

POLITICS

EU Member States have given their final approval to Bulgaria's entry into the eurozone from 1 January 2026. The decision was made in Brussels by the bloc's finance ministers. The European Commission published a so-called convergence report at the beginning of June, in which it concluded that Bulgaria meets all the criteria to start using the euro from 1 January next year. The eurozone will thus expand to 21 countries.

The European Commission is proposing a target of reducing emissions by 90% by 2040. This is to follow on from the -55% plan for 2030. A small part of the emissions (3%) should be able to be "exported" to countries outside the EU, which can be cheaper and more efficient, by buying international carbon credits.

The European Commission has proposed a total budget for the period 2028-2034 of 2 trillion euros (the current seven-year budget is 1.2 trillion euros). About 35% of the budget is to be allocated to projects related to climate and biodiversity. Spending on defense and space, migration management and support for Ukraine will increase significantly.

Slovakia has allowed the approval of the 18th package of European Union sanctions against Russia. Slovakia had blocked the adoption of new anti-Russian sanctions because it requested guarantees for another initiative of the European Commission which Bratislava disagrees with, according to which the import of Russian gas into the Union is to be gradually terminated. The Commission has provided specific guarantees in recent days. The EC is counting on further restrictions on the Russian energy and banking sectors and a reduction in the price ceiling for Russian oil as part of the 18th package of sanctions against Russia.

France will spend an additional 6.5 billion euros on defense over the next two years in light of new and unprecedented threats in the world, French President Emmanuel Macron said. Emmanuel Macron also said he wants to push for France to add 3.5 billion euros to its defense budget in 2026 and three billion euros a year later. In 2027, the last year of his second term, France should thus spend a total of 64 billion euros on defense.

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

ECONOMY

In the second quarter of 2025, seasonally adjusted GDP increased by 0.2% in the EU, compared with the previous quarter. In the first quarter of 2025, GDP had increased by 0.5% in the EU. Compared with the same quarter of the previous year, seasonally adjusted GDP increased by 1.5% in the EU in the second quarter of 2025.

The EU annual inflation was 2.3% in June 2025, up from 2.2% in May. A year earlier, the rate was 2.6%. The lowest annual rates were registered in Cyprus (0.5%) and France (0.9%). The highest annual rates were recorded in Romania (5.8%) and Estonia (5.2%). Compared with May 2025, annual inflation fell in five Member States and rose in twenty-two.

The EU unemployment rate was 5.9% in June 2025, also stable compared with May 2025 and down from 6.0% in June 2024.

In June 2025, compared with May 2025, industrial producer prices increased by 0.7% in the EU. In May 2025, industrial producer prices fell by 0.6%.

At the end of the first quarter of 2025, the general government gross debt to GDP ratio in the EU stood at 81.8%, compared with 81.0 % at the end of the fourth quarter of 2024.

SECTORS

In 2024, EU countries produced 32.7 billion (bn) litres of beer containing more than 0.5% alcohol and 2 bn litres of beer with less than 0.5% alcohol or with no alcohol content at all, totalling 34.7 bn litres. Compared with 2023, the production of beer with more than 0.5% alcohol in the EU increased slightly by 0.6% (+0.2 bn litres), while the production of beer with less than 0.5% alcohol rose by 11.1% (+0.2 bn litres).

The list of top EU beer producers remains unchanged in 2024. Germany continued to lead as the top producer of beer with more than 0.5% alcohol, with 7.2 bn litres (22.2% of the total EU production), the same as in 2023, followed at a distance by Spain, with 4.0 bn litres (12.3%) and Poland with 3.4 bn litres (10.6%).

The EU will increase advance payments for subsidies to farmers from 50 to 70%. The aim is to mitigate the impacts of climate events and war conflicts on the

sector. The regulation will enter into force in September.

The EU and Ukraine have agreed to increase quotas for the import of agricultural products compared to what was in force before the war. For example, for sugar, the quota is 100 thousand tons per year from the previous 20 thousand tons, and for wheat, there is an increase to 1.3 million tons from the original quota of 1 million tons.

FOCUS ON AUTOMOTIVE

In 2024, 1.45 million new battery-only electric passenger cars were registered in the EU, a decrease of 6.1% compared with 2023 (1.55 million). This brought the total number of battery-only electric cars to 5.87 million, representing an increase in the fleet of 32.4% compared with 2023 (4.43 million).

Chinese automaker Polestar plans to produce the Polestar 7 SUV in Slovakia at a Volvo Cars plant currently under construction. Production is scheduled to start in 2027.

Stellantis is ending the development of hydrogen propulsion. The main reasons the company cites are the limited infrastructure of filling stations, high financial requirements and the absence of subsidies that would motivate customers to purchase hydrogen vehicles. Moreover, the firm does not expect that light commercial vehicles with hydrogen propulsion will see greater success and acceptance on the market by the end of the decade. Toyota and Hyundai continue to develop hydrogen propulsion, along with European automakers, such as BMW.

Commercial vehicle and truck manufacturer Daimler Truck plans to cut 5,000 jobs in Germany by 2030 (from the current 35,500), as part of a broader restructuring. Audi is also planning layoffs, affecting up to 7,500 jobs in Germany (from around 54,000).

EU CALENDAR

Meetings of EU institutions

- *Plenary Session of the European Parliament on 8 - 11 September*
- *General Affairs Council 16 September*
- *Plenary session of the European Economic and Social Committee on 17 - 18 September*
- *Agriculture and Fisheries Council on 25 September*