

10 - 14 June 2024

I. Political and Policy Developments

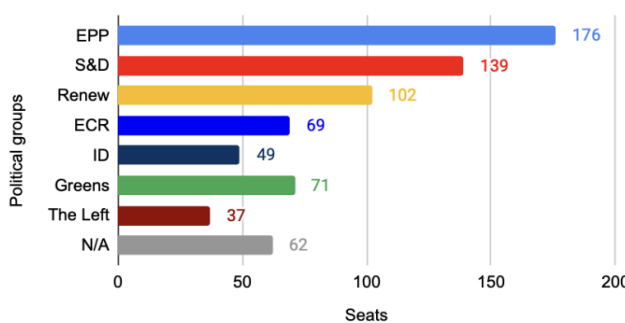
1. New EP shifts to the right, but centre holds
2. Political groups begin coalition talks
3. EU top jobs deal taking shape
4. Member States finalising 2024-2029 Strategic Agenda
5. Macron calls for snap election; German coalition under pressure; Belgian PM resigns; Dutch cabinet agreement

II. Key institutional milestones

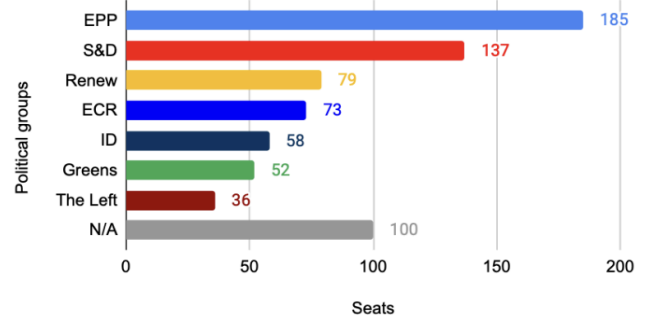
I. Political and Policy Developments

1. New EP shifts to the right, but centre holds

2019 EU Elections



2024 EU Elections



European elections were held last weekend. Key takeaways:

- **The political balance has shifted to the right, but the centrist coalition holds.** The centre-right EPP exceeded expectations, while far-right parties made significant gains. It is not yet clear how this shift will play out in practice, as mainstream centrist parties still maintain a relatively comfortable majority of seats, and could choose to keep upholding ‘the cordon sanitaire’, refusing to make coalitions with the far-right.
- **The Franco-German axis is weakened.** French President Emmanuel Macron called snap elections following a crushing defeat by Marine Le Pen’s National Rally, while German Chancellor Olaf Scholz is under pressure after losing to both the centre-right CDU and the far-right AfD. This opens new scenarios in the European Council, where leaders such as Italian PM Giorgia Meloni and Polish PM Donald Tusk, who have emerged strengthened from the election, are likely to play a more influential role.

- **The liberal camp came out weakened**, with disappointing results not only in France, but also in Belgium, where Prime Minister Alexander De Croo resigned, and in Italy, where they failed to secure any MEPs.
- **The Greens performed poorly**, confirming a widespread sense that EU environmental policies 'over-reached' in the last mandate and need to be recalibrated to better account for social and economic impacts. The Greens could yet end up punching above their weight should they join an EPP-S&D-Renew coalition.
- **This EP will be more fragmented and majorities more fluid**. A stable majority will require centrist parties to cooperate with either the ECR or the Greens. The fact that there is a potential centre-right (but no centre-left) majority will give the EPP significant room for manoeuvre and a pivotal role throughout the mandate.

2. Political groups begin coalition talks

Coalition talks between political groups started in Brussels this week. While the centrist coalition (EPP, S&D, Renew) holds 401 seats (majority threshold is 361), von der Leyen (or any other EPP candidate for Commission president) will need votes from other political groups to secure a stable majority.

The EPP has two options: the Greens or the right-wing ECR. An alliance with the Greens is seen as the safer option, as it would be backed by the S&D and Renew, but would require concessions on green policies, potentially walking back on commitments made during the election campaign. An alliance with the ECR, while tempting from a political and numerical perspective, is challenging, as both the S&D and Renew have ruled out working with them.

The significant number of non-attached MEPs (currently 91) could also play a role. The EPP is seeking an alliance with Hungarian opposition leader Péter Magyar, whose party has seven seats. Renew and ECR, vying for third place, are also trying to bolster their ranks. ECR is eyeing an alliance with Hungarian PM Viktor Orbán's Fidesz, despite internal opposition. Meanwhile, Renew is considering Volt's five federalist MEPs and possibly Italy's 5 Star Movement's eight MEPs to offset their depleted French delegation.

3. EU top jobs deal taking shape

Negotiations on the EU top jobs package are in full swing, with a deal reportedly taking shape:

- Commission President Ursula von der Leyen seems set for a second term. The election result has provided a boost to her candidacy, as the EPP increased its influence whilst Macron and Scholz, who are seen as potential promoters of an alternative candidate, came out weakened.

- The European Council presidency is likely to go to a socialist, with former Portuguese PM Antonio Costa considered as the favourite. Danish PM Mette Frederiksen is seen as a credible alternative.
- The High Representative for Foreign and Security Policy should be going to a liberal, with Estonian PM Kaja Kallas and former Belgian PM Alexander De Croo both seen as strong candidates.
- Roberta Metsola should be confirmed as European Parliament President, in a deal which would likely see a Socialist & Democrats figure taking over in the second half of the mandate.

Last minute surprises cannot be excluded, however. The decision over the top jobs package is usually a delicate balance between candidates' political affiliations, nationality and stature. Past experience shows that horse trading between leaders can lead to unexpected outcomes: von der Leyen herself was a surprise appointment five years ago.

European leaders will convene for an informal dinner on 17 June, where they will iron out a potential agreement, to be formalised at the European Council of 27-28 June.

4. Member States finalising 2024-2029 Strategic Agenda

A new leak of the Strategic Agenda 2024-2029 is circulating in Brussels. The updated draft is broadly in line with previous ones, including a strong focus on security and defence and prioritising competitiveness over climate.

Key highlights include:

- Need for a “just and fair climate transition” boosting industrial strength in key sectors.
- Increasing sovereignty in strategic sectors to “close the growth, productivity and innovation gaps with international partners and main competitors”, also through European Investment Bank loans.
- Investing in energy, transport and communications infrastructure.
- Boosting key technologies such as AI, quantum technologies, 5G/6G, biotech, net zero technologies and advanced materials.
- Focus on financial markets integration, including completing the Capital Markets Union and the Banking Union.
- Reducing red tape to reflect the needs of a modern, dynamic and consumer-friendly investment environment.

5. Macron calls for snap election; German coalition under pressure; Belgian PM resigns; Dutch cabinet agreement

Following his crushing defeat in the EU elections, Macron called for a snap legislative election. The first round is scheduled on 30 June, with the second one taking place on 7 July. It remains to be seen whether the National Rally (RN) will manage to form a right-wing coalition of both far-right parties such as Reconquest and centre-right LR. A RN government, which would have to coexist with the Macron Presidency, would cause waves in Brussels, as RN ministers would be the ones representing France in formal Council negotiations. A RN government would likely fight initiatives promoting further integration and harmonisation in the EU single market, oppose green policies, push for regulation against big tech and make any trade agreements much more complicated.

In Germany, the ruling coalition came out significantly weakened. The SPD, the party of German Chancellor Olaf Scholz, lost to both the centre-right CDU/CSU and the far-right AfD. Its coalition partners, the Greens and the FDP, also performed badly, sparking calls for snap elections. While collapsing coalitions are uncommon in Germany, the election results have increased the likelihood of a government collapse before the end of the term.

In Belgium, Prime Minister Alexander De Croo resigned following the crushing defeat of his party, the Flemish liberals (Open VLD), which dropped to 9th place in the country's federal and regional elections of 9 June. The major winners of the elections were the Flemish nationalist party N-VA, followed by the Flemish far-right Vlaams Belang. Bart de Wever, the head of the N-VA, is currently leading talks to form a new government. While de Wever previously championed Flanders' independence, he has adopted a more moderate agenda in recent years, prioritising regional autonomy. de Wever ruled out working with Vlaams Belang.

In the Netherlands, the ruling coalition reached an agreement on the composition of the new cabinet. Key positions, such as migration, health and trade, will be taken over by Wilders' far-right PVV. Finance, climate and security will be given to the centre-right VVD, while agriculture will go to the agrarian BBB. The foreign affairs ministry will go to the centrist NSC. The ruling coalition aims to complete the hearings with the Dutch Parliament by 26 June, to allow Prime Minister-designate Dick Schoof to join that week's European Council.

II. Key institutional milestones

Date	Event
17 June	Informal European Council
18-19 June	EPP constituent meeting (new memberships & election of new president)
19 June	Greens' constituent meeting (election of new co-chairs)
25 June	PES constituent meeting (vote on new president) PEL constituent meeting
26 June	Renew Europe constituent meeting ECR constituent meeting
27-28 June	European Council on 2024-2029 Strategic Agenda and top jobs appointments
1 July	Beginning of Hungarian Presidency
4 July	ID constituent meeting
16-19 July	European Parliament first plenary session
18 July (exp)	European Parliament vote on Commission President
22-25 July	Formation of European Parliament committees
October-November	European Commissioner-candidates hearings
1 December	New European Council President takes office
16-19 December (exp)	European Parliament vote on the new Commission