



Economy

Figures from Eurostat showed a drop for eurozone retail sales in June of 0.5 percent compared to May.

The IMF has told France to slow the pace of reduction of its public deficit and accelerate its structural reforms in order to support the country's slow economic recovery. The organisation said France should not raise taxes, as they are already "among the highest by international standards."

EU Trade

Trade barriers between the EU and Colombia and Peru were lifted as of 1 August 2013. The agreement will open up markets for both EU and Colombian exporters, eventually bringing annual savings of more than €500m for companies. The improved, more stable conditions for trade and investment are expected to boost commerce between the EU and the Andean region. The deal was signed by the EU, Colombia and Peru in June 2012 and will now be applied between all three parties. At the end of the transition period, there will be no customs duties at all on industrial and fisheries products and trade in agricultural products will become more open.

Common Agricultural Policy (CAP) and Common Fisheries Policy (CFP)

The European Commission has announced deductions from 2013 fishing quotas for those Member States that declared having exceeded their quotas in 2012. The largest deductions for 2013 are for hake in Spain, herring in Poland and the UK, haddock in Ireland, horse mackerel in Lithuania, and saith, haddock and redfish in Portugal. The deductions are lower than in 2012.

A row has broken out over European Union trade sanctions imposed on fish landed on the Faroe Islands. European countries have been banned from importing herring caught by Faroese fleets after their catches trebled. But the islands' Prime Minister says stocks are high and the sanctions are also opposed by the Kingdom of Denmark, to which the Faroe Islands belong. The Prime Minister of the Faroe Islands, Kaj Johannesen, wants his islands to join the EU internal market once current fish quota disputes are settled. He said that the Danish government is positive about the idea and that there is no need for a referendum.

British farmers face worst wheat harvest for a decade. Bad weather over the last year has left many farmers facing one of the worst wheat harvests in Britain for more than a decade. They say planting last autumn was wrecked by heavy rain and flooding.

Technology

The vast majority of significant electronic systems failures in Europe are caused by faulty software and botched repair jobs, rather than deliberate cyber-attacks, according to a report by the EU's computer systems watchdog, published this month. The European Union Agency for Network and Information Security (ENISA) –which provides security expertise to the EU – said national regulators reported 79 incidents of severe outages of electronic communication networks or services during 2012. Of the 79 significant incidents reported by 18 countries, three-quarters were the result of "systems failures". These

were mainly down to hardware failures, software bugs and overloaded electricity cables. Nevertheless there were also outages resulting from disruption caused by copper thieves.

Online retail sales in Europe will double by 2018 to €323 billion according to a new survey by market research firm Mintel. In a survey of 19 markets in Europe published by Reuters, Mintel predicted that online sales would grow to €188 billion in 2013 from €166 billion in 2012. Mintel said Germany, Britain and France would remain by far the biggest markets for online retail by 2018, although the Netherlands, Spain and Poland should grow at a faster rate and Norway and Sweden have the highest online per-capita spend. "There is a big North-South divide in e-commerce in Europe," said Mintel European retail analyst John Mercer, noting French participation levels lag behind Britain and Germany by five years and Spain, Greece, Portugal and Italy are even further behind. Mintel said Amazon – the retail portal – is extending its lead on the continent, increasing its market share to 9.8% in 2012 from 9.2% in 2011, while Germany's Otto, its next closest rival, saw its share slip to 3.3% from 3.9%.

Foreign Policy

France threatened military action after footage of Syrian civilians suffering from suspected chemical attacks was circulated. Syria denied using chemical weapons and allowed UN inspectors to visit the country. Germany indicated that it would not take part in any military strike on Syria, while France and the UK prepared to join a US-led coalition. The British parliament however, blocked UK military action in a vote at the end of the month.

Justice and Home Affairs Policy

The Maltese government has refused to allow a tanker, which rescued 102 African migrants from a boat off the Libyan coast, to dock in Malta. The Commission said the EU state had a humanitarian duty to take in the migrants. The crisis was resolved when Italy gave permission for the migrants to travel on to Syracuse. EU Home Affairs Commissioner Cecilia Malmström welcomed news of the migrants' arrival in Italy, tweeting: "Thank You Italy."

EU states

Italy's Supreme Court has upheld a one-year prison sentence for disgraced former Prime Minister Silvio Berlusconi for tax fraud. Despite on-going trials spanning two decades for various offences such as corruption and sleeping with an underage prostitute, this is Berlusconi's first definitive conviction. He now faces ejection from his seat in the Senate.

Franco-German trade row escalates after France bans sales of several high-end Mercedes-Benz models.

The new luxury German cars have a refrigerant in their air-conditioning systems that has been banned by the EU on environmental grounds. Officials in Brussels said they were consulting Berlin and Paris on the issue and would try to bring the two sides together in September to resolve the matter.

Czech Republic – following the resignation of former Prime Minister Petr Nečas over a wiretapping scandal, President Miloš Zeman has failed to win support for his new government. Zeman, the country's first directly elected president, appointed one of his confidants as Prime Minister, despite opposition from the coalition that had been headed by Nečas. It is likely that early elections will be held before the end of the year.

Greece - Unemployment rose to 27.6% in May, up from 23.8% in May last year, according to new figures from the Greek national statistical authority ELSTAT. Young Greeks aged 15 to 24 remain the hardest-hit with the jobless rate for this age group at 64.9% in May.

Slovakia - The EU has demanded that the Slovak authorities tear down a 30-metre long wall that was built in the city of Košice to block off Roma families. The city's deputy major said it was built to provide secure parking. EU Commissioner for Culture Androulla Vassiliou said the wall violated the EU's stand against racism.

Croatia has agreed to fully apply the EU extradition law after Brussels raised the prospect of sanctions. Shortly after joining the EU bloc, the country refused to implement a European Arrest Warrant (EAW) issued by Germany. The German government issued an EAW to extradite Josip Perković, a former director of the Yugoslav-era Croatian secret police, in connection with the assassination of a Croatian defector in Germany during the Communist-era. Just three days before Croatia's accession to the EU, on 1st July 2013 the country adopted laws exempting crimes committed during the Communist era and war crimes from the scope of the EAW.

Portugal's Constitutional Court dealt a new blow to government efforts to cut spending and keep the country's EU/IMF bailout on track, rejecting a bill that would have effectively allowed the state to fire public sector workers. The measure would have saved €167 million next year, as part of a larger package of budget cuts in order to pay back the €78 billion bailout loan. The court has rejected large parts of the government's deficit-cutting plans twice since the country accepted a bailout in mid-2011, each time forcing it to come up with alternative measures.

Madrid vs London in Gibraltar row. Spain has said it is considering imposing a €50 fee on those entering and leaving Gibraltar amid an escalating row with the UK over fishing rights and border security. Tension between the two countries escalated after the Spanish authorities stepped up border control checks on cars entering Gibraltar, causing long delays. The UK also sent ten Royal Navy vessels including an aircraft carrier, frigates and support ships, which it claimed was part of a series of pre-planned naval exercises in the Mediterranean. European Commission spokesperson Olivier Bailly said "that such a tax, imposed on citizens or vehicles, when they cross an internal EU border, would be illegal." EU inspectors are set to leave for the contentious border, possibly in September, to determine if Spain's tightened controls violate EU laws.

Germany – General elections will be held next month and campaigning has begun. Mention of a possible third Greek bailout was avoided until German Finance Minister Wolfgang Schauble broke the taboo by saying another programme was definitely needed. Merkel said there was no point in discussing the issue until next year, when Greece's second bailout programme is complete.

EU candidate states

Turkey - President Abdullah Gül used a message marking the start of the Muslim festival Eid al-Fitr as an opportunity to bring the issue of EU membership back onto the national agenda. The EU postponed the restart of talks until autumn after a Turkish police crackdown on anti-government protesters earlier this year.

Other States

The US, Germany, Britain and France closed their embassies in Yemen after the US issued a worldwide travel alert saying al Qaeda may be planning attacks, particularly in the Middle East and North Africa.

US-Russia relations - Barack Obama cancelled his presidential summit with Vladimir Putin after Moscow agreed to grant asylum to the National Security Agency (NSA) whistle-blower Edward Snowden.

Egypt - EU foreign ministers held emergency talks on the situation in Egypt in which army forces massacred Mursi supporters. The EU has agreed to suspend the sale of arms and military equipment to the country, and will review the amount of aid it gives.

The European Union will review relations with Zimbabwe given its "serious concerns" about the conduct of the southern African state's election. The EU's verdict on the fairness of the elections will be crucial to a decision on whether it continues to ease sanctions against Zimbabwe, [Ashton](#) said in a statement. The EU imposed sanctions on Zimbabwe in 2002 after an election marked by fraud allegations. These include an arms embargo and travel ban on Mugabe and 19 of his closest allies. They have been renewed every year since. President Robert Mugabe is to be sworn back into office soon after winning the 31 July election, extending - at age 89 - his 33-year rule, which dates back to independence from Britain.

Ukraine - Russia relations - Russian President Vladimir Putin has warned Ukraine he will take "protective measures" if it signs an EU free trade pact. The European Commission has reprimanded Russia over this attempt to intimidate Ukraine. The EU pact was first discussed in 2008 and is designed to integrate Ukraine into the EU's political and economic sphere.

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