

Italy's industrial association cuts GDP forecast

ROME, Dec. 15 (Xinhua) -- Italy has been trapped in a more severe recession than previously forecast, the country's leading industrial association Confindustria said on Thursday.

In 2012, the Italian gross domestic product (GDP) is expected to drop by 1.6 percent resulting from a two-percent downfall between the summer of 2011 and the spring of the next year, Luca Paolazzi, head of Confindustria's research center, said during a briefing in Rome, according to local media.

Last September, the association had forecast a 0.2-percent growth in 2012.

Fiscal burden is estimated to reach a record high of 45.5 percent of GDP in 2013, while the labor market will be recording a negative trend too, with unemployment expected to reach 9 percent, especially among the young people.

The association also predicted a 0.6-percent growth in 2013, but warned it will depend on lowering of yields on long-term bonds from current rates of around the 7-percent threshold, as well as on the implementation of austerity policies.

According to Bank of Italy, last October the public debt rose to over 1.9 trillion euro (around 2.5 trillion U.S. dollars), while national statistics agency ISTAT said inflation slightly lowered to 3.3 percent in November.

The country's economic crisis is worse than expected when premier Mario Monti's emergency cabinet of technocrats was sworn in last month, the economic development minister Corrado Passera was quoted as saying by ANSA news agency.

"Italy is in recession," he stressed, blaming the crisis on the European Union's inadequate management of the Greek crisis.