

POLITICS

From 1 January to 30 June 2026, Cyprus will hold the Presidency of the Council of the European Union. Cyprus is holding the rotating presidency of the Council for the second time, this time as part of a presidency trio with Poland and Denmark. Cyprus aims to strengthen Europe's response to external threats, improve border management, and support cooperation on defence and migration. Cyprus also wants to help the EU stay strong in a greener, more digital world by encouraging innovation, simplifying digital rules, and supporting European industries.

The EU will end imports of Russian gas by November 2027 at the latest. The EU Council and the European Parliament have agreed on this. A full ban on LNG imports will start on January 1, 2027, and a ban on pipeline gas by November 1, 2027 at the latest.

The EU will relax two corporate sustainability directives. The European Parliament and the Council of the EU have agreed to relax regulations resulting from the CSRD (Corporate Sustainability Reporting Directive), whereby only companies with more than 1,000 employees and an annual turnover of over 450 million euros will be required to report on environmental or social issues. And under the CSDDD (Corporate Sustainability Due Diligence Directive), only companies with at least 5,000 employees and a turnover of 1.5 billion euros will have to identify and address the adverse impacts of their activities on human rights and the environment.

The European Union intends to limit exports of aluminum scrap to prevent market shortages and support climate goals. Aluminum scrap exports have been growing rapidly in recent months, reaching a record 1.26 million tons last year. In addition, the EU plans to invest up to three billion euros in projects to extract and process strategic raw materials in the EU under a plan called REsourceEU.

The EU will impose a €3 customs duty on parcels worth up to €150 from 1 July, EU finance ministers have agreed. Until now, such parcels have been exempt from customs duties. The measure is intended to limit the import of cheap Chinese goods.

ECONOMY

European Union annual inflation was

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

2.4% in November 2025, down from 2.5% in October. A year earlier, the rate was 2.5%. The lowest annual rates were registered in Cyprus (0.1%) and France (0.8%). The highest annual rates were recorded in Romania (8.6%) and Estonia (4.7%). Compared with October 2025, annual inflation fell in twelve Member States, remained stable in five and rose in ten.

The EU unemployment rate was 6.0% in November 2025, stable compared with October 2025 and up from 5.8% in November 2024.

In the third quarter of 2025 the hourly labour costs rose by 3.7% 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 Bulgaria (+12.4%), and Lithuania. The lowest increases were recorded in France (+1.3%) and Slovenia (+1.6%) while Malta recorded decrease of -1.4%.

SECTORS

In 2024, 25.2% of gross final energy consumption in the EU came from renewable sources, up by 0.7 percentage points compared with 2023. This share is 17.3 pp short of meeting the 2030 target (42.5%), which would require an annual average increase of 2.9 pp from 2025 to 2030.

A group of European banks is planning a stablecoin pegged to the euro. Ten European banks have formed a consortium to launch a cryptocurrency that is linked to the euro. The project is to be called qivalis. The banks want to create a token that can be used for fast and cheap payments and settlements.

In the first 9 months of 2025, the average monthly imports of petroleum oil in the EU decreased by 18.3% in value and 6.6% in volume compared with the monthly average for 2024. In contrast, the value of imported liquefied natural gas increased by 36.1%, and the volume rose by 25.9%. The value of imported natural gas in gaseous state increased by 3.1%, while the volume fell by 4.9%.

In 2024, EU countries exported €1 568 billion worth of services to countries outside of the EU (+8% compared with 2023). Imports from countries outside the EU stood at €1 374 billion (+7% compared with 2023). This marks a continuing upward trend following a disruption in 2020 due to the impact of the global pandemic. In 2024, the EU trade in services balance reached €194 billion, the highest figure in

the past decade.

The EU has fined Elon Musk's X network 120 million euros. The network was found to have breached transparency rules under the Digital Services Regulation. Specifically this concerns the misleading design of its blue checkmark, lack of transparency in its advertising repository and failure to provide access to public data for researchers.

FOCUS ON CAR'S POWER SOURCE

The European Commission has presented a draft plan to ease the ban on the sale of passenger cars and vans with internal combustion engines in the EU from 2035. According to the proposal, from that year manufacturers will have to meet the goal of reducing emissions by 90% (instead of the originally planned 100%), while the remaining 10% will have to be offset by the use of low-carbon steel produced in the EU or synthetic fuels and biofuels. They will thus be able to continue to sell a small amount of cars with internal combustion engines, mil-hybrids, plug-in hybrids and cars with a range extender. Also individual states will have to set targets for zero-emission vehicles purchased by companies and adjust state subsidies so that "Made in the EU" cars benefit from them. The plan also includes a reduction in the regulatory burden in the automotive industry and so-called super credits for small electric cars.

Up until November 2025, battery-electric cars accounted for 16.9% of the EU market share, an increase from the low baseline of 13.4% in November 2024 YTD. Hybrid-electric car registrations captured 34.6% of the market, remaining the preferred choice among EU consumers. Meanwhile, the combined market share of petrol and diesel cars fell to 36.1%, down from 45.8% over the same period in 2024.

Germany is planning a new subsidy programme for the purchase of electric cars, aimed at lower-income households. The German government coalition has provisionally earmarked 3 billion euros for subsidies for electric cars.

EU CALENDAR

Meetings of EU institutions

- *Eurogroup on 16 January*
- *Economic and Financial Affairs Council on 20 January*
- *General Affairs Council on 26 January*
- *Foreign Affairs Council on 29 January*