

POLITICS

French President Emmanuel Macron decided to dissolve the National Assembly and call early elections. The left-wing alliance secured 188 seats in the National Assembly. French President Emmanuel Macron's centrist alliance is in second place with 161 seats. The far-right National Rally and its allies, which won by a clear margin in the first round, came in third with 142 seats.

The UK parliamentary elections were won by centre-left Labour Party. Sir Keir Starmer is the UK's new prime minister, after his Labour Party swept to power in a landslide general election victory.

On 1 July 2024, Hungary took over the presidency of the Council of the EU. Hungary is focusing on seven thematic areas for its work during the presidency: enhancing the EU's competitiveness or reinforcing the EU's defence policy.

The Commission has proposed an annual EU budget of almost 200 billion euros for 2025, reinforced by 72 billion euros raised under the post-COVID recovery plan, NextGenerationEU. It is meant to finance EU priorities and help tackle current and future challenges. The Commission's proposal will be discussed and adopted by the European Parliament and the Council of the EU.

The European Commission has provided policy guidance to EU countries as part of the 2024 European Semester Spring Package to build a robust and future-proof economy. This year, the focus lies on the EU's and EU countries' long-term competitiveness, prosperity and leadership on the global stage.

Ursula von der Leyen should once again lead the European Commission. The heads of state and prime ministers of the three major European parties agreed on this. Estonian Prime Minister Kaja Kallas should be the head of diplomacy of the twenty-seven.

The Council has adopted a 14th package of sanctions against Russia. The package contains important new energy-related measures targeting liquified natural gas (LNG), and measures targeting vessels which support Russia's war. As regards LNG, the package prohibits all future investments in LNG projects under construction in Russia and exports related to those projects.

The EU and Ukraine signed a security agreement in Brussels, which promises the continuation of military and other assistance to Kiev, which has been resisting the Russian invasion.

The EU Member States have approved long-discussed legislation on nature restoration, which is considered to be the most important EU rules for the protection of natural species. The regulation aims to ensure that by 2030 Member States introduce nature restoration measures on 20% of the designated areas affected by human activity.

ECONOMY

In the first quarter of 2024, seasonally adjusted GDP increased by 0.3% in EU, compared with the previous quarter. In the fourth quarter of 2023, GDP had remained stable in the EU. Compared with the same quarter of the previous year, seasonally adjusted GDP increased by 0.5% in the EU in the first quarter of 2024.

EU annual inflation was 2.7% in May 2024, up from 2.6% in April. A year earlier, the rate was 7.1%. The lowest annual rates were registered in Latvia (0.0%) and Finland (0.4%). The highest annual rates were recorded in Romania (5.8%) and Belgium (4.9%). Compared with April, annual inflation fell in 11 Member States, remained stable in 2 and rose in 14.

The EU unemployment rate was 6.0% in May 2024, also stable compared with April 2024 as well as with May 2023.

In the first quarter of 2024 the hourly labour costs rose by 5.5% in the EU, compared with the same quarter of the previous year. In the EU, hourly labour costs grew by +5.5% in industry, +5.8% in construction and +5.5% in services.

In the first quarter of 2024, house prices in the EU increased by 0.4% and rents by 0.9% compared with the fourth quarter of 2023. Compared with the first quarter of 2023, house prices in the EU went up by 1.3%, while rents increased by 3.0%.

SECTORS

The Slovak government has signed a contract with an investor for the construction of a gigafactory for 1.2 billion euros. The consortium of the Chinese company Gotion High-tech and the Slovak company InoBat is behind the project. The production capacity of the factory will reach 20 gigawatt hours in the first phase.

American chip manufacturer Onsemi has decided to expand production in Rožnov, investing over 40 billion crowns. The new Onsemi plant in Rožnov built on the existing premises should produce intelligent semiconductors based on silicon carbide, which are used to improve the energy efficiency of electric cars, renewables and data centers.

The European Commission has officially designated the Chinese online store Temu as a very large online platform (VLOP) that will be subject to stricter rules for Internet content in the EU under the EU Digital Services Act. The company will have to start making more efforts to fight against illegal, dangerous and harmful content and counterfeit products within 4 months.

FOCUS ON AUTOMOTIVE IN EU

The EU will impose a preliminary additional duty of up to 38.1% on imports of Chinese electric cars, on top of the standard 10%. Chinese automakers that are willing to cooperate with the EU executive will pay an additional 21% duty. EU member states have until 2 November to vote on the final tariffs for the next five years.

The electric car market is cooling: Stellantis halts factory construction, BMW cancels battery purchase deal. Automotive Cells Company, which is a joint venture between Stellantis and Mercedes-Benz, stopped the ongoing construction of two factories in Kaiserslautern, Germany, and Termoli, Italy, which were supposed to supply the market with batteries for electric cars. The reason is weaker than expected growth of the electric car market. BMW then canceled a 2 billion euro agreement with the Swedish company Northvolt to supply batteries for electric cars.

EU CALENDAR**Meetings of EU institutions**

- *European Economic and Social Committee on 9 July*
- *Plenary Session of the European Parliament on 16 - 19 July*
- *Meeting of the European Political Community on 18 July*
- *Plenary Session of the European Parliament on 16 - 19 July*
- *European Economic and Social Committee on 17 September*