

## POLITICS

**Germany will no longer block France's efforts to classify nuclear energy as a renewable source of energy in EU legislation.** Instead, the country is exploring ways to join France's nuclear weapons shield as a deterrent against potential future Russian aggression. Chancellor Friedrich Merz is also developing a plan to reduce high energy costs for industrial companies.

**The next President of Poland will be the conservative Karol Nawrocki**, who narrowly defeated the liberal candidate of the ruling Civic Coalition, Rafal Trzaskowski. Nawrocki secured 50.89 percent of the vote in the second round of the election, which saw a record turnout of 71.63 percent of eligible voters.

**The European Commission and the European Investment Bank have signed an agreement renewing Project Development Assistance** under the Innovation Fund to increase technical and financial advisory support for innovative decarbonisation projects that are either not selected via the Fund or are preparing to apply. The renewed PDA agreement aligns with the EU's Clean Industrial Deal, which aims to increase the deployment of net-zero technologies and boost the competitiveness of industries across the EU.

**Donald Trump has signed an order to reduce drug prices in the US by 59% to 90%.** He said that the EU must pay more to prevent a decline in pharmaceutical companies' revenues and threatened higher US tariffs if they do not comply. Trump highlighted that US citizens pay much more for medications than people in other parts of the world, particularly the EU.

**The European Commission is proposing a flat €2 fee on small parcels from Chinese e-commerce platforms** like Shein and Temu. The fee is meant to cover customs costs and contribute to the EU budget.

**The European Commission has introduced a new strategy, "Choose Europe to Start and Scale,"** which is meant to support the creation and growth of tech companies in the EU. A key component is the establishment of a public-private fund, the "Scale-up Europe Fund," with a planned investment of at least €10 billion. The goal is to support the growth of start-ups and reduce the gap with the US

and China. The fund is to be managed by a private investment manager and aims to attract four times the planned amount from the private sector.

## ECONOMY

**In the first quarter of 2025, seasonally adjusted GDP increased by 0.3% in the EU**, compared with the previous quarter. Compared with the same quarter of the previous year, seasonally adjusted GDP increased by 1.4% in the EU in the first quarter of 2025. In the fourth quarter of 2024, GDP had increased by 0.4% in the EU.

**EU annual inflation was 2.4% in April 2025**, down from 2.5% in March. A year earlier, the rate was 2.6%. The lowest annual rates were registered in France (0.9%) and Cyprus (1.4%). The highest annual rates were recorded in Romania (4.9%) and Estonia (4.4%). Compared with March 2025, annual inflation fell in thirteen Member States, remained stable in three and rose in eleven.

**The EU unemployment rate was 5.9% in April 2025**, stable compared with March 2025 and down from 6.0% in April 2024.

**In March 2025, compared with February 2025, seasonally adjusted industrial production increased by 1.9% in the EU**, compared with March 2024, industrial production increased by 2.7% in the EU.

## SECTORS

**In the first quarter of 2025, there were 452.4 million overnight stays in tourist accommodations across the EU**, marking a slight decline of 0.2% compared with the same quarter of 2024. January recorded 139.0 million nights (+3.5% compared with January 2024), February 147.7 million (-0.8%) and March 167.7 million (-2.7%).

**The European Parliament has approved a 6.5% tariff on nitrogen fertilizers imported from Russia and Belarus, set to increase to 100% within three years.** An additional 50% tariff will apply to certain agricultural products, such as sugar, flour, and animal feed.

**In 2024, the actual weekly hours of work for both full-time and part-time workers aged 20-64 in the EU in their main job averaged 36.0 hours**, down from 37.0 hours in 2014. A closer look at EU countries reveals notable differences. In 2024, the longest working weeks were recorded in Greece (39.8 hours), Bulgaria

(39.0), Poland (38.9) and Romania (38.8). By contrast, the Netherlands had the shortest working week (32.1 hours), followed by Denmark, Germany and Austria (each 33.9).

## FOCUS ON AUTOMOTIVE

**In 2023, there were on average 0.55 passenger cars per inhabitant in the EU**, down 0.1 percentage points compared with 2022.

**In April 2025 year-to-date (YTD), new EU car registrations fell by 1.2%** compared to the same period last year. Nonetheless, registrations in April rebounded with a 1.3% year-on-year (YOY) increase, showing signs of recovery despite the ongoing unpredictable global economic environment.

**The battery-electric car market share for April 2025 YTD stood at 15.3%**, still far from where it was expected to be. Hybrid-electric models continue to grow in popularity, retaining their place as the most popular power type amongst buyers.

**AirCar, a flying car being developed in Slovakia, is set to hit the market at an estimated cost of €720,000.** The AirCar received official flight certification three years ago. Since then, it has completed over 170 flight hours and made more than 500 takeoffs and landings.

**At Auto Shanghai 2025, Volkswagen introduced three new electric vehicles intended for the Chinese market:** ID. Auro, ID. Era, and ID. Evo. Each model was developed in collaboration with a different Chinese partner and is part of Volkswagen's "In China, for China" strategy for reversing its declining market share in China, which dropped from 19% to 14% between 2020 and 2023. The company is expanding its R&D centers in China in support of this effort.

## EU CALENDAR

### Meetings of EU institutions

- Justice and Home Affairs Council on 12 - 13 June
- Environment Council on 17 June
- Eurogroup on 19 June
- Economic and Financial Affairs Council on 20 June
- Foreign Affairs Council on 23 June
- General Affairs Council on 24 June
- European Council on 26 - 27 June