Box 1.4: Key assumptions concerning the forecast

Given current context of high uncertainty, forecasts continue to rely heavily on ad-hoc assumptions. The assumptions underpinning the Summer interim Forecast remain unchanged compared to the Spring 2022 Forecast. (1)

Russian invasion of Ukraine and geopolitical tensions.

The magnitude of the economic impact of the war is highly uncertain and depends crucially on its duration. The forecast of the global and EU economies assumes that geopolitical tensions will not normalise before the end of the forecast horizon. All sanctions against Russia stipulated until the cut-off date of the forecast (2), including those already implemented after Russia’s annexation of Crimea in 2014 (3), are assumed to remain in place throughout the forecast horizon. For Ukraine, a specific working assumption is made that economic activity remains unchanged in 2023 compared to 2022.

People fleeing the war in Ukraine to the EU.

Assumptions on people fleeing Ukraine remain the following:

- The number of people fleeing the war in Ukraine to the EU is set to gradually reach 6 million by the end of 2022, and to stay stable over 2023.

- Their geographical distribution is projected using the distribution of Ukrainian immigrants in the EU in 2021; the distribution of flows of Ukrainian immigrants by country over recent years; the relative population of Member States and the actual distribution of people fleeing Ukraine across the EU as of March 23 2022.

- The employment rate of those arriving from Ukraine who are of working age increases from 8% (on average) in 2022 to 20% (on average) in 2023.

The COVID-19 pandemic.

Overall, as in the Spring 2022 Forecast, the Summer 2022 interim Forecast assumes that the pandemic will not cause any major disruptions in the EU economy over the forecast horizon, despite the recent increase in COVID-19 infections. For China, it is assumed that the current “dynamic Zero-COVID” policy is continued throughout the forecast horizon.

(1) For the customary technical assumptions underpinning the forecast, see Box 1.4.
(2) For the EU, these sanctions are reported by the Council. For non-EU sanctions, the Brookings Sanctions Tracker provides detailed information.
(3) Sanctions already implemented after Russia’s annexation of Crimea in 2014 have an end date (currently extended until June 2022), which is assumed to be extended at least until the end of the forecast horizon.