

## Terms of reference on the draft budgetary plan of Italy

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## Commissioner Moscovici's introductory remarks at the Eurogroup press conference

Bonsoir. Notre réunion aujourd'hui a été l'occasion de faire un point sur l'analyse des projets de plans budgétaires pour l'année prochaine. Cette analyse est toujours en cours, bien sûr : la Commission adoptera les opinions le 21 novembre.

Néanmoins, étant donné que depuis notre dernière réunion, la Commission a, pour la première fois dans l'histoire du pacte de stabilité et de croissance, demandé à un Etat-membre qu'il soumette un projet de budget révisé, il était effectivement utile d'avoir cette discussion aujourd'hui.

J'ai souligné que la Commission fait son analyse de plans budgétaires de façon précise et objective, gardant en tête toujours l'intérêt commun de la zone euro et de tous nos citoyens. Il y a un plein respect par la Commission de la souveraineté nationale. Il y a aussi la conception d'une souveraineté partagée et du rôle qui est le nôtre de faire respecter des traités qui ont été adoptés et signés par tous. La zone euro ressemble en quelque sorte à un règlement de co-propriété. Il appartient aussi au syndicat de le faire

respecter, personne ne doit pouvoir s'attaquer à un mur porteur ou quoi que ce soit. C'est pour cette raison que nous insistons tellement sur l'importance d'un dialogue constructif entre Bruxelles et les Etats-membres, et sur le fait que la Commission respecte totalement les choix démocratiques nationaux, qui ne sont pas incompatibles avec le respect de notre cadre budgétaire commun qui est une règle partagée par tous, qui découle de traités adoptés par chacun

En ce qui concerne l'Italie, je constate et je salue le fort soutien de l'Eurogroupe à l'action et l'approche de la Commission ce qui signifie qu'il n'y a pas d'un côté, une bureaucratie obscure et de l'autre côté une instance démocratique, mais qu'il y a bien un ensemble, la zone euro et dont tous les ministres approuvent et soutiennent l'approche de la Commission. Nous agissons en quelque sorte en leur nom avec leur soutien. La balle est maintenant dans le camp italien, qui doit soumettre à la Commission et à l'Eurogroupe pour le 13 novembre un projet de plan budgétaire révisé. Je compte vraiment sur un tel plan dans le cadre du dialogue que nous poursuivons. D'ici là, nous restons disponibles pour poursuivre notre dialogue avec les autorités italiennes, nous souhaitons ce dialogue car il est nécessaire pour avancer. Bien évidemment, toujours et uniquement dans le cadre de nos règles communes.

La Commission adoptera le 21 novembre son opinion sur le projet de budget révisé, au même moment qu'elle adoptera les opinions sur l'ensemble des Etats-membres de la zone euro. Donc nous progressons de manière méthodique et collective.

J'ai aussi informé l'Eurogroupe aujourd'hui que la Commission a reçu des réponses constructives de la part des cinq autres Etats-membres auxquels nous avons demandé des informations supplémentaires concernant leurs projets de plans budgétaires. Nous tiendrons donc compte de ces réponses utiles lors de la préparation de nos opinions.

As Mario explained, we had a discussion today and made further progress towards agreement on two key issues: the design of the backstop for the Single Resolution Fund; the reform of the toolkit for the European Stability Mechanism, particularly regarding its precautionary instruments.

A credible, swiftly deployable backstop for the Single Resolution Fund is a vital building block towards a stronger Banking Union, one that can withstand future crises and can help foster the development of pan-European banks able to compete globally.

Let me add that the Commission remains convinced that another building block towards this goal is the European Deposit Insurance Scheme. We had a long exchange of views on EDIS this evening and it is clear that we are still some way from reaching a consensus that would allow us to move forward with this third and final leg of the banking union. But I take heart from the fact that there remains a widespread determination across our Member States that EDIS is a prize worth having, and that we should continue working towards that prize. And of course the Commission will continue to play its part to the full in facilitating these discussions. From our perspective, there is

sufficient risk reduction to start political negotiations in December. A first concrete step could be liquidity support for national systems.

All of these proposals are about making the euro area more resilient to whatever challenges the future may throw at us, but they are also about fostering economic growth, and boosting much-needed convergence in the euro area. This is why the Commission evokes the idea of a stabilisation function and a euro zone budget.

To conclude, we are now just six weeks away from the December Euro Summit which must agree a package of measures to further strengthen our Economic and Monetary Union. So there is a clear need now to intensify our work towards credible compromises so that the outcome of the December Euro Summit is sufficiently ambitious and convincing for all actors. The Eurogroup is fully playing its role.

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## Remarks by M. Centeno following the Eurogroup meeting of 5 November 2018

### Press contacts

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Good evening. We've had a long but good meeting today, many topics on the agenda – lots of engagement around the table.

We had with an initial stocktake of the **draft budgetary plans** that were sent to the European Commission in mid-October.

We focused on Italy because the Commission has issued an opinion asking the Italian authorities to resubmit a revised draft budgetary plan.

While this opinion was a *first*, a request to resubmit a budget is foreseen by our rules, which the Commission is implementing. It is up for the Eurogroup to have a political discussion.

Ministers supported the Commission in its assessment and invited Italy to cooperate closely with the Commission in the preparation of a revised budget that is in line with our fiscal rules.

Italy has another week to resubmit its budget. I hope the ongoing constructive dialogue will bear fruits in reassuring European partners and

market participants of Italy's commitment to sound public finances.

We have discussed Terms of Reference for Communication, which are recommended lines for ministers to take and have already been circulated.

There were also other interesting discussions today. We had an update on recent developments by our bank supervisor and our resolution board (the **SSM** and the **SRB**). They filled us in on the results of the recent EU wide stress test and also on the key supervisory challenges and priorities for 2019.

The Eurogroup agrees and welcomes that – based on the outcome of the stress tests – the resilience of the banking sector has increased. It is also clear however that some legacy issues remain to be addressed, including the need to further reduce bad loans. Overall, some good news but more progress is needed.

It was a special meeting for Danièle Nouy as it was her last hearing at Eurogroup. I would like to thank her for all her work as Chair of the SSM in the critical first 4 years of its existence.

We also had a very insightful discussion on **financial stability in our currency union**. This is part of a series of discussions with academia and external experts that we are bringing into the sphere of economic policy coordination in the Eurogroup. Today we were honoured by the presence of Professor Jean Tirole who was awarded the Nobel Prize in 2014 for his work on market power and regulation. Professor Tirole presented his views on the future of the European financial integration and the main challenges to financial stability.

We made a lot of progress since the global financial crisis. Banks have significantly improved their solvency position and financial institutions are much more resilient to potential adverse shocks. There are many challenges remaining, however. Professor Tirole touched upon some of these today including the issue of shadow banking, fragmentation, the remaining sovereign-bank nexus, the rise of crypto-currencies and how to exit from the current low interest rate environment.

The Eurogroup agrees that more needs to be done to tackle these challenges. The discussions we had today on the euro area reform, which will continue in the coming weeks and months, provide an important opportunity to do so.

Today we picked up a few loose ends from our previous discussions on the set-up of a common backstop to bank resolution; ESM reform and EDIS.

We are a few steps closer to finalising the Terms of Reference of the **backstop** for bank resolution. We aim to deliver these to the Euro Summit in December, as requested. We agreed today that the size of the backstop credit line will be aligned with the target level of the Single Resolution Fund.

Regarding decision-making, the Eurogroup agrees that the ESM Board of Directors will take decisions on a case-by-case basis. There is broad agreement that decisions need to be taken swiftly and with involvement of national parliaments whenever necessary.

We discussed the **ESM precautionary instruments**. Our aim is to make these instruments more effective so they are a viable option for countries with sound fundamentals that need assistance.

There is a difficult balancing act we have to accomplish to address the potential stigma of requesting precautionary support and, at the same time, ensure an appropriate level of conditionality. We have made progress on this issue today as well.

Finally on EDIS: We were tasked by leaders to start work towards a **roadmap for beginning political discussions**. Today we had a good exchange of views. No progress was made but we now have a better understanding on where we are, how we should approach this issue and work towards a roadmap. So EDIS will not go away, it will stay on our agenda for upcoming meetings.

On that note, let me add that on November 19 we will hold an **extraordinary Eurogroup** here in Brussels and this meeting will be mostly dedicated on euro area reform. Thank you.

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5 November 2018

**At a ministerial meeting on counter-terrorism in Paris today, France, Germany, Spain Italy, Belgium, Luxemburg and the Netherlands have launched an initiative calling for the creation of a European judicial counter-terrorism register at Eurojust, the EU's judicial cooperation unit.**

**Eurojust declared that it stands ready to swiftly create and host the counter-terrorism register, which would bring more clarity, security and speed to investigations after terrorist attacks and increase the chances of bringing terrorists to justice.**

Mr Ladislav Hamran, President of Eurojust, was present at the European Summit on Counter Terrorism and said: *'The European Union needs improved information sharing between prosecutors. Swift and secure data exchange about investigations and prosecutions in the Member States is vital for better coordination of our joint efforts against terrorism. The counter-terrorism register is a step in the right direction and Eurojust is ready to host it.'*

**Background**

Since 2015, prosecution authorities around the EU have turned to Eurojust for coordination and practical support in 256 investigations of terrorist offences, including in the investigations after the attacks in the Bardo Museum and Sousse, Tunisia, the Thalys train, Paris and Saint-Denis, Brussels and Zaventem, Nice, Berlin Stockholm, Barcelona and Cambrils, and Turku, Finland. The cooperation has resulted in the creation of joint investigation teams, coordination of prosecution strategies and provided real-time support to actions in the field.

However, data exchange about prosecutions, convictions and court proceedings for terrorist offences across the European Union is at present not systematic.

On 20 June 2018, the Ministers of Justice of France, Germany, Spain and Belgium signed a [Declaration calling for the creation of a European Judicial Counter-Terrorism Register](#) (FR | DE | ES) that would make it possible to proactively establish possible links between cases and to identify coordination needs for the investigations. The legal basis for working together is already in place ([Council Decision 2005/671/JHA](#)), which should be systematically applied in all EU Member States.

 **More information**

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