



Press release

**Economic outlook 2013-2014**

**Wednesday, 23 October 2013, 9H00**

Six years after the outbreak of the world economic and financial crisis, world growth is expected to accelerate in 2014. This may augur the end of the turmoil. **For the industrialized countries, growth should reach 1.7 % in 2014 after 0.9 % in 2013.** The threat of a split-up of the Eurozone has vanished and the sovereign debt crisis appears to have ended. Yet economic activity remains weak, public and private debts have reached record levels and mass unemployment has increased. **Growth will notably be weak in the Eurozone (1.1 % in 2014 after a fall of 0.3 % of GDP in 2013)** and will not erase the impact of the crisis. The unemployment rate will still stand at 11.9 % in 2014 for the Eurozone.

Deleveraging is key to exiting the crisis. It requires a combination of sustained GDP growth, low sovereign interest rates and a credible path for fiscal consolidation. In its absence, there is a real risk of a new slump in the Eurozone. The European countries will still carry out severe fiscal adjustments although austerity will be less drastic in 2014. Consolidation will be notably stronger in countries that have suffered the most from the crisis. This will amplify the divergence across Eurozone countries. Social unrest will not be lessened, and the wage deflation process will worsen.

France is in an intermediate position in the euro zone. **French GDP will grow at 0.2 % in 2013 and 1.3 % in 2014,** even though the potential rebound of activity is significant after several years of crisis. Growth could have reached 2.6 % in 2013 and 2014 had it not been slowed by the austerity measures implemented in France and in other European countries. In 2013 alone, this fiscal policy strategy has cut French growth by 2.4 GDP points. For 2014, the European Commission has given a small leeway to soften the fiscal impulse. Austerity will be less drastic in France. There will be more growth, but it will not be sufficient to boost employment. **The unemployment rate will still rise to 11.4% by the end of 2014.**

## World Economy

| Annual GDP growth rate,<br>in % | weight | 2012 | 2013 | 2014 |
|---------------------------------|--------|------|------|------|
| <b>World</b>                    | 100    | 2,8  | 2,5  | 3,1  |
| <b>Industrialized countries</b> | 53,5   | 1,3  | 0,9  | 1,7  |
| <b>European Union 28</b>        | 22,1   | -0,3 | 0,0  | 1,3  |
| <b>Eurozone</b>                 | 15,5   | -0,6 | -0,3 | 1,1  |
| <b>United-Kingdom</b>           | 3,2    | 0,1  | 1,3  | 1,7  |
| <b>United States</b>            | 20,8   | 2,8  | 1,5  | 2,4  |
| <b>Emerging countries</b>       | 46,5   | 4,6  | 4,4  | 4,8  |

Sources : OFCE forecasts, October 2013.

## Eurozone

|                    | GDP growth rate in % |      | Fiscal impulse in % of GDP |      |
|--------------------|----------------------|------|----------------------------|------|
|                    | 2013                 | 2014 | 2013                       | 2014 |
| <b>Germany</b>     | 0,5                  | 1,5  | 0,2                        | 0,1  |
| <b>France</b>      | 0,1                  | 1,3  | -1,4                       | -0,7 |
| <b>Italy</b>       | -1,8                 | 0,4  | -1,5                       | -0,6 |
| <b>Spain</b>       | -1,4                 | 0,7  | -1,6                       | -1,0 |
| <b>Netherlands</b> | -1,1                 | 1,1  | -1,4                       | -1,0 |
| <b>Belgium</b>     | 0,1                  | 1,6  | -1,0                       | -0,5 |
| <b>Ireland</b>     | -0,5                 | 1,4  | -1,7                       | -1,7 |
| <b>Portugal</b>    | -1,7                 | 1,0  | -1,5                       | -1,5 |
| <b>Greece</b>      | -4,1                 | -0,4 | -3,3                       | -1,7 |
| <b>Austria</b>     | 0,4                  | 1,3  | -0,9                       | -0,4 |
| <b>Finland</b>     | -0,9                 | 1,7  | -1,4                       | -0,3 |
| <b>Eurozone</b>    | -0,3                 | 1,1  | -0,9                       | -0,4 |

Sources: OFCE forecasts, October 2013.

**OFCE analyses may be found on the OFCE website:**

<http://www.ofce.sciences-po.fr/indic&prev/previsions.htm>

**3 posts on the OFCE blog sum up the economic outlook for 2013-2014:**

<http://www.ofce.sciences-po.fr/blog/?lang=fr>

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