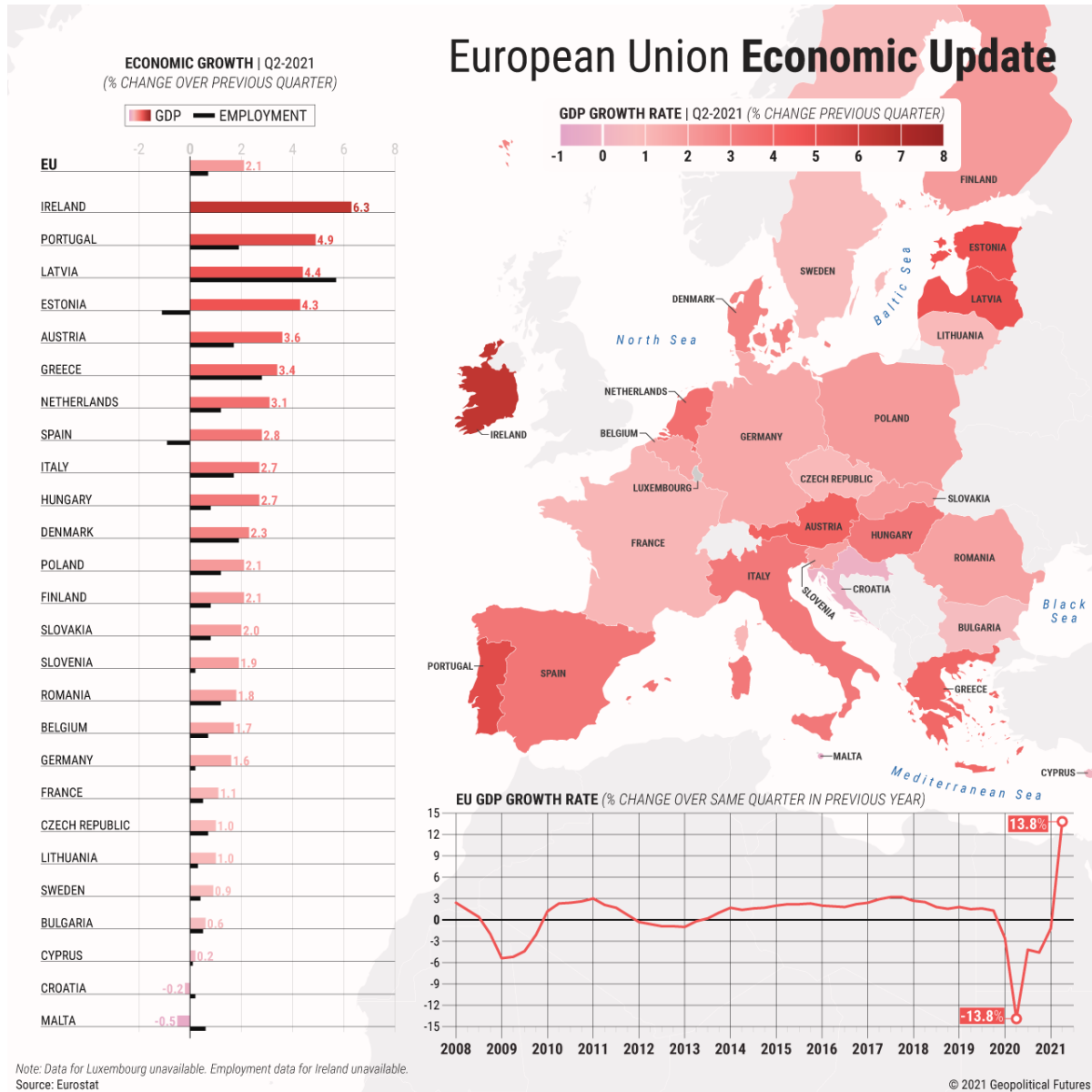


Europe's Faltering Economic Recovery

by Geopolitical Futures - October 15, 2021



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As the COVID-19 vaccination campaign proceeds, the pandemic seems almost under control in Europe. Social distancing measures are being lifted and economies are rebounding, including in

those countries that in recent years have languished under high debt and low growth like Spain, Greece, Portugal, Ireland and Italy.

But like the rest of the world, European supply chains can't keep pace with demand. Industrial production in some states is faltering due to supply shortages. This is particularly concerning in Germany, where a lack of semiconductors is hampering car production. Supply issues are also evident in the energy sector, where gas and electricity prices are hitting record highs, causing energy firms across the continent to shut down and putting upward pressure on inflation – a particularly sensitive issue in the eurozone. Heated debates about the European Central Bank's expansionary policies risk further dividing member states. Put it all together and the supply bottlenecks, rising energy prices and inflationary pressures are headwinds that could hamper the European economic recovery.

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