

Europe Express [Israel-Hamas war](#)

UN's Palestinian aid agency calls on EU countries to resume all funding

Also in this newsletter: European businesses' gloomy outlook on the bloc's competitiveness



UNRWA, the UN's Palestinian aid agency, has called on countries whose funding is still paused to resume payouts with 1.1mn Gazans facing "catastrophic conditions" on food security © Mahmoud Issa/Reuters

Henry Foy 7 HOURS AGO

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Good morning. News to start: the head of German arms company Rheinmetall has called for the EU to implement short-range air defence systems [similar to Israel's Iron Dome](#) in response to the increased threat from Russia.

Today, we hear from the deputy head of the UN's Palestinian aid agency about the status of European funding, and our competition correspondent reports on a grim survey about Europe's economic attractiveness.

Catastrophic conditions

The deputy head of the UN's Palestinian aid agency has called on nine EU countries whose support is still suspended to resume their payments soon, warning that it only has funding until early May to mitigate famine in Gaza.

Context: The United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) is the main conduit for aid to the territories. [The war in Gaza](#)

[between Israel and Hamas](#) has sparked a [humanitarian crisis](#). Some countries, and the EU as a bloc, suspended funding to the agency in January after [allegations that several of its staff](#) had taken part in the October 7 Hamas attack on Israel.

“The good news is that the EU [funding] has come back,” said Natalie Boucly, UNRWA deputy commissioner-general. “We’re hoping that others will come back gradually.”

“[We do have a financing problem](#), of course, because we still have European countries who are not clear about their position,” she added. “We’re good until the end of April or beginning of May . . . and then it’s not clear.”

EU members Austria, Estonia, Finland, Germany, Italy, Latvia, Lithuania, the Netherlands and Romania are yet to announce they are restarting UNRWA funding.

“Member states are navigating very political territory,” said Boucly, who praised the decisions of Denmark and Sweden to resume payments. “Of course, our concern is not the politics of it. It’s just to make sure that we are able to work at the moment in Gaza.”

UN secretary-general António Guterres will join a summit of EU leaders tomorrow, and will urge everyone to fund UNRWA. “An overwhelming majority” of member states support draft conclusions that describe UNRWA’s work as “indispensable,” said an official involved in the pre-summit negotiations.

“You’ve got a health crisis unfolding before your very eyes,” said Boucly of the situation in Gaza. “It’s a dire situation that shouldn’t be happening today, at Europe’s doorstep.”

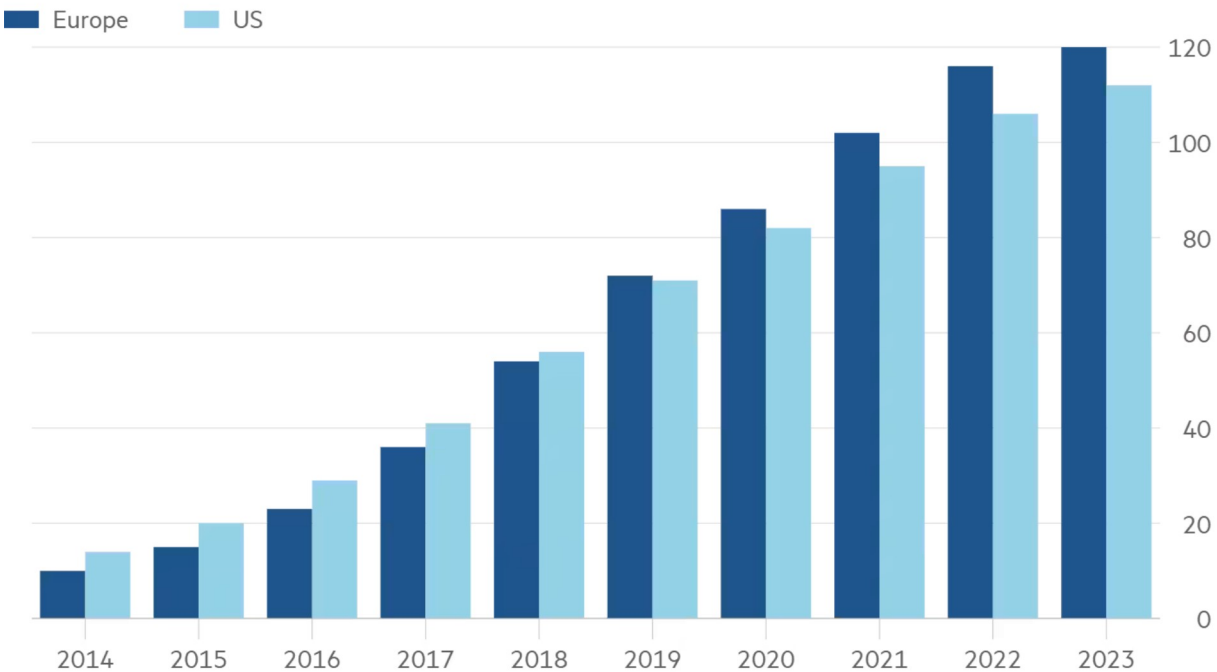
On Monday, an analysis by the Integrated Food Security Phase Classification (IPC) concluded that famine [is imminent in northern Gaza](#) and 1.1mn people face “catastrophic conditions”.

“It’s a desperate situation,” David Miliband, head of the International Rescue Committee, told the FT. “We’ve never known anywhere where half the population have ended up in famine-threatened conditions in the space of five months.”

Miliband urged European countries who haven’t restored funding to UNRWA to do so. “The Swedish, Danish, EU funds are flowing . . . That’s an important signal to the rest of Europe . . . that the funding is needed.”

Chart du jour: AI race

Number of workers hired in AI-specific roles



Sources: atomico, revelio labs

© FT

Rival countries are trying to poach leading European artificial intelligence start-ups, such as Germany's Aleph Alpha, in a global [competition to develop cutting-edge technology](#).

Bad environment

European industrialists have warned that the continent is still not an attractive place in which to invest, underscoring the EU's efforts to become more competitive, **writes [Javier Espinoza](#)**.

Context: High energy prices and interest rates hit businesses last year, with many also complaining about red tape. Fixing the EU's economy and its competitiveness [has become a priority for the bloc](#), amid fears of [being left behind by the US](#).

Business associations, representing companies including BMW, Siemens and Engie, have reported "another disappointing year" in 2023 for the bloc's economy.

A yearly survey by the trade association BusinessEurope, [published today](#), found that 88 per cent of its members saw no improvements on attracting investment into the EU last year. More than half also said the burden of regulations had worsened.

Europe is not only down, but the US is up, with the American economy in 2023

outpacing the EU's for the seventh time in the past 10 years.

“The EU has failed to close its long-term productivity gap with the US, with EU overall productivity in 2022 only 75 per cent of that enjoyed in the US,” the report said.

Fredrik Persson, president of BusinessEurope, which groups together many of the bloc's leading business lobbying groups, said: “During the next political cycle, the EU needs to put competitiveness at the forefront.”

He called on the European Commission to follow through with its promise of cutting reporting requirements for companies by 25 per cent, and to “ensure that the Green Deal becomes a growth strategy by flanking it with a real [Industrial Deal](#).”

What to watch today

1

European Commission [presents proposal](#) on seizing windfall profits from frozen Russian assets.

2

Ukrainian Prime Minister Denys Shmyhal [attends](#) EU-Ukraine Association Council in Brussels.

Now read these

Red alert: It has been the [hottest 10 years on record](#) and the world is “close” to breaching the 1.5C lower limit of the Paris Agreement, the UN has warned.

Supporting: Germany announced [fresh military aid](#) for Ukraine as the EU gears up to funnel proceeds from Russian assets to Kyiv.

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Radioactive revival: Interest in nuclear power has revived but western countries [are doing it all wrong](#), warns the head of a big atomic company.

Recommended newsletters for you

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