

EU Economic Crossroads: Navigating Global Shocks, Trade Wars, and Green

EU Economics · Answer Key · 12 Questions

1. In 2024, which factor was identified as a primary driver for the second consecutive year-on-year downturn in European Foreign Direct Investment (FDI), leading to its lowest level in nine years?

- A) A surge in intra-EU investment offsetting external declines.
- B) Persistent high energy prices, ongoing low economic growth, and geopolitical tensions.**
- C) Increased investment in the technology and renewable energy sectors.
- D) Favorable labor market conditions attracting foreign talent.

2. According to the European Commission's Autumn 2025 Economic Forecast, what is the projected real GDP growth rate for the EU in 2025, and what is the primary driver anticipated to support this growth?

- A) 1.4%, driven by a surge in exports anticipating tariff increases.
- B) 0.9%, primarily due to increased government defense spending.
- C) 1.1%, supported by private consumption and investment momentum.**
- D) 1.5%, mainly from a rebound in manufacturing output.

3. Which European sector is projected to experience a significant decline in production for the 2024/2025 season, potentially impacting exports due to adverse weather conditions?

- A) Olive oil production
- B) Cereal production
- C) Poultry production
- D) Wine production**

4. In the context of EU-China trade relations, what was the approximate value of the EU's trade deficit in goods with China in 2024, and what trend did it represent compared to the previous year?

- A) EUR297 billion, a slight increase from 2023.
- B) EUR305.8 billion, surpassing the 2023 deficit.**
- C) EUR519 billion, representing a significant decrease in imports.
- D) EUR213.3 billion, indicating a growing EU export surplus.

5. The European Central Bank's (ECB) monetary policy decisions in late 2025 indicate a particular stance on inflation. What is the Governing Council's primary objective regarding inflation stabilization?

- A) To allow inflation to remain slightly above 2% to stimulate growth.
- B) To achieve a sustained stabilization of inflation at the 2% medium-term target.**
- C) To prioritize economic growth even if it means higher inflation.
- D) To manage inflation within a flexible range of 1.5% to 2.5%.

6. Regarding energy security, what percentage of Russian gas imports into the EU had been reduced by 2025 compared to 2022, as part of the REPowerEU Plan?

- A) To 45%
- B) To 12%**
- C) To 27%
- D) To 2%

7. What was the main reason cited for the European Commission's Autumn 2025 Economic Forecast revising the EU's GDP growth projection for 2025 downwards compared to the Spring 2025 Forecast?

- A) A stronger-than-expected Q1 performance offset by weaker prospects for the remainder of the year.
- B) The impact of increased tariffs and heightened uncertainty from US trade policy changes.**
- C) A sustained slowdown in private consumption due to elevated saving rates.
- D) Persistent high energy prices hindering industrial output.

8. In the context of EU agriculture's outlook until 2035, what is identified as the main driver of overall EU agricultural productivity, contributing to an increase in real income per agricultural worker?

- A) Technological advancements in precision farming.
- B) Government subsidies and CAP reforms.
- C) Labour productivity.**
- D) Expansion of organic farming practices.

9. According to EY's 2025 attractiveness survey, what percentage of surveyed global business leaders believed that US policies were reducing Europe's attractiveness as an investment destination in 2024?

- A) 27%
- B) 37%
- C) 42%**
- D) 61%

10. What was the projected EU general government deficit as a percentage of GDP for 2025, according to the European Commission's Autumn 2025 Economic Forecast, and what are key factors contributing to this projected increase?

- A) 3.1%, driven by increased defense spending and interest expenditure.
- B) 3.3%, primarily due to the implementation of the new EU Emissions Trading System (ETS2).
- C) 3.4%, influenced by rising defense spending, interest expenditure, and some revenue shortfalls.**
- D) 2.2%, a decrease attributed to fiscal consolidation efforts.

11. The 'REPowerEU Roadmap' presented in May 2025 outlines a gradual removal of specific Russian energy sources from EU markets. Which of these is slated for a gradual but permanent end to imports in 2026?

- A) Crude oil
- B) Uranium
- C) Liquefied natural gas (LNG)**
- D) Pipeline gas

12. Which of the following sectors was identified as a key area for attracting Foreign Direct Investment (FDI) in Europe in 2024, despite an overall decline in FDI, according to fDi Markets data?

- A) Traditional manufacturing and automotive industries.
- B) Textiles and apparel.
- C) Data centers and semiconductors.**
- D) Retail and hospitality.