

# **Association d'Instituts Européens de Conjoncture Economique (AIECE)**

**AIECE General Report – COVID-19 edition  
AIECE Spring 2020**

AIECE General Report:  
Part 1  
May 14–15, 2020

*update*

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**Abstract:**

The General Report was prepared for the AIECE (Association d'Instituts Européens de Conjoncture Economique) Spring Meeting 14-15 May 2020. It summarizes the assessment of the AIECE member institutes regarding the economic situation and the outlook in the euro area and in the home economies of the AIECE member institutes.

We would like to thank all AIECE member institutes who participated in the AIECE General Report survey. Their answers greatly contributed to this document.

The AIECE General Report is published to elicit comment and to encourage debate.  
The views expressed are those of the author(s) alone and do not necessarily represent the views of CPB nor those of the AIECE institutes.

Contents

Contents

1	Preamble.....	5
2	Development of Covid-19 and measures taken.....	6
3	GDP estimates and assumptions .....	9
3.1	AIECE members .....	<b>Error! Bookmark not defined.</b>

# 1 Preamble

This is a short update on the General Report part I that was finalised in May 2020. Because most institutes did not have a forecast ready that included the effects of the COVID-19 pandemic, we planned a later update.

This update will provide new information on the number of COVID-19 cases in the AIECE member countries as well as the measures taken in chapter 1. In chapter 2, the latest forecasts of the institutes are provided.

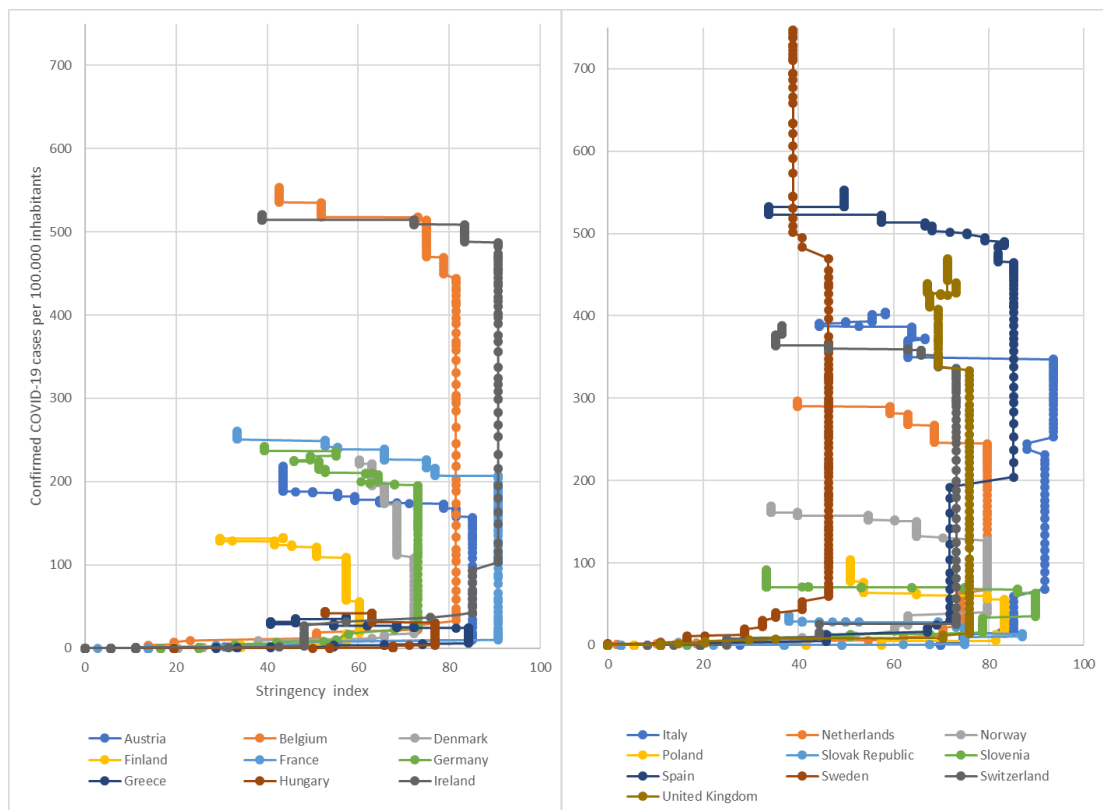
The AIECE members are BIPE, CCIS, CEPREDE, CPB, CSC, CSE, Danish Economic Councils, DGPC, DIW Berlin, ESRI, ETLA, Federal Planning Bureau, GKI Economic, HWWI Hamburg, IFW Kiel, INSEE, IRES, ISTAT, IWH Halle, IW Köln, KEPE, KOF, Kopint-Tárki, NIER, NIESR, OFCE, Polski Instytut Ekonomiczny, Prometeia, REF, Rexecode, RWI Essen, Statistics Norway, WIFO. The EC, ECB, WTO and IMF are observers. More information can be found on <https://www.aiece.org/members-and-observers>

## 2 Development of Covid-19 and measures taken

The first confirmed case of COVID-19 virus (or “corona virus”) in the AIECE countries was in France on the 24st of January 2020. The virus originated in China and has spread quickly becoming a pandemic by March.

Figure 2.1 shows the number of confirmed cases per 100.000 inhabitants and the measures taken for all the AIECE members. It clearly shows the very different lockdown policies per country, as well as the fact that the COVID-19 pandemic has run its course differently in each country.

Figure 2.1: Confirmed cases and stringency index in AIECE members states<sup>1</sup>



Source: Data compiled by Oxford University. Available at <https://www.bsg.ox.ac.uk/research/research-projects/coronavirus-government-response-tracker>

Note: The stringency index records the strictness of ‘lockdown style’ policies that primarily restrict people’s behaviour.

Table 1 shows for each AIECE member country the date when lockdown measures have been relaxed somewhat. In Figure 2.1 this is the point at which the curve is shifting to the left. In almost all countries the spread of COVID-19 has continued to increase, leading to some countries to tighten restrictions again somewhat, although not back to its highest level (e.g. Finland, Germany, Greece, Italy, Spain, UK).

<sup>1</sup> The number of confirmed cases depends on the testing capacity in each country, which varies per country.

**Table 1: Date after which the most stringent restriction measures were eased**

Austria	28 May	Italy	3 May
Belgium	4 May	Netherlands	14 June
Denmark	14 April	Norway	19 April
Finland	14 April	Poland	24 May
France	10 May	Slovak Republic	13 April
Germany	3 May	Slovenia	19 April
Greece	4 May	Spain	3 May
Hungary	3 May	Sweden	12 June
Ireland	17 May	Switzerland	26 April
		United Kingdom	12 May

Data compiled by Oxford University. Available at <https://www.bsg.ox.ac.uk/research/research-projects/coronavirus-government-response-tracker>

Again, there is a wide variety in these dates. Some countries started easing the restrictions as early as April (Denmark, Norway, Slovak Republic and Switzerland), others as late as mid-June (Netherlands, Sweden).

Most countries also provided fiscal relief, except for Spain. The amounts (shown here as per capita) vary considerably, from 10112 euro per capita (Switzerland) to 69 euro per capita (Finland).

Table 2 shows that all countries have provided income support or debt relief. Most countries also provided fiscal relief, except for Spain. The amounts (shown here as per capita) vary considerably, from 10112 euro per capita (Switzerland) to 69 euro per capita (Finland).

**Table 2: economic support measures per AIECE member country**

<b>AIECE member country</b>	<b>Income support</b>	<b>Debt/contract relief</b>	<b>Fiscal measures per capita (euro)</b>
<b>Austria</b>	2	2	5752
<b>Belgium</b>	2	2	1073
<b>Denmark</b>	2	2	6858
<b>Finland</b>	2	1	69
<b>France</b>	2	2	9876
<b>Germany</b>	2	2	2229
<b>Greece</b>	2	1	588
<b>Hungary</b>	2	2	2993
<b>Ireland</b>	2	2	2368
<b>Italy</b>	1	2	7529
<b>Netherlands</b>	2	1	1306
<b>Norway</b>	2	2	3145
<b>Poland</b>	1	1	1795
<b>Slovak Republic</b>	2	2	350
<b>Slovenia</b>	1	2	2704
<b>Spain</b>	2	2	0
<b>Sweden</b>	2	1	682
<b>Switzerland</b>	2	1	10112
<b>United Kingdom</b>	2	2	6935

**Note**

Income support

0 - no income support

1 - government is replacing less than 50% of lost salary (or if a flat sum, it is less than 50% median salary)

2 - government is replacing 50% or more of lost salary (or if a flat sum, it is greater than 50% median salary)

Debt relief

0 - no debt/contract relief

1 - narrow relief, specific to one kind of contract

2 - broad debt/contract relief

Fiscal

Record monetary value of fiscal stimuli, includes any spending or tax cuts (1 USD = 0,86 euro)

Announced economic stimulus spending

Note: only record amount additional to previously announced spending



### 3 AIECE GDP estimates and assumptions

On the following pages the forecasts for 2020 and 2021 are shown for the different AIECE member countries, followed by the assumptions underlying these and the 2018 and 2019 forecasts.

All member countries show a similar shape for the 2020 and 2021 GDP estimates: severe downturns in 2020 and a rebound in 2021. Not all forecasts include different scenario's, but some include a more pessimistic scenario in which there may be a second wave of the COVID-19 pandemic. The rebound in 2021 is then much lower.

GDP estimates for 2020 vary between -2.9% (Norway) and -12% (Ireland) in the moderate scenarios. Private consumption is hit hard, from -2.6% in Switzerland to -9.8 or -9.9% in Spain. Public consumption is mostly positive, although one estimate for France puts public spending at -0.8%. The estimates remain more or less the same for the different scenarios. Interestingly, the estimates for consumer prices vary between negative estimates for Italy and Switzerland and a relatively high estimates of 3.2% for Hungary. In the severe scenario, it is expected that consumer prices will rise less, or turn (more) negative.

The nominal hourly gross wage rate is expected to rise in all member countries, even in the severe scenario. The unemployment rate is expected to be higher in all countries. For the modest scenario it differs between a low 4.5-6% in Germany to a high 19-19.9% in Spain. The gross public debt estimates differ greatly between AIECE member countries ( as was the case before the COVID-19 pandemic), but is expected to rise in all countries, from a relatively low 13% in Hungary to a high 42% in Denmark (compared to 2019).

For 2021, the rebound in GDP varies from 2.5% in Greece to 8.2% in Belgium. Also private consumption is expected to rise, with a range of 3% to 9.2%. Public consumption is estimated to rise in all countries, except Belgium, where it is expected to fall by 0.1%. Consumer prices are estimated to pick up, from a low 0.1% in Switzerland to a high 3.4% in Hungary. Wages are estimated to rise less in 2020, and even fall in France (with -6.7%). Unemployment is expected to rise even more in 2021, with a high in Spain (14.2-17.2%) and a relatively low in Hungary (4.3%). Public debt is expected to increase further.

Table 3: Forecast 2020 for AIECE member countries

Part 1: GDP, private consumption, public consumption and consumer prices

Country	GDP			Private consumption			Public consumption			Consumer prices		
	Mild	Moderate	Severe	Mild	Moderate	Severe	Mild	Moderate	Severe	Mild	Moderate	Severe
<b>Belgium</b>		-10.5			-8.8			3.2			0.8	
<b>Denmark</b>		-4.4	-6.1		-3.6	-5.2		1.6	1.6		0.3	-0.2
<b>France</b>		-10.3			-7.3			0.3			0.8	
<b>France</b>		-11			-7.6			-0.8			0.6	
<b>France</b>	0	-9	0	0		0	0		0	0		0
<b>Germany</b>		-5.1			-5.1			1.9			0.4	
<b>Germany</b>		-6.8			-7.8			2.8			0.7	
<b>Greece</b>	-5	-8	-10									
<b>Hungary</b>	-4.2	-5	-7	-1.8	-2.3	-4	1	1	1	3.4	3.2	2.8
<b>Ireland</b>	-9	-12	-17	-12	-13	-20	11	11	15	0	0	0
<b>Italy</b>		-10.1			-9			2			-0.1	
<b>Netherlands</b>		-6			-7			2			1	
<b>Norway</b>		-2.9			-6			3.3			1.2	
<b>Poland</b>	-2.6	-4.1	-5.8	-2.3	-5.1	-6.8	4	5.5	4	3	2.8	2
<b>Spain</b>	-7.6	-8.9	-11.3	-12.7	-9.8	-8.1	2.9	2.9	2.9	1.4	1.3	1.2
<b>Spain</b>		-9.2			-8.8			2.5			0	
<b>Sweden</b>		-5.4	-6.3		-5.1	-7		0.9	0.9		0.4	0.3
<b>Switzerland</b>		-5.1			-2.6			5.6			-0.6	

Part 2: Nominal hourly gross wage rate, , Employment, Unemployment rate and Gross public debt

Country	Nominal hourly gross wage rate (in LCU)			Employment (thousands) / %			Unemployment rate (1) in %			Gross public debt (2,3)		
	Mild	Moderate	Severe	Mild	Moderate	Severe	Mild	Moderate	Severe	Mild	Moderate	Severe
<b>Belgium</b>		1.9			5491.1			6			120.7	
<b>Denmark</b>		2.2	1.6		2870	2779		6.5	8.7		47.1	48
<b>France</b>	0		0	0		0	0		0	0		0
<b>France</b>		8.6			-0.9			9.4			118.2	
<b>Germany</b>		1.9			44686			6			73.1	
<b>Germany</b>		2			44721			4.5			77	
<b>Hungary</b>	7	6.5	6	4399	4336	4286	5	5.5	7	74	74.6	76.5
<b>Ireland</b>	0	0	0	2081	2026	1976	15	17	19	0	0	0
<b>Italy</b>					22783.48			9.7			159.4	
<b>Netherlands</b>		8						5			62	
<b>Norway</b>		2.2						5.1				
<b>Poland</b>	4.2	3	2	-2%	-3.5%	-4.5%	5.2	6.7	7.7	55	58	61
<b>Spain</b>		0			-9.7%			19			115.5	
<b>Spain</b>	1.3	1.4	1.4	16587.87	16920.46	17091.68	19.1	19.9	21.4	118.3	114.8	112.3
<b>Sweden</b>		1.8	1.4		5032	0		8.5	9.3		44.2	45
<b>Switzerland</b>								5.1				

Note

(1) Percent of total labour force (Eurostat definition)

(2) % of GDP

(3) EMU definition

Table 4: Forecast 2021 for AIECE member countries

Part 1: GDP, private consumption, public consumption and consumer prices

Country	GDP			Private consumption			Public consumption			Consumer prices		
	Mild	Medium	Severe	Mild	Medium	Severe	Mild	Medium	Severe	Mild	Medium	Severe
<b>Belgium</b>		8.2			7.5			-0.1			1.3	
<b>Denmark</b>		5.5	3		6.3	0.9	4.9	0.3		0.3	1.6	
<b>France</b>	0		0	0		0	0		0			0
<b>France</b>		4			9.2			1.9			1.0	
<b>France</b>		7.8			6.9			1.9			1.4	
<b>Germany</b>		3.2			6.4			2			1.8	
<b>Germany</b>		6.3			6.8			2.9			2.7	
<b>Greece</b>	3.5	2.5	0									
<b>Hungary</b>	4	3.5	3	3.3	3	3.2	2.5	0	0	0	3.4	3.5
<b>Italy</b>		5.9			5.2			0.1			0.7	
<b>Netherlands</b>		3			4			4			2	
<b>Norway</b>		4.3			6.6			2			3.2	
<b>Poland</b>	5.3	4.8	3.3	4.8	4.2	2.5	2.4	5	4	4	2.5	3
<b>Spain</b>		6.8			4.7			1.8				
<b>Spain</b>	6.9	7.5	5.4	8.4	8.9	0.9	6.2	0.2	0.2	0.2	0.8	1.1
<b>Sweden</b>		3.5	3.2		4.3	0.5	4	1.4		3.9	1.1	
<b>Switzerland</b>		4.3			3.7			2.3			0.1	

Part 2: Nominal hourly gross wage rate, , Employment, Unemployment rate and Gross public debt

Country	Nominal hourly gross wage rate (in LCU)			Employment (thousands)			Unemployment rate (1)			Gross public debt (2,3)		
	<i>Mild</i>	<i>Moderate</i>	<i>Severe</i>	<i>Mild</i>	<i>Moderate</i>	<i>Severe</i>	<i>Mild</i>	<i>Moderate</i>	<i>Severe</i>	<i>Mild</i>	<i>Moderate</i>	<i>Severe</i>
<b>Belgium</b>		1.8			5502.4			7			116.2	
<b>Denmark</b>		1.9	0.7		2890	2729		6.5	10.2		47.2	56
<b>France</b>								9.8			112	
<b>France</b>		-6.7			-1.2			10.9			114.6	
<b>France</b>	0		0	0		0	0		0	0		0
<b>Germany</b>		0			44432			4.7			76	
<b>Germany</b>		0.3			44533			6.1			70.2	
<b>Hungary</b>	7.5	7	6	4509	4414	4329	3.8	4.3	6	71.5	72.5	74.7
<b>Italy</b>					22530			12			155.9	
<b>Netherlands</b>		-3						7			61	
<b>Norway</b>		2						4.5				
<b>Poland</b>	6	5	3	2	1.5	1	3.3	5.3	6.7	55	58.5	62
<b>Spain</b>		0			5.7			17.2			0	
<b>Spain</b>	1.4	1.5	1.4	17501	17948	17862	16	14.2	14.7	118	112.7	111.9
<b>Sweden</b>		2.2	0.8		5001	0		9.6	10.6		46.4	50
<b>Switzerland</b>								6.2				

Note

(1) Percent of total labour force (Eurostat definition)

(2) % of GDP

(3) EMU definition

Table 5: Assumption underlying the forecasts (mild, middle severe scenario's)

Country	Duration of measures to avoid spread of COVID-19 (weeks)			Financial sector problems			Negative impact of measures in other countries		
	<i>Mild</i>	<i>Middle</i>	<i>Severe</i>	<i>Mild</i>	<i>Middle</i>	<i>Severe</i>	<i>Mild</i>	<i>Middle</i>	<i>Severe</i>
<b>Belgium</b>	14	8			n.a.	n.a.	n.a.		n.a.
<b>Denmark</b>		6	6		Mild	Moderate	Moderate		Severe
<b>France</b>	6	8	12	Moderate	Moderate	Severe	Severe	Severe	Severe
<b>France</b>	10								
<b>France</b>	13	8.5		Mild	Mild	n.a.	Mild	Moderate	n.a.
<b>France</b>	(a)			n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Germany</b>		6			Moderate	n.a.	Moderate		n.a.
<b>Germany</b>		70			Moderate	n.a.	Severe		n.a.
<b>Germany</b>				n.a.				n.a.	
<b>Greece</b>		20	30	n.a.	Moderate	Severe	Severe	n.a.	Severe
<b>Hungary</b>		13	21	n.a.	Moderate	Severe	Moderate	n.a.	Severe
<b>Hungary</b>	(b)	(d)	(f)	n.a.				Mild	
<b>Ireland</b>	(c)	18 (e)	30 (g)	n.a.	n.a.	n.a.	Moderate	n.a.	Severe
<b>Italy</b>		8		n.a.	Mild	n.a.	Severe	n.a.	n.a.
<b>Italy</b>					n.a.	n.a.	n.a.		n.a.
<b>Netherlands</b>				Mild	n.a.	n.a.	n.a.	Mild	n.a.
<b>Norway</b>				n.a.	Mild	n.a.	Severe	n.a.	n.a.
<b>Poland</b>		30	52	Mild	Moderate	Severe	Severe	Moderate	Severe
<b>Spain</b>	12	12	16		Moderate	Moderate	Moderate		Severe
<b>Spain</b>					n.a.	n.a.	n.a.		n.a.
<b>Sweden</b>		60	60	n.a.	Mild	Mild	Moderate	n.a.	Severe
<b>Sweden</b>				n.a.				n.a.	
<b>Switzerland</b>					(h)				

- (a) No assumption in terms of measures duration but in terms of time horizon for the return towards pre-crisis levels (2021Q2 in the "mild" scenario)
- (b) Business investment recovers quickly, government investment activity is successfully ramped up in the second half of 2020
- (c) Restrictions lifted early
- (d) Business investment activity remains sluggish throughout 2020, government investments only gather momentum in 2021
- (e) Government roadmap
- (f) Business activity gets another hit from a second wave of the pandemic
- (g) Second lockdown
- (h) Shutdown phase in Switzerland introduced in several steps, with stepwise relaxations afterwards. Accute lockdown phase was 7 weeks.

**Table 6: Forecast 2018 for AIECE member countries**

<b>Country</b>	<b>GDP</b> € billion, current prices / growth (%)	<b>Private consumption</b>	<b>Public consumption</b>	<b>Employment (thousands)</b>
<b>Belgium</b>	459.82	237.25	106.09	5415.1
<b>Denmark</b>	301.88	140.86	73.52	2874
<b>France</b>	1.8%	0.8%	0.9%	
<b>France</b>	2360.69			
<b>Germany</b>	1.5%	1.2%	1.4%	44854
<b>Germany</b>	3444.4	1743.7	665.6	44854
<b>Greece</b>	184.71	125.614	35.363	3683
<b>Hungary</b>	144	67	26	4470
<b>Ireland</b>	323.52	106.98	32.11	2257.58
<b>Italy</b>	1765.87	1065.51	334.84	23210.30
<b>Poland</b>	497.5	289.1	88.37	16484
<b>Spain</b>	1202	701	224	17944
<b>Spain</b>	1202.19	700.80	223.82	17944.3
<b>Sweden</b>	471.32	210.47	122.65	5097.40

**Table 7: Forecast 2019 for AIECE member countries**

<b>Country</b>	<b>GDP € billion, current prices / growth (%)</b>	<b>Private consumption (%)</b>	<b>Public consumption (%)</b>	<b>Consumer prices (%)</b>	<b>Nominal hourly gross wage rate (in LCU)</b>	<b>Employment (thousands)</b>	<b>Unemployment rate (1)</b>	<b>Gross public debt (2,3)</b>
<b>Belgium</b>	1.4%	1.1	1.8	1.4	2.4	5463.9	5.4	98.7
<b>Denmark</b>	2.3%	1.0	0.3	0.8	2.5	2914.0	5.0	33.2
<b>France</b>	1.5%	1.5	1.7	1.1			8.2	98.1
<b>France</b>	2425.7							
<b>Germany</b>	0.6%	1.6	2.7	1.4	3.2	45236.0	3.2	59.8
<b>Germany</b>	0.6%	1.6	2.7	1.4	3.2	45236.0	5.0	60.0
<b>Greece</b>	1.9%	0.8	2.1	0.5			17.3	173.3
<b>Hungary</b>	4.9%	4.4	2.0	3.4	11.4	4512.0	3.4	66.3
<b>Ireland</b>	349.2	112.3	34.9			2322.0		
<b>Italy</b>	0.3%	0.4	-0.4	0.6		23348.1	9.9	134.8
<b>Netherlands</b>	1.8	1.4	1.8	2.7	3.2		3.4	48.7
<b>Poland</b>	4.1%	3.9	4.9	2.3	7.2	-0.1	3.3	46.0
<b>Spain</b>	2.0%	1.1	2.3	0.7	1.4	18350.4	14.1	95.5
<b>Spain</b>	2.0%	1.1	2.3	1.2	0.0	1.5	14.1	95.5
<b>Sweden</b>	1.2%	1.2	0.3	1.8	2.6	5127.0	6.8	35.2
<b>Switzerland</b>	1.0%	1.2	1.3	0.4			4.4	

Note:

(1) Percent of total labour force (Eurostat definition)

(2) % of GDP

(3) EMU definition



