

POLITICS

From January 2025, Poland has taken over the presidency of the Council of the European Union for the second time. Thirteen years since its last term, it is taking over the leadership from Hungary. During its presidency, Poland will focus in particular on supporting all aspects of security, be it external, internal, information, economic, energy, health or food. Prime Minister Donald Tusk stressed that the ongoing Russian aggression against Ukraine threatens the security of the entire continent and Europe must therefore be prepared to face these threats.

The European Parliament is discussing spreading emission targets for car manufacturers over several years. From 2025, car manufacturers will face fines for failing to meet emission targets when launching new cars on the market. The reason is that electric cars are not selling as expected. The European People's Party has therefore proposed so-called averaging, i.e. spreading the fulfilment of emission targets over three years. The Association of European Automobile Manufacturers also agrees with this.

At Slovakia's request, the EU has approved an extension of the exemption from the ban on imports of Russian oil products. The Central Europe market can therefore continue to be supplied with gasoline and diesel from Russian oil until mid-2025.

Ukraine has stopped the transit of Russian gas to the European Union and Moldova, following the termination of a five-year contract between Gazprom and Naftogaz.

A trade agreement between the EU and the South American countries which are members of the Mercosur trade bloc has been signed. This will be followed by ratification in individual EU countries. Farmers warn of increased imports of beef, poultry and sugar from South America.

ECONOMY

The EU unemployment rate was 5.9% in November 2024, stable compared with October 2024 and down from 6.1% in November 2023.

The EU balance showed a €3.9 bn surplus in trade in goods with the rest of the world in October 2024, compared with +€8.4 bn in October 2023. The extra-EU exports of goods in October 2024

was €227.0 billion, up by 0.9% compared with October 2023 (€224.9 bn). Imports from the rest of the world stood at €223.1 bn, up by 3.0% compared with October 2023 (€216.5 bn).

In the third quarter of 2024 the hourly labour costs rose by 5.1% in the EU, compared with the same quarter of the previous year. The highest increases in hourly wage costs for the whole economy were recorded in Romania (+17.1%), and Croatia (+15.1%), while only Greece recorded a decrease (-2.9%).

SECTORS

The EU wants to compete with Elon Musk's Starlink, signing a contract to build a satellite network for 10 billion euros. The aim of the IRIS² service will be to provide high-speed connectivity to European governments and citizens.

In 2023, primary energy consumption in the EU reached 1 211 million tonnes of oil equivalent (a 3.9% decrease compared with 2022), that was the lowest level since 1990 (the first year for which data are available), and 2% lower than in 2020, the year in which primary energy consumption saw a sharp decline due to the impact of the COVID-19 pandemic across sectors. Primary energy consumption peaked in 2006 at 1 511 Mtoe, when the EU was 52.3% away from the target.

In 2023, 24.5% of gross final energy consumption in the EU came from renewable sources, up by 1.4 percentage points compared with 2022. This share is 18 percentage points (pp) short of meeting the 2030 target (42.5%), which would require an annual average increase of 2.6 pp from 2024 to 2030.

The EU Council has adopted a regulation on packaging and packaging waste, which aims to reduce the total amount of packaging waste in the EU by 15% by the end of 2040. From 2030, plastic trays for fresh fruit and vegetables, creamers in restaurants, plastic containers for sauces and sugar, miniature toiletry containers in hotels and lightweight plastic shopping bags with a wall thickness of less than 15 microns will be banned.

The Lufthansa aviation group has complied with the European Commission's requirements and can take a 41% stake in Italian airline ITA Airways. It plans to strengthen flights to North America and focus more on South American markets.

In 2024, 93% of people aged 16-74 in

the EU reported that they had used the internet during the previous 3 months. Internet use has grown consistently in the EU, with the share of users increasing by 7 percentage points (pp), up from 86% in 2019.

In 2023, the EU produced 1 496 billion litres of sparkling wine of fresh grapes (an 8% decrease). The top producing countries in 2023 were Italy, France and Germany, with 638, 312 (224 million litres of champagne and 88 million litres of sparkling wine) and 263 million litres, respectively.

FOCUS ON AUTOMOTIVE

Eleven months into 2024, new car registrations remained stable (+0.4%), reaching 9.7 million units. While the market in Spain performed positively (+5.1%), declines were witnessed in France (-3.7%), Germany (-0.4%), and Italy (-0.2%).

Unions and management of the Volkswagen Group have agreed on cost-cutting measures. The agreement will result in a reduction of annual costs by 4 billion euros and the elimination of 35,000 jobs by 2030 (from the current 300,000). The production capacity of German plants is to be permanently reduced by 734,000 cars.

Stellantis and CATL will build a gigafactory in Spain for 4 billion euros. European-American carmaker Stellantis and the world's largest battery manufacturer CATL will establish a joint venture to build and operate a factory for the production of batteries for electric vehicles in Zaragoza, Spain. Production is to begin by the end of 2026. CATL opened its first European factory in Germany six years ago for 1.8 billion euros. It is currently building a new factory in Hungary, in which it plans to invest a total of 7.3 billion euros.

EU CALENDAR

Meetings of EU institutions

- Eurogroup on 20 January
- Plenary Session of the European Parliament on 20 January
- Economic and Financial Affairs Council on 21 January
- Foreign Affairs Council on 27 January
- General Affairs Council on 28 January
- Informal meeting of justice and home affairs ministers on 30 - 31 January