



PRESS RELEASE

Stockholm, 22 May 2026

AIECE Institutes See Global Growth Slowing Amid Geopolitical Uncertainty

The latest forecasts from the Association of European Economic Research Institutes (AIECE) indicate a clear slowdown in global economic growth in 2026, driven by persistent energy pressures, and weakening confidence. AIECE members project world growth to slow to **2.7% in 2026**, down from **3.4% in 2025**, as uncertainty continues to weigh on investment decisions and financial markets.

The euro area is expected to follow the same trend. Across AIECE institutes, the mean forecast for euro area GDP growth stands at **1.0% in 2026** (down from **1.5% in 2025**), with a slight recovery to **1.3% in 2027**. Forecasts for 2026 vary significantly, ranging from **0.5% to 1.4%**, reflecting elevated uncertainty. **81% of institutes have revised forecasts downward**, and three quarters see downside risks to their projections.

Diverging growth across Europe

Growth prospects across European economies remain highly uneven. Sweden, Spain, Slovenia, Hungary and Croatia are expected to exceed **2% growth in 2026**, while Italy, France and Germany remain below 1%. Germany is expected to accelerate to **1.25% in 2027**, supported by fiscal stimulus.

Differences are largely driven by exposure to global trade cycles, industrial structure, and sensitivity to energy price shocks. Private consumption remains a key source of divergence, with stronger performance in southern and northern Europe compared to weaker domestic demand in parts of the euro area core.

Fiscal and monetary policy outlook

A majority of AIECE institutes expect an expansionary fiscal stance in 2026, with **81% considering it appropriate** given weak private demand, elevated uncertainty, and the need to support economic activity. Fiscal policy is therefore expected to play a stabilising role in the short term.

Monetary policy is expected to remain broadly neutral, reflecting the ongoing balancing act between persistent inflation pressures and weakening growth momentum across the euro area.

Artificial intelligence and productivity

AIECE institutes view artificial intelligence as a broadly positive but gradual force for productivity growth. **95% of respondents expect AI to have a positive impact**, although most anticipate only moderate gains rather than a transformative acceleration in output growth in the near term.

Competitiveness under pressure from global trade tensions

AIECE members expect a **moderate decline in euro area market shares**, reflecting intensified global competition, particularly from China and the impact of US tariffs. As a result, net exports are likely to remain a drag on growth in 2026.



This reflects a broader and persistent challenge: the euro area's competitiveness is under pressure in an environment of fragmented global trade, higher energy costs, and regulatory complexity.

Weaker external performance is primarily linked to subdued global goods trade and ongoing industrial restructuring across major economies. In addition, higher energy costs continue to weigh on production costs in Europe relative to key competitors, further eroding price competitiveness in energy-intensive sectors.

Against this backdrop, AIECE institutes identify three main priorities for restoring competitiveness: **lower energy costs, simpler and more predictable regulation, and deeper integration of EU markets**. Strengthening the functioning of the Single Market is seen as key to reducing fragmentation and supporting European firms' ability to scale internationally.

About AIECE

The Association of European Economic Research Institutes (AIECE), founded in 1957, brings together 40 institutes and observers from 19 countries and five international organisations. It serves as an independent forum for the regular assessment of Europe's economic outlook. The Spring 2026 General Meeting was held on 21–22 May in Stockholm, hosted by Konjunkturinstitutet. Full General Report package: <https://www.aiece.org/general-meetings>.

Contacts

Dr. Heiner Mikosch, AIECE President: mikosch@kof.ethz.ch.