

## POLITICS

**French President Emmanuel Macron defended his mandate in the second round of the presidential election** with 58.55% of the vote. His opponent Marine Le Pen obtained 41.45%. Turnout was just under 72%.

**The liberal green Freedom Movement won the parliamentary elections in Slovenia with 34.3% of the vote.** The Slovenian Democratic Party of incumbent Prime Minister Janez Jansa came in second with 23.8%. The ruling group has already acknowledged the defeat, and Jansa, who heads the government of the country with 2.1 million inhabitants, will soon finish his term.

**The Russian gas company Gazprom has completely stopped gas supplies to Poland and Bulgaria.** It justified its decision by saying that local gas companies PGNiG and Bulgargaz refused to pay for gas in rubles, as Moscow demands.

**Projections for Europe without Russian gas point to a problem by the end of January 2023** (according to Bruegel). In the event of a complete supply shutdown, EU countries would have to reduce annual consumption by 10 to 15%. At that time, even record high supplies from other countries would not be enough and gas storage facilities in Europe would be emptied at the turn of January and February 2023.

**The European Central Bank has left its position (in April) on monetary policy essentially unchanged.** The current data reinforces expectations that net asset purchases under the APP programme should end in the third quarter and that further monetary policy developments will depend on current data and assessments of the outlook.

## ECONOMY

**In the first quarter of 2022, seasonally adjusted GDP increased by 0.4% in the EU,** compared with the previous quarter. In the fourth quarter of 2021, GDP had grown by 0.5%. Compared with the same quarter of the previous year, seasonally adjusted GDP increased by 5.2% in the EU in the first quarter of 2022. Portugal (+2.6%) recorded the highest increase compared to the previous quarter, followed by Austria (+2.5%). Declines were recorded in Sweden (-0.4%) and in Italy (-0.2%). The year-on-year growth rates were positive for all countries.

**The year-on-year inflation rate in the**

**EU rose to a record 7.8% in March** from 6.2% in February. The highest inflation in the EU was recorded in Lithuania, where consumer prices increased by 15.6% year-on-year. Estonia came in second place with inflation at 14.8%. Malta, on the other hand, had the lowest inflation at 4.5%. It was followed by France and Portugal.

**In the fourth quarter of 2021, the seasonally adjusted general government deficit to GDP ratio stood at 3.5% in the EU.** The deficit to GDP ratio decreased due to stronger increases in total revenue compared to total expenditure as well as due to a higher GDP in comparison with the third quarter of 2021. In the EU, the deficit to GDP ratio remained stable compared with the third quarter of 2021. In the fourth quarter of 2021, most Member States continued to record a government deficit.

In the second half of 2021, **average household electricity prices in the EU increased sharply** compared with the same period of 2020 (€21.3 per 100 kWh), standing at €23.7 per 100 kWh. **Average gas prices in the EU also increased compared with the same period of 2020 (€7.0 per 100 kWh) to €7.8 per 100 kWh in the second half of 2021.** Household electricity prices rose in 25 EU Member States in the second half of 2021, compared with the second half of 2020. The largest increase (in national currencies) was registered in Estonia (+50%) and in Sweden (+49%). Between the second half of 2020 and 2nd half of 2021, gas prices increased in 20 of the 24 EU Member States. The largest increases in household gas prices (in national currencies), were observed in Bulgaria (+103%) and in Greece (+96%).

**In the EU, household real consumption per capita decreased by 0.5% in the fourth quarter of 2021,** after an increase of 4.2% in the previous quarter. At the same time, household real income per capita decreased by 1.8% in the fourth quarter of 2021, after an increase of 0.4% in the third quarter of 2021.

## SECTORS

**Within two years, EU regulations could come into force which will have a significant impact on European companies operating in the field of virtual currencies.** It mainly concerns operators of crypto exchanges, exchange offices, bitcoin-mats and token issuers. The new rules should contribute, among other things, to fewer people falling for fraudsters.

**In March 2022, passenger car registrations in the EU continued to decline (-20.5%), with 844,187 units sold.** Most countries in the region recorded double-digit drops in sales, including the four key markets: Spain (-30.2%), Italy (-29.7%), France (-19.5%) and Germany (-17.5%).

**The German automobile concern Volkswagen intends to reduce its range of models with internal combustion engines by 60% by the end of the decade.** It also wants to reduce its overall sales and focus on producing more expensive cars that bring higher profits.

## FOCUS ON EU DEMOGRAPHICS

**In 2020, 4.07 million babies were born in the EU,** continuing a downward trend which began in 2008 when 4.68 million children were born in the EU. The total fertility rate stood at 1.50 live births per woman in the EU in 2020, a small decrease from the recent peak in 2016 (1.57) but still an increase compared with 2001 (1.43). The highest total fertility rate was in France (1.83 live births per woman), followed by Romania (1.80) and Czechia (1.71).

**In 2020, the life expectancy at birth in the EU was 80.4 years.** This figure was 5.7 years higher for women (83.2 years) than men (77.5 years). Compared with 2019, the life expectancy at birth experienced a decrease (-0.9 years). Men experienced a larger decrease in life expectancy (-1.0 years) than women (-0.8 years). However, this reduction in life expectancy at birth is related to the sudden increase in mortality in 2020 due to the COVID-19 pandemic.

**According to preliminary 2021 data, the COVID-19 pandemic that started in 2020 has had a negative effect with life expectancy at birth declining in almost half the EU Member States in 2021.** The largest decreases have been estimated in Slovakia and Bulgaria (-2.2 years), followed by Latvia (-2.1).

## EU CALENDAR

### Meetings of EU institutions

- *European Parliament committee meetings on 9 - 12 May and on 16 - 17 May*
- *Foreign Affairs Council on 16 May*
- *European Parliament plenary session on 18 - 19 May*
- *European Parliament committee meetings on 19 May and on 30 May*
- *Economic and Financial Affairs Council on 24 May*