

POLITICS

MEPs have backed plans to create an EU digital wallet. The new digital identity framework will provide EU citizens with cross border digital access to key public services. The new Digital Identity Wallet will allow citizens to identify and authenticate themselves online without having to resort to commercial providers - a practice that raises trust, security and privacy concerns.

The head of the European Commission, Ursula von der Leyen, announced that the Commission will develop a strategy on how the EU should invest in defence and strengthen the arms industry.

Following protests by farmers, the European Commission has proposed to restrict some imports from Ukraine and simplify bureaucracy. The Commission also proposed more flexibility on the rules on unused land and the extension of the suspension of import duties on Ukrainian exports until June 2025. The Commission's proposals will be examined by the EP and the Council of the EU.

The Commission has set out several actions to help ensure that the EU meets its 2030 digital infrastructure targets. Fast, secure, and widespread connectivity is crucial. This concerns innovations like telemedicine, automated driving, artificial intelligence, and smart buildings.

The European Parliament has given its final green light to the reform of EU rules strengthening the protection of Geographical Indications for wine, spirit drinks and agricultural products. The regulation protects GIs offline and online, gives more powers to their producers and simplifies the registration process for GIs.

ECONOMY

In the fourth quarter of 2023, seasonally adjusted GDP remained stable in both the euro area and the EU, compared with the previous quarter. In the third quarter of 2023, GDP had remained stable in the EU. Compared with the same quarter of the previous year, seasonally adjusted GDP increased by 0.2% in the EU in the fourth quarter of 2023.

EU annual inflation was 3.1% in January 2024, down from 3.4% in December. A year earlier, the rate was 10.0%. The lowest annual rates were registered in Denmark and Italy (both 0.9%). The highest annual rates were recorded in Ro-

mania (7.3%), Estonia (5.0%) and Croatia (4.8%). Compared with December, annual inflation fell in fifteen Member States, remained stable in one and rose in eleven.

The EU unemployment rate was 6.0% in January 2024, stable compared with December 2023 and down from 6.1% in January 2023.

The annual average industrial production for the year 2023, compared with 2022, decreased by 2.0% in the EU. Among Member States for which data are available, the highest monthly increases were registered in Ireland (+23.5%) and the Netherlands (+6.6%). The largest decreases were observed in Slovenia (-7.4%), and Croatia (-4.3%).

SECTORS

In 2023, the EU trade in goods deficit with China stood at €291 billion, which was €106 billion lower when compared with 2022 (-27%). In 2023, China was the largest partner for EU imports of goods (20.5% of total extra-EU imports) and was the third largest partner for EU exports of goods (8.8% of total extra-EU exports).

Microsoft is investing 15 million euros in the French firm Mistral. Mistral develops large language AI models. Of course Microsoft has already invested over ten billion dollars in the company OpenAI, the creator of the ChatGPT communication system. France's Mistral was created only ten months ago, but its market value is already at two billion euros.

In 2023, the number of nights spent in EU tourist accommodation reached 2.9 billion. This represents a 6.1% increase compared with 2022 and a 1.4% increase compared with the pre-pandemic 2019.

Sea freight from Asia to Europe has become 300% more expensive due to the crisis in the Suez canal. Shipping costs for a 12-meter container from Asia to Europe rose from 1,500 dollars to 5,500 dollars since December, nearly fourfold. Then they dropped to 4,000 dollars. The route from Singapore to Rotterdam via the Suez is 15,631 kilometers, while the route around South Africa is 21,705 kilometers.

Energy for heating and cooling makes up around half of the EU's total gross final energy consumption. In 2022, the share of energy from renewables in heating and cooling continued to rise, with the EU average standing at 24.8%, up 1.8 percentage points (pp) from 2021 (23.0%).

In 2023, 55% of people in the EU aged 16 to 74 had at least basic overall digital skills. There were significant disparities across the EU, with rates ranging from 83% in the Netherlands to 28% in Romania.

European carmakers are considering a merger to produce low-cost electric cars due to competition from China. Rival automakers Volkswagen, Renault, and Stellantis are thinking about the previously unthinkable – exploring the possibility of joining forces to produce cheaper electric cars and stave off existential threats from China's cheap electric cars.

European automotive battery maker Automotive Cells Company, owned by Stellantis, Mercedes and TotalEnergies, has raised 4.4 billion euros from banks to finance three new plants in France, Germany and Italy. One of the company's plants in France opened last year and is already producing lithium-ion batteries.

FOCUS ON EU ECONOMY

Following subdued growth last year, the EU economy has entered 2024 on a weaker footing than expected. The European Commission's Winter Interim Forecast revises growth in both the EU and the euro area down to 0.5% in 2023, from 0.6% projected in the Autumn Forecast. Inflation is set to slow down faster than projected in the autumn. In the EU, Harmonised Index of Consumer Prices (HICP) inflation is forecast to fall from 6.3% in 2023 to 3.0% in 2024 and 2.5% in 2025. In the euro area, it is expected to decelerate from 5.4% in 2023 to 2.7% in 2024 and to 2.2% in 2025.

Winter 2024 Economic Forecast

EU (%)	2023	2024	2025
GDP Growth	0.5	0.9	1.7
Inflation	6.3	3.0	2.5

Euro area (%)	2023	2024	2025
GDP Growth	0.5	0.8	1.5
Inflation	5.4	2.7	2.2

Source: European Commission

EU CALENDAR

Meetings of EU institutions

- Plenary Session of the European Parliament on 11 - 14 March
- Economic and Financial Affairs Council on 12 March
- Foreign Affairs Council on 18 March
- General Affairs Council on 19 March
- European Council on 21 - 22 March

This publication is considered a supplementary source of information provided to our clients. The information in the publication should be seen as irrefutable or unalterable. The publication is based on the best sources of information available at time of publication that are generally considered reliable and correct. Česká spořitelna, a.s., its branches and employees cannot, however, guarantee this. Sources: European Commission, Eurostat, Reuters, EurActiv, Euronews, ACEA and others.