

European countries face biggest economic hit from COVID-19: OECD



Countries like Italy have taken a massive economic hit thanks to the coronavirus pandemic | Marco Bertorello/AFP via Getty Images

Spain, France, Italy, and UK stand to fare worst with the US also hit harder than average.

Spain, France, Italy, and the U.K. face the world's roughest economic hits this year from the coronavirus, the Organization for Economic Cooperation and Development said Wednesday.

Those four countries would see the worst declines in case of either a single wave or a recurrence of the disease, the club of rich countries said in its twice-yearly economic forecast. The "double-hit scenario" would knock down their gross domestic product 14 percent or more, nearly double the global projection of 7.6 percent. The U.S. also would fare worse than average in a second wave, at 8.5 percent.

The OECD called on countries to strengthen health care, use testing and tracing to contain outbreaks, and cooperate in developing and distributing a vaccine or treatments.

Government spending and low-interest rates are needed to support business, it said. It also recommended that countries "build more resilient supply chains with larger stocks and more diversification of sources."

"The global economy is now experiencing the deepest recession since the Great Depression in the 1930s," with output declining "and a surge in unemployment," the report said. "The recovery is likely to be hesitant, and could be interrupted by another coronavirus outbreak" without effective containment, it added.

The global jobless rate — which was the lowest in half a century last year — would nearly double to 10 percent in case of a second wave, with “little recovery” in 2021. Among the world’s biggest economies, Italy, France, and the U.S. stand to fare the worst in either a single or double hit.

Source:

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