

## POLITICS

**Turkish President Recep Tayyip Erdoğan has won the second round of the presidential election**, taking 52.1% of the vote to defeat opposition leader Kemal Kiliçdaroğlu.

**Slovakia will have a caretaker government headed by Ľudovít Ódor**, the current deputy governor of the Slovak central bank, who will lead the country to early elections in September. Slovakia will have its third government since the last parliamentary elections in late February 2020. The country has not yet had any experience with a cabinet composed only of specialists.

**The Commission welcomes the launch of the Unitary Patent system**, which will make it simpler and easier for companies to protect their innovations in Europe and capitalise on their intellectual property. The Unitary Patent system will strengthen the EU's innovation and competitiveness and complete the Single Market for patents. It will initially cover 17 Member States, representing around 80% of the EU's GDP. Participation is open to further Member States in the future.

**Eurostat published the 'Sustainable development in the EU — monitoring report on progress towards the SDGs in an EU context, 2023 edition'**, which provides a statistical overview of progress towards the Sustainable Development Goals in the EU. The report shows that the EU has made progress towards most goals over the last five years, in line with Commission's priorities in key policy areas such as the European Green Deal, the 8th Environment Action Programme and the European Pillar of Social Rights Action Plan.

## ECONOMY

**The European economy continues to show resilience in a challenging global environment.** Lower energy prices, abating supply constraints, and a strong labor market supported moderate growth in the first quarter of 2023, dispelling fears of a recession. This better-than-expected start to the year raises the growth outlook (from the European Commission) for the EU economy to 1.0% in 2023 (0.8% for the Winter interim Forecast) and 1.7% in 2024 (1.6% for the Winter interim Forecast). Upward revisions for the euro area are of a similar magnitude, with GDP growth now expected at 1.1% and 1.6% in 2023 and 2024 respectively.

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Sources: European Commission, Eurostat, Reuters, EurActiv, Euronews and others.

**In the first quarter of 2023, seasonally adjusted GDP increased by 0.2% in the EU**, compared with the previous quarter. In the fourth quarter of 2022, GDP decreased by 0.1%. Compared with the same quarter of the previous year, seasonally adjusted GDP increased by 1.2% in the EU in the first quarter of 2023, after +1.7% in the EU in the 4th quarter of 2022.

**Annual inflation in the EU was 8.1% in April 2023**, down from 8.3% in March. A year earlier, the rate was 8.1%. The lowest annual rates were registered in Luxembourg (2.7%) and Belgium (3.3%). The highest annual rates were recorded in Hungary (24.5%), Latvia (15.0%) and Czechia (14.3%). Compared with March, annual inflation fell in 22 Member States and rose in 5.

**EU trade with Russia has been strongly affected by the Russian invasion of Ukraine**, with the EU imposing import and export restrictions on several products. Russia's share of the EU's ex-EU exports fell from 4.0% in February 2022 to 1.8% in March 2023. Over the same period, the share of ex-EU imports from Russia fell from 9.5% to 1.9%. The EU's trade deficit with Russia, which peaked at €18.4 billion in March 2022, decreased to €6.1 billion in December 2022 and became a small surplus in March 2023 at €0.2 billion. The value of imports from Russia fell from €22.0 billion in March 2022 to €3.8 billion in March 2023.

## SECTORS

**German national carrier Lufthansa is finalizing negotiations with the Italian state for the acquisition of the airline Italia Trasporto Aereo.** It would first acquire a 40% stake in the company and later buy the remaining 60%. The German carrier has been seeking to buy the bankrupt Alitalia for many years, but the Italian government had consistently backed its carrier until the pandemic hit.

**Automotive group Stellantis will buy a stake in Symbio**, which produces hydrogen fuel cells for light commercial vehicles, vans and trucks, from French group Faurecia. The hydrogen-powered vans would be produced by Citroën and Opel. The group also sees opportunities for hydrogen in commercial trucking.

**Mercedes-Benz's van division predicts that by 2030, electric models will account for half of sales.** The carmaker also expects direct sales of vehicles via the internet to account for a fifth of sales

by 2026.

**Swedish company Northvolt will build a large battery plant in Germany.** The facility is expected to be able to produce batteries for around one million electric vehicles per year. The federal government and the state of Schleswig-Holstein, where the factory will be located, will provide subsidies for the project. Construction of the plant could begin this year and production in 2026.

**The Commission wants to support munitions production in the Member States with €500 million of common funds.** The increase in production is intended to help replenish dwindling supplies, but in particular to further support Ukraine.

## FOCUS ON FOREIGN TRADE

**From January to March 2023, ex-EU exports of goods rose to €649.0 billion** (an increase of 9.4% compared with January to March 2022), and imports fell to €659.1 billion (2.7% compared with January to March 2022). As a result, the EU recorded a deficit of €10.1 billion, compared with -€84.1 billion from January to March 2022. Inter-EU trade rose to €1 079.4 billion in January-March 2023, +7.4% compared with January to March.

**In 2022, the EU imported €482 billion worth of high-tech products from ex-EU countries (+22% compared with 2021).** Exports to these countries reached €446 billion (+16% compared with 2021). In 2022, over half of the EU's high-tech imports from non-EU countries came from China (38%; €183 billion) and the United States (19%; €91 billion). The most significant category of high-tech products imported from non-EU countries was electronics-telecommunications (€202 billion). For high-tech exports to non-EU countries, the United States was the top trading partner in 2022 (26%; €118 billion), with China second (12%; €53 billion). The most significant category of high-tech products exported to non-EU countries was pharmaceutical products (€145 billion).

## EU CALENDAR

## Meetings of EU institutions

- *EU Green Week 2023 on 3 - 11 June*
- *Plenary Session on 12 - 15 June*
- *Economic and Financial Affairs Council on 16 June*
- *European Sustainable Energy Week 2023 on 20 - 22 June*