

Remarks by President Juncker at the joint press briefing with European Council President Tusk ahead of the G7 Summit

Mr President,

Ladies and Gentlemen,

Buongiorno,

As you are, I am happy to be here in Taormina for this 43rd G7 Summit, the sixth in fact taking place in Italy. And I would like to thank Prime Minister Gentiloni for his hospitality and wish him all possible luck to have a successful Italian Presidency of the G7.

We will meet in a few moments from now – and there are four new leaders around the table. So Donald and myself, we are the only stable elements on the international landscape. We are veterans, but we are not old. And so it will be very interesting to know these new colleagues in a better way, although we have seen some of them yesterday and the days before.

We will stand up here – as we are always doing – for our shared values of freedom, democracy, the rule of law, and respect for human rights. We do believe as Europeans in open societies and we are always seeking multilateral solutions. We want to build bridges, not walls.

But we have to understand those – in Europe and elsewhere – who do not see how globalisation works for them. I mean those 45% of Europeans who do think that globalisation is a threat and not an opportunity. We do think that it is an opportunity if dealt with in a proper way. We have to put fairness at the heart of everything the G7 and our partners do.

That is mainly related to trade and to all trade-issues. Around a third of our national income comes from trade with the rest of the world. It supports 1 in 7 jobs in the European Union and for every EUR 1 billion we get in exports, we create 14,000 extra jobs.

The EU's GDP is expected to grow by 1.9% this year and next year. All our Member States – the 28, 27 plus 1 – are expected to grow. With 233 million people having a job in Europe, more people are working than ever before. And public finances are improving. We had an average deficit level of 6.1% in 2010/2011; we are down now to between 1.2% and 1.6%. So the overall situation is improving.

During the first G7 we had in Bavaria and the next one last year in Japan – this time we do not have to discuss Greece in the same way we had to discuss

Greece previously. Greece is on track. Greece is doing well and I want to pay tribute to the courage and the dignity of the Greek people. Greece is a great nation and we have to respect that nation in the way I am saying.

Mr Tusk and myself, we will have a meeting with the Japanese Prime Minister later today in order to advance our common trade agenda.

Thanks. Grazie. Mille grazie.

Questions and Answers

Q1 Two questions for the two Presidents. On migration, what are the proposals going to be from the EU institutions and what can we expect from tomorrow's declaration? And on America, how optimistic are you that you can bridge the huge differences between the U.S. and the EU on climate change and trade, which are looking like very, very difficult dossiers?

President Juncker: As far as climate is concerned, we will discuss with our American and other partners and friends the issues. We will compare the way we do see things and the way the Paris Agreement has to be implemented and the way they possibly could see these problems. We do think that the Paris Agreement has to be implemented entirely, and that is the way we will discuss this issue later today.

Q2 I wanted to ask you whether it is true that in your conversations yesterday with President Trump he told you that Germans are "bad, very bad" because they sell too many cars in the U.S. If this is true, did you chastise him? What did you reply on this?

President Juncker: I do not want to comment but I have to comment on this, because we had a meeting with President Trump, which was a very friendly, constructive meeting. It is not true that the President took an aggressive approach when it came to the German trade surplus. I do really think – and for once it is true – that this is a real translation issue. If someone is saying: "the Germans are bad"; that does not mean that this can be translated literally.

Er hat nicht gesagt: die Deutschen benehmen sich schlecht. Er hat gesagt: wir haben ein Problem, wie andere auch, mit dem deutschen Überschuss. So he was not aggressive at all. And anyway, without taking the defence of the Germans, I was making clear that the U.S. cannot compare their trade situation with individual Member States of the European Union. They have to compare their performance with the global performances of the European Union. And I made it clear that the Commission is in charge of dealing with trade issues, and not the Member States.

Aber man muss das richtig stellen, es wird übertrieben – "bad". Also ich bin kein Spezialist im Englischen wie man weiß, aber "bad" heißt nicht böse. "Schlecht" reicht ja.

Q3 A question on Russia and the possible lifting of sanctions or considering. Can you tell us whether sanctions have been discussed and if the U.S. President gave any hint that he would be considering lifting them? Was there

any consensus on keeping the sanctions according to the Minsk Agreement? Could you also maybe comment on whether Brexit has come up with the President of the United States and whether he said that would cost him jobs when the UK is to leave the EU?

President Juncker: On Brexit I have to say that we did not mention at length the Brexit-issue, but we were mentioning it *en passant*. We made it clear that this in our eyes is a real tragedy, that it is not in the interest neither of the British nor of the continental and the Irish Europeans. I described why we do not want other Member States to leave the European Union and I do not know any Member State having the intention to leave. We were explaining not in detail but roughly what this is about.

Situation in Bahrain

“The recent clashes between security forces and civilians in Duraz village in northwest Bahrain, resulting in the reported death of at least five Bahraini citizens and the arrest of hundreds of others, represent a worrying development.

The Bahraini Government has the sovereign right, and responsibility, to undertake domestic security operations to ensure the safety of its citizens. However the authorities should apply the principle of proportionality when using force and be mindful of the repercussions that an escalation of violence will have for the Kingdom’s objective to achieve national reconciliation.

The EU calls on all parties to resume dialogue and work for national reconciliation in a peaceful and constructive manner in the interest of all Bahraini citizens.”

EIB Group survey finds need for more investment in research and state-of-the-art capital stock in Central, Eastern and South-eastern Europe

The investment outlook in Central, Eastern and South-eastern Europe is

positive, but companies need to invest more in state-of-the-art machinery and equipment, and in research and development. These were the findings of the Survey of Investment and Investment Finance that the European Investment Bank published on 26 May at the GLOBSEC Forum 2017 in Bratislava. The presentation of this unique, EU-wide annual survey involving more than 12 000 firms was focused on the investment environment in Central, Eastern and South-eastern European countries (CESEE).

EIB Vice-President Vazil Hudák commented: “*the EIB Investment Survey (EIBIS) shows that the investment outlook in the CESEE region has improved in recent years. On the other hand, we see that uncertainty, the lack of skilled staff, and business and labour market regulation continue to represent major barriers for investing in this region. The region would benefit from further upscaling of the “quality” of capital stock and more support for R&D. The survey conclusions will help the EU bank to contribute to a policy response that properly addresses the needs of businesses, promoting investment in the EU*”.

The survey findings indicate that despite the fact that the share of companies investing in the region in 2015 was below the EU average, **corporate investment activity was particularly strong in Slovenia, the Czech Republic and Croatia, standing above or at the EU average. The outlook was positive overall, with almost all countries in the region showing more firms expanding investment plans in 2016, rather than scaling them back.**

The survey shows **that the investment outlook in the CESEE region for the 2016 financial year was modestly optimistic**. On balance, more firms expected an expansion in investment than a contraction, in line with the EU average. The strongest investment expectations were in Croatia, Hungary, Poland and Slovakia, while the weakest expected investment activity was in Lithuania, Estonia and Latvia. This is consistent with somewhat slower growth in the Baltics recently, strong domestic demand growth in the CEE4 countries, and a recovery from a long and deep recession in Croatia.

If compared to the EU as a whole, firms in the CESEE countries invest more in relative terms into tangibles (i.e. machinery, equipment, land, buildings, etc.) and lag behind in R&D investment. This could negatively affect the efforts of the firms to move to higher value-added production in the medium term, particularly given the fact that firms in the CESEE region lag behind the EU as a whole in terms of productivity.

Firms' investment priority for the next three years is replacement, which features particularly prominently among firms in Hungary and Estonia. Poland, the Czech Republic, and Slovakia have the highest share of firms planning to invest in new products and services. In relative terms, capacity expansion plans – usually the highest investment outlay – feature more prominently among firms in Croatia (38% of firms), Romania (33%) and Slovakia (30%), which is consistent with strong domestic demand in Slovakia and a period of under-investment during the aforementioned recession in Croatia.

The results demonstrate that **investment gaps** come not only from insufficient capital stock, but also **from shortages in terms of state-of-the-art machinery**

and equipment and energy efficient corporate building blocks. Additionally, the political and regulatory environment hampers animal spirits in the region, and availability of staff with the right skills is a prevalent issue. Compared to the EU average, a higher share of firms remain external-finance constrained, and the main source of dissatisfaction with external finance boils down to collateral requirements and cost of funding.

The 2016 survey was conducted from July to November. The results are weighted by value-added, reflecting firms' contributions to the economy. In the CESEE EU Member States, the survey covered 4 881 firms in 11 countries.

The Council agreed on a new system for resolving double taxation disputes between member states. Ministers also discussed a proposal for a common corporate tax base (CCTB) in the EU, aimed at reducing the administrative burden of multinational companies.

ESCB central banks welcome the publication of Foreign Exchange Global Code of Conduct

PRESS RELEASE

25 May 2017

The European System of Central Banks (ESCB) welcomes the publication of the Foreign Exchange Global Code of Conduct (Code) and related adherence mechanisms material. This is a significant global initiative to promote a robust, fair, liquid, open and transparent foreign exchange (FX) market underpinned by high ethical standards which benefits all wholesale FX market participants. Well-functioning financial markets are important to central banks in ensuring a smooth transmission of monetary policy to the real economy, from which all citizens should ultimately benefit.

The ESCB central banks are strongly committed to supporting and promoting adherence to the Code in their jurisdictions, which together play a key role in the global FX market. To that end, they are committed to adhering to the principles of the Code when acting as FX market participants and likewise expect their regular FX trading counterparties to adhere to the Code.

The ESCB central banks also encourage FX market participants in their

jurisdictions to evolve their practices in such a way that they are consistent with the principles of the Code and to demonstrate their commitment by endorsing the Statement of Commitment annexed to the Code. The ESCB central banks look forward to witnessing the evolution of practices accordingly.

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Notes:

- The ESCB comprises the ECB and the national central banks (NCBs) of all EU Member States whether they have adopted the euro or not.
- The Foreign Exchange Global Code of Conduct and related adherence mechanism materials can be found on www.globalfxc.org.

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