

POLITICS

On 31 March 2024, Bulgaria and Romania become Schengen members: the Schengen rules will apply in both Member States including on issuing Schengen visas and controls at the internal air and sea borders will be lifted.

The European Commission has recommended the start of accession talks with Bosnia and Herzegovina. According to its assessment report, the country has made significant progress in recent months and has adopted important reforms, such as laws on prevention of conflicts of interest and combatting money laundering and terrorist financing.

Sweden has joined NATO. While the alliance expanded to include Finland at the beginning of last April, Sweden's entry has long been opposed by Turkey and Hungary. On 26 February, however, the Hungarian Parliament approved the enlargement of the alliance to include Sweden after months of delays.

The European Parliament has approved the Artificial Intelligence Act, the first of its kind in the world. The regulation introduces a classification of technologies according to their use and sets different levels of restrictions according to the level of risks involved. Some systems will be banned entirely, while other tools such as facial recognition algorithms will be subject to strong regulation.

The European Parliament has approved the Energy Performance of Buildings Directive. According to this directive, from 2030 all newly constructed buildings must have zero-emissions, and from 2050 onwards, existing buildings should also be climate neutral. After the European Parliament, the European Council must approve the new rules. As a result, the renovation of buildings will have to accelerate, which worries investors due to the need for large-scale investments in reconstruction and renovations.

The EU has reached an agreement with Egypt on anti-immigration measures. The EU will provide 7.4 billion euros to Egypt to ensure that illegal migrants from North Africa and the Middle East do not enter Europe en masse. In addition to grants earmarked specifically for anti-immigration measures, the EU has offered Cairo 5 billion euros in favourable loans, mainly to stimulate its moribund economy.

ECONOMY

In the fourth quarter of 2023, seasonally adjusted GDP remained stable in the EU, compared with the previous quarter, in the third quarter of 2023, GDP had remained also stable.

EU annual inflation was 2.8% in February 2024, down from 3.1% in January. A year earlier, the rate was 9.9%. The lowest annual rates were registered in Latvia, Denmark (both 0.6%). The highest annual rates were recorded in Romania (7.1%) and Croatia (4.8%). Compared with January, annual inflation fell in twenty Member States, remained stable in five and rose in two.

The EU unemployment rate was 6.0% in February 2024, also stable compared with January 2024 and compared with February 2023. In February 2024, the youth unemployment rate was 14.8% in the EU.

In January 2024, compared with December 2023, seasonally adjusted production in construction decreased by 1.0% in the EU. In January 2024 compared with January 2023, production in construction increased by 0.1% in the EU.

In 2023, the average hourly labour costs in the whole economy were estimated to be €31.8 in the EU, up compared with €30.2 in 2022. Hourly labour costs in industry were €32.2 in the EU, in construction, they were €28.5, in services €31.8. In the mainly non-business economy, they were €32.4.

SECTORS

According to the European Commission, China subsidises its car manufacturers. EU investigators found evidence of direct financial transactions from the government to car manufacturers, as well as other support mechanisms. It is not certain whether this will also mean the introduction of tariffs on cars imported from China and their parts. Some European carmakers manufacture their cars in China and import them into the EU.

Apple was fined €1.8 billion by the European Commission for preventing music streaming services from informing users about payment options outside of its App Store.

In 2022, the life expectancy at birth in the EU was 80.6 years, up by 0.5 years from 2021. Over two decades, since 2002, the highest value was recorded in

2019 when life expectancy at birth reached 81.3 years (up 3.7 years compared with 2002). However, after the outbreak of the COVID-19 pandemic, this indicator declined to 80.4 in 2020 and to 80.1 years in 2021.

Shell will slow down its progress towards decarbonisation. According to its updated Energy Transition Strategy, Shell now aims to reduce its net carbon intensity by 15 to 20% by 2030, while also abandoning its target of reducing emissions by 45% by 2035 (compared to 2016). However, it is still counting on the commitment to become carbon neutral by 2050.

FOCUS ON EU IN 2023

At a time of increased geopolitical tensions, the EU has continued to successfully tackle the issues that concern Europeans most in 2023, whilst remaining on track to deliver on the political priorities. That is according to the new edition of the EU General Report. The report looks at how EU have responded to emerging and existing global challenges, with our ongoing, steadfast support for Ukraine being the highlight.

At home, the report emphasises the work done in staying the course on key **EU priorities**:

- continuing our economic recovery from the pandemic;
- boosting competitiveness and manufacturing capacity for the technologies and products required to meet our ambitious climate targets;
- putting in place the legal framework to cut emissions by 55 % by 2030;
- making progress in ending the EU's reliance on Russian fossil fuels;
- working on a first comprehensive law on Artificial Intelligence as part of Europe's digital transition;
- reaching an important milestone in overhauling our migration system.

EU CALENDAR

Meetings of EU institutions

- *Plenary Session of the European Parliament on 10 - 11 April*
- *Eurogroup on 11 April*
- *Economic and Financial Affairs Council on 12 April*
- *Plenary Session of the European Parliament on 22 - 25 April*
- *Foreign Affairs Council on 22 April*
- *European Economic and Social Committee on 23 - 25 April*