

# KIEL INSTITUTE **ECONOMIC OUTLOOK**

**World Economy**  
Winter 2021

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## TEMPORARY SLOWDOWN

*Klaus-Jürgen Gern, Jan Reents, Stefan Kooths und Ulrich Stolzenburg*

Following an encouraging first half of the year, the recovery of the global economy has lost momentum. Across the globe, resurging Covid-19 infections weighed on economic activity. Supply chain disruptions prevented a further expansion of global industrial production, and the fast-moving recovery of the Chinese economy almost came to a sudden stop. The impact that the Omicron variant of the coronavirus will have on output remains uncertain at this stage. Over the next few months, we expect economic growth to be rather subdued before picking up again in 2022. We forecast global output (measured on a purchasing power parity basis) to increase by 5.7 percent in 2021 and 4.5 percent in 2022, representing a downward revision of our previous forecast by 0.2 and 0.5 percentage points for 2021 and 2022, respectively. For 2023, we have increased our forecast modestly from 3.8 percent to 4.0 percent. Inflation is thought to have peaked as the contribution of the energy component to overall inflation is expected to decline considerably going forward. Nonetheless, upward pressures on prices are expected to persist given continued supply constraints, and inflation rates will likely remain well above their respective pre-Covid levels.

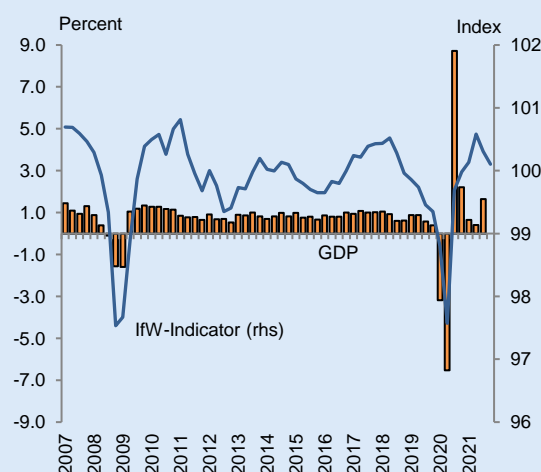
**The economic recovery has lost momentum.** Global output (measured on a purchasing power parity basis) has increased significantly during the third quarter. However, this has been largely due to a rebound of India's economy from a slump in activity due to another lockdown in spring. In the rest of the world, economic activity slowed down in the second half of the year, which is also reflected in the IfW-indicator for global economic activity, which tracks sentiment indicators in 42 countries (Figure 1).

**The Covid-19 pandemic still has an impact on economic activity but waves of infections are spreading at different speeds across countries.** Covid-19 affects individual economies differently. Countries that benefit from high vaccination rates are tolerating much higher infection rates before considering restrictive measures to contain the virus. In this respect, the new Omicron variant does bear some additional risk for global growth. In addition to the pandemic, supply chain disruptions and surging inflation have clouded the economic outlook.

**Supply chain problems slow down global trade and industrial production.** In 2021, growth of industrial production has come to a halt. Supply bottlenecks have been a major factor behind the stagnating trend in industrial production.

An increased share of goods blocked in waiting lines in major harbours (Figure 2) is an indication of capacity constraints in global transport which are contributing to the slowdown. Moreover, manufacturing capacities have proven to be insufficient to meet strong overall demand. The shortage of semiconductors is case in point and has affected the automotive industry in particular, with global automobile production having declined by about 30 percent during 2021. Given the size of the automotive industry, this represents a major drag on global economic output.

**Figure 1:**  
World Economic Activity



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.

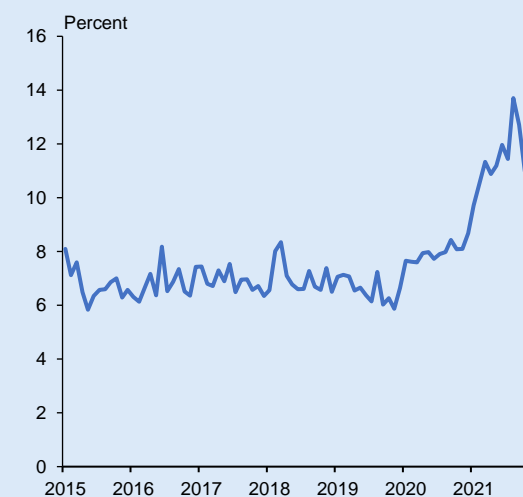
**Inflation has been surging across developed economies.** Inflation rates have increased significantly over the course of 2021, often reaching multi-decade highs. Inflation in the G-7 has climbed to around 5 percent (Figure 3). From December onwards, the trend is expected to reverse as the contribution of the energy component, which accounted for approximately half of the increase in inflation, is expected to decline. However, core inflation (excluding food and energy) has also increased substantially and is now exceeding inflation targets in most countries.

**Energy prices have increased strongly but are expected to slowly retreat within our forecasting horizon.** During recent months, gas prices in particular rose dramatically and pulled up oil prices as well. The price of oil increased to 85 dollar per barrel, its highest price since 2014 (Figure 4). Over the forecast horizon, we expect commodity prices to slightly retreat as demand remains subdued due to the pandemic whereas supply should be supported by the current high level of commodity prices.

**Monetary policy is tightening.** The Federal Reserve and the Bank of England have both already prepared markets for an acceleration of the pace of their monetary tightening. Interest rates are expected to be raised in the first half of 2022 provided that the economy remains on track despite Omicron. In the euro area, an interest rate increase is not yet in sight, but asset purchases will be reduced when pandemic emergency bond buying program expires in March 2022. Developing countries have already been raising interest rates since mid-2021 in order to address growing concerns about inflation and stem downward pressure on their exchange rates.

**Fiscal policy remains supportive.** In light of resurging waves of infections, fiscal policy has continued to support the expansion. While efforts to contain the economic fallout of the pandemic will be reduced as economic activity is progressively normalizing, the focus of fiscal policy has shifted towards public investments and programs addressing the structural challenges that countries are facing (e.g. climate change or aging societies). Any slowdown resulting from the discontinuation of fiscal support programs relating to the pandemic should therefore be limited.

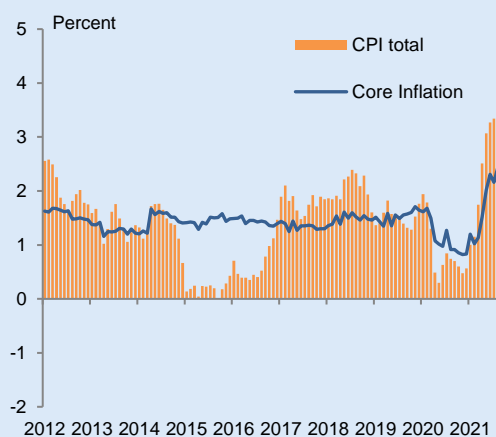
**Figure 2:**  
Freight on stationary ships



Monthly data. As a share of goods shipped on sea.

Source: Kiel Institute calculations with data provided by Fleetmon.com. Kiel Trade Indicator 11/21.

**Figure 3:**  
CPI inflation in G7-countries



Monthly data. Change over previous year.

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

## Outlook:

### Recovery of the global economy temporarily subdued

The pandemic and global supply chain disruptions will continue to weigh on growth, but the negative impact will diminish. Economic momentum in the world economy has slowed in 2021 as a consequence of resurging Covid-19 cases and far-reaching supply chain problems. We expect that new waves of infections will continue to spread over the next coming months, in particular given the rise of the more contagious Omicron variant. The consequences for economic activity, however, should become less severe going forward. Sectors that have been lagging, e.g. the tourism or entertainment industries, will continue to recover over the forecasting horizon, although we have revised down the pace of normalization. Supply bottlenecks are expected to fade as manufacturing capacities are being increased and supply chains are adjusted. We forecast global output (measured on a purchasing power parity basis) to increase by 5.7 percent this year and 4.5 percent in 2022 (Table 1). Compared to our September forecast, we have reduced our estimates by 0.2 percentage points for 2021 and 0.5 percentage points for 2022. For 2023, we have increased our forecast modestly from 3.8 percent to 4.0 percent. World output measured market exchange rates should increase by 5.6 percent this year and 4.4 and 3.7 percent in 2022 and 2023, respectively. World trade in goods is set to increase by more than 9 percent in 2021, but trade growth will reduce to 2.2 percent in 2022 before increasing to 3.5 percent in 2023.

**Tabelle 1:**

**Real GDP and consumer prices in the global economy**

	Weight	Gross domestic product				Consumer prices			
		2020	2021	2022	2023	2020	2021	2022	2023
World economy total	100	-3.1	5.7	4.5	4.0	3.2	4.5	4.9	3.7
<i>including</i>									
Advanced economies	44.5	-4.7	5.0	3.8	2.9	0.8	3.1	3.6	2.1
China	18.7	2.3	7.8	4.1	4.9	2.5	1.0	2.3	2.3
Latin America	6.5	-6.8	6.6	3.3	3.1	8.1	11.3	11.0	7.8
India	7.7	-7.0	7.6	11.7	7.9	6.6	5.2	4.9	4.2
East Asian emerging economies	5.0	-4.5	2.9	6.1	6.4	1.1	2.1	2.9	2.4
Russia	3.1	-2.4	3.7	3.1	2.5	2.6	5.9	4.9	4.7
Africa	2.9	-0.9	3.4	3.3	4.0	0.0	7.9	9.8	9.2
<i>Memorandum item:</i>									
World trade volume (goods)		9.4	9.4	2.2	3.5				
World economy (GDP weights using current US-dollar exchange rates)		-3.8	5.6	4.4	3.7	2.4	4.0	4.4	3.1

Percent. Weights according to GDP in 2020 based on purchasing power parities. GDP, consumer prices: change over previous year. East Asian emerging economies: Thailand, Malaysia Indonesia and Philippines. Africa: Egypt, Nigeria, South Africa, Algeria, Ethiopia.

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

**In the United States, the economic expansion remains strong and inflation exceeds the central bank target.** The slowdown of growth to 0.5 percent in the third quarter was to a large extent due to temporary factors, and the fourth quarter is likely to see a rebound. For the full year 2021, GDP is likely to increase by 5.6 percent. US fiscal policy remains expansive even though the volume of the most recent programs appears modest compared to earlier programs. Monetary policy will be gradually tightened, but nevertheless continue to support the expansion over the next two years. We expect GDP to increase by 4.7 percent in 2022 and 2.9 percent in 2023 and thus by rates above the estimated rate of potential output (Table 2). While the impact of energy prices on inflation will diminish, rising capacity utilization will add to inflationary pressures and inflation rates will remain above target.

**Table 2:**  
**Real gross domestic product, consumer prices and unemployment rate in advanced economies**

	Weights	Real GDP			Consumer prices				Unemployment rate		
		2021	2022	2023	2021	2022	2023	2020	2021	2022	2023
European Union	36.0	5.0	3.5	3.2	2.8	3.1	2.2	7.5	7.4	6.6	6.2
Euro area	29.2	5.0	3.5	3.1	2.5	2.8	1.9	7.8	7.6	6.9	6.5
Sweden	1.0	4.7	4.3	2.8	2.5	2.8	2.0	8.3	8.8	7.4	6.6
Poland	2.3	5.3	4.2	3.8	5.1	5.7	3.9	3.2	3.5	3.0	2.8
United Kingdom	5.6	6.9	4.5	1.9	2.4	4.1	2.5	4.5	4.5	4.3	4.2
Switzerland	1.1	3.6	3.1	1.7	0.6	1.0	1.0	4.8	5.1	4.8	4.6
Norway	0.6	4.0	3.7	1.6	3.0	1.8	1.8	4.4	4.9	4.6	4.4
United States	37.3	5.6	4.4	2.9	4.7	5.0	2.4	8.1	5.4	3.8	3.5
Canada	3.4	4.6	3.6	2.8	3.4	3.1	2.5	9.5	7.6	6.5	6.2
Japan	9.6	1.5	2.8	2.0	-0.2	1.0	0.4	2.8	2.8	2.5	2.4
South Korea	4.0	3.9	3.6	3.3	2.5	2.2	1.8	4.0	3.6	3.2	3.0
Australia	2.3	4.2	3.4	3.1	2.8	2.7	2.3	6.5	5.1	4.7	4.3
<b>Total</b>	<b>100.0</b>	<b>5.1</b>	<b>4.0</b>	<b>3.0</b>	<b>3.3</b>	<b>3.8</b>	<b>2.2</b>	<b>6.7</b>	<b>5.8</b>	<b>4.9</b>	<b>4.6</b>

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 2020.

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

**Following a setback in the autumn and winter, the recovery in the Euro area will pick up again in spring.** In response to spiraling Covid-19 infections in Europe, containment measures have again been put in place. As a result, private consumption has been impaired with personal services being affected most severely. For the fourth quarter of 2021 and the first quarter of 2022, we expect economic output to decline slightly. At the same time, industrial production remains impaired by supply chain disruptions. Going forward, however, supply chain problems should gradually dissolve, allowing manufacturing output to expand considerably in 2022. Following an increase of GDP of 5.0 percent in 2021, we expect growth of 3.5 percent and 3.1 percent in 2022 and 2023, respectively. Inflation will rise to 2.8 percent next year, before gradually declining again to 1.9 percent in 2023.

**A real estate crisis and Covid-19 push growth in China below 5 percent.** The Chinese economy has slowed markedly over 2021 due to a number of factors. While energy shortages which constrained output particularly in the third quarter, appear to have been largely resolved following a ramp-up in energy supply and improved incentives for electricity production, other elements will continue to affect growth in China over a longer term. Containment measures can be expected to restrain activity as long as the rigid no-Covid policy remains in place. The consolidation of the real estate sector will likely have an even more severe and lasting influence on the economy. All in all, we expect growth rates to remain substantially below China's pre-Covid levels for the foreseeable future.

**Omicron is a risk for the global economic recovery.** The appearance of the Omicron variant of the Covid-19 virus has raised the risk of a pronounced economic downturn, as it is considered to be highly contagious and vaccinations appear to be less effective. There is a concern that another bout of long-lasting and pronounced restrictions and behavior adaptations could lead to persistent damages in the most affected industries.

**Tighter monetary conditions across advanced economies could derail the recovery in emerging economies.** Until recently, emerging economies have been mostly struggling with the impact of the pandemic, while financial conditions have been generally favorable and high commodity prices a stimulating factor. At the current juncture, we expect the recovery in the developing and emerging economies to overall continue. However, tightening of monetary policy in the United States may lead to capital outflows from emerging economies and put downward pressure on their exchange rates. Many central banks in emerging economies have already increased interest rates and, with interest rates in the US rising, they could find themselves in the position to have to tighten their policy beyond what would be appropriate from a purely domestic point of view.

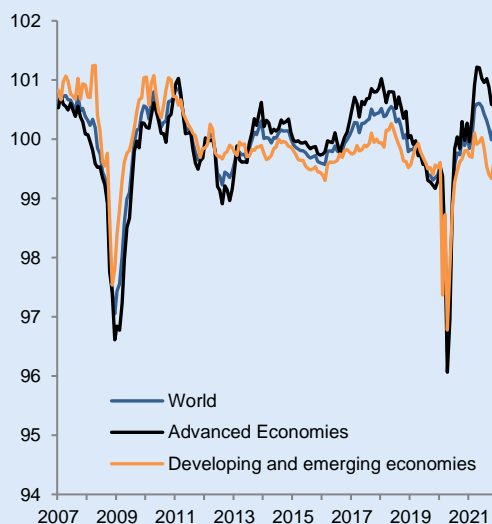
**Data annex**

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## 1. World Economy

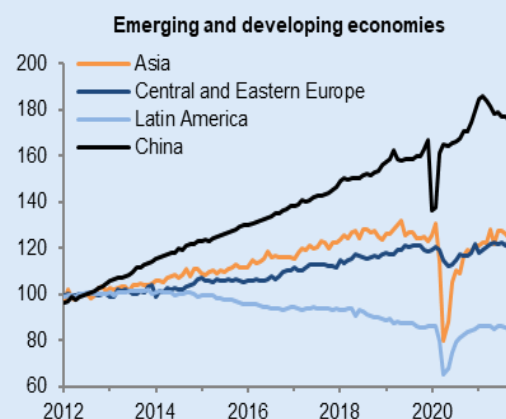
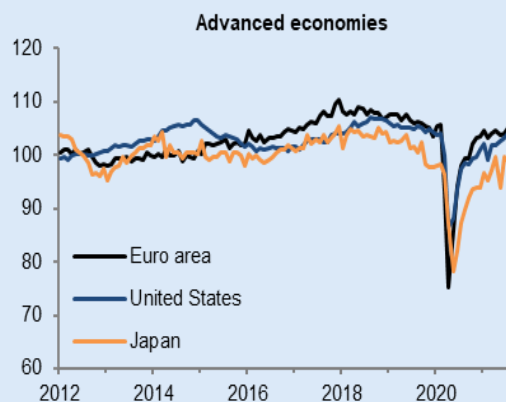
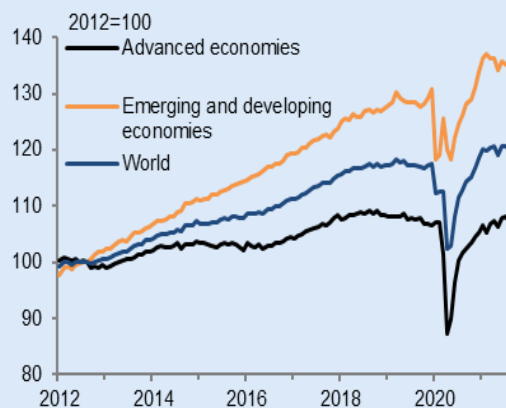
**Figure 1.1:**  
Business expectations by groups of countries



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.

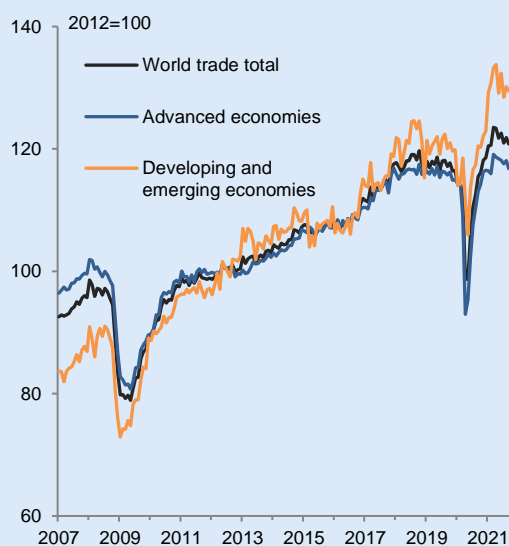
**Figure 1.2:**  
Industrial production by groups of countries and regions



Monthly data. Last value: June 2021.

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

**Figure 1.3:**  
World trade

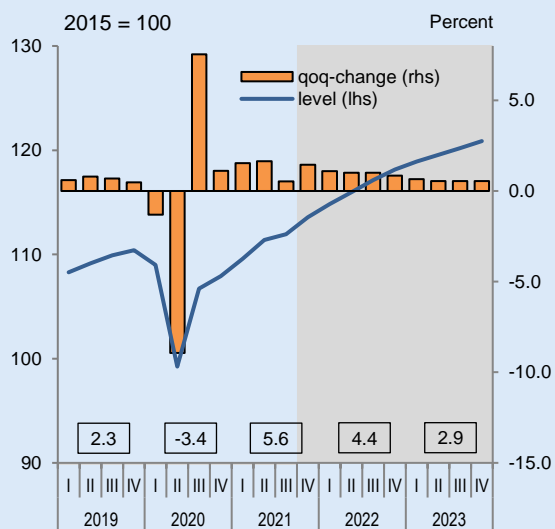


Monthly Data.

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

## 2. United States

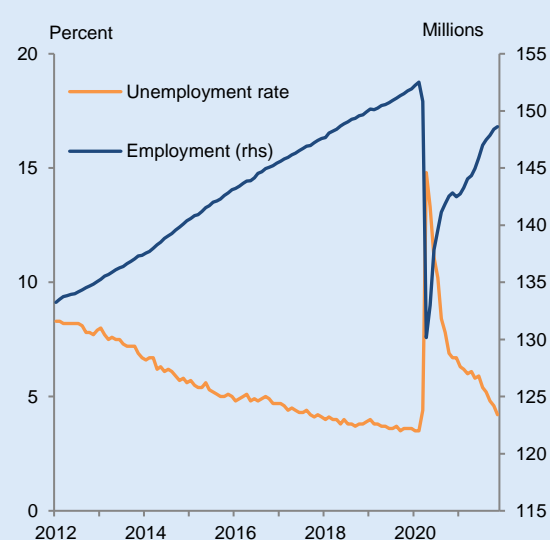
**Figure 2.1:**  
GDP



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

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

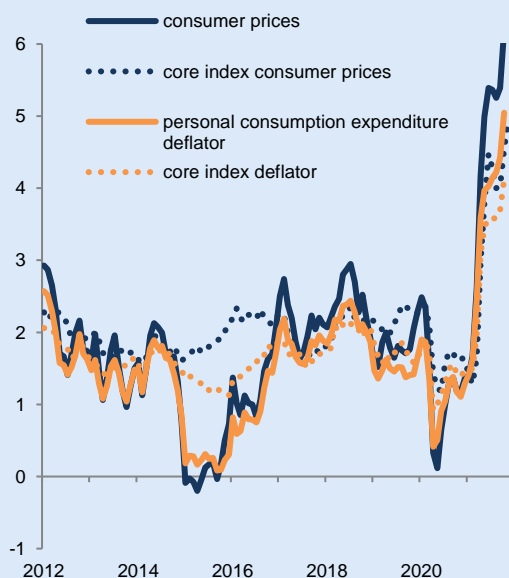
**Figure 2.2:**  
Labor market



Monthly data; seasonally adjusted.

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

**Figure 2.3:**  
Consumer prices



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

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

**Table 2.1:**  
Key indicators United States

	2020	2021	2022	2023
Gross Domestic Product	-3.4	5.6	4.4	2.9
Domestic expenditure	-3.0	6.7	4.0	2.7
Private consumption	-3.8	8.0	4.0	2.9
Government expenditure	2.5	0.7	2.7	2.4
Gross fixed capital formation	-2.7	7.9	3.0	4.2
Machinery and equipment	-8.3	13.3	3.6	3.8
Intellectual property rights	2.8	10.0	5.4	3.8
Structures	-12.5	-7.4	2.8	7.3
Residential investment	6.8	9.1	-0.2	3.6
Inventories	-0.5	0.0	0.5	-0.4
Net exports	-0.4	-1.2	0.3	0.2
Exports	-13.6	4.0	9.1	6.2
Imports	-8.9	13.2	5.4	3.9
Consumer prices	1.2	4.7	5.0	2.4
Unemployment rate	8.1	5.4	3.8	3.5
Current account balance	-2.5	-3.2	-2.6	-2.4
Government budget balance	-14.8	-14.0	-6.0	-5.1

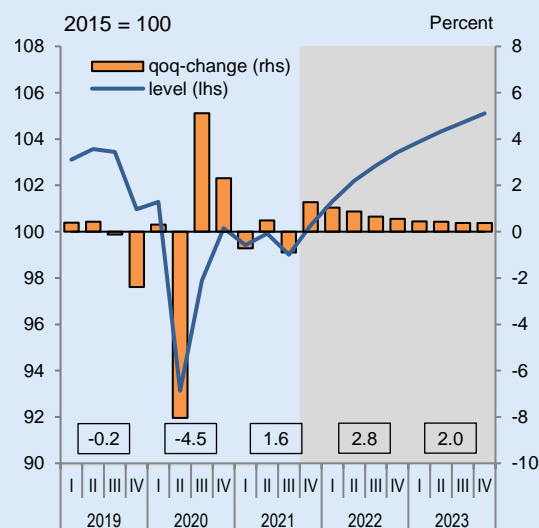
GDP: volumes, change over previous year, percent. Net exports, inventories: contribution to growth, percentage points. Unemployment rate: unemployed in relation to labor force, percent. Current account balance, government budget balance: percent of nominal GDP. Budget balance: fiscal year.

Source: US Department of Commerce, *National Economic Accounts*; US Department of Labor, *Employment Situation and Consumer Price Index*; US Department of the Treasury, *Monthly Treasury Statement*; own calculations; shaded: IfW forecast.



### 3. Japan

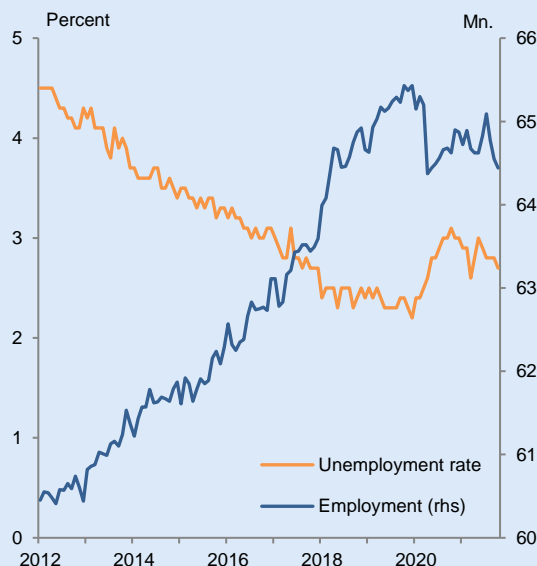
**Figure 3.1:**  
GDP



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

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

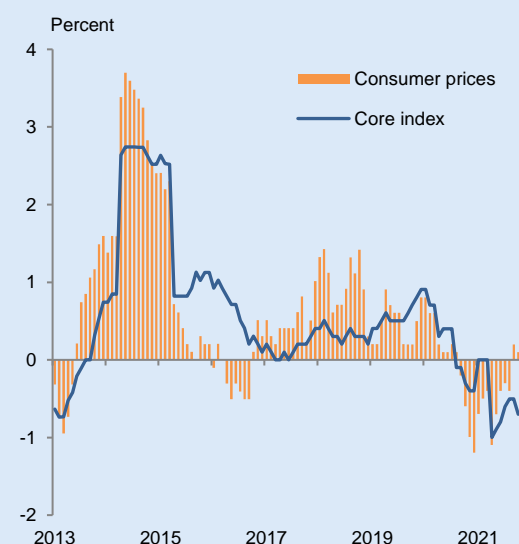
**Figure 3.2:**  
Labor market



Monthly data; seasonally adjusted.

Source: Department of Labor.

**Figure 3.3:**  
Consumer prices



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

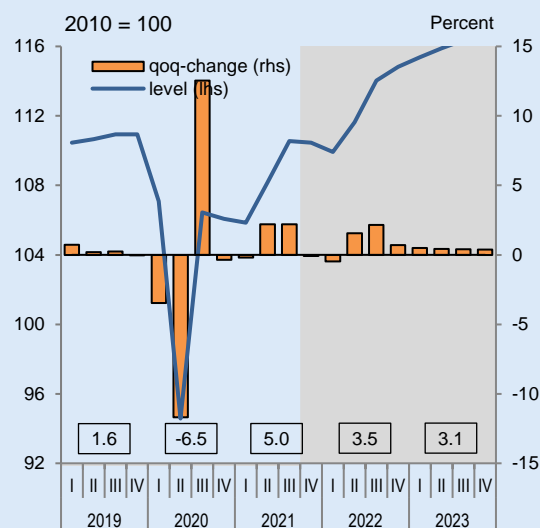
	2020	2021	2022	2023
Gross Domestic Product	0.0	-4.7	1.5	2.8
Domestic expenditure	0.2	-3.7	0.7	2.9
Private consumption	-0.2	-6.0	1.3	2.9
Government consumption	1.9	2.7	1.9	1.0
Gross fixed capital formation	1.0	-0.5	-4.7	4.0
Enterprises	0.1	-6.7	0.1	5.0
Residential Investment	4.1	-7.8	-1.3	2.7
Public investment	1.1	3.7	-1.0	1.9
Change in inventories	-0.1	-0.1	-0.1	0.1
Net exports	-0.3	-0.6	0.7	0.0
Exports	-1.5	-11.8	11.2	3.6
Imports	1.1	-7.3	6.1	4.1
Consumer prices	0.5	0.0	-0.2	1.0
Unemployment rate	2.4	2.8	2.8	2.5
Current account balance	3.6	2.9	3.1	2.6
Government budget balance	-2.6	-9.5	-6.5	-6.5

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: Ifw forecast.

## 4. Euro Area

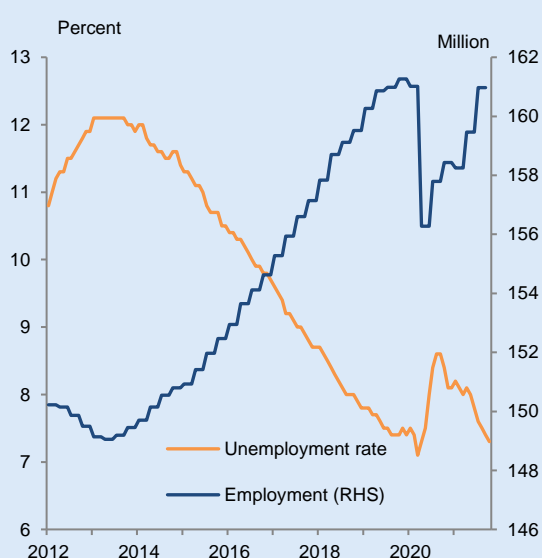
**Figure 4.1:**  
GDP



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 forecast.

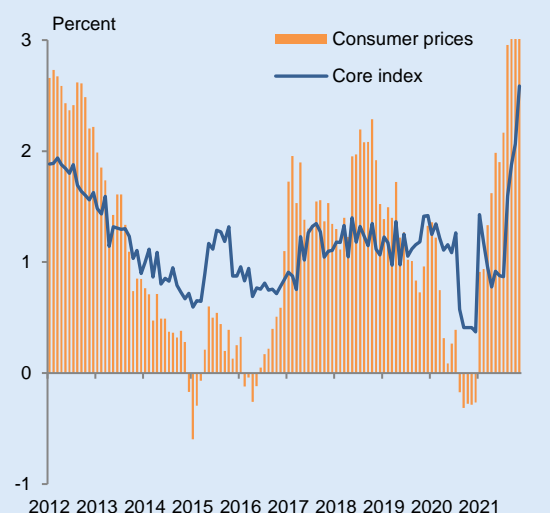
**Figure 4.2:**  
Labor market



Monthly data; seasonally adjusted.

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

**Figure 4.3:**  
Consumer prices



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

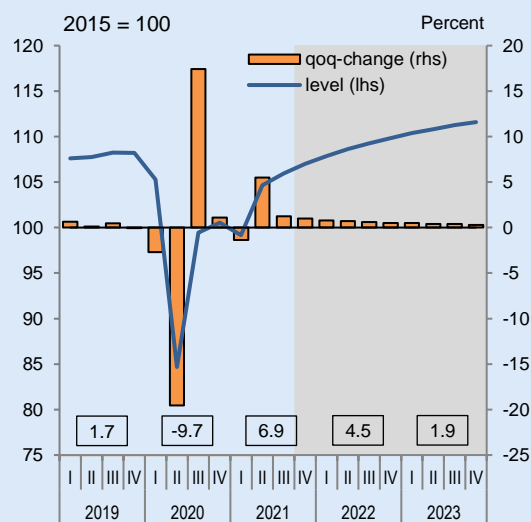
	2020	2021	2022	2023
Gross Domestic Product	-6.5	5.0	3.5	3.1
Domestic expenditure	-6.4	3.8	3.4	3.1
Private consumption	-8.0	3.3	4.5	3.7
Government consumption	1.3	3.8	1.5	0.8
Gross fixed capital formation	-7.3	3.5	3.3	4.1
Inventories	-0.6	0.3	-0.1	0.0
Net exports	-0.4	1.3	0.2	0.1
Exports	-9.4	9.5	4.3	5.0
Imports	-9.3	7.1	4.2	5.2
Consumer prices	0.3	2.6	2.8	1.9
Unemployment rate	7.8	7.6	6.8	6.4
Current account balance	1.9	2.4	2.1	2.2
Government budget balance	-7.2	-7.0	-4.5	-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: IfW forecast.

## 5. United Kingdom

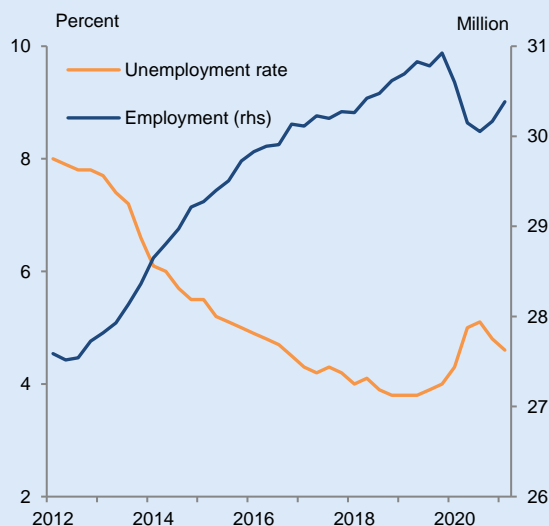
**Figure 5.1:**  
GDP



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

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

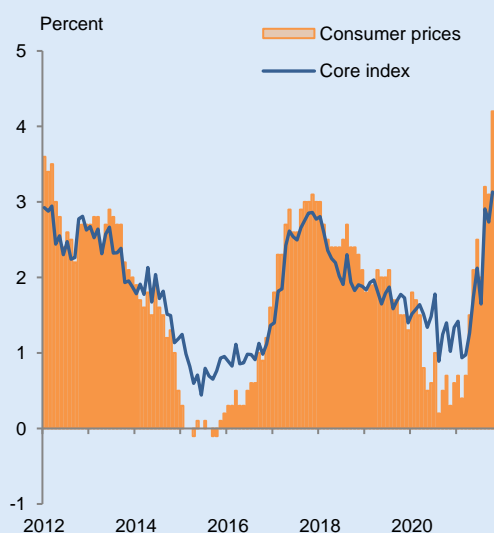
**Figure 5.2:**  
Labor market



Quarterly data, seasonally adjusted.

Source: Office for National Statistics, *Economy*.

**Figure 5.3:**  
Consumer prices



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

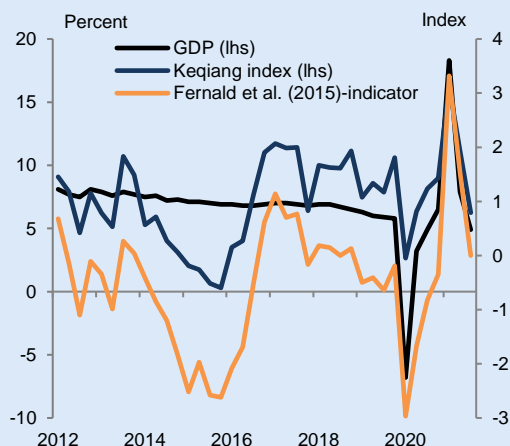
	2020	2021	2022	2023
Gross Domestic Product	-9.8	6.9	4.5	1.9
Domestic expenditure	-10.4	6.6	5.3	4.0
Private consumption	-10.9	4.0	7.2	3.0
Government consumption	-6.3	16.0	3.5	0.8
Gross fixed investment	-9.2	4.9	4.5	3.0
Inventories	-0.5	1.4	0.2	-0.1
Net exports	0.8	-1.0	-0.9	-0.3
Exports	-14.7	-2.2	5.0	3.7
Imports	-16.8	1.6	7.5	4.4
Consumer prices	0.9	2.4	4.1	2.5
Unemployment rate	4.5	4.5	4.3	4.2
Current account balance	-2.6	-2.9	-3.5	-4.0
Government budget balance	-12.9	-9.0	-5.3	-4.5

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: Office for National Statistics, *Economy*; shaded: IFW forecast.

## 6. China

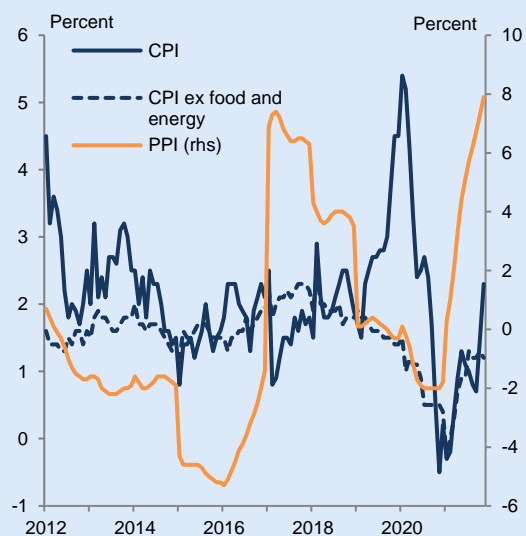
**Figure 6.1:**  
GDP and alternative activity measures



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 Fud-ging 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.

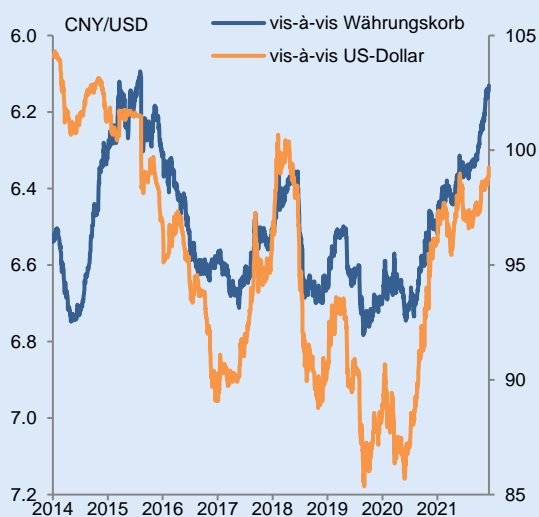
**Figure 6.2:**  
Inflation



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

Source: National Bureau of Statistics.

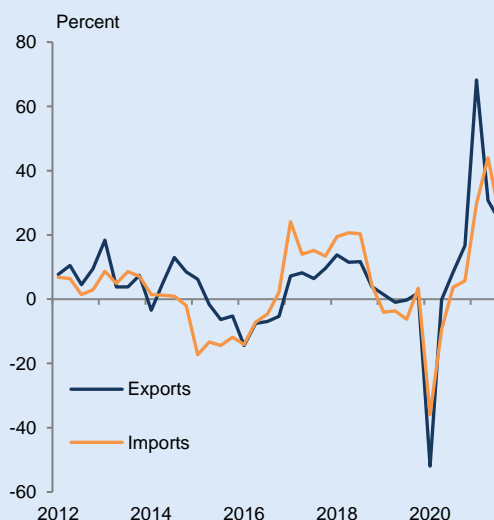
**Figure 6.3:**  
Exchange rate



Tagesdaten.

Quelle: Thomson Reuters; China Foreign Exchange Trade System; Berechnungen des Ifw Kiel.

**Figure 6.4:**  
Exports and Imports

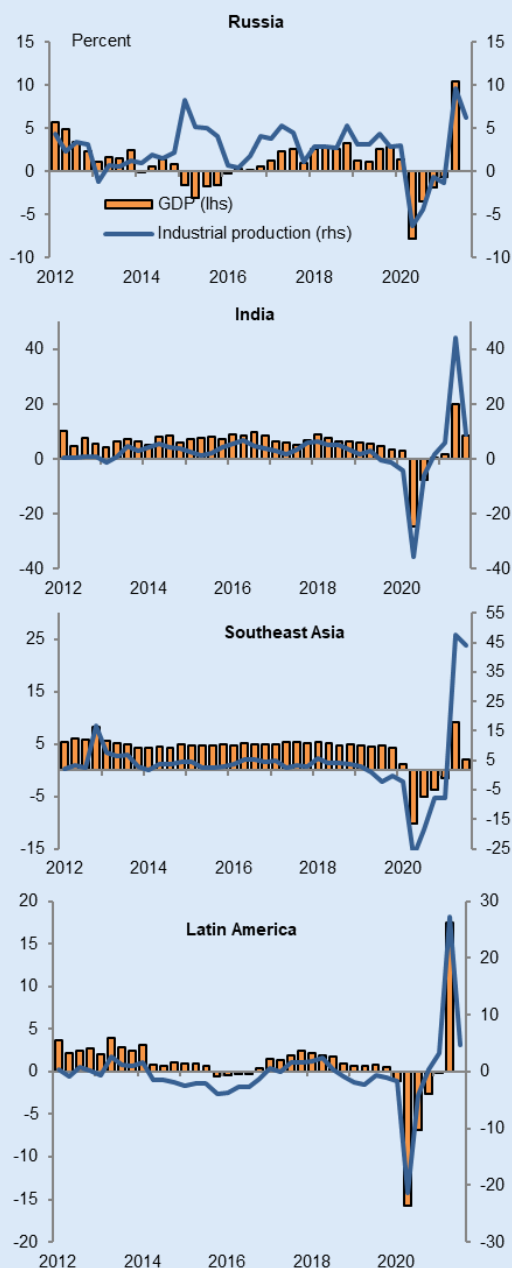


Change on a year earlier based on quarterly averages. Last value: 2021Q3

Source: General Administration of Customs China

## 7. Other emerging Economies

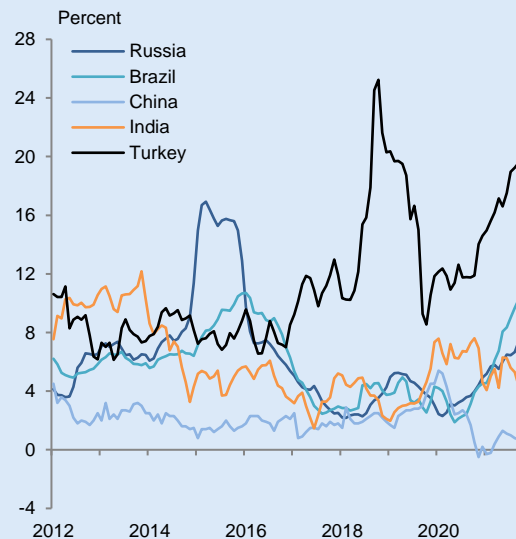
**Figure 7.1:**  
GDP and industrial production in emerging economies



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 offices; Kiel Institute calculations.

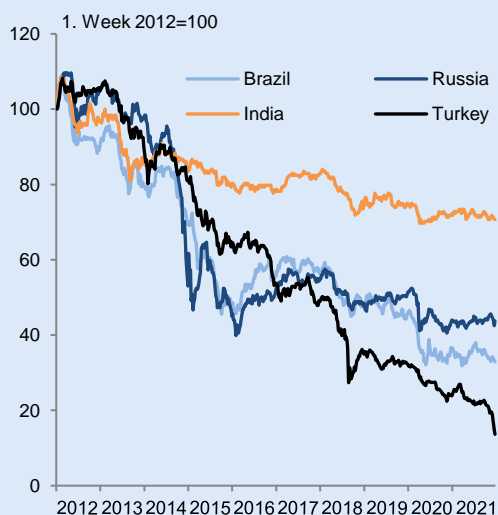
**Figure 7.2:**  
Consumer prices



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



Weekly data.

Source: Thomson Reuters Datastream

## 8. Forecast summary

**Table 8.1:**  
Real gross domestic product, consumer prices and unemployment rates in the European Union

	Weights	Real GDP				Consumer prices				Unemployment rate			
		2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
Germany	25.3	-4.9	2.6	4.0	3.5	0.4	3.2	3.1	2.0	3.8	3.5	3.1	3.0
France	17.3	-8.0	6.6	2.9	2.9	0.5	2.1	2.4	1.8	8.0	7.9	7.5	7.2
Italy	12.4	-9.0	6.2	3.2	2.6	-0.1	2.0	2.4	1.9	9.3	9.6	9.0	8.5
Spain	8.4	-10.8	4.2	5.1	4.2	-0.3	2.9	3.0	1.8	15.5	15.0	13.6	12.4
Netherlands	6.0	-3.8	4.2	2.3	2.1	1.1	2.7	3.0	2.0	3.8	3.2	2.8	2.7
Belgium	3.4	-5.7	5.9	2.4	2.2	0.4	3.0	3.0	2.0	5.5	6.3	5.4	4.8
Austria	2.8	-6.8	4.7	3.1	2.3	1.4	2.8	2.8	2.1	6.0	6.2	4.9	4.4
Ireland	2.8	5.8	14.9	4.1	3.8	-0.5	2.3	2.8	1.8	5.9	6.3	4.9	4.2
Finland	1.8	-2.9	3.5	1.9	2.0	0.4	2.1	2.4	1.8	7.7	7.6	6.7	6.4
Portugal	1.5	-8.4	4.3	5.6	3.1	-0.1	1.0	2.5	1.7	7.1	6.6	6.1	5.9
Greece	1.2	-8.8	9.2	3.9	3.4	-1.3	0.4	2.8	1.8	16.4	14.8	12.7	11.8
Slovak Republic	0.7	-4.4	2.8	2.2	3.7	2.0	2.8	3.4	2.4	6.7	6.7	5.7	5.3
Luxembourg	0.5	-1.8	7.0	1.4	2.4	0.0	3.5	3.0	1.8	6.7	5.7	5.2	5.1
Slovenia	0.4	-4.8	6.7	3.1	3.3	-0.3	2.1	3.4	2.5	5.0	4.9	4.4	4.0
Lithuania	0.4	0.0	4.7	2.3	3.7	1.1	4.3	4.2	2.4	8.5	7.0	6.2	6.0
Latvia	0.2	-3.6	4.2	3.2	3.8	0.1	3.1	4.4	3.0	8.1	7.4	6.3	6.0
Estonia	0.2	-2.6	7.5	2.4	3.6	-0.6	4.0	4.8	2.8	6.8	6.2	5.0	4.5
Cyprus	0.2	-5.2	5.2	3.3	3.1	-1.1	2.2	2.9	1.8	7.6	7.6	6.0	5.0
Malta	0.1	-8.1	7.2	4.3	4.4	0.8	0.8	1.8	1.5	4.4	3.6	3.0	2.9
Sweden	3.5	-3.1	4.7	4.3	2.8	0.7	2.5	2.8	2.0	8.3	8.8	7.4	6.6
Poland	3.7	-2.5	5.3	4.2	3.8	3.6	5.1	5.7	3.9	3.2	3.5	3.0	2.8
Denmark	2.3	-2.1	3.7	3.6	2.8	0.3	1.9	2.4	1.7	5.7	5.2	4.5	4.3
Czech Republic	1.6	-5.8	2.9	3.5	3.4	3.3	3.4	4.0	3.1	2.6	2.9	2.1	1.9
Romania	1.5	-3.7	5.8	3.0	4.5	2.3	4.1	5.2	3.7	5.0	5.4	4.3	3.9
Hungary	1.0	-4.9	6.1	3.7	4.5	3.4	5.1	5.7	4.3	4.1	4.1	3.5	3.3
Bulgaria	0.4	-4.3	1.5	2.8	4.3	1.2	2.8	4.0	2.5	5.2	5.5	4.3	3.9
Croatia	0.4	-7.8	10.5	3.9	3.8	0.1	2.6	3.0	2.1	7.8	7.6	6.1	5.4
European Union	100.0	-6.0	5.0	3.5	3.2	0.7	2.8	3.1	2.2	7.5	7.4	6.6	6.2
<i>Addendum:</i>													
European Union 11	89.2	-6.2	5.0	3.6	3.1	0.3	2.5	2.7	1.9	8.4	8.3	7.5	7.0
Accession countries	9.2	-4.5	5.9	4.1	4.6	2.7	4.2	5.0	3.5	4.4	4.6	3.8	3.5
Euro Area	85.5	-6.4	5.0	3.5	3.1	0.3	2.5	2.8	1.9	7.8	7.6	6.9	6.5
Euro Area without Germany	60.2	-7.0	6.0	3.3	2.9	0.2	2.3	2.7	1.9	9.2	9.1	8.2	7.7

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: IfW forecast.

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

	Weights	Real GDP			Consumer prices			Unemployment rate		
		2021	2022	2023	2021	2022	2023	2021	2022	2023
European Union	36.0	5.0	3.5	3.2	2.8	3.1	2.2	7.4	6.6	6.2
Euro area	29.2	5.0	3.5	3.1	2.5	2.8	1.9	7.6	6.9	6.5
Sweden	1.0	4.7	4.3	2.8	2.5	2.8	2.0	8.8	7.4	6.6
Poland	2.3	5.3	4.2	3.8	5.1	5.7	3.9	3.5	3.0	2.8
United Kingdom	5.6	6.9	4.5	1.9	2.4	4.1	2.5	4.5	4.3	4.2
Switzerland	1.1	3.6	3.1	1.7	0.6	1.0	1.0	5.1	4.8	4.6
Norway	0.6	4.0	3.7	1.6	3.0	1.8	1.8	4.9	4.6	4.4
United States	37.3	5.6	4.4	2.9	4.7	5.0	2.4	5.4	3.8	3.5
Canada	3.4	4.6	3.6	2.8	3.4	3.1	2.5	7.6	6.5	6.2
Japan	9.6	1.5	2.8	2.0	-0.2	1.0	0.4	2.8	2.5	2.4
South Korea	4.0	3.9	3.6	3.3	2.5	2.2	1.8	3.6	3.2	3.0
Australia	2.3	4.2	3.4	3.1	2.8	2.7	2.3	5.1	4.7	4.3
<b>Total</b>	<b>100.0</b>	<b>5.1</b>	<b>4.0</b>	<b>3.0</b>	<b>3.3</b>	<b>3.8</b>	<b>2.2</b>	<b>5.8</b>	<b>4.9</b>	<b>4.6</b>

Based on GDP at prices and exchange rates of 2019 in percent. Change over previous year in percent. European Union and Norway: Harmonize Index of Consumer Prices (HICP). Standardized unemployment rate in percent (ILO); country groups weighted according to the size of the labor force in 2020.

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

**Table X:**  
Real gross domestic product and consumer prices in selected emerging market economies

	Weights	Real GDP				Consumer prices			
		2020	2021	2022	2023	2020	2021	2022	2023
Indonesia	5.7	-2.1	3.3	6.4	6.4	2.0	1.6	2.5	2.4
Thailand	2.3	-6.2	1.2	5.7	6.2	-0.8	1.5	2.8	1.8
Malaysia	1.6	-5.7	2.3	3.8	5.9	-1.1	2.5	3.0	2.4
Philippines	1.7	-9.3	4.7	7.6	7.2	2.6	4.4	4.1	3.2
<b>Total</b>	<b>11.3</b>	<b>-4.5</b>	<b>2.9</b>	<b>6.1</b>	<b>6.4</b>	<b>1.1</b>	<b>2.1</b>	<b>2.9</b>	<b>2.4</b>
China	39.7	2.3	7.8	4.1	4.9	2.5	1.0	2.3	2.3
India	16.3	-7.0	7.6	11.7	7.9	6.6	5.2	4.9	4.2
<b>Asia total</b>	<b>67.2</b>	<b>-1.1</b>	<b>6.9</b>	<b>6.3</b>	<b>5.9</b>	<b>3.3</b>	<b>2.2</b>	<b>3.0</b>	<b>2.8</b>
Brazil	5.5	-4.2	5.0	2.5	3.0	3.2	8.1	6.1	3.6
Mexico	4.5	-8.4	5.5	3.4	3.1	3.4	5.7	5.9	4.0
Argentina	1.8	-9.9	6.7	2.6	3.1	45.0	48.0	50.0	38.0
Colombia	1.3	-6.8	9.4	5.3	3.4	2.5	3.5	4.1	3.3
Venezuela	0.3	-31.0	10.0	10.0	5.0	-	-	-	-
Chile	0.8	-6.0	11.7	5.6	3.1	3.0	4.5	5.0	3.8
Peru	0.8	-11.0	13.6	4.2	4.0	1.8	4.1	4.7	3.2
<b>Latin America total</b>	<b>15.0</b>	<b>-6.8</b>	<b>6.6</b>	<b>3.3</b>	<b>3.1</b>	<b>8.1</b>	<b>11.3</b>	<b>11.0</b>	<b>7.8</b>
Egypt	2.1	3.6	3.4	5.0	4.6	5.7	5.5	5.0	4.5
Nigeria	1.8	-1.8	2.5	3.3	3.0	13.2	17.0	15.0	12.0
South Africa	1.3	-6.4	5.0	3.0	4.4	3.3	4.6	4.5	4.0
Algeria	0.9	-4.9	3.7	3.0	2.5	2.4	5.2	6.0	6.0
Ethiopia	0.4	6.1	2.0	-3.0	7.0	20.4	24.0	25.0	15.0
<b>Africa total</b>	<b>6.5</b>	<b>-0.9</b>	<b>3.4</b>	<b>3.3</b>	<b>4.0</b>	<b>7.9</b>	<b>9.8</b>	<b>9.2</b>	<b>7.4</b>
Russia	7.1	-2.4	3.7	3.1	2.5	2.6	5.9	4.9	4.7
Turkey	4.2	1.8	10.2	4.9	4.9	12.3	18.5	22.5	20.0
<b>Total</b>	<b>100.0</b>	<b>-1.9</b>	<b>6.5</b>	<b>5.4</b>	<b>5.1</b>	<b>4.6</b>	<b>5.0</b>	<b>5.6</b>	<b>4.7</b>

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; Kiel Institute calculations; shaded: Kiel Institute forecast.