May 2018 – Euro area unemployment at 8.4% – EU28 at 7.0%

The **euro area** (EA19) seasonally-adjusted unemployment rate was 8.4% in May 2018, stable compared with April 2018 and down from 9.2% in May 2017. This remains the lowest rate recorded in the **euro area** since December 2008. The **EU28** unemployment rate was 7.0% in May 2018, stable compared with April 2018 and down from 7.7% in May 2017. This is the lowest rate recorded in the **EU28** since August 2008. These figures are published by **Eurostat, the statistical office of the European Union**.

Full text available on EUROSTAT website

The EIB reinforces its support to the Mediterranean region

- **EUR 1.8 billion investments approved for 19 projects in Egypt, Jordan, Lebanon, Morocco and Tunisia under the Economic Resilience Initiative**
- **EUR 130 million grants from EU member states to create jobs and improve education, transport, water and energy.**
- **EUR 90 million grants to help get good projects off the ground with vital technical assistance and advisory services**

The European Investment Bank (EIB) has today underlined its commitment to building economic resilience and supporting growth and job-creation in the EU Southern Neighbourhood. This was the key message of the Bank's 18th edition of the EIB-Med conference "Improving Lives and Creating New Opportunities" held today in Amman in partnership with the Jordanian Ministry of Planning and International Cooperation and the European Union Delegation to Jordan.

The conference discussed key economic developments in the region and explored successful projects that help to tackle different challenges in the context of the EIB's Economic Resilience Initiative (ERI) including in Egypt, Jordan, Lebanon, Morocco and Tunisia. Government officials and key economists presented and evaluated the macroeconomic performance of the Southern Mediterranean Countries. Experts described the ongoing developments in the water sector with a focus on current projects to help tackle the water scarcity challenge. In addition, entrepreneurs and other business representatives highlighted the key role of the private sector development for job-creation and for reinvigorating the economy.

Under the Economic Resilience Initiative, and with support from the European Commission and EU member states, the EIB has scaled up its financing activities in the EU neighbourhood considerably . New financing worth EUR 1.8 billion for 19 projects covering in Egypt, Jordan, Lebanon, Palestine, Morocco and Tunisia has been approved by the EU Bank. This includes projects in the education, industry, water and sewerage, solid waste, energy, transport and SMEs sectors thanks to EUR 130 million donor funds raised from EU Member States, including Croatia, Italy, Lithuania, Luxembourg, Poland, Slovakia, Slovenia and the UK.

In addition, EUR 90m for technical assistance and advisory services has been agreed as part of EIB's own contribution.

"The EIB has been operating in the Southern Mediterranean region for several decades. This is a region facing real economic challenges as well as being full of potential and dynamism. At the EIB, the bank of the European Union, we are ready to do more, providing more finance, more technical assistance and reinforce our commitment to support the investment plans of governments in the region. The EIB has scaled up its financing under the Economic Resilience Initiative and is now ready to provide additional resources thanks to contributions from the European Commission and EU member states amounting to of EUR 130 million. In addition, the EIB will provide EUR 90 million for technical assistance and capacity building under ERI. This, in addition to the government's efforts will contribute to creating more jobs and economic growth, crucially providing new opportunities and improved services for people in the region", said Dario Scannapieco, Vice president of the EIB.

Michael Kohler, Director Southern Neighborhood, European Commission said: *"This conference marks the EU support to the private sector in the Southern Neighbourhood, as the core actor to bring about economic growth and jobs for the region's young population. We need to make full use of the potential of young entrepreneurs for them to invest in the economies of the Mediterranean, creating jobs and perspectives. The EU is already providing support at several levels, from the improvement of the investment climate to business development. The recently launched European External Investment Plan (EIP) is the next step: it draws on the successful experience of blending under the Neighbourhood Investment Platform. Through the EFSD Guarantee, the EIP will steer the attraction of private investments to a higher gear. The EIB's Economic Resilience Initiative is a very welcome complement in this regard*."

Ambassador Andrea Fontana, Head of the European Union Delegation to Jordan said*: "Since the beginning of the Syria crisis, the EU responded to the increasing challenges faced by Jordan by supporting the socio economic development of the Kingdom and its resilience to continue hosting the refugees. The EU provided more than EUR 1.8 billion support in different areas with economic development, social aspects, good governance and crisis response, while the EU Syria Trust Fund was instrumental and mobilised more than EUR 215 million to Jordan. The EU overall support covered a variety of sectors in close partnership with EIB, including green energy, solid waste management, water and private sector development".*

The EIB's 18th edition of its regional conference comes as the EU bank is stepping up its investments in the region under the Economic Resilience Initiative (ERI), which is complementary to the European External Investment

Plan and part of the European Union's response to the challenge of irregular migration. The Economic Resilience Initiative for the Southern Neighbourhood and Western Balkans involves a step change in EIB support for these regions, helping economies to absorb and respond to crises and shocks, such as the Syrian refugee crisis, while maintaining growth. By stimulating investment in the private sector and vital infrastructure, it aims to create opportunities for employment and improve both the daily living and business environment.

Yves Mersch: Are the economy and monetary policy at a turning point – and where are the European and US economies headed?

Speech by Yves Mersch, Member of the Executive Board of the ECB, Panel at the Petersberger Sommerdialog, Königswinter, 30 June 2018

Economic outlook

The euro area economy is still growing, albeit at a slightly slower pace.

Euro area growth stood at 0.4% in the first quarter, following growth of 0.7% in the previous four quarters. This moderation reflects some pull-back from last year's exceptionally strong growth as well as some temporary and supply side factors. At the same time, concerns about increasing trade protectionism may have dampened business sentiment and expectations.

Nevertheless, the underlying strength of the euro area economy persists. It has now been growing above potential for 21 quarters. Both the non-accelerating inflation rate of unemployment (NAIRU) and the output gap are in positive territory and sentiment indicators – while weaker – are still above long-term averages for most sectors and countries.

The monetary policy measures introduced since 2014 have played a central role in supporting euro area growth and employment.

In the euro area, there are now around 8.4 million more people employed than during the trough in mid-2013, which implies that all of the jobs lost during the crisis have been recovered. Furthermore, unemployment is at its lowest level since December 2008, despite an increase in the labour force of more than 2%.

Private consumption continues to be supported by these favourable labour market developments as well as by the solid growth in households' disposable incomes, higher asset values and an accommodative monetary policy that has contributed to a lower debt burden for borrowers. Looking ahead, private consumption growth is expected to remain favourable as anticipated improvements in the labour market should support consumer confidence.

The business investment outlook continues to strengthen and is supported by the favourable financing conditions, an improvement in profitability and solid demand.

The euro area fiscal stance is expected to be expansionary in 2018 and should be broadly neutral in 2019-20, in order to avoid procyclicality.

In addition the broad-based expansion in global demand is expected to continue, which should support euro area exports.

More specifically, in the United States growth remained robust, expanding at an annual rate of 2.0% in the first quarter of 2018, having increased by 2.9% in the fourth quarter of 2017. Growth in 2017 marked the eighth successive year of positive growth in the United States, compared with four consecutive years of positive growth in the euro area. Looking ahead, growth in the United States is expected to accelerate on the back of solid growth in investment and consumption and significant fiscal stimulus. At the same time, we have to keep an eye on a gradual increase in long-term interest rates in the United States, given the robust economic growth, an expansive deficit funded fiscal policy, and the Federal Reserve's exit from the securities markets.

This ongoing broad-based economic growth is largely echoed in the June 2018 Eurosystem staff macroeconomic projections for the euro area. Real GDP is projected to increase by 2.1% in 2018, 1.9% in 2019 and 1.7% in 2020.

While risks to growth remain broadly balanced, those related to global factors, including the threat of increased protectionism have become more prominent. Moreover, the risk of persistently high financial market volatility warrants monitoring.

Turning to the nominal side, euro area annual inflation, as measured by the Harmonised Index of Consumer Prices (HICP), increased to an estimated 2% in June, from 1.9% in May. On the basis of current futures prices for oil, headline inflation is expected to remain around the current level for the remainder of the year.

Measures of underlying inflation remain generally muted, but are higher than the low range that prevailed between mid-2014 and mid-2016. Developments in domestic pipeline inflation and wages suggest strengthening price pressures. A continued strengthening in domestic cost pressures is expected to be the main driver behind the expected pick-up in underlying inflation towards the end of this year and the further gradual increase over the medium term.

This assessment of inflation is broadly in line with the June 2018 Eurosystem staff macroeconomic projections for the euro area, which project annual HICP inflation of 1.7% in 2018, 2019 and 2020.

This outlook depends on keeping the ample degree of monetary policy stimulus in place, as this remains necessary for underlying inflation pressures to continue to build up and be maintained over the medium term.

In October 2017, the ECB Governing Council announced the reduction of its asset purchase programme by half, having announced in December 2016 that it would be scaled back from €80 billion to €60 billion. We gave up our easing bias in the spring and at the June meeting the Governing Council concluded that progress towards a sustained adjustment in inflation had been substantial and decided to halve net purchases again and to end them completely in December 2018.

With longer-term inflation expectations well anchored, the underlying strength of the euro area economy and the continuing ample degree of monetary accommodation provide grounds to be confident that the sustained convergence of inflation towards our aim will continue in the period ahead, and will be maintained even after a gradual winding-down of our net asset purchases. Yet, an ample degree of monetary stimulus remains necessary for underlying inflation pressures to continue to build up and support headline inflation developments over the medium term.

Looking ahead, monetary policy will be firmly guided by the outlook for price stability and our stance will evolve in a data-dependent and time consistent manner. Step-by-step normalisation means that we anticipate the end of the net purchase programme in the short term, while only announcing our expectations with regard to interest rates over the medium term. The difference gives us an appropriate flexibility for our medium-term reaction function, i.e. we do not make any unconditional commitments regarding the long-term future due to the many unknowns and uncertain developments.

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Customs Union: The world’s largest trading block turns 50

The Customs Union is unique in the world. It is a foundation of the European Union and essential for the proper functioning of the Single Market.The Customs Union is a single trading area where all goods circulate freely, whether they’re made in the EU or imported from beyond its borders. This means that there are no customs duties at the borders between EU countries. Duty on goods from outside the EU is generally paid when they first enter the EU. From then on, there’s nothing more to pay and no more checks. National customs services in all EU countries work together as one to manage the day-to-day operations of the Customs Union. Member countries share one single system for handling the import, export and transit of goods.

The Customs Union comprises the 28 Member States of the EU, Monaco and British territories. Over 114,000 customs officers work around the clock at airports, border crossings, ports, inland customs offices or customs laboratories. The EU's customs administrations need to work closely to facilitate trade and protect the health and safety of all EU citizens.

How does the EU's Custom Union help to protect and keep us safe?

The aim of the Customs Union is to protect society at large while making sure that legitimate trade can flow easily. The Customs Union defends against international trafficking and smuggling, protects consumers against illegal and dangerous goods, and preserves the environment and European cultural heritage as well as the financial interests of the EU and the Member States. In the EU, there are 90 state-of-the-art customs laboratories to carry out this job. Some labs specialise in certain types of analysis – for example, toy safety. When human senses are not enough to detect certain types of illegal goods, customs officers partner up with sniffer dogs which specialise in detecting illegal drugs, suspicious food, explosives or even large amounts of cash.

HOW THE CUSTOMS UNION PROTECTS

DRUGS AND CIGARETTES

• In 2016, EU customs seized almost 4.6 billion illegal cigarette and 298.9 tonnes of drugs in the EU.
• In **Spain**, for instance, law enforcement dismantled an organisation producing contraband tobacco products. In three of these operations, 15 persons were detained and more than 275 tonnes of tobacco products, valued at more than €20 million, were seized. Two types of machines were confiscated: for the manufacturing of the tobacco products and for drying the tobacco. Additionally, numerous sacks containing chemical substances used to fabricate the final product were also seized.
• In **Poland**, a tobacco sniffer-dog discovered 10.5 million cigarettes inside a sea-container at the container terminal of the Gdynia sea-port.
• On the west coast of **France**, 19 tonnes of cannabis resin were seized in a sailing ship. Three tonnes of cocaine were found in a maritime container. In addition, 120 000 doses of diazepam were seized.
• In **Spain**, a customs boat supported by a customs helicopter intercepted a sailing ship loaded with almost nine tonnes of hashish.
• In **Belgium**, customs seized 2 275 kilos of drugs which were smuggled through passenger traffic (by air) and 476kg by express consignments.

WEAPONS

• Some 6,256 firearms were seized in the EU in 2016, along with more than 1 million pieces of ammunition and 1 520 pieces of explosives.
• Customs officials in **Belgium** were able to stop 126 pieces of weapons/ ammunition/ explosives from entering the EU. These weapons were being smuggled into the EU through air traffic or post.
• In **Spain**, 737 assault rifles and 72 grenade launchers, including chargers and instruction books were seized.

FAKE AND DANGEROUS GOODS

• EU customs intercepted products suspected of violating intellectual property rights on more than 63 000 occasions. In 2016, more than 41 million articles were detained with an estimated value of nearly €672 million.
• **Estonian** customs seized almost 34,000 pieces of fake “Diesel” jeans in Muuga Port.
• **Greek** customs seized more than 1.3 million batteries, 537,000 packs of cigarettes and 24,300 wallets.
• There were almost 14 000 cases of goods presenting a risk for consumers in terms of health (sanitary, phyto-sanitary and veterinary technical standards). More than 37 million items were identified as unsafe or uncompliant in terms of product safety.

GOODS VIOLATING ENVIRONMENTAL RULES

• 3,500 infringements of regulations for endangered species (CITES) were detected. In 96 cases, exports were detected which did not respect the rules on exports of cultural goods.
• **Estonian** customs seized almost 66,000 tubes of face cream which contained caviar.
• In **France**, 110,000 cosmetic products with caviar and protected plants were seized, as well as 46 square meters of alligator skin and 20 tonnes of wood from the exotic “Dalbergia retusa” species.
• In the **United Kingdom**, 300 map turtles (*Graptemys spp*), 5 live giant salamanders, 6 kg of caviar, 300 leather items made from python skin, 760 kg of traditional medicines containing protected plant species and 18 kg of ivory tusks were seized.

UNDECLARED CASH

• Travelers entering or leaving the EU are obliged to declare amounts of cash valued at €10,000 or more (or its equivalent in other currencies or bearer negotiable instruments) to customs authorities. In 2016, there were 571 significant cases, where seizures of undeclared cash amounted to more than €50,000.
• Each year, more than 100,000 cash declarations are submitted to customs, amounting to more than €62 billion. Each year, more than 10,000 cases of undeclared cash or incorrectly completed cash declarations are recorded
• As part of the EU’s Action Plan against Terrorism financing, recently-agreed new rules will extend the rules to cover **cash sent in postal parcels or freight shipments, to prepaid cards and to precious commodities.**

How does the EU’s Custom Union help to facilitate trade?

The EU is one of the largest trading blocks in the world. In 2015, the EU accounted for almost 15% of world trade in goods, worth €3.5 trillion. Managing this volume of international trade requires handling millions of customs declarations per year in a fast and efficient manner. The Union Customs Code removed the need for hundreds of different customs forms and now allows the use of electronic transport manifests for customs purposes and the moving of goods under temporary storage without lodging a transit declaration. It also introduced centralised clearance, and is more straight-forward for businesses, providing uniform and harmonised rules on guarantees. Finally, it also reduces the administrative burden on compliant and trustworthy economic operators (AEOs) by allowing a number of simplifications of customs procedures, and of the use of guarantees, and by allowing self-assessment of customs debts under certain conditions.

What has the Commission proposed to support customs operations as part of the new EU budget?

As part of the plans for the next EU budget, the Commission has now proposed a continued financial commitment of €950 million for the EU's customs programme, representing just 0.07% of the entire budget. The programme supports the essential cooperation between customs authorities across the EU and protects the financial and economic interests of the European Union and its Member States. It has helped to build a modern and innovative Customs Union that ensures the safety and security of all EU citizens, while at the same time facilitating growing global trade. It allows the joint development and operation of major, pan-European IT systems and establishes networks, bringing together national officials from across Europe.

The new proposed **Customs Programme** [LINK] will build on this success, helping customs administrations to deal with increasing trade flows and emerging trends and technologies, such as e-commerce and blockchain. It will also support customs authorities through enhanced cooperation on the ground and more training. The programme will help to provide better risk management to protect the EU's financial interests and to respond to security threats and cross-border crime. A new Customs equipment instrument worth €1.3 billion is also being created to allow the purchase, maintenance and replacement of innovative customs equipment by Member States.

CUSTOMS UNION – TIMELINE AND KEY STEPS

1 July 1968	All customs duties and restrictions lifted between the six member countries of the European Economic Community (EEC). A common customs tariff replaces national customs duties on products from the rest of the world. Trade between the countries multiplies and investment and economic growth increases.
1987	One Single Administrative Document replaces hundreds of national customs declaration forms. At the same time, the common transit system is created.
1992	EU adopts the Community Customs Code, creating a common rulebook for customs legislation. This milestone leads to much simpler guidance for traders and customs alike.

1993	Free movement of goods become a reality: no more customs formalities at internal borders of the EU and no more long queues for lorries filled with goods to be checked at border crossings. For the first time, uniform customs legislation becomes directly applicable in all Member States of the EU.
1994	Launch of the integrated tariff of the European Union in digital format (TARIC) with daily transmissions to the EU Member States. It replaced the first TARIC database with weekly transmissions since 1987.
1996	EU-Turkey Customs Union enters into force.
2003	A new computerised transit system becomes operational. It is the first European customs system that uses electronic declaration and processing.
2004	10 new countries join the EU and the EU Customs Union, marking the largest expansion of the EU Customs Union in its history.
2005	EU launches the Customs Risk Management system that connects more than 800 customs offices and provides a digital platform to exchange information about risks and irregularities. New security legislation is introduced providing for advance cargo information, risk-based controls and measures aimed at end-to-end supply chain security, including through use of technology.
2008	EU introduces the Authorised Economic Operator (AEO) status: an internationally-recognised quality mark indicating that a company's role in the international supply chain is secure, and that customs controls and procedures are efficient and compliant. It is voluntary and enables simplified customs procedures and in some cases the right to 'fast-track' shipments through some customs and safety and security procedures.
2011	Customs becomes a major actor for increased security in the EU. Common risk criteria for security and safety start to apply to all goods crossing the EU borders, ensuring equal protection of all EU citizens and member states.
2016	The Union Customs Code takes effect, further modernising and streamlining customs procedures throughout the EU. It also introduces a number of IT systems to support harmonised customs rules and to reduce the administrative burden for trade. Full implementation of IT systems is foreseen in steps, with the majority of systems being available by 31 December 2020, with further upgrades during the period up to 2025.
2018	The EU Customs Union celebrates 50 years of operation.

For more information

[Press release]

50CU website

50CU videos playlist on YouTube

One minute video about the Customs Union