

Merkel devastated as Germany threatened by bankruptcy wave - 5 million at risk

ANGELA MERKEL has been dealt a blow after an economic expert warned five million Germans are at risk of unemployment amid a bankruptcy wave due to the coronavirus crisis.

The EU's largest economy is preparing for an economic downturn as German consultant Professor Roland Berger said millions would be left out of work. While a survey of 7,000 German companies by Munich Ifo Institute found a fifth (21 percent) sees their own existence threatened due to the coronavirus crisis.

Free Democratic Party leader Christian Lindner said the coronavirus crisis had acted like a "fire accelerator" to Germany's economic woes, saying: "We are in a very critical situation".

Meanwhile, the survey found travel agencies and tour operators in Germany are worried about their future with 85 percent saying their existence is at risk.

While 76 percent of hoteliers fear for their company.



Angela Merkel has been delivered a blow (Image: GETTY)



Germany's economy has been crippled by the coronavirus crisis (Image: GETTY)

However, it is good news for the chemical industry, with only six percent of companies concerned about their future and just two percent in the construction industry.

Economic experts warned of an “insolvency wave” in the next coming months.

Roland Berger warned of the long-lasting damage to the German economy, telling BILD: “There is a risk that we will have between four and five million unemployed.

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Angela Merkel's nation faces a wave of bankruptcies (Image: GETTY)

“If a pub with three waiters goes bankrupt, there will be three unemployed who will be in the statistics for a long time.

“Because these are not jobs that will be rebuilt the day after tomorrow.”

Angela Merkel's nation has already seen the coronavirus pandemic cost

thousands of jobs.



German companies say they are worried about their future (Image: GETTY)



Germany returns to some normality in the wake of the coronavirus lockdown (Image: GETTY)

According to the Employment Agency (BA), the number of unemployed stood at 2.8 million in June – around 637,000 more than a year earlier.

Ifo boss Clemens Fuest warned, “the number of unemployed will rise to around three million in the third quarter”.

It comes after the EU Commission warned Germany would be hit by a downturn of -6.3 percent from -6.5 percent forecast in May and next year’s rebound.

The report also warned the eurozone economy would drop deeper into recession this year and rebound less steeply in 2021 than previously thought, with France, Italy, and Spain struggling the most due to the COVID-19 pandemic.

The EU executive said the 19-nation single currency area would contract by a record 8.7 percent this year before growing by 6.1 percent in 2021.

In early May, the Commission had forecast a 2020 downturn of 7.7 percent and a 2021 rebound of 6.3 percent.

Meanwhile, German Chancellor Ms Merkel will meet with Spanish Prime Minister Pedro Sanchez ahead of a July 17-18 summit to discuss a planned European Union recovery fund.

Spanish government spokeswoman Maria Jesus Montero said: “Spain’s future is at stake in the coming days,” regarding the negotiations over the fund, from which Spain hopes to receive around €140 billion.

Additional reporting by Monika Pallenberg

Source:

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