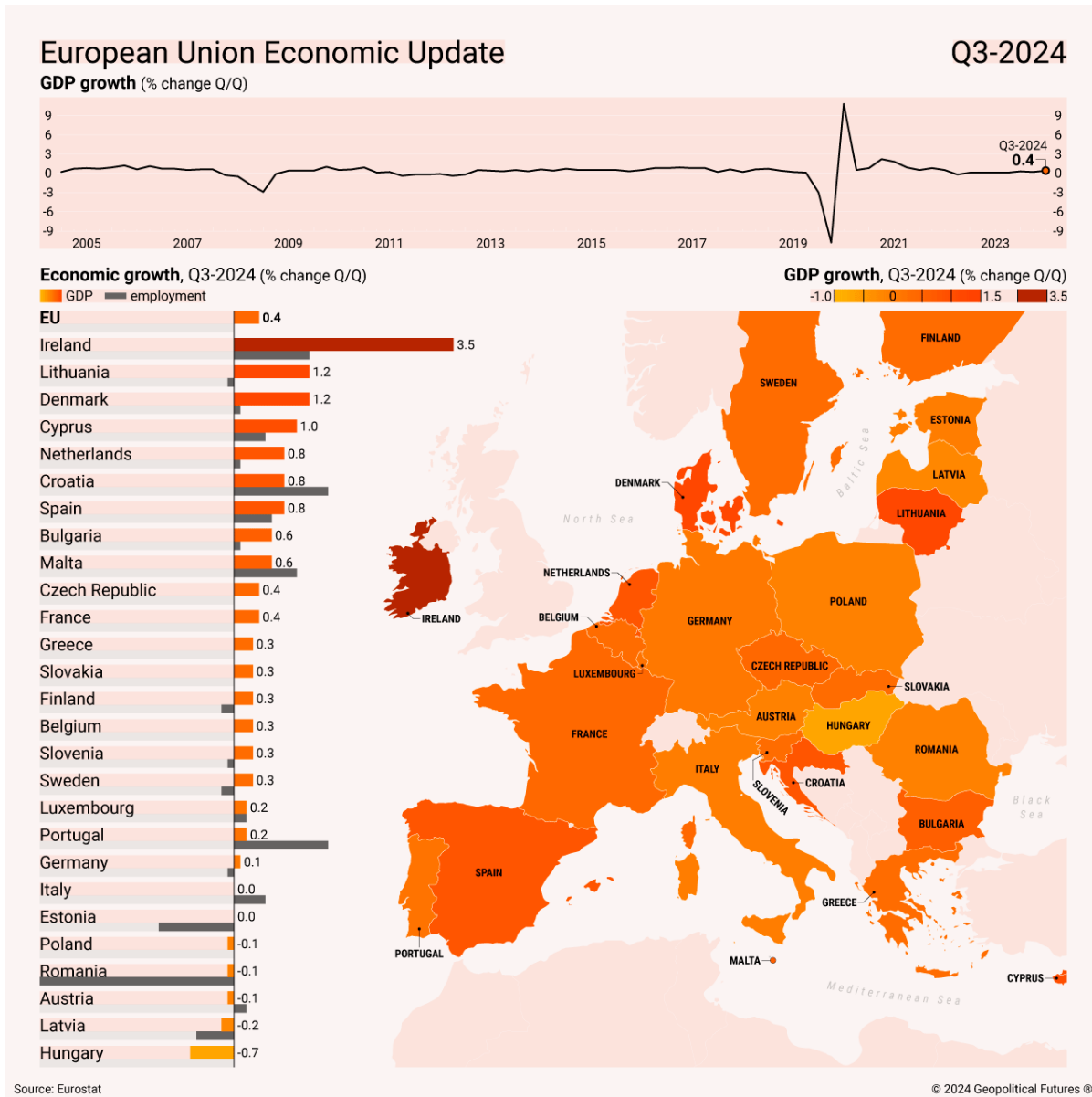


# EU Economy Shows Modest Improvement

by Geopolitical Futures - January 3, 2025



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The EU economy is recovering modestly but still faces significant structural adjustments and external pressures. In the third quarter of 2024, gross domestic product grew 0.4 percent compared with the

previous three-month period in both the eurozone and the broader EU, fueled by steady domestic consumption and a rebound in international tourism. However, stubborn inflation and tighter European Central Bank policies have eroded consumer purchasing power and curbed borrowing. Ireland and Poland have outpaced other economies, leveraging tech-driven exports and EU-funded infrastructure projects. Meanwhile, Germany and Italy lag due to high energy costs and structural barriers.

The EU's economic outlook remains clouded by several challenges. Rising energy costs, worsened by the cutoff of Russian gas, are straining industrial economies, particularly in Central and Eastern Europe. Southern Europe is grappling with high youth unemployment and growing sectoral inequalities, further straining social stability. Global trade uncertainties, including weaker Chinese demand and potential U.S.-EU frictions, are undermining export growth. Efforts like the European Green Deal and the Recovery and Resilience Facility aim to drive sustainable growth, but balanced progress will require tackling inefficiencies and fostering competitiveness across all member states.

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