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CROATIA BEGINS PROCESS TO JOIN EURO, ECOFIN ADOPTS NO-DEAL BREXIT BUDGET PLAN

After Croatian authorities started the procedure to join the European Exchange Rate Mechanism (ERM II) and the Banking Union on 4 July, the Eurogroup agreed that a comprehensive package of reforms towards a more robust financial sector, stronger institutions and public governance, and more efficient economic structures needs to be implemented before a decision can be taken. Separately, in the ECOFIN meeting, ministers adopted a set of contingency measures on the implementation and financing of the 2019 EU budget in the event of a no-deal Brexit on 31 October, to allow UK beneficiaries to keep receiving funding until the end of the year.

URSULA VON DER LEYEN ATTEMPTS TO WIN SUPPORT FROM LEFT-WING MEPS

After being nominated by the European Council as candidate for Commission President, Ursula von der Leyen spent much of this week meeting with political groups in the European Parliament, attempting to persuade MEPs to support her during a crucial vote that will take place next Tuesday. Whilst she will likely have the backing of most in the centre/centre-right groups, von der Leyen has spent a great deal of energy trying to persuade MEPs from the S&D and the Greens (though the latter announced they will vote against her). To be elected, she will need the approval of at least 374 MEPs (50%+1) in a ballot that will be secret.

ESAS ISSUE REPORT ON CROSS-BORDER SUPERVISION OF RETAIL FINANCIAL SERVICES

The European Supervisory Authorities (ESAs) published a report on the cross-border supervision of retail financial services, which identifies the main issues that national competent authorities (NCAs) face when supervising financial institutions that provide retail financial services across the EU. It also makes recommendations to the EU institutions on how to address them. Recommendations include reinforcing the harmonisation of Level 1 provisions governing the marketing and sale of services and products, and clarifying when activities carried out through digital means fall under passporting. The ESAs also recommend NCAs to improve cooperation between one another and liaising with the ESAs.

COMMISSION SUMMER ECONOMIC FORECAST SEES GROWTH CLOUDED BY TRADE TENSIONS

The Commission published its Summer Economic Forecast, which shows that the near-term outlook for the European economy is clouded by external factors such as global trade tensions between China and the US. However, the study finds no signs of recession on the horizon, for all Member States will improve their economic outlook over the next two years, albeit to different degrees. Overall, the euro area economy is set to continue expanding in 2019 and 2020, with annual growth forecast to slow from 1.9% in 2018 to 1.2% in 2019 (1.4% in the EU) before firming up at 1.4% in 2020 (1.6% in the EU).

EU POPULATION JUMPS TO OVER 513 MILLION

The population of the European Union has risen to almost 513.5 million, according to the latest statistics. The new figure from 1 January 2019 marks an increase from the previous year, where the figure was recorded as 512.4 million. There were more deaths than births recorded in the EU, 5.3 million deaths compared to 5 million births, which means the population change is a result of increased

migration to the union. Germany remains the most populated Member State with 83 million inhabitants, followed by France and the United Kingdom.

COMING UP NEXT WEEK:

- **15-18 July: European Parliament plenary.** On the agenda: election of President of the European Commission, debate with High Representative of the Union for Foreign Affairs and Security Policy, humanitarian assistance in the Mediterranean.
- **17-18 July: EU-Canada Summit.** On the agenda: multilateralism, foreign and security issues, strategic cooperation.
- **18 July: General Affairs Council.** On the agenda: priorities of the Finnish Presidency, new strategic agenda 2019-2024, rule of law in the EU.
- **18-19 July: Informal meeting of justice and home affairs ministers.** On the agenda: future of EU internal security and migration policy, artificial intelligence.

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