

POLITICS

To support Member States welcoming and accommodating refugees fleeing the war in Ukraine, the Commission has proposed to increase by €3.4 billion the total pre-financing from the Recovery Assistance for Cohesion and the Territories of Europe (REACT-EU).

The European Commission has outlined the actions being taken to support Member States in meeting the needs of those fleeing the war against Ukraine and its people. Since the unprovoked and unjustified Russian invasion, some 3.5 million people – mainly women and children – have arrived in the EU in the space of just four weeks.

European Commission: The EU is able to reduce dependence on gas supplies from Russia by two-thirds this year. According to the European Commission's REPowerEU proposal, gas and liquefied natural gas (LNG) from countries such as the US and Qatar should replace more than a third of the supplies this year, i.e. 60 billion m³ of the 155 billion m³ that the EU buys annually from Russia. New wind and solar projects could replace 20 billion m³ of gas this year.

The European Union as a whole is 23% dependent on Russian oil imports, the Czech Republic 29%. In the case of gas, the situation is more complicated – the entire EU imports 38% of gas from Russia, but Germany over 60% and the Czech Republic practically all natural gas.

The EU has imposed anti-subsidy duties on imports of stainless steel cold-rolled flat products originating in Indonesia and also India. With Indonesia at the forefront, the EU is countering the highly trade-distorting export restrictions on key raw materials — linked also to Chinese financing.

The European Commission has approved, under EU State aid rules, a Czech scheme to partially compensate energy-intensive companies for higher electricity prices resulting from indirect emission costs under the EU Emission Trading System. This €1.4 billion measure will allow Czechia to reduce the risk of carbon leakage for its energy-intensive industries.

ECONOMY

In the fourth quarter of 2021, seasonally adjusted GDP increased by 0.4% in the EU compared with the previous

quarter. Slovenia (+5.4%) recorded the highest increase of GDP compared to the previous quarter, followed by Malta (+2.3%). Decreases were observed in Ireland (-5.4%), Austria (-1.5%), Germany (-0.3%), Croatia, Latvia and Romania (all -0.1%). For the year 2021 as a whole, GDP increased by 5.3% in the EU, after -5.9% in 2020.

The EU unemployment rate was 6.2% in February 2022, down from 6.3% in January 2022 and from 7.5% in February 2021. Eurostat estimates that 13.267 million men and women in the EU were unemployed in February 2022. Compared with January 2022, the number of persons unemployed decreased by 221,000 in the EU. Compared with February 2021, unemployment decreased by 2.568 million in the EU.

In 2021, average hourly labour costs in the whole economy were estimated to be €29.1 in the EU, up compared with €28.6, in 2020. The average hourly labour costs mask significant gaps between EU Member States, with the lowest hourly labour costs recorded in Bulgaria (€7.0) and Romania (€8.5), and the highest in Denmark (€46.9) and Luxembourg (€43.0).

Hourly labour costs in industry were €29.1 in the EU. In construction, they were €26.0. In services, hourly labour costs were €28.8 in the EU. In the mainly non-business economy (excluding public administration), they were €30.3.

In 2021, extra-EU trade saw a strong recovery from the drops in exports and imports registered in 2020 due to the impact of the coronavirus pandemic. Last year, imports increased by 23% (to €2 180.4 bn) and exports by 13% (imports rose to €2 112.5 bn).

SECTORS

In 2021, tourism was among the sectors that started to recover from the COVID-19 pandemic, following the easing of certain restrictions related to it, such as travel restrictions as well as other precautionary measures taken in response. In 2021, the number of nights spent at EU tourist accommodation establishments totalled 1.8 billion, up by 27% compared with 2020, but down by 37% compared with 2019.

Global automakers sharply increased their profits last year, despite the negative impact of shortages of chips and other components on production. According to a study by EY, last year the

aggregate operating profit of the world's 16 largest auto concerns increased by 168% to €134 billion. Although sales fell for many companies, it paid off for automakers to focus on producing more expensive cars and to reduce discounts. Large profits for end car manufacturers do not mean that their suppliers, especially smaller ones, are doing well.

Stellantis intends to sell only electric cars in Europe from 2030. The group, which includes the Peugeot, Citroën, Fiat and Opel brands, added that in the US, the share of electric cars in total sales should climb to 50% by 2030.

UKRAINE AND AUTOMOTIVE

Volkswagen has halted production in Russia and exports to the Russian market. Škoda Auto announced the same step as well, thus Volkswagen's plants in Kaluga and Nizhny Novgorod ceased production. The measure is valid until further notice. The Russian market was the second largest for Škoda in 2021.

Renault eventually suspended its activities in Russia. The French concern procrastinated for a long time. Renault generates about 8% of its profits in Russia. It has a 69% stake in AvtoVAZ, which manufactures Lada cars. The entire Renault-Nissan Group (including AvtoVAZ) has about a third of the Russian market share.

The Leoni wire harness manufacturer has resumed operations in Ukraine. The German company Leoni, which manufactures wire harnesses for the automotive industry, has resumed production in Ukraine to 40% of its capacity. Production was temporarily halted due to the Russian invasion.

In Ukraine, the production of neon, which is used in the manufacture of chips, has stopped. This threatens to raise prices and exacerbate shortages, as Ukrainian production accounts for about half of global neon supplies.

EU CALENDAR

Meetings of EU institutions

- General Affairs Council on 12 April
- Eurogroup on 14 April
- European Parliament committee meetings on 18 - 21 April
- European Parliament committee meetings on 25 April
- European Parliament committee meetings on 28 April