

## Europe fallout from the pandemic is compressing economic activities The expected recovery is subject to great uncertainty, says UN report

New York, 25 January—The United Nations today warned that the devastating socio-economic impact of the COVID-19 pandemic will be felt for years to come unless smart investments in economic, societal and climate resilience ensure a just and sustainable recovery of the global economy.

In 2020 the world economy shrank by 4.3 percent, over two and half times more than during the global crisis of 2009. The modest recovery of 4.7 percent expected in 2021 would barely offset the losses of 2020, says the latest World Economic Situation and Prospects.

Developed economies, projected to see a 4 percent output growth in 2021, shrank the most, by 5.6 percent, due to economic shutdowns and subsequent waves of the pandemic, increasing the risk of premature austerity measures that would only derail recovery efforts globally. Developing countries saw a less severe contraction at 2.5 percent, with an expected rebound of 5.7 percent in 2021, according to the estimates presented in the report. However, economic contraction among developing nations, falling exports and local consumption rates as well as high levels of public debt will significantly increase poverty levels.

Europe experienced an economic crisis of historic proportions, with the economies of the region contracting by an estimated 7.8 percent in 2020 as a consequence of the pandemic. After some respite, the situation has been deteriorating again during the end of 2020, with many countries in the region reintroducing various lockdown measures.

“We are facing the most uncertain economic

**Economic Monitoring Board at the UN Department of Economic and Social Affairs, and the lead author of the report.**