

## POLITICS

**The EU and New Zealand have signed a free trade agreement.** The pact includes the free movement of a wide range of products, from pork to chocolate to wine, which are important exports for many European countries. The agreement is therefore the first such EU treaty to introduce sanctions for violations of environmental or labour standards.

**The EU is ready to invest EUR 45 billion in Latin America** in dozens of projects connected with the transition to a climate-responsible and digital economy. This was stated by the President of the European Commission, Ursula von der Leyen, before the start of a meeting of the leaders of EU and Latin American countries.

**The EU is preparing an ambitious EU AI act.** The regulation, which has already passed the European Parliament (but still needs to be approved by EU member states), was created before the current wave of artificial intelligence chat (generative AI). It tries to choose technology-neutral definitions and instead of general obligations, it relies on a risk-based approach – it classifies some systems as unacceptably risky, otherwise it leaves AI more or less to the market environment. According to critics of the proposal, the problem arises with the high risk category.

**The EU plans to set up an EU system that will allow passengers to search for connections across the EU,** paying once and in one place. However, individual states will have to supply the data to it. The Czech Republic will thus have to prepare and program a single place – the so-called National Access Point – where information will be available to travellers.

## ECONOMY

**In the first quarter of 2023, the seasonally adjusted general government deficit to GDP ratio stood at 3.0% in the EU,** due to decreases in total expenditure as well as increases in nominal GDP.

**At the end of the first quarter of 2023, the general government gross debt to GDP ratio in the EU decreased from 83.8% to 83.7%.** The slight decrease in government debt to GDP ratio is due to an increase in GDP outweighing the increase in government debt in absolute terms. Compared with the first quarter of 2022, the government debt to GDP ratio also decreased in the EU (from 87.4% to 83.7%).

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

**EU annual inflation was 6.4% in June 2023, down from 7.1% in May.** A year earlier, the rate was 9.6%. The lowest annual rates were registered in Luxembourg (1.0%), Belgium and Spain (both 1.6%). The highest annual rates were recorded in Hungary (19.9%), Slovakia (11.3%) and Czechia (11.2%). Compared with May, annual inflation fell in twenty-five Member States, remained stable in one and rose in one.

## SECTORS

**Following two successive decreases, including a 7% fall in 2020, the EU's production of manufactured goods has been recovering and growing.** The EU's industrial production went up 8% in 2021 compared with 2020 and then continued its upward trend with a 5% increase in 2022 compared with 2021. In nominal terms, the EU's value of sold production jumped from €5 209 billion in 2021 to €6 179 billion in 2022, indicating a 19% increase.

**A huge majority of Europeans believe climate change is a serious problem facing the world (93%), according to a new Eurobarometer survey.** Over half think that the transition to a green economy should be sped up (58%) in the face of energy price spikes and concerns over gas supplies after Russia's invasion of Ukraine. Three quarters (75%) of Europeans agree that taking action on climate will lead to innovation.

**After a decline in population in 2020 and 2021 due to the impact of the COVID-19 pandemic, the EU's population increased in 2022,** from 446.7 million on 1 January 2022 to 448.4 million people on 1 January 2023. The negative natural change (more deaths than births) was outnumbered by the positive net migration.

**Airbus has opened a new assembly line for the A321neo in southwest France,** which is linked to record demand for the smaller aircraft. The first aircraft will be completed by the end of this year. The A321neo is now Airbus' best-selling aircraft. The company has more than 5,000 orders for it.

**In 2022, 96% of young people aged 16-29 years in the EU reported using the internet every day, compared with 84% of the adult population.** Daily internet use among young people was above

94% in all EU countries. The lowest shares were recorded in Italy and Bulgaria at 94%, and the highest at 100% in Ireland and 99% in seven EU members: Malta, Luxembourg, Portugal, Czechia, Lithuania, Slovenia and Latvia.

## FOCUS ON AUTOMOTIVE

**The Commission is proposing measures to enhance the circularity of the automotive sector, covering the design, production and end-of-life treatment of vehicles.** This initiative will improve access to resources for the EU's economy, contribute to the EU's environmental and climate objectives, while reinforcing the single market and contributing to address the challenges associated with the ongoing transformation of the automotive industry. The proposed actions are expected to generate €1.8 billion net revenue by 2035, with additional jobs created and enhanced revenue streams for the waste management and recycling industry.

**Sales of new passenger cars in the EU increased by 18% year-on-year to 5.4 million vehicles in the first half of this year.** In June alone, vehicles with a fully electric drive accounted for 15.1% of total sales, thus surpassing diesel cars, which reached a share of 13.4%.

**Tesla plans to double the capacity of its Berlin plant to 1 million cars a year.** This would make the plant the largest car manufacturing factory in Europe. If the expansion wins the approval of the local government, it will surpass the production of Volkswagen's Wolfsburg plant with a capacity of 815,000 vehicles per year.

**The Italian government and car manufacturer Stellantis want to increase car production in Italy to one million cars a year.** They thus want to reverse the downward trend of recent years. The first visible sign of this effort will be the introduction of production of a fifth model at the Melfi plant in the south of the country, where the Fiat 500X and Jeep Renegade are manufactured. Stellantis, which is the only major car manufacturer in Italy, produced fewer than 700,000 cars on the Apennine peninsula last year and the year before.

## EU CALENDAR

**Meetings of EU institutions**

- *Plenary Session of the European Parliament on 11 - 14 September*