

The impact of falling oil prices on the EU economy



Lower prices for petrol and all other oil-based materials.

Supply outstrips demand, leading to a steep fall in prices.

OPEC decides to leave production levels unchanged.

US oil imports decline as domestic production from unconventional sources increases.

Weak global economic growth and greater energy efficiency reduce the demand for oil.

The EU economy is expected to enjoy a short-term boost from falling oil prices.

According to the European Commission's economic **winter forecast**, the EU's GDP growth is expected to rise from 1.3% in 2014 to 1.7% this year, thanks in part to cheaper oil.

But the economic impacts of the oil price fall are complex and include some negative consequences...

Negative consequences

- By pushing consumer price levels down, the fall in oil prices could lead indirectly to lower wage growth
- Decreased investment in the oil sector