Accelerating on the green transition: the certainty in uncertain times

ABI, Rome - 22 February 2023

Tavolo tecnico per favorire la riqualificazione degli immobili
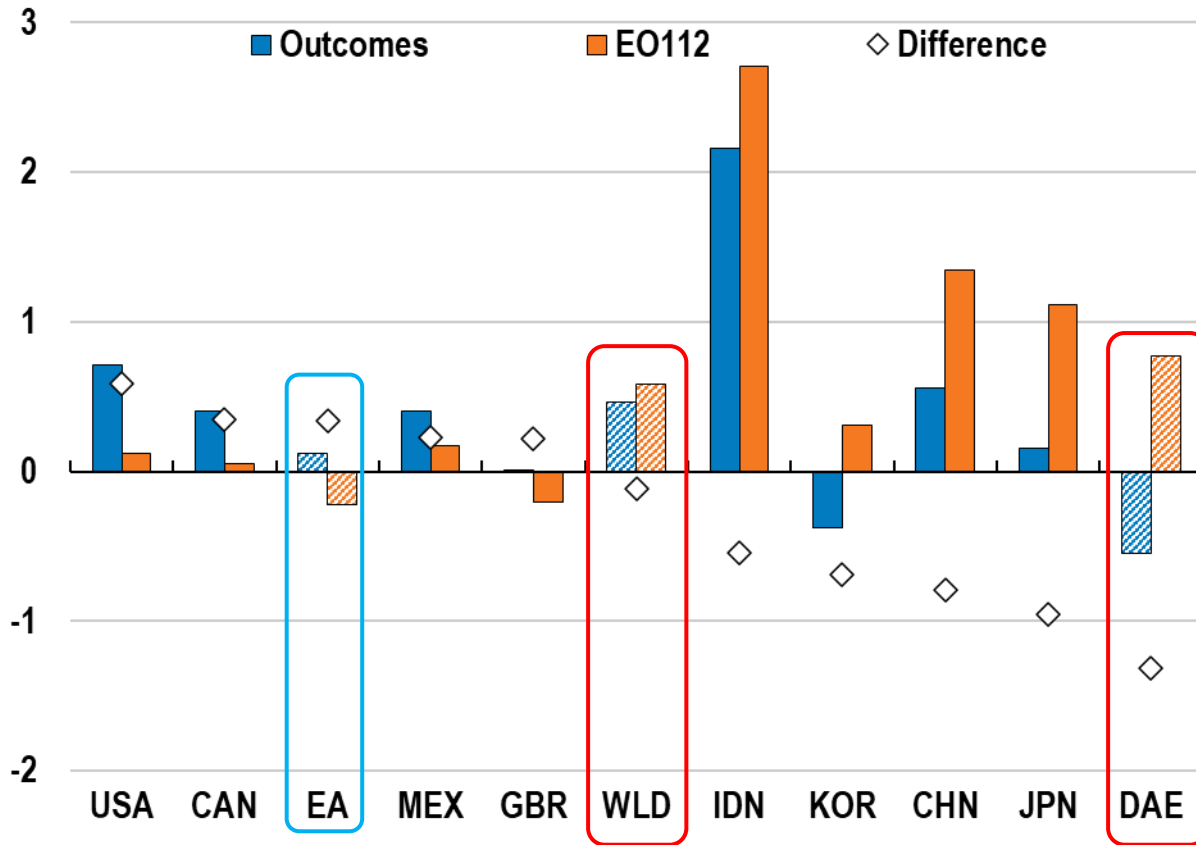
Simone Romano
Economic Advisor, Office of the Secretary-General, OECD

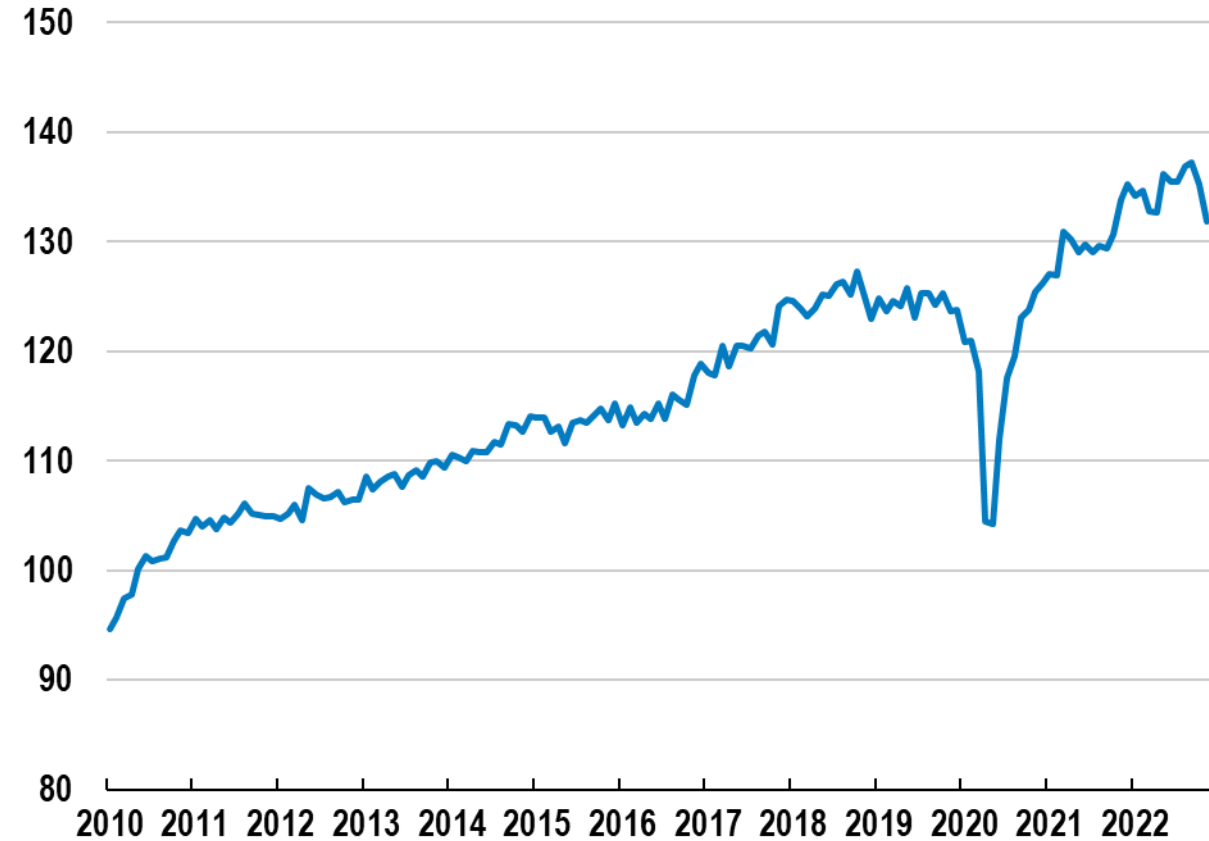# Global growth slowed and world trade declined in 2022Q4

Real GDP growth
2022Q4, saqr % vs. November EO projections

CPB indicator of world merchandise trade
Index, 2015=100

Note: Outcome for DAE (Dynamic Asian Economies - South Korea, Taiwan, Hong Kong, Singapore, Thailand and Malaysia) is an estimate based on the subset of countries for which Q4 data are available (all except Thailand). The outcome for World uses official data for countries for which Q4 is available and EO112 projections for all other countries.
Source: OECD Economic Outlook database; OECD calculations.

Source: CPB Netherlands Bureau for Economic Policy Analysis (CPB) World trade monitor.
Note:The CPB World Trade Monitor (WTM) is an instrument for bringing together, aggregating, and summarizing worldwide monthly data on international trade and industrial production. In the WTM, 'trade' is trade in goods (also referred to as 'merchandise trade'). - CPB Netherlands Bureau for Economic Policy Analysis

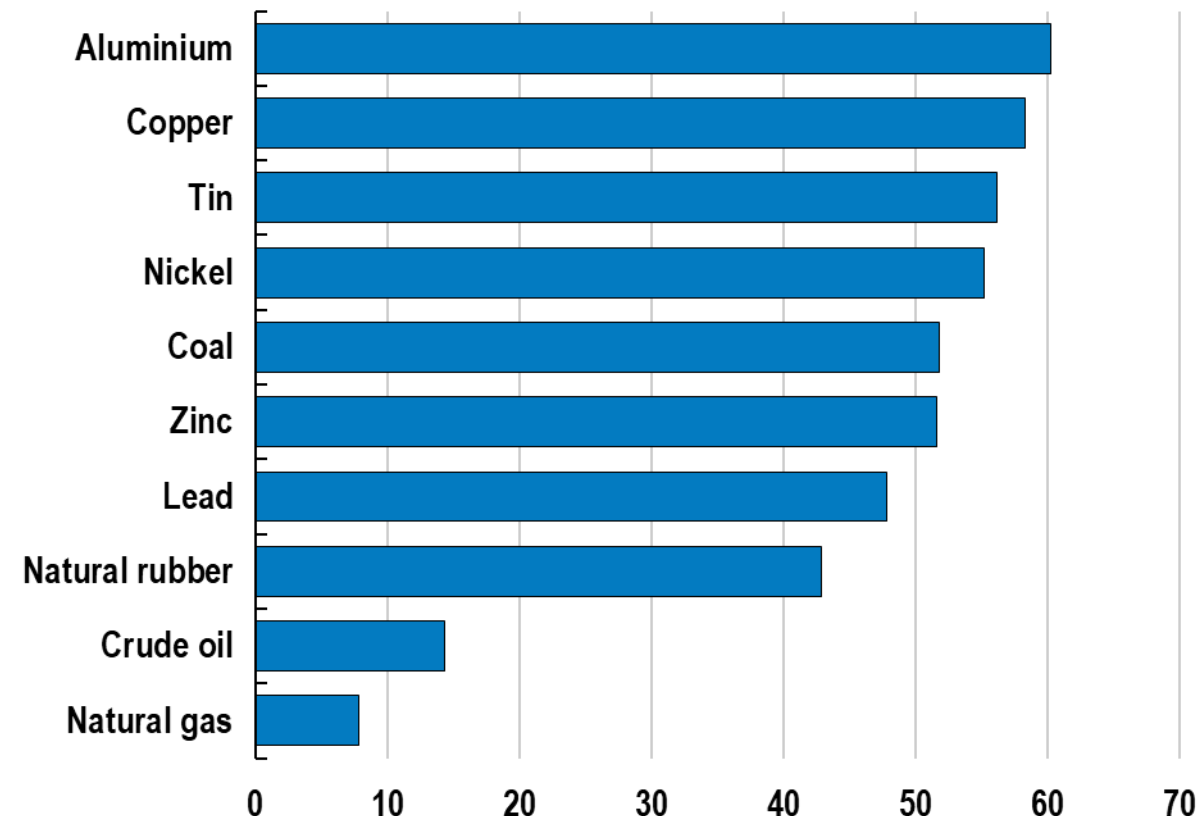# China remains a potential source of volatility

Chinese international tourism

% of total arrivals, international visitor arrivals from China

■ 2019   ◇ 2012
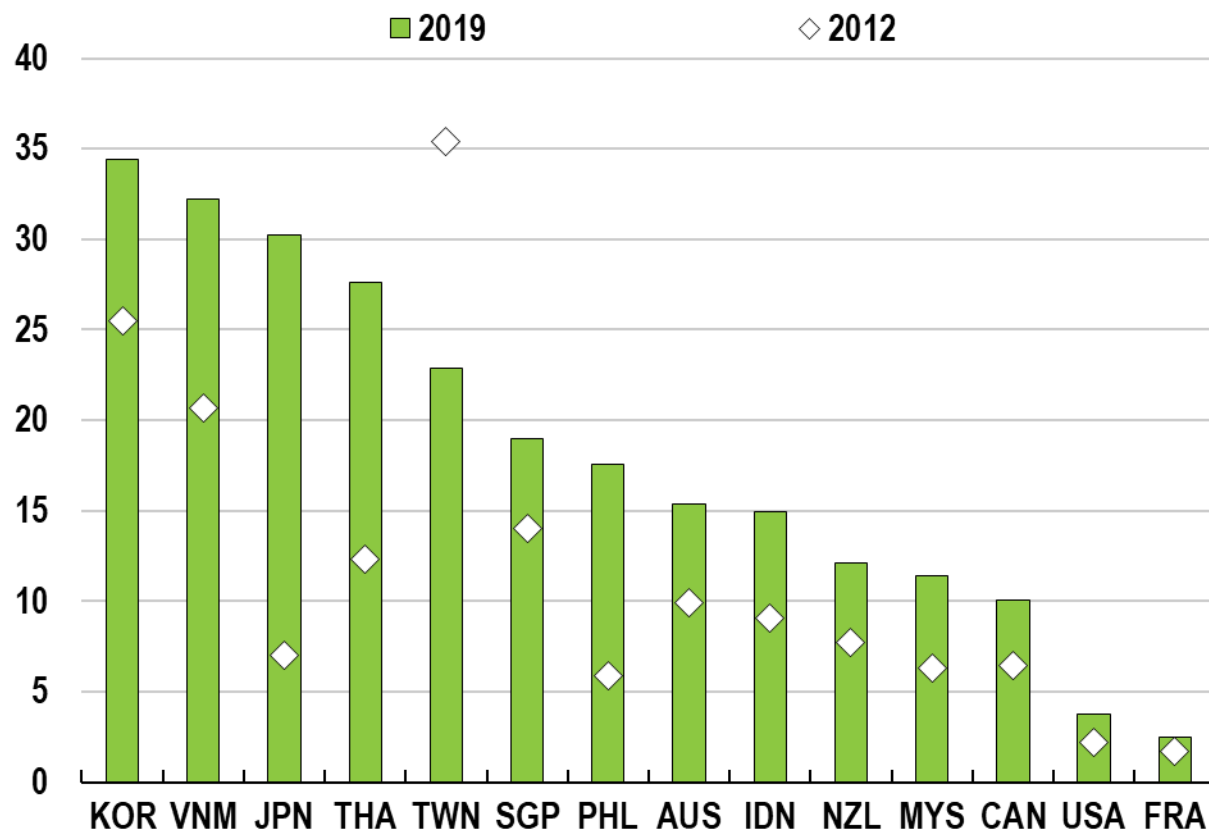
China's share in commodities demand

%, 2020 or latest

Many low-income countries are at high risk of debt distress

Debt distress in low-income countries
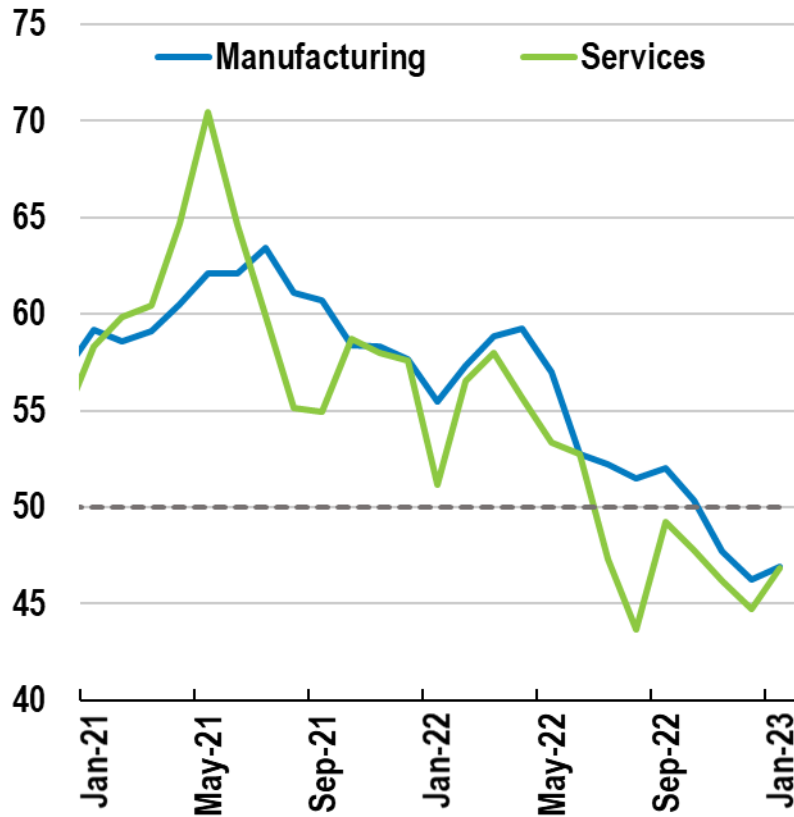
% of low-income countries, average over period
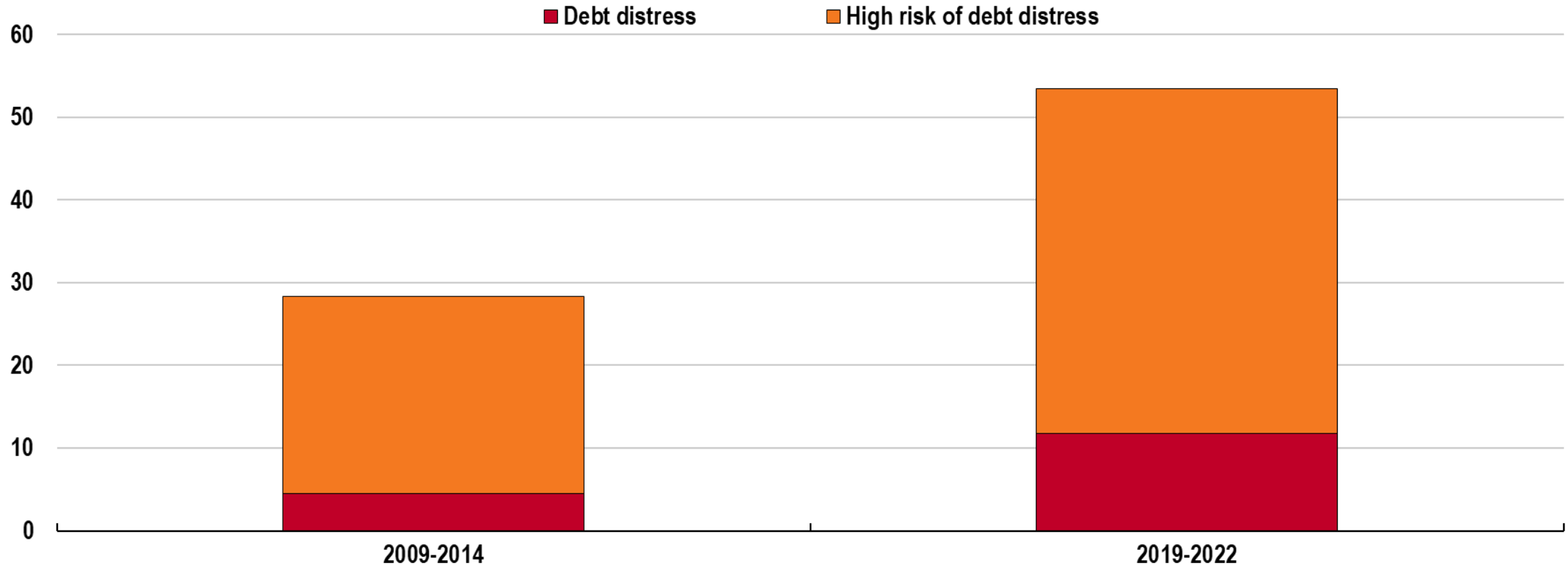
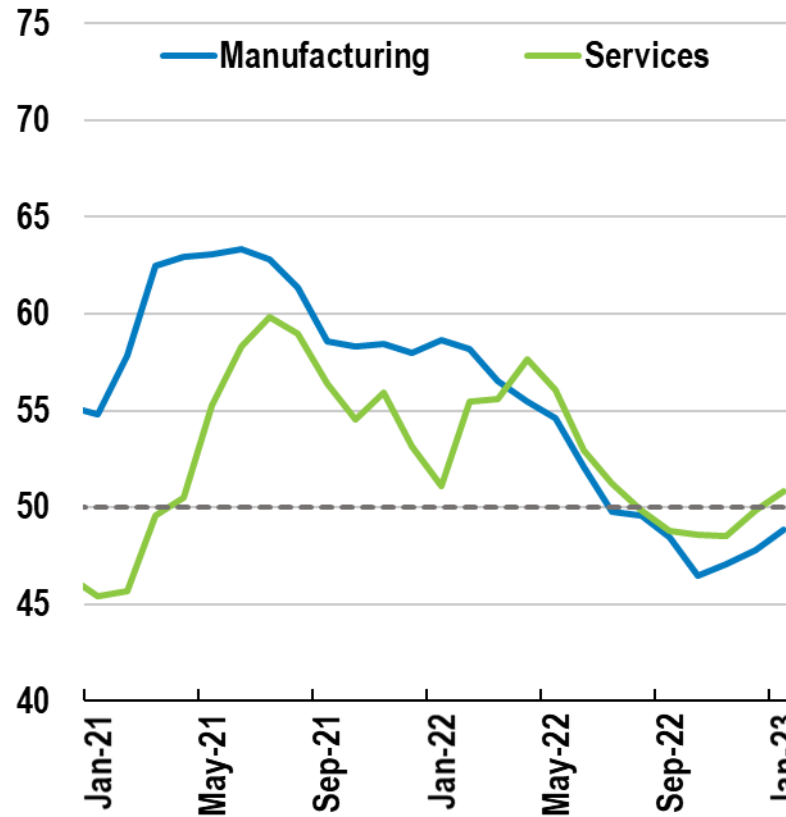■ Debt distress   ■ High risk of debt distress

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Confidence has slightly improved in recent months

PMI indices, values below 50 point to decreasing activity

United States

Euro Area

Japan

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Energy prices have come down significantly

Oil
Brent, USD/barrel

Gas
EUR/MWh
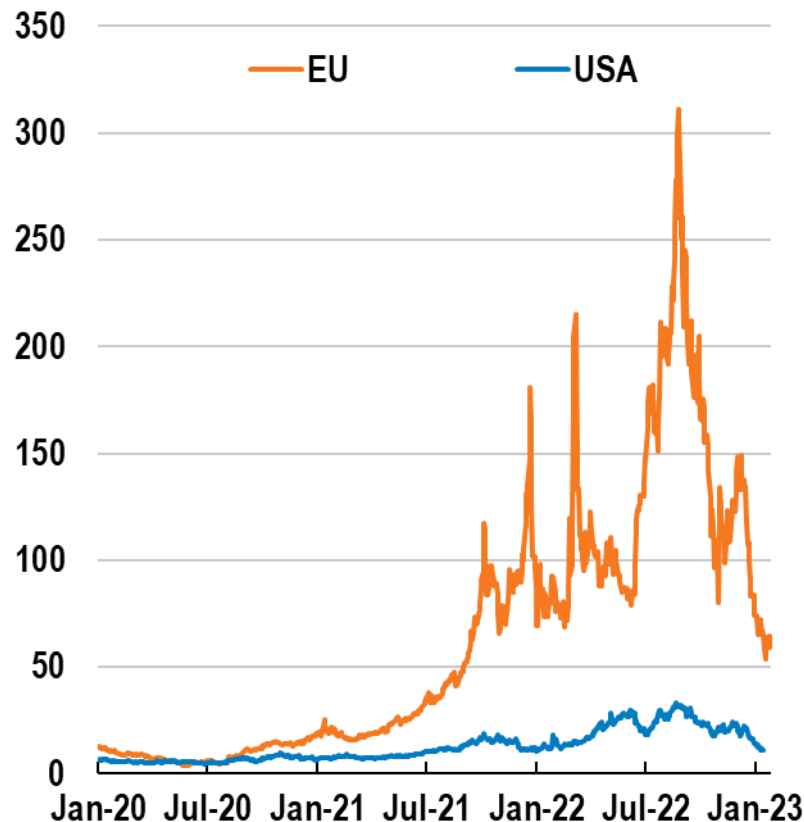
Coal
Newcastle (FOB), USD/Mt

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In Europe, gas storage levels are high

EU gas storage levels
%
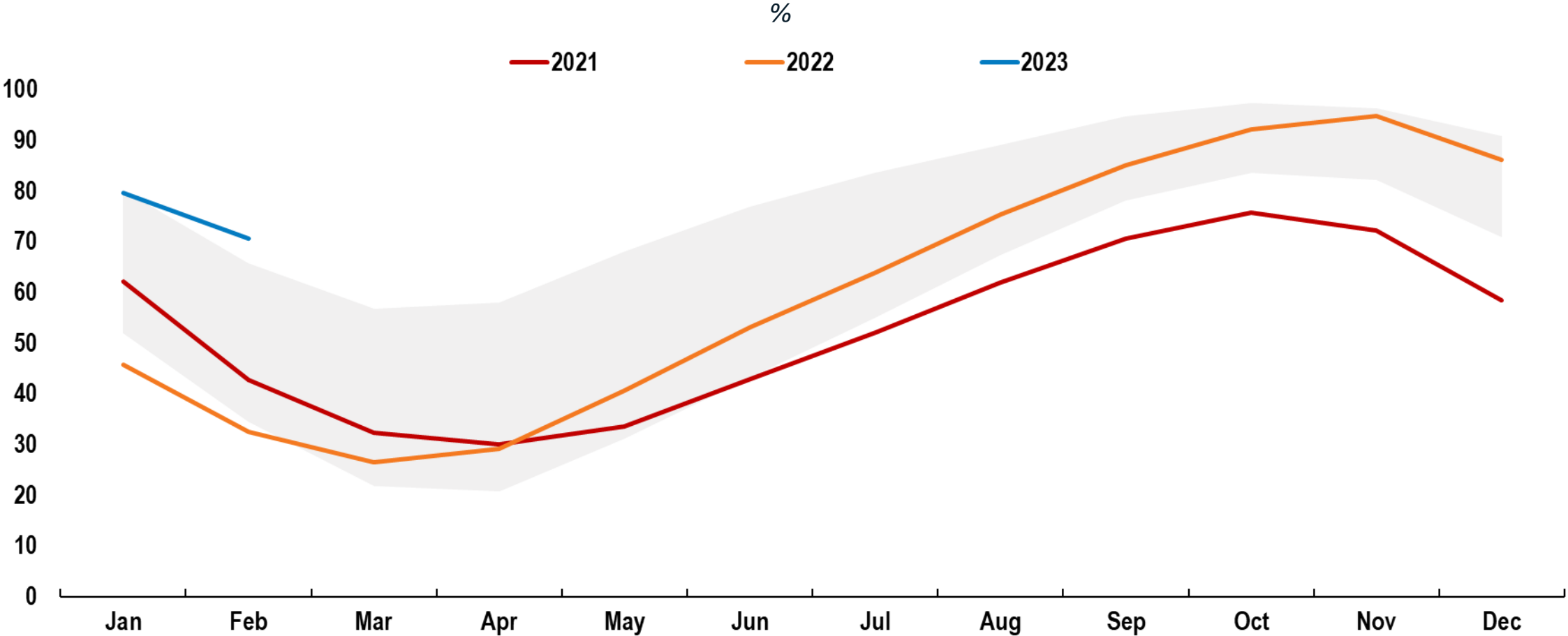
— 2021   — 2022   — 2023

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Energy prices are contributing to some easing of inflation

y-o-y %, headline vs. core inflation

Core inflation is being held up by services prices

Goods vs. services inflation

%, monthly y-o-y change

United States
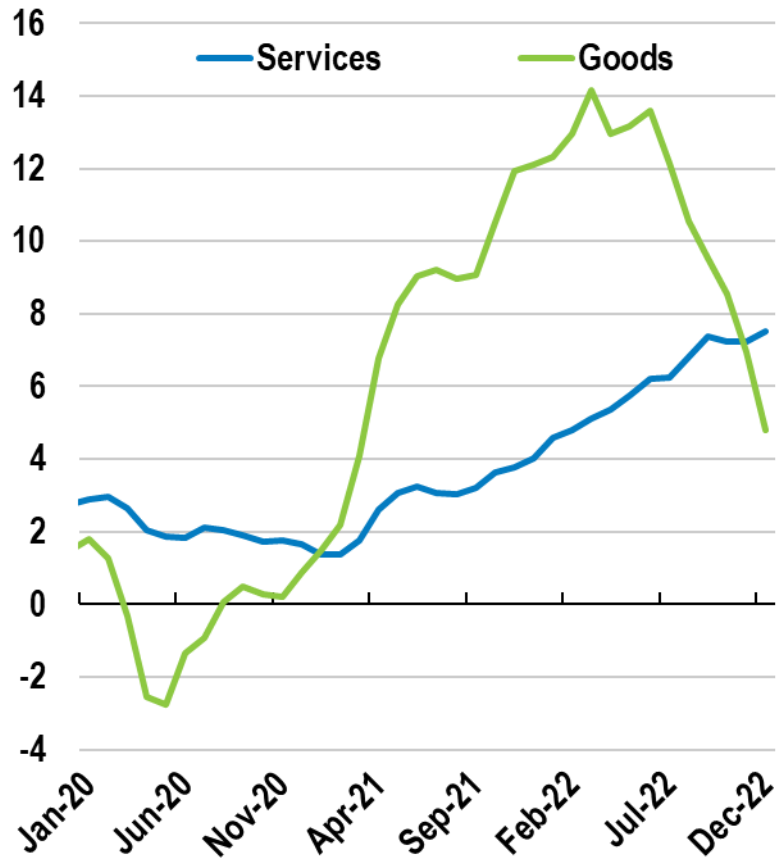
Euro Area
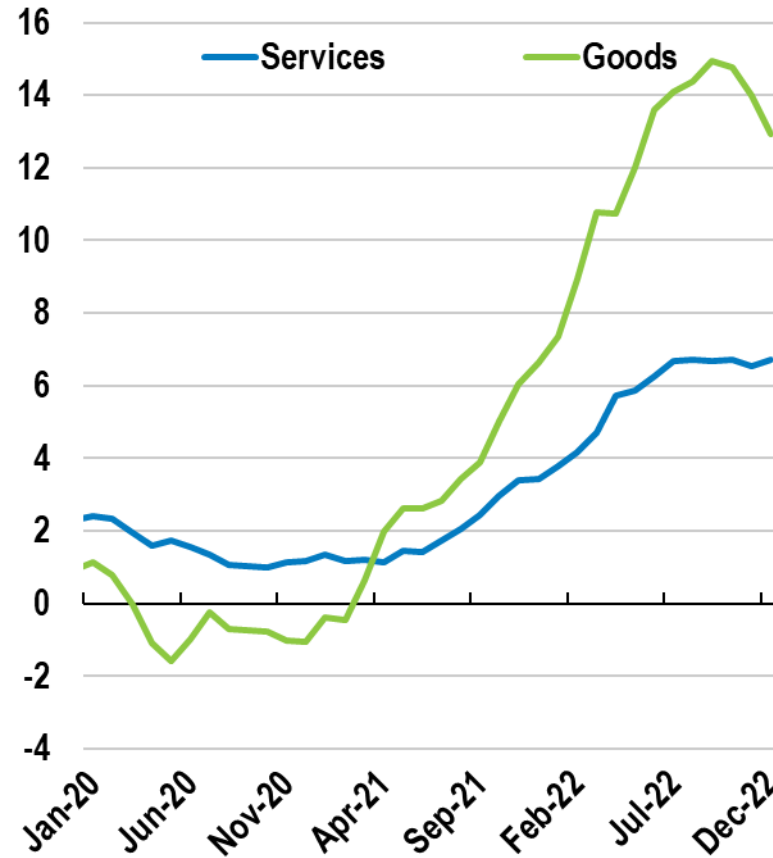
Korea
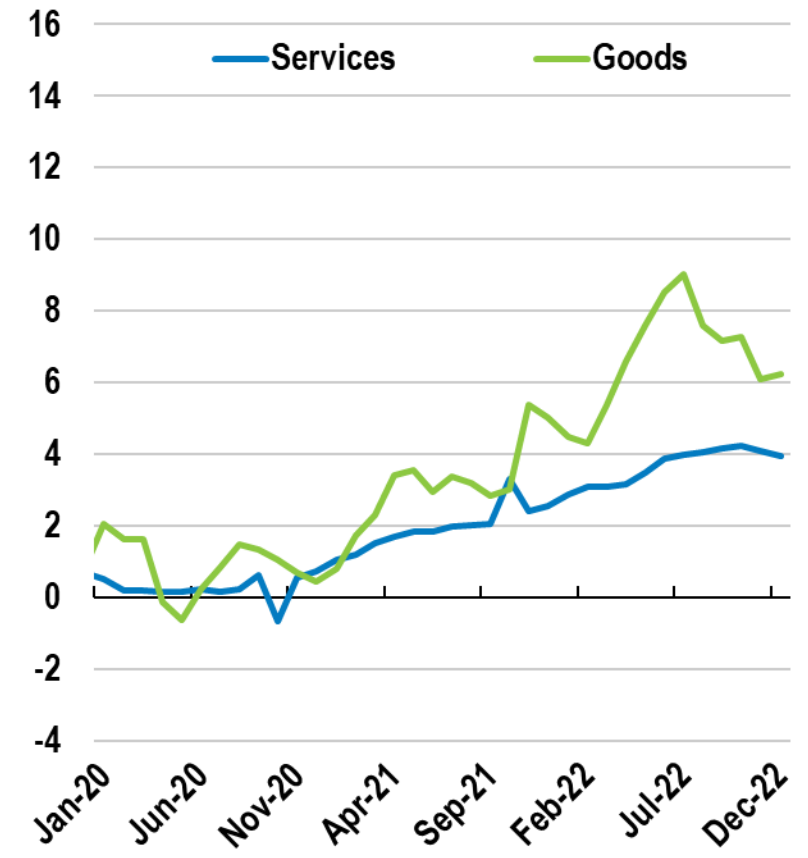
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The war has triggered a large energy price shock

Estimated share of OECD GDP spent on energy end-use
% of GDP

Meeting net-zero targets will be a key challenge

Global CO2 emissions with current climate policies vs. Net-zero emissions
Global CO_2 emissions, gigatonnes
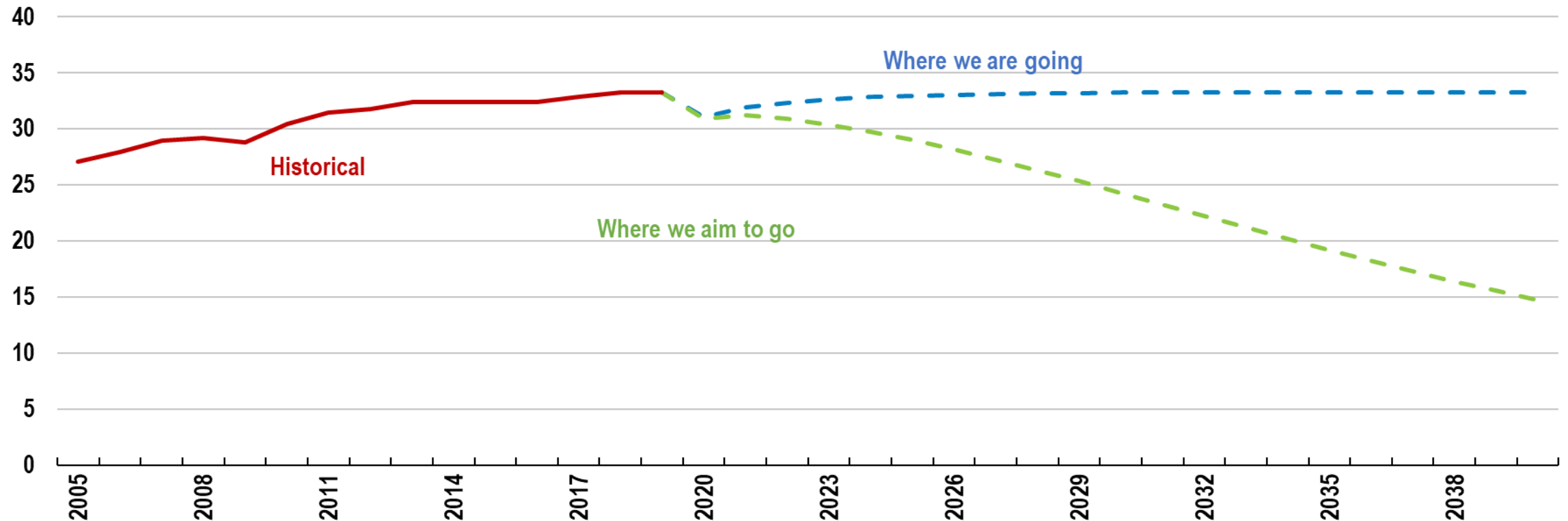
Where we are going

Historical

Where we aim to go

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The energy transition will require significant investment

Global annual green energy investment
USD billions, 2021

Legend:
- ■ Low-carbon power generation and grids
- ■ Energy efficiency
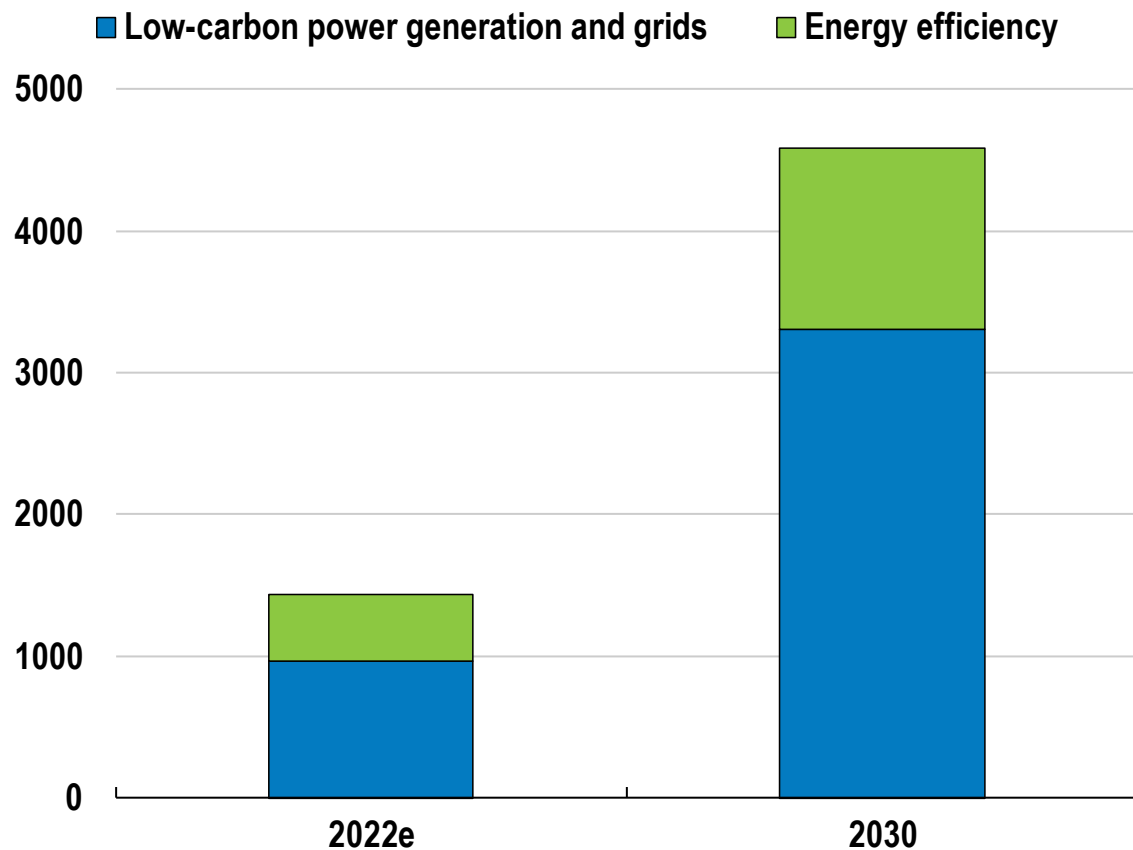
Reaching net zero emissions by 2050 relies heavily on technologies under development
Gt CO2

Legend:
- ■ Activity & behavior
- ■ Mature
- ■ Market uptake
- ■ Under development
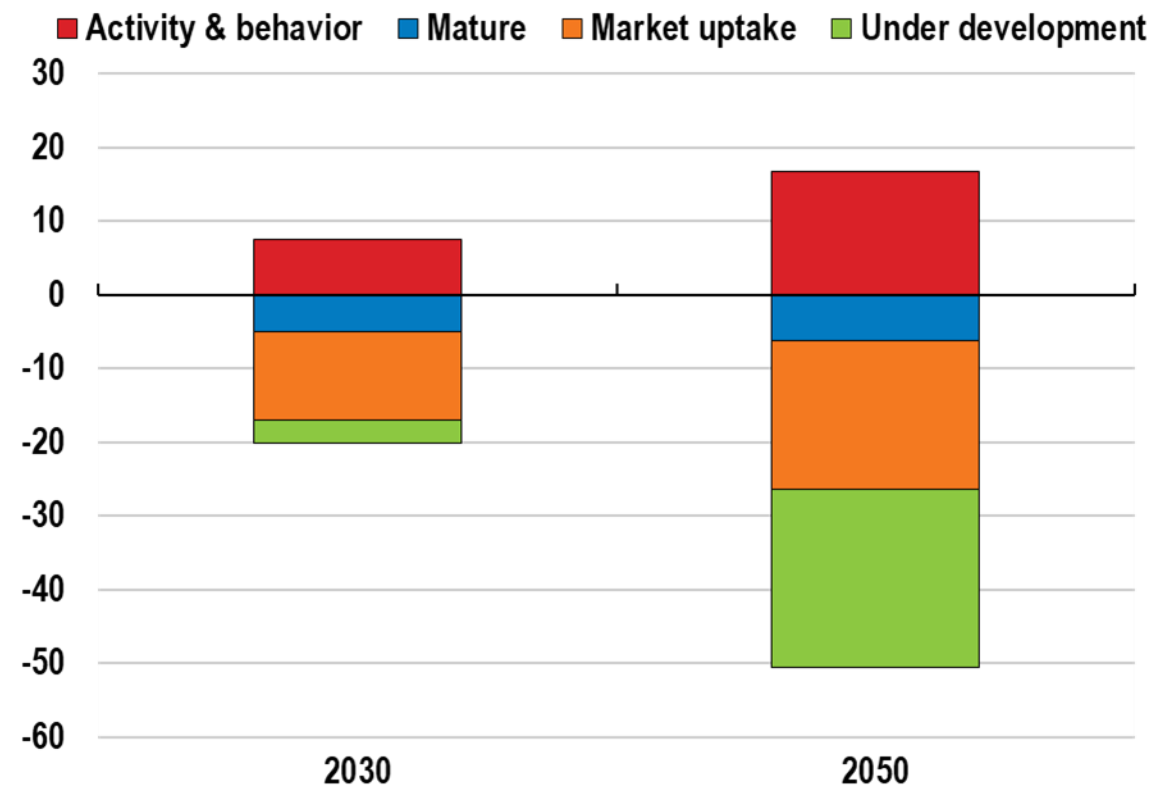
Note: The figures projected for 2030 are based on the Net Zero Scenario (NZE). NZE summarises the spending required to get the global energy sector to net zero by mid-century. The category low-carbon power generation and grids includes electric vehicles, battery storage and low carbon power (hydro, nuclear, wind, solar, geothermal and tidal power), low-carbon fuels and CCUS. Energy efficiency also includes other end uses. 2022e figures are estimations.
Source: IEA; and OECD calculations.

Note: Global CO2 emissions changes by technology maturity category in the NZE by 2050. "Mature" refers to available clean energy technologies that have reached market stability, while "market uptake" stands for technologies either where the solution is commercially available but need evolutionary improvement to stay competitive or need further market integration efforts at scale. "Under development" include technologies at prototype or demonstration phase.
Source: IEA (2021), "Net Zero by 2050" and OECD calculations.

Monetary policy is having an impact on housing markets, but the full impact remains uncertain

Proportion of OECD countries with rising real house prices

Based on quarter-on-quarter changes
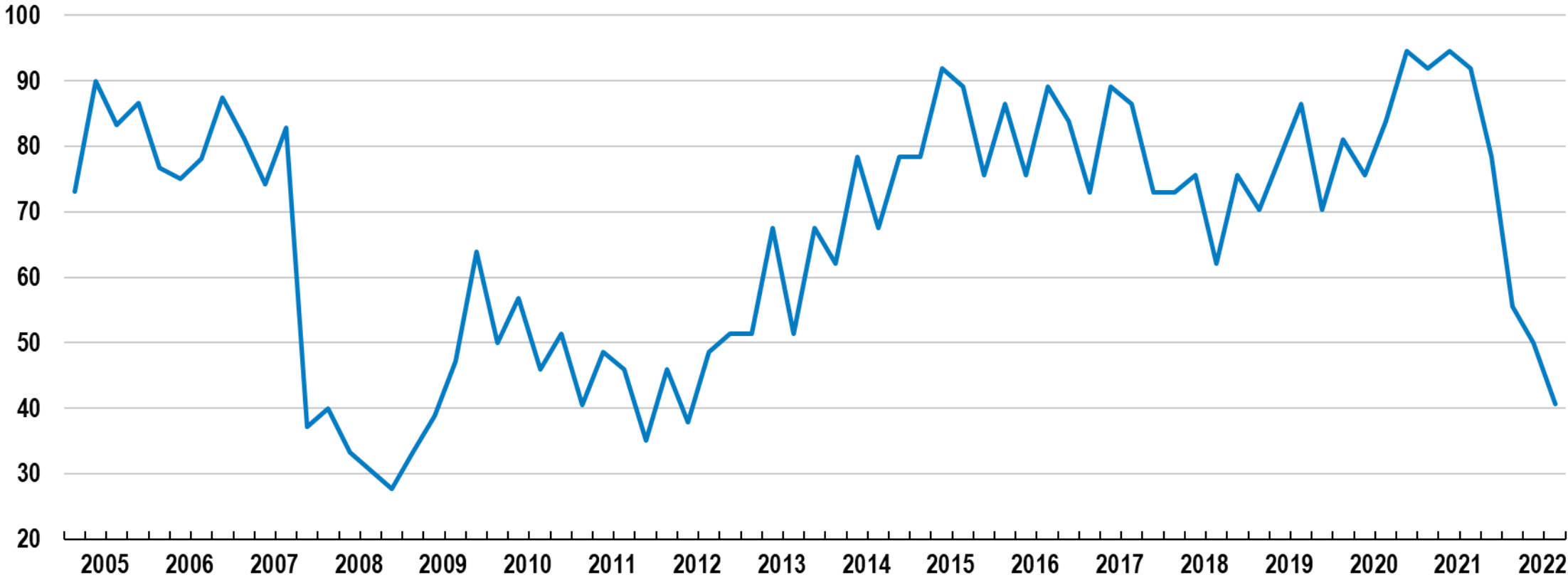
Note: House price deflated by the private consumption deflator.
Source: OECD Analytical House Price database.

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Find out more about our work at:

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✉ eco.contact@oecd.org

📰 https://oecdecoscope.blog/

Real GDP growth projections

G20 economies, %

▲ upward revision, by 0.3pp or more   ▬ no change or smaller than 0.3pp   ▼ downward revision, by 0.3pp or more

		2022		2023	2024			2022		2023	2024
World	▬	3.1	▼	2.2	2.7	**G20**	▬	3.0	▼	2.2	2.7
Australia	▬	4.0	▼	1.9	1.6	**Argentina**	▲	4.4	▼	0.5	1.8
Canada	▼	3.2	▼	1.0	1.3	**Brazil**	▲	2.8	▬	1.2	1.4
Euro area	▲	3.3	▼	0.5	1.4	**China**	▼	3.3	▼	4.6	4.1
Germany	▬	1.8	▼	-0.3	1.5	**India**	▼	6.6	▼	5.7	6.9
France	▬	2.6	▼	0.6	1.2	**Indonesia**	▲	5.3	▬	4.7	5.1
Italy	▲	3.7	▼	0.2	1.0	**Mexico**	▲	2.5	▼	1.6	2.1
Spain	▲	4.7	▼	1.3	1.7	**Russia**	▲	-3.9	▼	-5.6	-0.2
Japan	▬	1.6	▬	1.8	0.9	**Saudi Arabia**	▲	9.8	▼	5.0	3.5
Korea	▬	2.7	▼	1.8	1.9	**South Africa**	▬	1.7	▬	1.1	1.6
United Kingdom	▲	4.4	▼	-0.4	0.2	**Türkiye**	▲	5.3	▬	3.0	3.4
United States	▼	1.8	▼	0.5	1.0						

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Real GDP growth projections

Non-G20 economies, %

	2022	2023	2024		2022	2023	2024
Austria	▲ 4.5	▼ 0.1	1.2	Israel	▲ 6.3	▼ 2.8	3.4
Belgium	▲ 2.9	▼ 0.5	1.1	Latvia	▼ 2.3	▼ -0.2	2.3
Chile	▲ 1.9	▼ -0.5	2.6	Lithuania	▲ 2.5	▬ 1.6	2.0
Colombia	▲ 8.1	▼ 1.2	1.7	Luxembourg	▼ 1.7	▼ 1.5	2.1
Costa Rica	▲ 4.3	▼ 2.3	3.7	Netherlands	▲ 4.3	▼ 0.8	1.1
Czech Republic	▲ 2.4	▼ -0.1	2.4	New Zealand	▼ 2.1	▼ 1.0	1.2
Denmark	▬ 3.1	▼ 0.1	1.1	Norway	▼ 2.5	▼ 1.8	1.6
Estonia	▼ 0.8	▼ 0.5	3.2	Poland	▬ 4.5	▼ 0.9	2.4
Finland	▲ 2.2	▼ -0.3	1.1	Portugal	▲ 6.7	▼ 1.0	1.2
Greece	▲ 6.7	▼ 1.6	1.6	Slovak Republic	▼ 1.6	▼ 0.5	2.1
Hungary	▲ 6.0	▼ 1.5	2.1	Slovenia	▲ 5.0	▼ 0.5	2.0
Iceland	▲ 6.4	▼ 2.5	2.3	Sweden	▲ 2.9	▼ -0.6	1.9
Ireland	▲ 10.1	▲ 3.8	3.3	Switzerland	▼ 2.1	▼ 0.6	1.4

OECD

Inflation projections

G20 economies, %

	2022	2023	2024		2022	2023	2024
OECD	9.4	6.6	5.1				
Australia	6.5	4.5	2.5	**Argentina**	92.0	83.0	60.0
Canada	6.8	4.1	2.4	**Brazil**	8.9	4.2	4.5
Euro area	8.3	6.8	3.4	**China**	2.0	2.2	2.0
Germany	8.5	8.0	3.3	**India**	6.8	5.0	4.3
France	5.9	5.7	2.7	**Indonesia**	4.2	4.1	2.5
Italy	8.1	6.5	3.0	**Mexico**	8.0	5.7	3.3
Spain	8.6	4.8	4.8	**Russia**	13.9	6.7	6.1
Japan	2.3	2.0	1.7	**Saudi Arabia**	2.6	3.2	2.3
Korea	5.2	3.9	2.3	**South Africa**	6.6	5.9	4.9
United Kingdom	8.9	6.6	3.3	**Türkiye**	73.2	44.6	42.1
United States	6.2	3.5	2.6				

OECD

Inflation projections

Non-G20 economies, %

	2022	2023	2024		2022	2023	2024
Austria	8.5	6.7	3.6	Israel	4.3	3.3	2.2
Belgium	9.9	6.6	4.1	Latvia	17.0	10.7	5.0
Chile	11.6	6.9	3.5	Lithuania	18.8	11.9	4.0
Colombia	10.2	9.5	4.8	Luxembourg	8.2	4.0	3.2
Costa Rica	8.8	6.9	4.2	Netherlands	12.2	8.5	4.2
Czech Republic	15.2	9.9	4.1	New Zealand	7.3	5.2	3.2
Denmark	7.8	5.5	2.8	Norway	5.7	4.5	3.2
Estonia	20.2	10.8	2.8	Poland	14.2	10.8	6.6
Finland	7.0	5.3	3.1	Portugal	8.3	6.6	2.4
Greece	9.7	4.3	2.3	Slovak Republic	12.0	15.5	5.1
Hungary	13.5	12.7	5.2	Slovenia	9.2	7.5	4.4
Iceland	8.3	5.5	2.9	Sweden	8.3	7.0	2.3
Ireland	8.4	7.2	2.9	Switzerland	2.9	2.5	1.5

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