European Commission

EUROPEAN ECONOMIC FORECAST

Autumn 2025

#ECForecast

20 November 2025

Przemyslaw WOZNIAK / Gábor PELLÉNYI

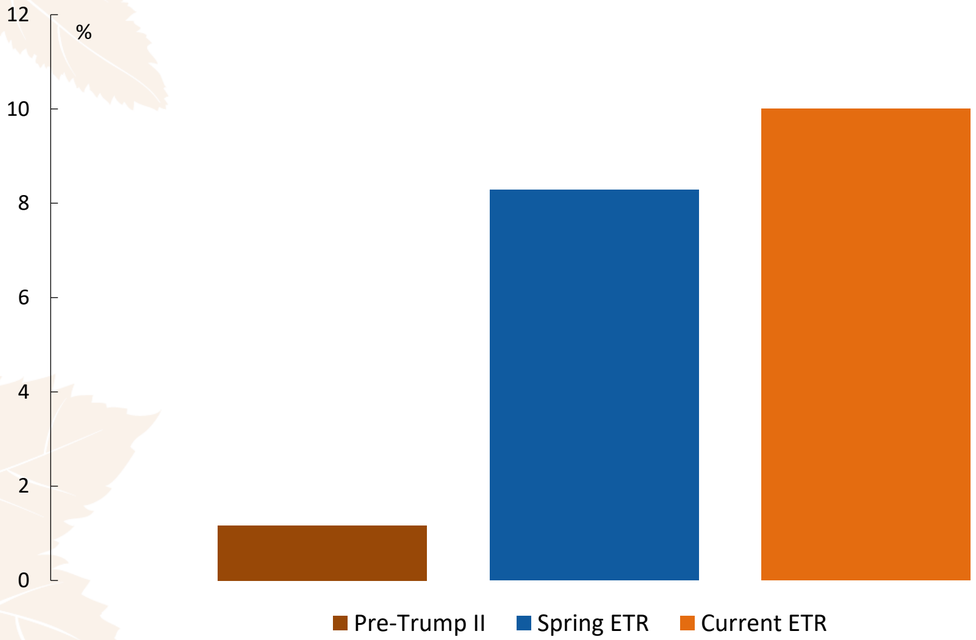
ECFIN. A3: Economic situation, forecasts, business and consumer surveys

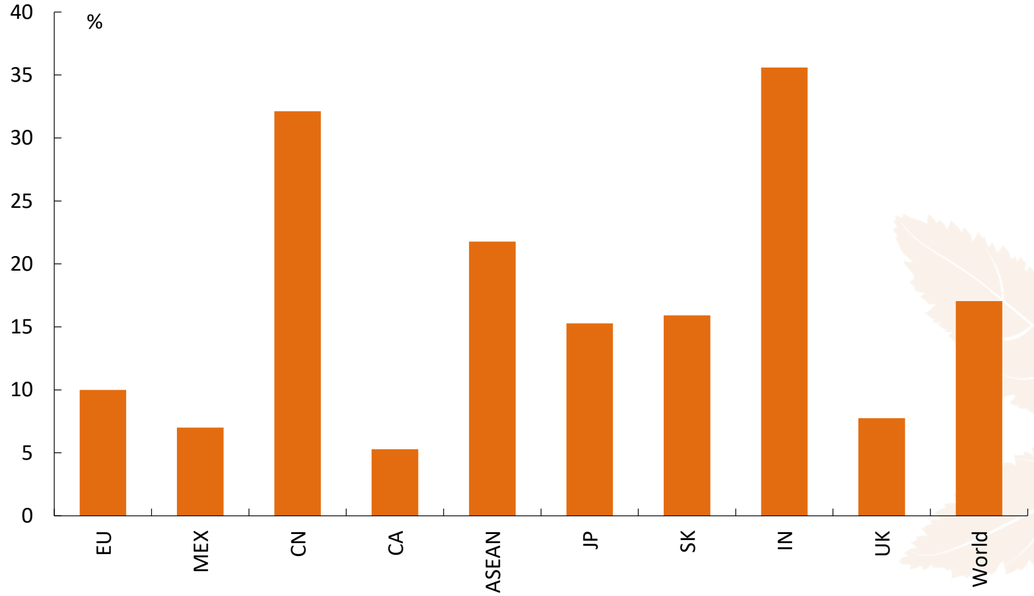
Key messages from the Autumn 2025 Forecast

- Growth exceeds expectations this year, but projected to remain modest
- EU inflation set to hover slightly above 2%, with dispersion across Member States
- Government deficits and debt ratios edge up
- Faced with a challenging external environment, EU must unlock domestic growth

Historically high tariffs on US exports, but some relative advantage

Effective tariff rates for EU exports to the US





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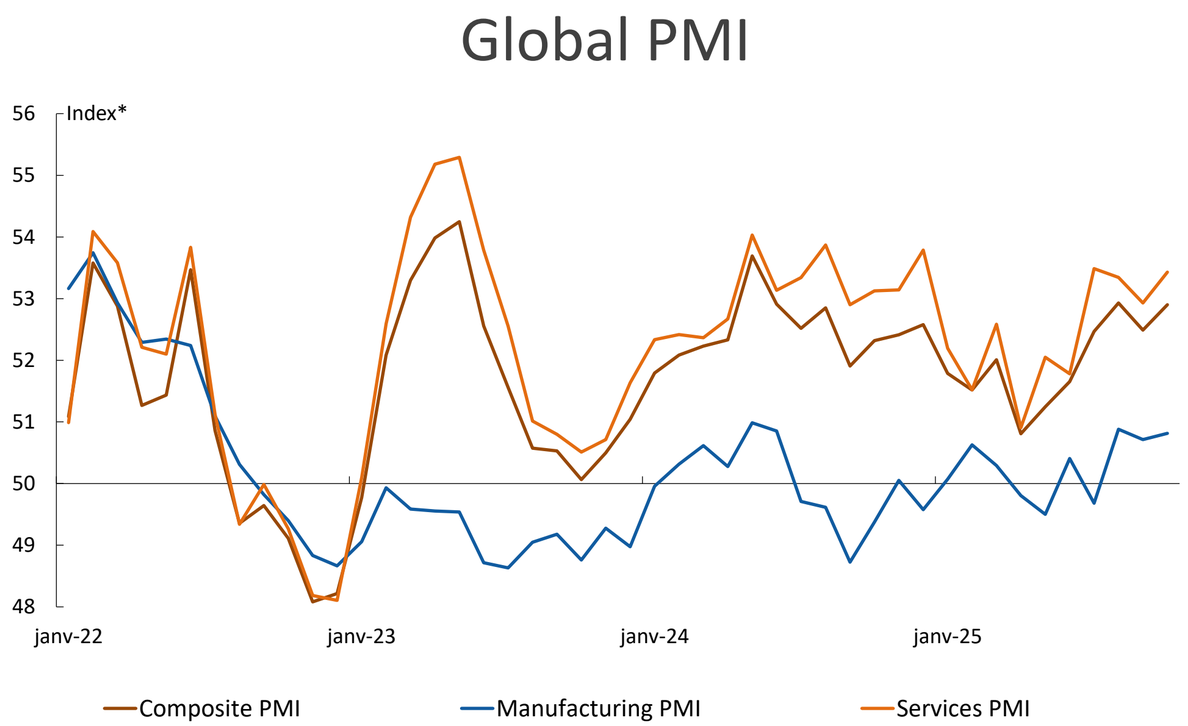
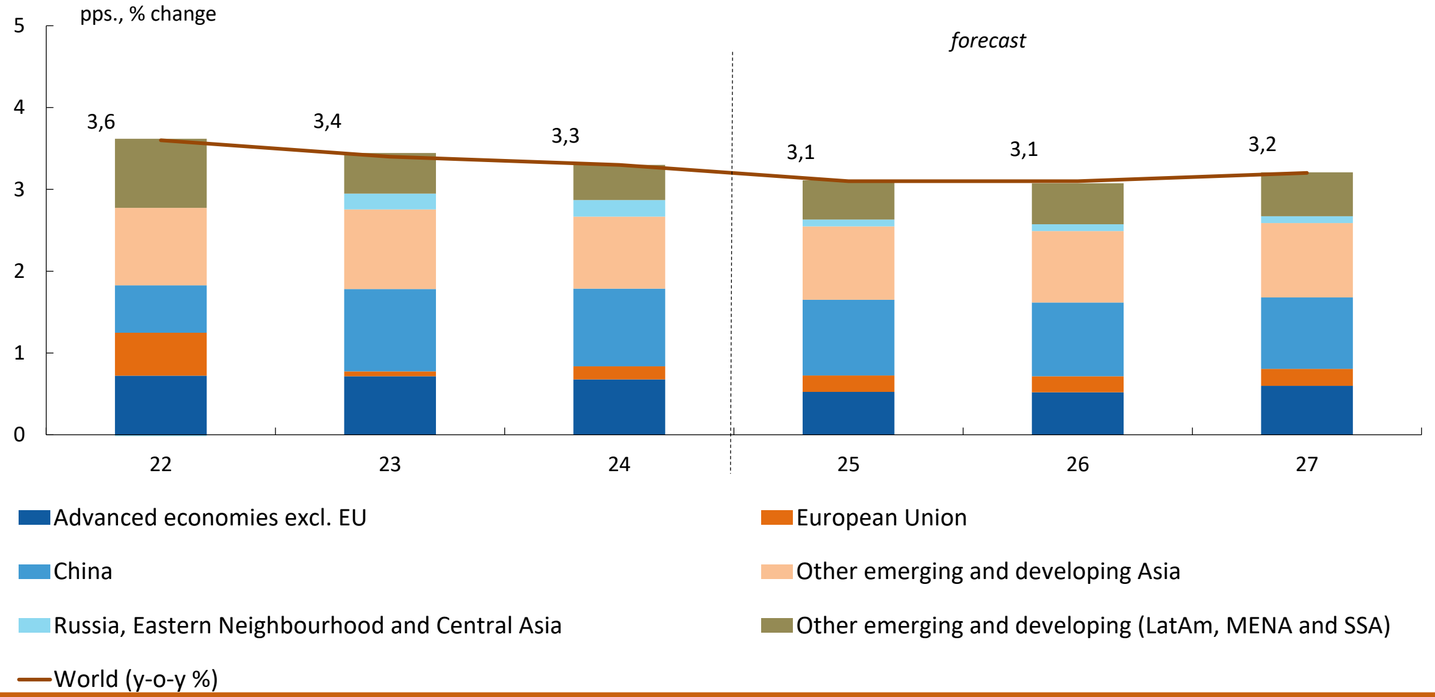
Global growth has shown resilience



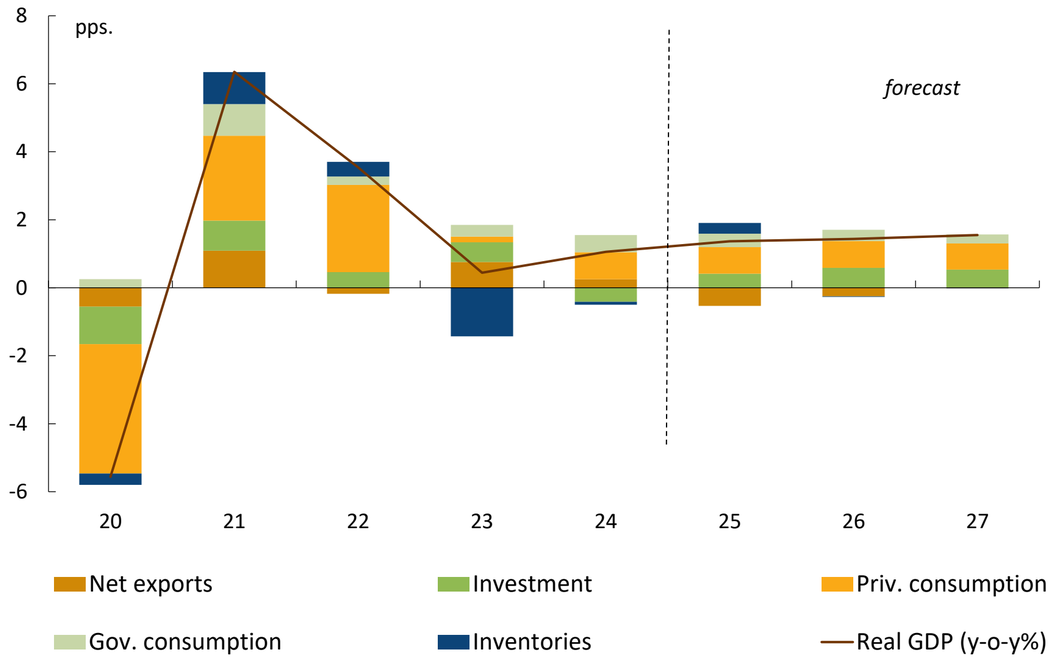
Prospects for global growth remain solid

Contributions to global GDP growth



Economic rebound led by domestic demand

GDP and contributions, EU



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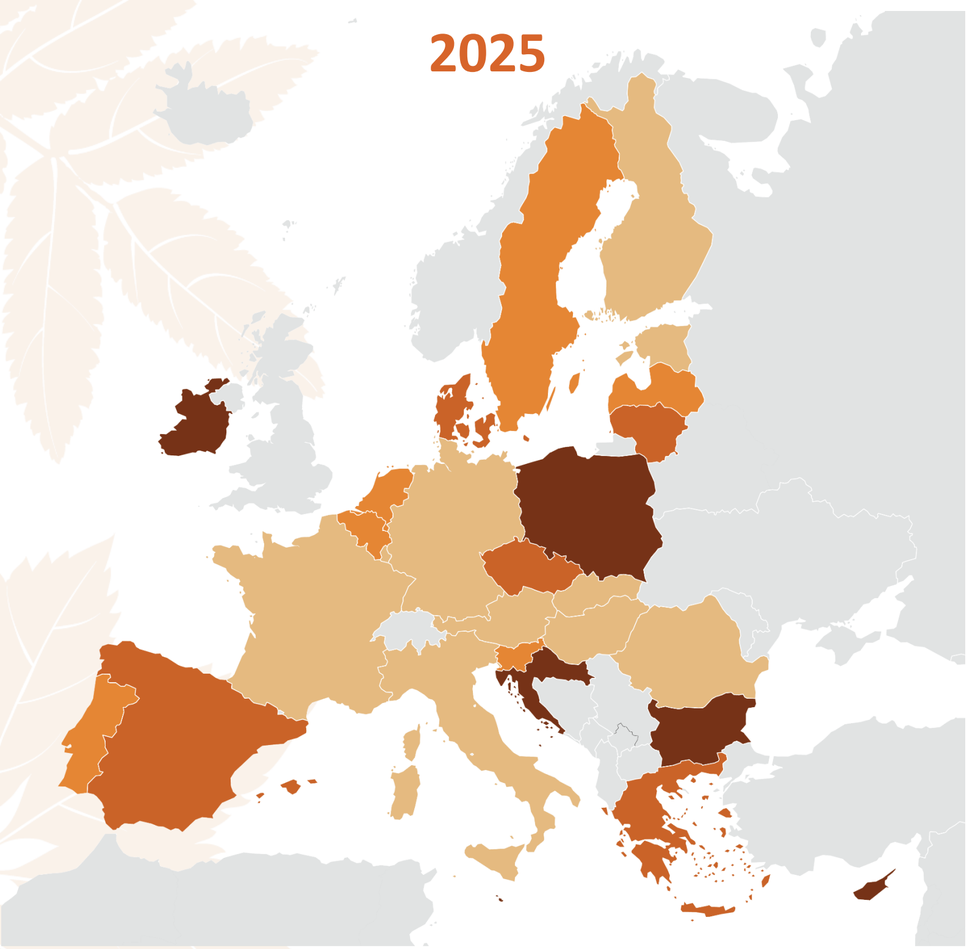
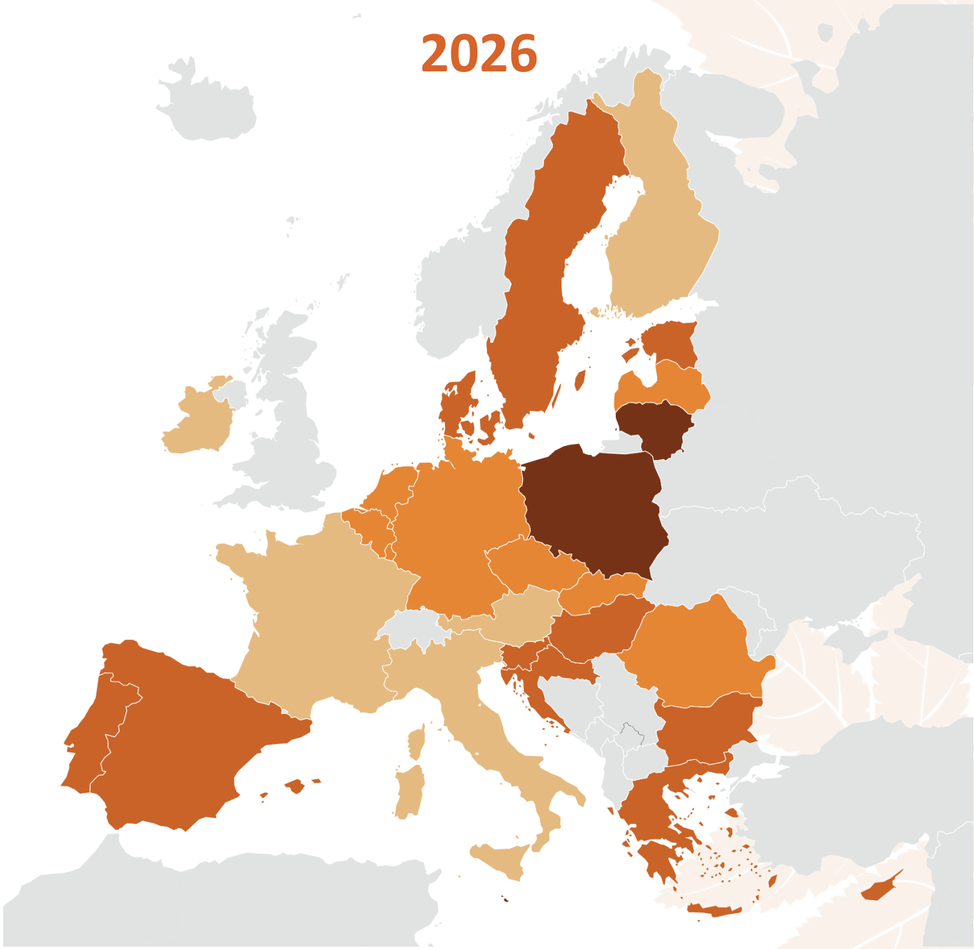
EU growth map 2025 & 2026



Real GDP growth, %

%

- 0 → 0.9
- 1 → 1.9
- 2 → 2.9
- ≥3



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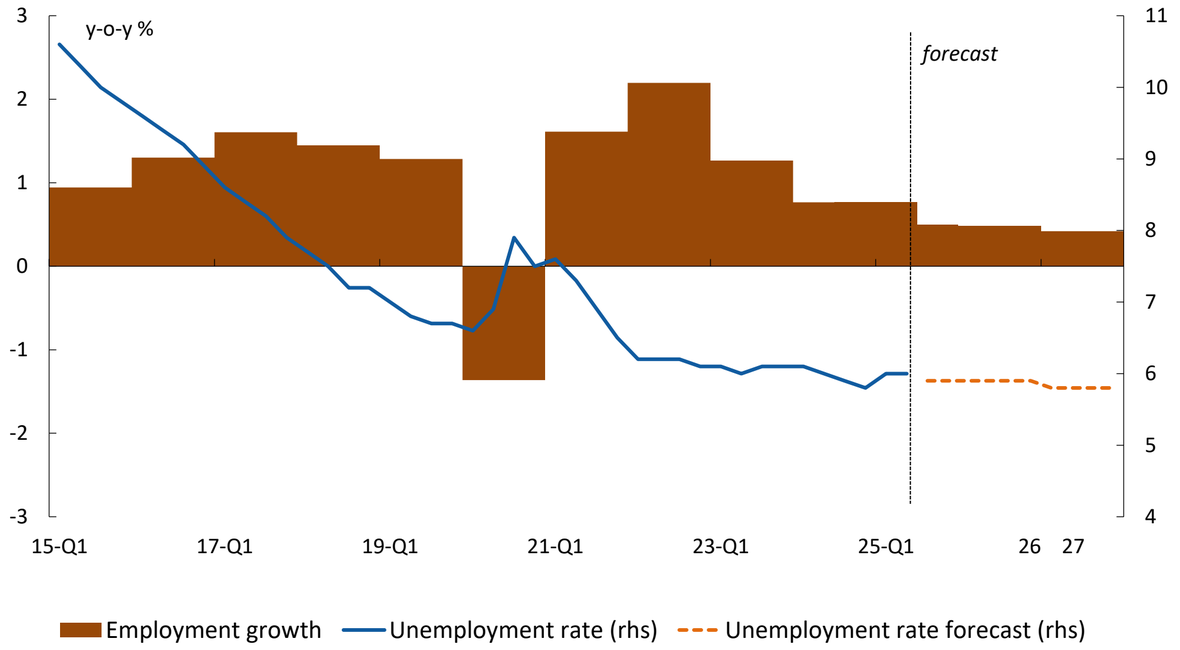
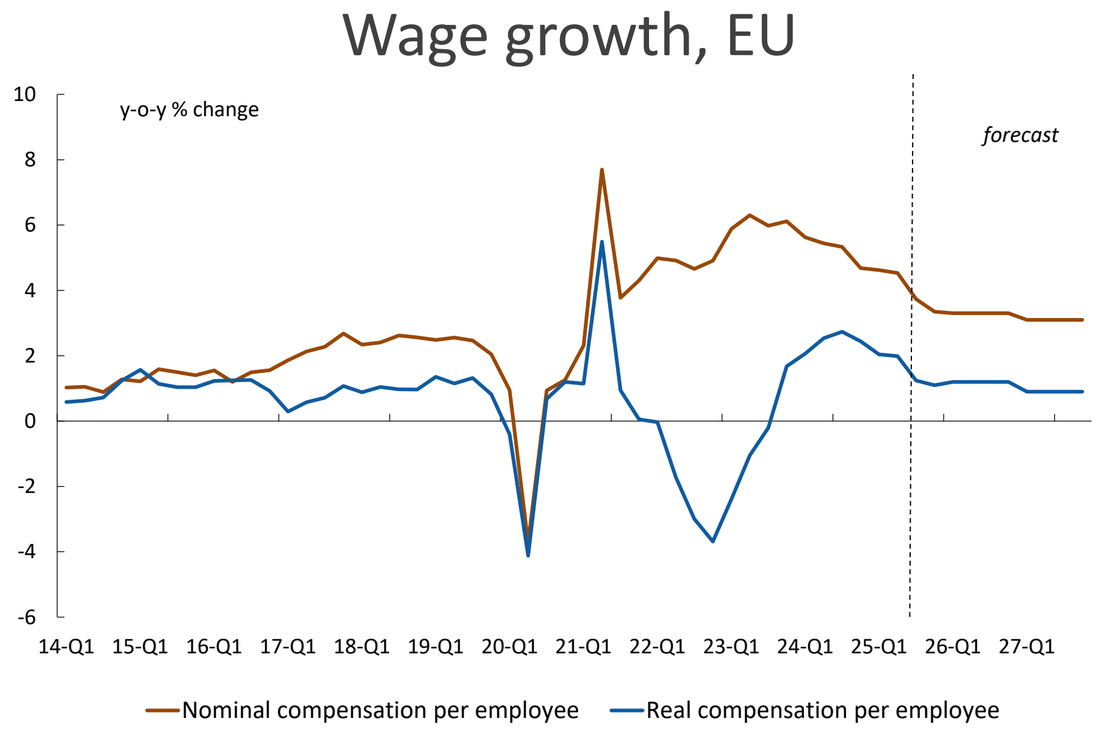
Employment growth to continue – at slower pace

Employment growth and unemployment rate, EU

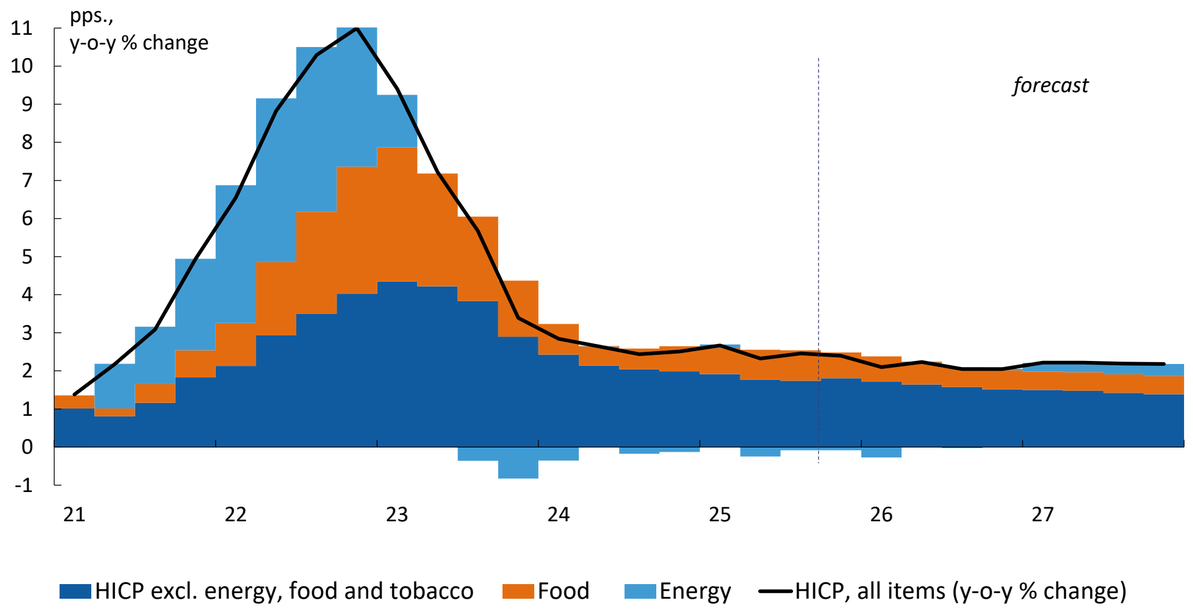


Wage growth decelerates further



Inflation in the EU to stabilise slightly above 2%

Inflation breakdown, EU



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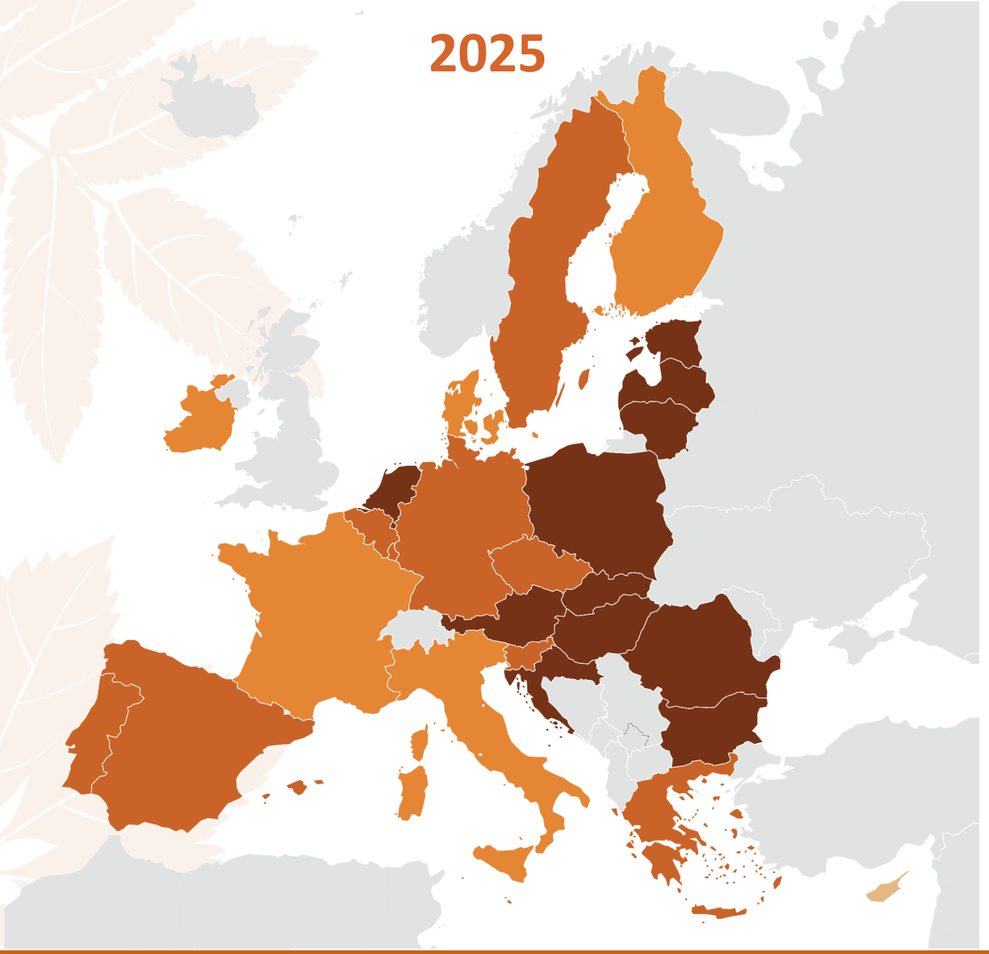
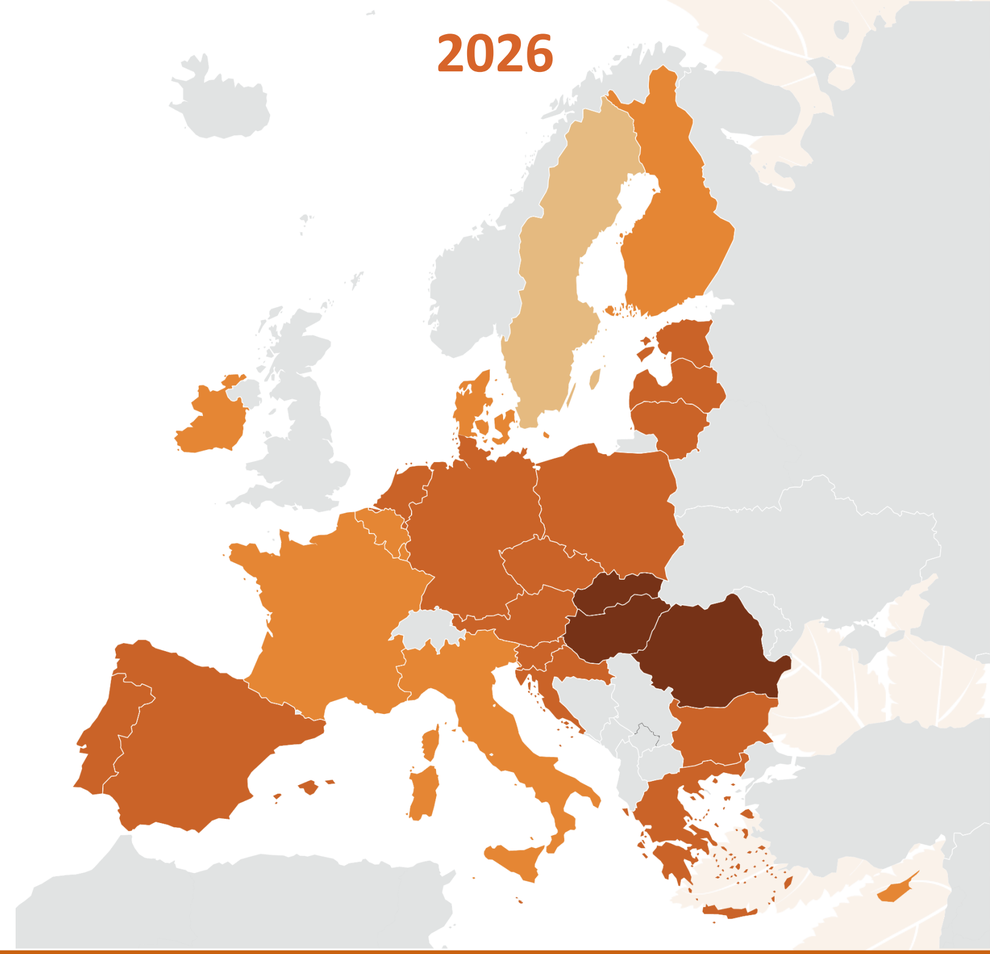
EU inflation map 2025 & 2026



Annual HICP inflation, %

%

- 0 → 0.9
- 1 → 1.9
- 2 → 2.9
- ≥3



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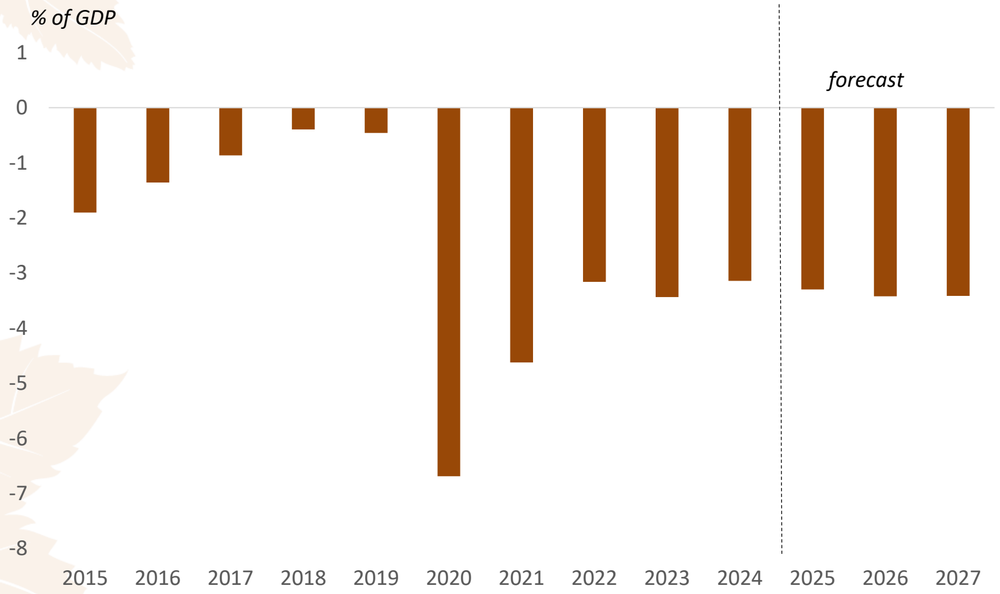
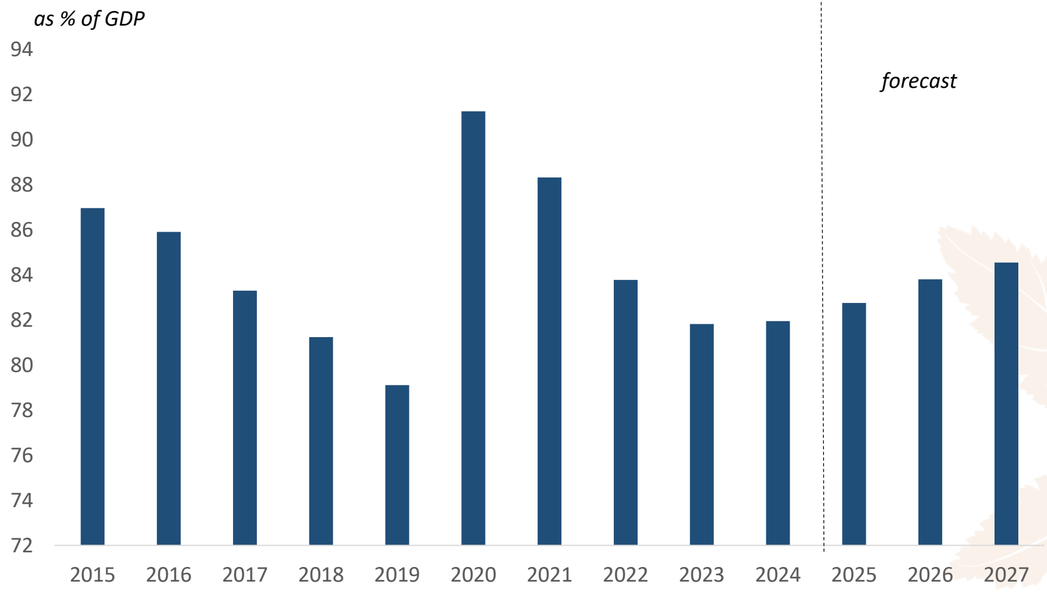
Government deficits and debt ratios edge up

General government budget balance, EU



General government debt-to-GDP ratio, EU



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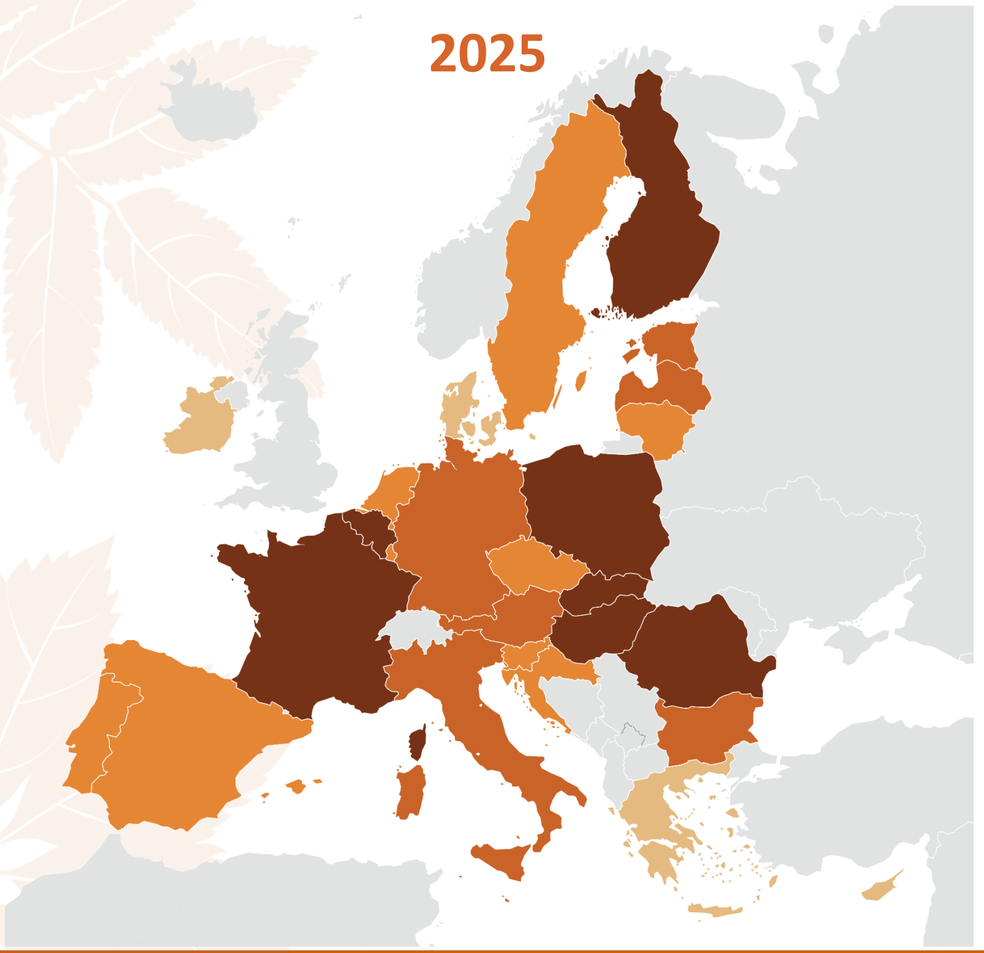
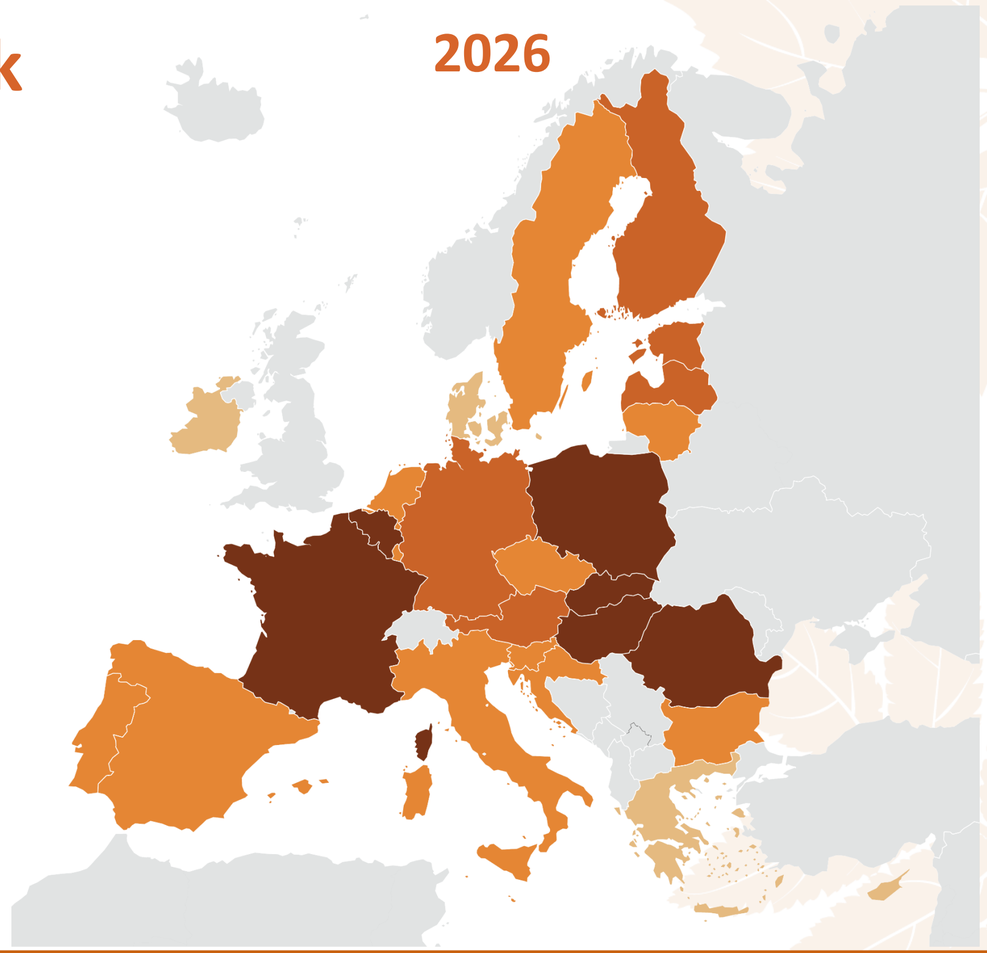
Budgetary outlook 2025 & 2026



Public deficits
as % of GDP

%

- > 0
- 0 → -2.9
- -3 → -4.4
- ≤ -4.5



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Downside risks prevail – need for resolute EU action

Downside risks

- Still high trade policy uncertainty
- Geopolitical tensions
- Domestic political uncertainty

Opportunities

- Decisive action on competitiveness
- Stronger domestic demand (*i.a.* defence spending)
- New trade agreements

Special Issues

- The exposure of global and EU trade to tariffs & Spillovers to the EU from US tariffs imposed on third countries
- The financial health of the corporate sector
- The role of EU funds over the forecast horizon
- Businesses' selling price expectations and near-term pressures on consumer prices
- The cost of EU Member States’ proximity to the war in Ukraine
- Migration, mobility and the EU labour market
- Trends in carbon intensity and the macroeconomic role of the EU Emissions Trading System