

EU leaders talk economy as Russia slashes gas supplies

Amid record-high inflation and a Russian gas squeeze, the European Union's 27 states are addressing their economic woes against the backdrop of Russia's invasion of Ukraine.

Leaders of the European Union's 27 member states are meeting for the second day of a summit on Friday to address the bloc's inflation-hit economy.

The first day of the summit ended on a high note. The leaders agreed in Brussels on granting Ukraine and Moldova official status as candidates for EU membership — a move hailed by European Commission President Ursula von der Leyen as “historic.”

But the display of support for Kyiv comes amid wider economic consequences of Russia's war on Ukraine.

Russia blamed for economic woes

A spike in inflation and lagging economic growth across the world has been blamed on Russia's invasion of Ukraine. The West also accuses Moscow of “weaponizing” grain supplies and natural gas deliveries.

On Thursday, the European Commission said gas supply cuts from Russia affected a dozen EU countries. Germany, which is heavily reliant on Russian gas, triggered the second phase of an emergency gas plan.

The squeeze of Russian oil is pressuring the EU to find alternatives to prevent an energy crisis.

Germany running into gas supply issues is likely to have EU-wide repercussions, Belgium's Prime Minister Alexander De Croo warned ahead of Friday's meeting.

“If Germany gets into trouble, it will also have an enormous impact on all other European countries, including our own,” he said.

Christine Lagarde, president of the European Central Bank (ECB), is joining the EU leaders on Friday to address growing inflation and soaring prices.

According to the EU stats agency Eurostat, inflation in the 19-country eurozone is at a record high of 8.1%.

The ECB has pledged to raise interest rates in July — for the first time in more than a decade — in a bid to curb inflation.

The European Commission also cut its economic growth forecast for this year from 4% that had been expected before the war in Ukraine to 2.7%.

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