

2024-2025 World Economic Outlook: EUROPE TAKES OFF

OFCE Analysis and Forecasting Department, Éric Heyer (dir.) and Xavier Timbeau (dir.) [\[1\]](#)

This text is the summary of the Outlook for the World Economy realized in the spring of 2024 by the international team and published in a French version ([OFCE Policy brief, n° 125](#)). Concerning the analysis and forecast for the French Economy, the 2024-2025 Outlook is published in an [English version](#) .

While the United States still escapes the slowdown, the economic situation in the European countries remains deteriorated, accentuating the gap that has appeared from the start of the Covid crisis. Beyond the differences in potential growth between countries, these differences are notably linked to the impact of the energy crisis, which is greater in Europe than in the US, and to the direction of fiscal policy since 2020. These differences are not expected to narrow in the short term. Surveys and the first economic data available at the start of the year draw a picture of contrasts between the major industrial countries, leading us to forecast a further contraction in Germany's GDP for the first quarter (-0.2%), a slightly positive growth in the United Kingdom. At the same time, Spain and the United States are likely to remain on course in the short term.

In industrialized countries, particularly in Europe, growth is set to rebound to 1.7% in 2025, Activity would be supported by the easing of monetary policy. The convergence of inflation towards the 2% target would effectively lead central banks to cut interest rates from mid-2024. Conversely, the level of

budget deficits and public debt will lead many governments to take consolidation measures.

In emerging countries, growth will remain stable in 2024 and 2025. In China, growth should resist despite the crisis in the real estate sector. The economic indicators point to some acceleration in production, and we forecast annual growth of 4.7% in 2024. In India, activity would slow down compared with 2023, rising by around 6.5%. In emerging Asian countries (excluding China), growth is expected to continue at the same pace as in 2023. In Latin America, we forecast a slowdown to 1,1 %, before a rebound to 2 % in 2025. Global growth would reach 2.8% in 2025, 0.2 point above its 2024 level.

Table. Global GDP Growth

Annual %	GDP in volume		
	2023	2024	2025
DEU	-0.1	-0.2	1.4
FRA	0.9	0.5	1.2
ITA	0.9	0.4	0.9
ESP	2.5	1.7	1.9
EUZ	0.5	0.5	1.5
GBR	0.1	0.3	1.4
USA	2.5	1.8	2.1
JPN	1.9	0.4	0.9
Industrialized countries	1.5	1.1	1.7
CHN	5.2	4.7	4.6
Rest of the World	4.0	3.7	3.8
World	2.9	2.6	2.8

IMF, OECD, national data. Calculations and forecast OFCE April 2024.
Note: Weighting calculated from GDP in dollars, 2011 PPP.

[\[1\]](#) This analysis is based on the work of the international team, which is led by Christophe Blot and composed of Céline Antonin, Amel Falah, Sabine Le Bayon, Catherine Mathieu, Hervé Péléraux, Christine Rifflart, Benoît Williatte. The forecast is based on information available as of 5 April 2024.