

POLITICS

The European Commission has initiated legal proceedings against Britain over the former EU Member State's postponement of introduction of controls on goods destined for Northern Ireland. According to the EU executive, less than three months after completing its departure from the European bloc, London is violating the terms agreed in the exit agreement. Britain argues that it has only temporarily postponed the checks and is not breaking the rules.

The transfer of the current Prime Minister, Igor Matovič, to the Ministry of Finance should end the crisis in the Slovak government, to which personal disagreements between government politicians have contributed. The Minister of Finance Eduard Heger has been entrusted with forming a new government.

Greece will offer government bonds with the longest standard maturity of 2052. This will be the first time since the financial crisis. The southern European state is trying to raise funds in this way to combat the coronavirus crisis, which has hit the country whose economy is primarily based on tourism very severely. Athens needs 11.6 billion euros to fulfil its economic recovery plans.

The EU and the United States have agreed to suspend the tariffs they have imposed on each other in the dispute over subsidies for aircraft production at Airbus and Boeing for 4 months. This was announced by EC President Ursula von der Leyen after a telephone conversation with US President Joe Biden.

ECONOMY

In the fourth quarter of 2020, seasonally adjusted GDP decreased by 0.5% in the EU compared with the previous quarter. The decline follows a strong rebound in the third quarter of 2020 (+11.6%) and the sharpest decreases since the time series started in 1995 observed in the second quarter of 2020 (-11.2% in the EU). For the year 2020 as a whole, GDP fell by 6.2% in the EU, after +1.6% in 2019.

EU annual inflation was 1.3% in February 2021, up from 1.2% in January. A year earlier, the rate was 1.6%. The lowest annual rates were registered in Greece (-1.9%) and Slovenia (-1.1%), the highest annual in Poland (3.6%) and Hungary (3.3%). Compared with January, annual inflation fell in ten Member States, remained stable in three and rose in fourteen.

In 2020, the trade of the EU was hit hard by the coronavirus pandemic, with significant falls observed for both exports (-9.4%) and imports (-11.6%) compared with 2019. In 2020, the EU trade in goods balance was in surplus by €217 billion.

In the fourth quarter of 2020, hourly labour costs rose by +3.3% in the EU, compared with the same quarter of the previous year. In the third quarter of 2020, hourly labour costs increased by +1.8%. In the EU, the costs of hourly wages & salaries increased by +3.7% and the non-wage component by +1.8% in the fourth quarter of 2020.

In January 2021 compared with December 2020, seasonally adjusted production in the construction sector increased by 0.9% in the EU. In December 2020, production in construction fell by 1.3% in the EU. In January 2021 compared with January 2020, production in construction decreased by 1.8%.

SECTORS

In 2020, tourism was among the sectors most affected by the COVID-19 pandemic, due to the travel restrictions as well as other precautionary measures taken in response. In 2020, the number of nights spent at EU tourist accommodation establishments totalled 1.4 billion, down by 52% compared with 2019. The number of nights spent in 2020 decreased in all EU Member States. Cyprus, Greece and Malta were the most affected countries with drops exceeding 70%.

Spain will test a four-day working week. The CZK 1.3 billion experiment should last three years and will be financed by the European Pandemic Recovery Fund. Money from the fund is to go as compensation to 200 medium-sized firms, which will have to adjust the size of the workforce or reorganise production work processes to adapt their operations to the 32-hour working week.

Nine EU Member States have called on the European Commission to set a date after which it will not be possible to sell new vehicles powered by fossil fuel in the Union. The group, led by Denmark and the Netherlands, wants the car industry to align with the EU's ambitious climate policy. In June, the European Commission will propose stricter standards for carbon dioxide emissions for new cars as part of a package of measures aimed at reducing emissions by at least 55% by 2030 compared to 1990 levels.

The SUV category currently dominates the European automotive market. In January, the SUV category accounted for a record 44% of pan-European sales of all brands. This is despite the fact that 18% fewer were sold year-on-year.

The German concern VW plans to have 6 factories for battery production in Europe by 2030, and the company said that one of the locations being considered for the Eastern European battery factory planned for 2027 is the Czechia. Poland and Slovakia are also possible locations for this plant. VW is currently dependent on external suppliers for batteries. It has one plant in Germany, and is preparing a second plant in cooperation with the firm Northvolt in northern Sweden.

FOCUS ON COVID-19

The EU will receive ten million more doses of the Covid-19 vaccine from Pfizer/BioNTech in the second quarter. This was stated by the President of the European Commission, Ursula von der Leyen, according to whom part of the delivery originally planned for the second half of the year has been successfully accelerated. EU countries could thus partially replace the expected reduction in the supply of AstraZeneca in particular.

Europeans will probably have to wait for vaccination passports. According to EU diplomatic sources, it is not very likely that Europeans will have so-called vaccination or covid passports before the start of the summer holidays. Covid passports should allow people who are vaccinated, have a negative test or have antibodies after the disease to travel.

Since the pandemic began, at least 37 million people in the European region have become infected and over one million have died. Europe counted 51 countries, including the 27 Member States of the European Union, Great Britain and Russia. The EU-27 accounts for more than 550,000 deaths of patients infected with coronavirus, with less than a tenth of its population vaccinated.

EU CALENDAR**Meetings of EU institutions**

- *European Parliament committee meetings on 12 - 15 April*
- *European Parliament committee meetings on 19 April*
- *General Affairs Council on 20 April*
- *European Parliament committee meetings on 22 April*
- *European Parliament plenary session on 26 - 29 April*