European Latitudes

Perspectives on Europe, Italy, and the world.

The press review connecting the key socio-political and economic developments shaping today's debate.

The non-English articles present in the Europe and International section are translated to English.

Friday, 7 August 2026

Europe

Germany's hot topic this summer: A chancellor swap, *Politico*
Germany's governing Christian Democrats are increasingly discussing a possible autumn replacement of Chancellor Friedrich Merz, whose approval rating has fallen to 13 per cent, the lowest recorded for a sitting chancellor in the nearly 30-year ARD-DeutschlandTrend series. The debate is being driven by September state elections, where the far-right AfD could win outright in Saxony-Anhalt and perform strongly elsewhere; nationally, the AfD polls at 28 per cent against 21 per cent for Merz's conservatives. North Rhine-Westphalia premier Hendrik Wüst is seen as the likeliest successor. A voluntary resignation would be the least disruptive route; otherwise, a constructive vote of no confidence could fracture the CDU-CSU-SPD coalition, trigger an early election and further strengthen the AfD.
https://www.politico.eu/article/friedrich-merz-chancellor-swap-cdu-afd-germany-political-crisis/

China made Germany's car giants. Now it's helping break them, *Politico*
Germany's carmakers face a deepening structural crisis as Chinese competitors erode their former dominance both in China and increasingly in Europe. Volkswagen, BMW and Mercedes-Benz are suffering heavy losses after Chinese manufacturers developed cheaper, more technologically advanced electric vehicles and China's domestic car market contracted by about one-fifth this

year. BMW plans 8,000 German job cuts by end-2027, while Volkswagen is negotiating up to 100,000 reductions and factory closures. Chinese car sales in the EU rose 63 per cent in the first half of 2026, from 338,000 to nearly 549,000, approaching 10 per cent of total sales. EU tariffs have not stopped the influx, prompting European groups to consider partnerships, new markets and even defence-sector diversification.
https://www.politico.eu/article/china-germany-car-sales-loss/

Madrid threatens retaliation if Italy keeps border controls on travelers from Spain, *Politico*
Spain has threatened reciprocal measures unless Italy lifts temporary border controls on travellers from Spain by 9 August. Rome reinstated checks on 1 August, suspending passport-free Schengen travel amid the migration crisis in Ceuta and arguing the step was necessary to protect citizens and European borders. Madrid called the action discriminatory, contrary to EU interests and disruptive during the peak summer travel period, noting that Spain had never imposed equivalent controls on Italy despite higher irregular-crossing figures there in recent years. The dispute risks widening into a broader confrontation over migration management, Schengen safeguards and responsibility for external borders. Spain says any retaliation would be proportionate and intended to protect the interests and dignity of Spanish citizens.
https://www.politico.eu/article/spain-retaliation-italy-border-controls-travelers-ceuta-migrants/

Iceland to demand fisheries control in any EU membership deal, *Financial Times*
Iceland is signalling that any renewed EU accession negotiations must preserve sovereign control over fisheries, a core national industry and political red line ahead of an August 29 referendum on reopening talks. Marine products accounted for nearly 40 per cent of Icelandic exports by value in 2024, and Reykjavík wants to retain its transferable quota system and authority over catch limits, conservation and access. The European Commission has indicated openness to a tailored settlement, although a full exemption from the Common Fisheries Policy would be highly unusual. Polling shows 53 per cent support restarting negotiations and 47 per cent opposition. Iceland argues that its stronger economy and heightened Arctic strategic value give it greater leverage in any future accession process.
https://www.ft.com/content/938851c7-2fa9-4e2c-912a-ca4971f796c2

US euro sale to prop up yen blindsided ECB, *Financial Times*
The United States sold euros to buy yen in an unusual joint intervention with Japan, informing the European Central Bank only after the trade had been executed. The move, conducted through the New York Federal Reserve using

the Treasury's Exchange Stabilization Fund, broke with longstanding conventions of consultation among western monetary authorities and avoided selling dollars, which could have conflicted with Washington's strong-dollar policy. Japan may have spent about ¥13.8tn, or $87bn, over two days, exceeding its previous record intervention campaign. The action pushed the yen from nearly ¥164 per dollar to around ¥157 before it weakened to ¥158. The episode raises concerns about central-bank co-ordination, Japanese inflation pressures and possible spillovers to US Treasury markets.
https://www.ft.com/content/d9922d0b-51a0-48be-811b-42e08f90985a

Europe's great river drought, *AGI* ***[Translated]***
Copernicus Sentinel-2 images, acquired between 1 and 3 August 2026, show exceptionally low water levels in the Loire, Po, Rhine and Danube, with extensive sand and gravel banks exposed due to the prolonged drought. The consequences affect agriculture, energy production, river transport and logistics chains. In Germany, the low Rhine threatens the chemical and steel industries, reinforcing calls for navigable infrastructure that is more resilient to climate change. On the Danube, low water flow is creating cooling problems at the Paks nuclear power plant. In Italy, the Po is increasing pressure on irrigation, hydropower and freshwater availability, while several European countries are reducing output or shutting down nuclear reactors.
https://www.agi.it/estero/news/2026-08-06/fiumi-europa-secca-copernicus-38398151/

Italy

Il prezzo dell'elettricità ai massimi da tre anni: così ci troviamo a pagare il doppio del resto d'Europa, *Today*
Il prezzo unico nazionale dell'elettricità ha raggiunto 207,84 euro/MWh il 5 agosto, massimo dal 31 dicembre 2022, con picchi orari fino a 310 euro/MWh. La domanda, spinta dal caldo e dai condizionatori, ha toccato 1.070,8 GWh il 3 agosto; le rinnovabili hanno coperto il 35,7%, ma l'eolico appena l'1,1% e l'idroelettrico è in calo del 20% sul 2025. La dipendenza dal gas, che genera oltre il 40% dell'elettricità italiana, amplifica l'esposizione ai prezzi Ttf e alle quote CO2. Il Prezzo Unico Nazionale risulta superiore dell'88% alla Germania, del 75% alla Spagna e oltre il doppio della Francia, evidenziando vulnerabilità strutturali e l'importanza di accumuli, flessibilità e autoconsumo.
https://www.today.it/dossier/economia/energia-prezzo-record-agosto-2026.html

Piano clima, in arrivo un nuovo bonus energia. Ecco a chi è destinato e quando parte, Il Sole 24 Ore

Il Piano sociale per il clima italiano introduce un nuovo “bonus sociale energia plus” destinato a circa 4,7 milioni di famiglie ogni anno tra il 2028 e il 2031, con l’obiettivo di attenuare l’aumento dei costi energetici legato all’entrata in vigore dell’Ets2, il nuovo sistema europeo di scambio delle emissioni applicato anche agli edifici. La misura riguarderà i nuclei con Isee fino a 25mila euro. Il Piano dispone complessivamente di 9,3 miliardi di euro, di cui 7 miliardi provenienti dal Fondo sociale per il clima e 2,3 miliardi da cofinanziamento nazionale. Il bonus assorbirà 1,34 miliardi, con circa 1 miliardo coperto dal Fondo europeo. L’agevolazione sarà riconosciuta automaticamente in bolletta alle famiglie aventi diritto, purché il contatore non superi i 4,5 kW, e varierà in base al livello Isee, alla zona climatica di residenza e alla stima Ispra dell’impatto dell’Ets2 sui consumi domestici. Il sostegno sarà più elevato nella fase iniziale e diminuirà progressivamente negli anni successivi, mentre entreranno a regime gli interventi strutturali di efficienza energetica previsti dal Piano.
https://www.ilsole24ore.com/art/piano-clima-arrivo-nuovo-bonus-energia-ecco-chi-e-destinato-e-quando-parte-AJ8Athf

International

Trump announces tariffs on key component for solar panels and semiconductors, *Politico*
President Donald Trump has ordered a 15 per cent tariff on imported polysilicon and related products, alongside minimum import prices for polysilicon, ingots, wafers, solar cells and modules, as Washington seeks to reduce Chinese dominance of strategic supply chains. The measures take effect on 4 December, after the November midterms and a planned September Trump-Xi summit. Customs and Border Protection may restrict imports suspected of being stockpiled to avoid the duties. Polysilicon is essential to solar panels, semiconductors, military equipment and consumer electronics, while China holds a near-monopoly on global production. The policy supports domestic semiconductor and solar manufacturing but could raise input costs, intensify trade tensions with Beijing and reshape supply-chain investment decisions.
https://www.politico.com/news/2026/08/06/trump-tariffs-solar-semiconductors-01028009

World food prices hit 3-year high in July as weather and war weigh: UN agency, *The Straits Times*
World food prices reached their highest level in more than three years in July, with the FAO Food Price Index averaging 131.1 points, up from 130.3 in June and the highest since January 2023. The cereal index rose 3.4 per cent month on month, driven by a 5.8 per cent increase in wheat prices amid Black Sea

export risks and heat damage. Vegetable oils gained 2 per cent to their highest level since June 2022, while sugar climbed 5.6 per cent because of adverse weather and stronger Brazilian ethanol demand. Meat prices fell 2.8 per cent and dairy 0.7 per cent. Despite renewed pressure from conflict, El Niño and energy costs, the index remains 18.2 per cent below its March 2022 peak.
https://www.straitstimes.com/world/europe/world-food-prices-hit-3-year-high-in-july-as-weather-and-war-weigh-fao-says

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