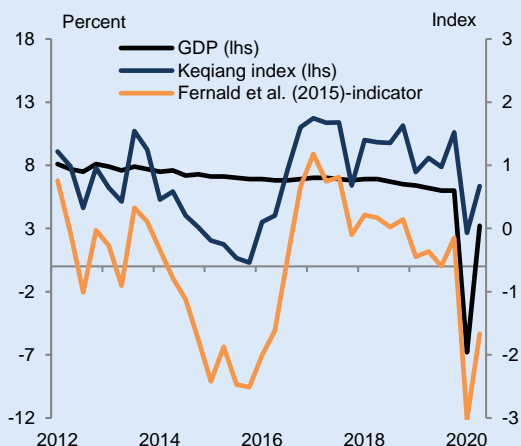
	2019	2020	2021	2022
Gross Domestic Product	1.5	-9.8	7.6	2.8
Domestic expenditure	1.5	-11.2	9.4	3.0
Private consumption	1.0	-14.0	12.0	3.5
Government consumption	3.4	-3.8	7.0	2.5
Gross fixed investment	0.7	-15.5	9.5	3.7
Inventories	0.1	-0.3	0.5	0.0
Net exports	0.1	1.4	-1.7	-0.3
Exports	5.0	-15.5	12.0	3.5
Imports	4.6	-19.0	16.8	4.2
Consumer prices	1.8	0.9	1.8	2.3
Unemployment rate	3.8	4.2	5.3	4.8
Current account balance	-4.0	-2.9	-3.5	-3.6
Government budget balance	-2.1	-14.0	-7.5	-4.0

Percent. GDP: volumes, change over previous year, percent. Net exports, inventories: contribution to growth, percentage points. Unemployment rate: unemployed in relation to labor force. Current account balance, government budget balance: percent of nominal GDP.

Source: Office for National Statistics, *Economy*; shaded: Kiel Institute forecast.

## 6. China

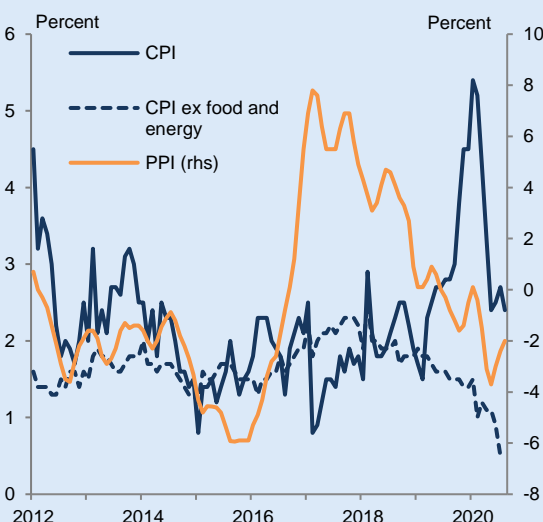
**Figure 6.1:**  
GDP, 2012–2020



Quarterly data. GDP: year-on-year percentage change; Keqiang-index: arithmetic mean of the year-on-year growth rates of bank lending, electricity consumption and freight cargo; Fernald et al. (2015)-indicator: first principal component of the year-on-year growth rates of electricity production, railway cargo, retail sales and raw material prices (see Fernald et al. (2015). *Is China Fudging its Figures? Evidence from Trading Partner Data*. Federal Reserve Bank of San Francisco, Working Paper 2015-12).

Source: National Bureau of Statistics; People's Bank of China; Kiel Institute calculations.

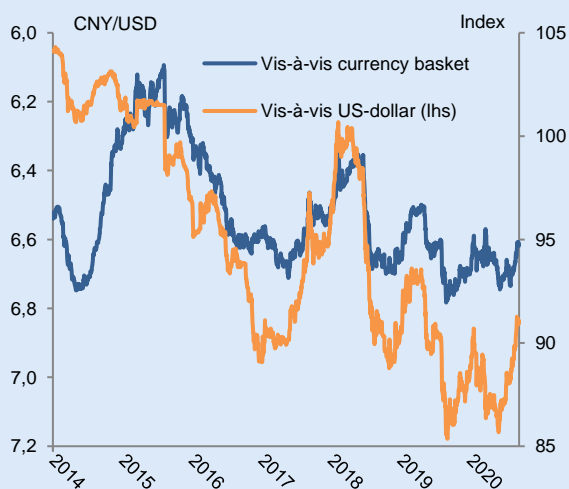
**Figure 6.2:**  
Inflation, 2012–2020



Monthly data; y-o-y growth rate. Core index: CPI excluding food and energy.

Source: National Bureau of Statistics.

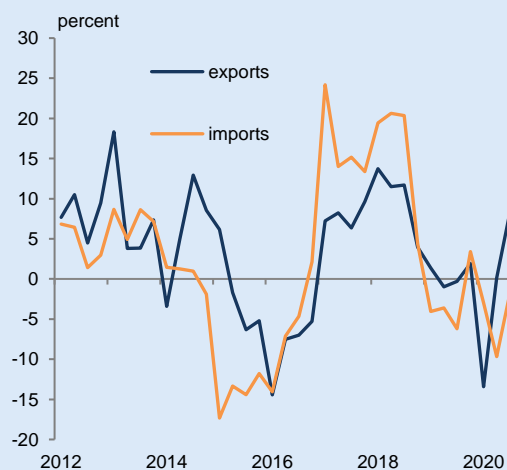
**Figure 6.3:**  
Exchange rates, 2014–2020



Daily data.

Source: Thomson Reuters; China Foreign Exchange Trade System; Kiel Institute calculations.

**Figure 6.4:**  
Exports and imports, 2012–2020

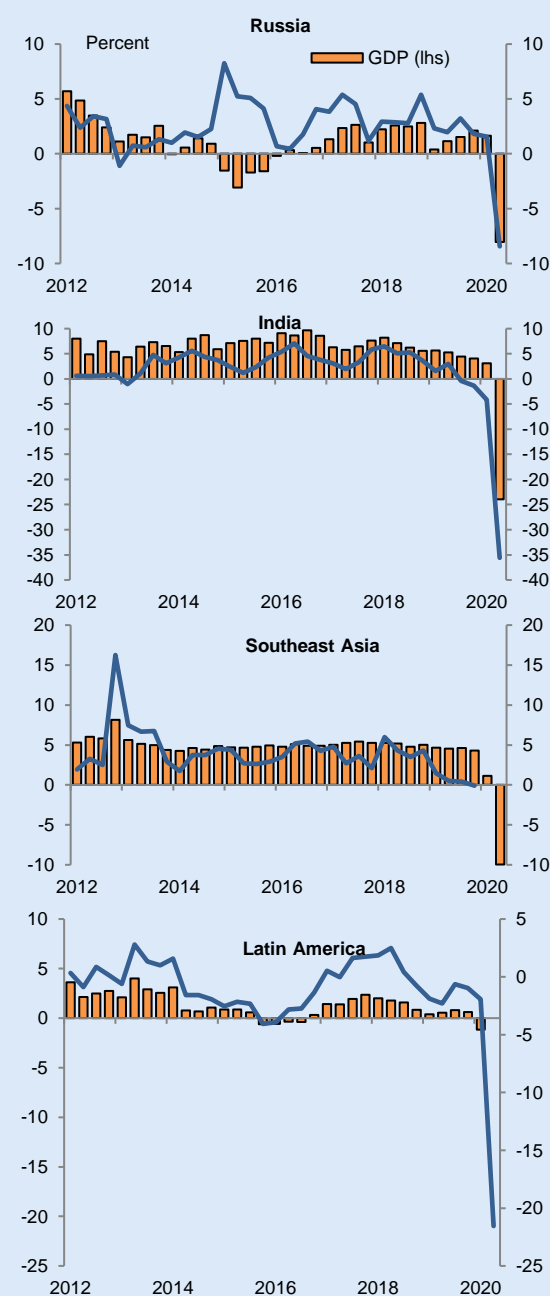


Change on a year earlier based on quarterly averages. 2020Q3: average of July and August.

Source: General Administration of Customs China

## 7. Emerging Economies

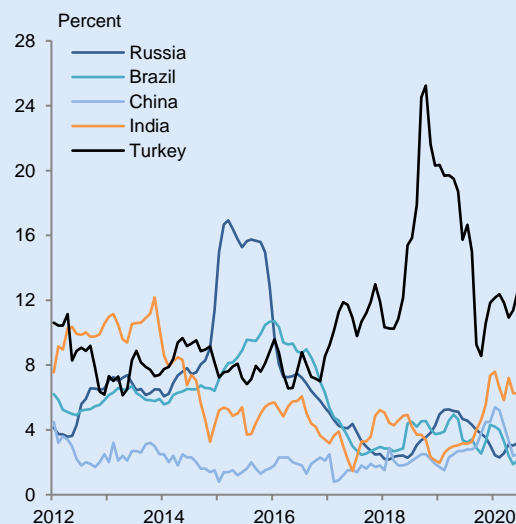
**Figure 7.1:**  
GDP and industrial production in emerging economies  
2012–2020



Quarterly data; volumes; seasonally adjusted; change over previous year; Southeast Asia: GDP-weighted average of Indonesia, Thailand, Malaysia and the Philippines; Latin America: GDP-weighted average of Argentina, Brasil, Chile, Colombia, Mexico and Peru.

Source: IMF, *International Financial Statistics*; national statistical

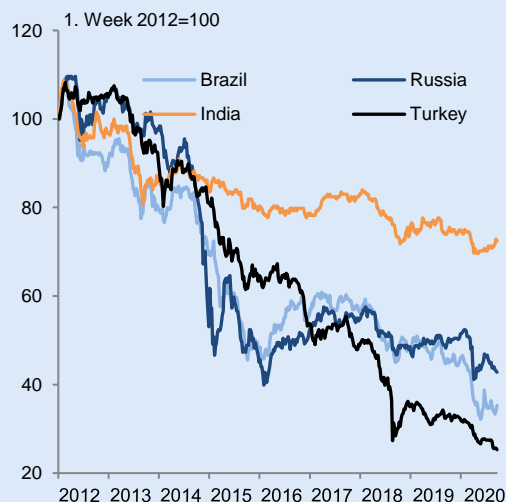
**Figure 7.2:**  
Consumer prices, 2012–2020



Monthly data; change over previous year.

Source: Federal State Statistics Service, *Russia*; IBGE, *Brazil*; National Bureau of Statistics, *China*; Labour Bureau, *India*.

**Figure 7.3:**  
US-dollar exchange rates, 2012–2020



Weekly data. Last observation: 07/09/2020

Source: Thomson Reuters Datastream

## 8. Forecast summary

**Table 8.1:**  
Key assumptions, 2019–2021

	2020				2021				2022			
	I	II	III	IV	I	II	III	IV	I	II	III	IV
Key interest rate												
United States	1.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Japan	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Euro area	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates												
US-dollar/euro	1.1	1.1	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Yen/US-dollar	109.0	107.5	105.8	105.0	105.0	105.0	105.0	105.0	105.0	105.0	105.0	105.0
Oil price (Brent, US-dollar)	50.4	29.3	44.9	47.9	50.1	52.4	54.5	55.0	55.3	55.6	55.9	56.1
HWWI-Index indust. commodities	119.1	112.7	134.9	148.3	151.3	152.8	154.3	155.9	156.7	157.4	158.2	159.0

Key interest rate: Fed Funds Rate (United States); overnight rate (Japan); main refinancing operations (euro area).

Source: HWWI, *Commodity Price Index*; IMF, *International Financial Statistics*; Federal Reserve Bank, *Intended Federal Funds Rate*; ECB, *Monthly Bulletin*; shaded: Kiel Institute forecast or assumption.

**Table 8.2:**  
Real gross domestic product, consumer prices and unemployment rate in advanced economies, 2020–2022

	Weights	Real GDP			Consumer prices			Unemployment rate		
		2020	2021	2022	2020	2021	2022	2020	2021	2022
European Union	34.8	-6.7	5.2	2.7	0.8	1.9	1.7	7.8	8.4	7.4
Euro area	28.1	-7.1	5.3	2.6	0.4	1.7	1.3	8.1	9.0	7.8
United Kingdom	1.0	-3.2	3.6	2.5	1.1	1.5	1.7	8.5	8.0	7.3
Sweden	2.3	-3.1	5.8	3.9	3.3	3.6	3.8	3.5	3.5	3.3
Poland	5.5	-9.8	7.6	2.8	0.9	1.8	2.3	4.2	5.3	4.8
Switzerland	1.0	-4.5	5.2	2.4	-0.8	0.6	0.6	5.4	4.8	4.5
Norway	0.7	-2.7	3.2	2.4	1.4	2.0	2.3	4.5	4.0	3.7
United States	37.9	-4.1	3.8	2.5	1.3	2.3	2.1	8.2	6.2	5.6
Canada	3.4	-6.1	5.9	2.9	0.6	1.5	1.8	9.2	7.5	6.6
Japan	10.2	-5.0	3.4	2.0	0.3	0.8	0.8	2.8	2.7	2.5
South Korea	4.1	-0.7	3.5	3.0	0.4	0.9	1.1	4.2	3.8	3.6
Australia	2.4	-3.0	3.8	3.0	0.9	1.6	2.0	6.9	6.4	6.1
Total	100.0	-5.5	4.7	2.7	0.9	1.9	1.8	6.9	6.5	5.8

Based on GDP at prices and exchange rates of 2019 in percent. Change over previous year in percent. European Union and Norway: Harmonized Index of Consumer Prices (HICP). Standardized unemployment rate in percent (ILO); country groups weighted according to the size of the labor force in 2019.

Source: Eurostat, *VGR*; OECD, *Main Economic Indicators*; IMF *World Economic Outlook Database*; Statistics Canada, *Canadian Economic Account*; shaded: Kiel Institute forecast.

**Table 8.3:**  
**Real gross domestic product, consumer prices and unemployment rates in the European Union, 2020–2022**

	Weights	Real GDP			Consumer prices			Unemployment rate		
		2020	2021	2022	2020	2021	2022	2020	2021	2022
Germany	25.2	-5.9	4.8	2.5	0.6	1.5	1.3	3.2	4.1	3.9
France	17.7	-8.6	6.6	2.9	0.4	1.4	1.3	8.5	7.9	10.5
Italy	13.1	-8.2	6.6	2.0	0.1	1.4	1.2	10.0	9.6	11.0
Spain	9.1	-11.6	5.0	3.7	0.0	1.5	1.4	14.1	16.5	18.2
Netherlands	5.9	-4.2	3.3	2.2	0.4	0.8	0.6	3.4	4.3	4.5
Belgium	3.5	-6.8	4.7	2.4	0.6	1.6	1.6	5.4	6.5	6.5
Austria	2.9	-6.0	4.1	2.6	1.4	2.2	2.2	4.5	5.1	4.5
Ireland	2.6	-1.4	3.8	2.8	0.8	1.5	1.5	5.0	5.1	4.9
Finland	1.8	-3.1	2.9	2.1	0.6	1.8	1.8	6.7	7.5	7.1
Portugal	1.6	-7.7	4.6	2.8	0.3	1.4	1.4	6.6	7.5	6.8
Greece	0.0	-6.5	4.5	3.1	0.1	1.4	1.4	17.3	17.8	16.0
Slovak Republic	0.7	-5.7	5.9	2.6	2.4	3.2	3.2	5.8	6.6	6.1
Luxembourg	0.5	-5.5	5.0	2.8	0.6	2.0	2.0	5.6	6.8	5.9
Slovenia	0.4	-5.9	6.0	2.5	0.5	2.2	2.2	4.5	5.0	4.6
Latvia	0.4	-1.1	3.4	2.7	1.6	2.6	2.6	6.3	8.1	7.1
Lithuania	0.2	-4.3	4.4	2.9	1.0	2.6	2.6	6.3	8.4	7.3
Estonia	0.2	-2.9	4.4	2.6	0.6	2.3	2.3	4.4	6.5	5.5
Cyprus	0.2	-4.8	5.1	2.8	-0.3	1.5	1.5	7.1	6.9	6.0
Malta	0.1	-5.9	5.4	2.9	1.2	2.1	2.1	3.6	4.0	3.7
Sweden	3.4	-3.2	3.6	2.5	1.1	1.5	1.7	6.8	8.5	8.0
Poland	3.6	-3.1	5.8	3.9	3.3	3.6	3.8	3.3	3.5	3.5
Denmark	2.2	-4.0	3.8	2.2	0.5	1.0	1.3	5.1	5.7	5.4
Czech Republic	1.5	-6.1	5.6	3.5	3.5	3.2	3.1	2.0	2.6	2.5
Romania	1.5	-4.1	5.1	3.7	3.0	3.3	4.0	3.9	5.0	5.0
Hungary	1.0	-6.3	6.4	4.1	3.6	3.9	4.0	3.5	4.6	4.5
Bulgaria	0.4	-4.9	4.0	3.9	1.4	1.8	2.6	4.2	4.5	4.5
Croatia	0.4	-7.5	6.2	4.5	-0.2	0.8	1.4	6.7	8.1	7.5
European Union	100.0	-6.7	5.2	2.7	0.8	1.7	1.7	7.0	7.8	8.3
Addendum:										
European Union 11	89.5	-7.0	5.2	2.6	0.4	1.4	1.3	8.0	8.7	9.5
Accession countries	9.0	-5.3	6.5	4.2	2.8	3.2	3.5	3.8	4.5	4.4
Euro Area	85.9	-7.1	5.3	2.6	0.4	1.5	1.4	7.5	8.1	8.9
Euro Area without Germany	60.7	-7.7	5.4	2.7	0.4	1.5	1.4	9.0	9.5	10.6

Based on GDP at prices and exchange rates of 2019 in percent. Change over previous year in percent. Harmonized Index of Consumer Prices (HICP). Standardized unemployment rate in percent (ILO); country groups weighted according to the size of the labor force in 2019. Accession countries since 2004.

Source: Eurostat, *National Accounts*; shaded: Kiel Institute forecast.



**Table 8.4:**  
Real gross domestic product and consumer prices in selected emerging market economies, 2019–2022

	Weights	Real GDP				Consumer prices			
		2019	2020	2021	2022	2019	2020	2021	2022
Indonesia	6.0	5.0	-1.9	6.2	4.8	2.8	2.2	3.0	3.7
Thailand	2.2	2.4	-6.9	5.4	3.3	0.7	-0.7	1.4	1.3
Malaysia	1.7	4.3	-7.2	8.3	4.8	0.7	-0.9	1.4	2.0
Philippines	1.6	6.1	-9.5	7.6	6.1	2.5	2.7	3.2	2.7
Total	11.6	4.6	-4.7	6.6	4.7	2.0	1.3	2.5	2.8
China	43.8	6.1	2.0	9.7	5.7	2.9	3.2	2.3	2.3
India	18.2	4.9	-9.1	12.2	7.4	3.7	6.3	5.7	5.7
Asian total	73.6	5.5	-1.8	9.8	6.0	3.0	3.7	3.2	3.2
Brazil	5.5	1.1	-5.9	4.8	3.0	3.7	2.8	3.8	4.0
Mexico	4.2	-0.3	-9.3	5.8	2.4	3.6	3.2	2.9	3.0
Argentina	1.4	-2.1	-9.5	5.3	2.6	53.5	50.0	40.0	40.0
Colombia	1.3	3.3	-7.1	5.2	3.0	3.5	2.6	3.0	3.5
Venezuela	0.3	-35.0	-15.0	-5.0	-2.0	-	-	-	-
Chile	0.8	1.0	-5.4	5.3	2.9	2.3	2.8	2.5	3.0
Peru	0.8	2.2	-11.7	6.1	3.5	2.1	1.9	2.2	2.4
Latin America total	14.4	0.6	-7.7	5.3	2.8	8.7	7.7	7.0	7.2
Russia	7.0	1.3	-3.0	4.2	1.8	3.7	3.5	4.5	4.0
Turkey	3.8	0.9	-5.5	6.0	4.0	15.2	11.8	11.0	11.0
South Africa	1.3	0.2	-7.5	7.0	3.5	4.1	3.3	4.0	5.0
Total	100.0	4.3	-3.0	8.6	5.1	4.3	4.5	4.1	4.2

In percent. Weights: According to 2019 GDP at purchasing power parities. GDP: price adjusted; changes compared to the previous year. Consumer prices: changes compared to the previous year. Asia total, Latin America total: based on listed countries.

Source: IMF, *International Financial Statistics*; OECD, *Main Economic Indicators*; national statistics; own calculations; shaded: Kiel Institute forecast.