

## POLITICS

**EU environment ministers have agreed to postpone ETS2 emission allowances until 2028** and ensure supervision to ensure that the price of allowances does not rise above 45 euros. EU countries have also approved setting a binding climate target for 2040. This will be 85%. Member States will be able to meet 5% of this by purchasing credits. According to the consulting company EGU, this is not realistic in the Czech Republic; reducing emissions by 85% would cost the Czech Republic 3.2 trillion CZK.

**The EU will abolish the customs exemption for packages up to 150 euros.** The change is set to come into effect in 2026. In 2024, 4.6 billion packages with a declared value of under 150 euros arrived in the EU (91% from China).

**In April 2026, a definitive ban on the use of one group of so-called perpetual chemicals (PFAS)** in firefighting foams will come into force in the EU and from August, the production of food packaging paper made from these substances will also be banned.

**The EU's first law on soil monitoring and resilience enters into force on 16 December**, a huge milestone that will help restore soil health. Member States will be required to monitor and assess soil health, with the new law offering considerable flexibility so Member States can tailor this requirement to their local conditions. They will also be able to benefit from the Commission's support, including capacity building and a brand-new soil health data portal.

**The European Commission has approved state aid of €450 million for the expansion of Onsemi's production** in Rožnov pod Radhoštěm. Onsemi is expected to invest €1.64 billion (almost CZK 40 billion) in the new plant. However, the government still has to approve the aid.

## ECONOMY

**In the third quarter of 2025, seasonally adjusted GDP increased by 0.4% in the EU**, compared with the previous quarter. In the second quarter of 2025, GDP had increased by 0.3% in the EU. Compared with the same quarter of the previous year, seasonally adjusted GDP increased by 1.6% in the EU in the third quarter of 2025.

**The EU unemployment rate was 6.0% in October 2025**, also stable compared with September 2025 and up from 5.8%

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

in October 2024. The lowest unemployment rates were registered in Malta (3,1 %) and in Czechia and Poland (both 3,2 %). The highest rates were recorded in Spain (10,5 %) and Finland (9,8 %).

**The EU annual inflation was 2.5% in October 2025**, down from 2.6% in September. A year earlier, the rate was 2.3%. The lowest annual rates were registered in Cyprus (0.2%), France (0.8%) and Italy (1.3%). The highest annual rates were recorded in Romania (8.4%), Estonia (4.5%) and Latvia (4.3%). Compared with September 2025, annual inflation fell in fifteen Member States, remained stable in three and rose in nine.

**In 2024, the EU spent an estimated €403.1 billion on research & development (R&D)**, indicating a 3.6% increase from 2023 (€389.2 billion). Compared with 2014, R&D expenditure grew by 62.2% from €248.6 billion, showing a steady rise in the last decade. R&D intensity, defined as R&D expenditure as a percentage of GDP, remained stable at 2.2%, similar to previous years. Between 2014 and 2024, R&D intensity in the EU increased by 0.1 percentage points.

## SECTORS

**The European Commission's plan to speed up rail connections envisages connecting major European cities at speeds of 200 km/h and above.** For Central Europe, the Commission mentions that the travel time from Berlin to Vienna via Prague should be reduced from 8 to 4.5 hours.

**After the current German government abolished fees for renewable energy sources this year and will cut distribution fees and electricity taxes by about half from next year, it plans to introduce a so-called industrial electricity tariff for about two thousand of the most energy-intensive companies.** This should ensure a price of 5 cents per kWh. The programme is to last 3 years and will always cover 1/2 of the company's consumption. They will also have to invest in green measures.

**EU farms produced an estimated 161.8 million tonnes of raw milk in 2024.** This marks an increase of 0.9 million tonnes compared with 2023 and a rise of 12.1 million tonnes compared with 2014 (149.7 million tonnes). This latest development confirms the relatively steady growth in raw milk production in the EU over the decade to 2024.

**The EU is restricting pesticides, but**

**there are no substitutes.** Crop yields may decline. While in 2011 around 280 active substances in plant protection products were permitted in the EU, in 2022 there were only around 220, i.e. 20% fewer. And by 2030 their number is to be only half that. Agricultural companies must therefore look for more environmentally friendly substitutes.

**Škoda Auto delivered 766 thousand vehicles to customers between January and September of this year**, of which 616 thousand were in Europe. It thus defended its 3rd position behind VW and Toyota. Electric and plug-in hybrid models accounted for 24% of deliveries. Škoda also announced that it is entering the Saudi Arabian market. This year, the brand already started operating in Oman, resumed business activities in Qatar.

## FOCUS ON ENERGY

**The price of copper has been increasing significantly in recent weeks.** The reason is high demand (electric cars and energy), but also stock shortages.

**Energy and Industrial Holding (EPH) will create a joint venture with French energy giant TotalEnergies**, into which EPH will invest its energy assets in Italy, the Netherlands, the United Kingdom and Ireland, and possibly in France. In return, EPH will receive a 4.1% stake in TotalEnergies. The value of the joint venture is 10.6 billion euros, or roughly 256 billion CZK.

**The Chinese company CATL has started construction of a battery factory in Spain in collaboration with car manufacturer Stellantis.** The €4.1 billion project is due to be completed in 2026. It will receive €300 million in EU funds. CATL already has a plant in Germany in operation since 2023 and is building its largest European factory in Hungary for €7.3 billion. The start of production there has been postponed from the end of this year to 2026.

**EP Group is building the world's largest battery storage facility in Jämschwalde near Cottbus.** The 4,000 MWh facility can supply 1.6 million households for four hours.

## EU CALENDAR

### Meetings of EU institutions

- Eurogroup on 11 December
- Economic and Financial Affairs Council on 12 December
- Foreign Affairs Council on 15 December
- General Affairs Council on 16 November