The global and euro area economies have been facing an unparalleled sequence of negative external economic shocks. Both the pandemic, which has disrupted production and logistics, and lately the military aggression of Russia against Ukraine, which is significantly pushing up commodity prices, have driven euro area inflation to 7.4% in March 2022.

Consistent with the price surge in energy commodities, energy prices, which increased by 45% in the year to March 2022, are now accounting for more than half to headline inflation in the euro area, despite making up only about a tenth of the consumer basket.

Many of the drivers currently pushing up prices in the euro area – and this clearly includes the aggressive behaviour of Russia – are beyond EU policy-makers’ direct control. While maintaining price stability is in the competence of the European Central Bank, elevated inflation is a source of concern for the Commission as well, as it raises the cost of living, notably for the more vulnerable groups of the population.

Already last October, the Commission presented an energy prices toolbox, which has helped Member States to mitigate the impact of high prices on vulnerable consumers and which remains an important framework for national measures. In March 2022, the Commission proposed a further series of measures to mitigate the short- and long-term impact of rising energy prices and to ensure supply security. The Commission is developing measures to reduce Europe’s dependency on Russia as quickly as possible and more generally strives to accelerate the energy transition, which will reduce the dependency on fossil fuels.