Remarks by Vice-President Valdis Dombrovskis at the ECOFIN press conference in Luxembourg

Thank you, Minister,

I would like to thank you and your teams for all the hard work and good cooperation during the Romanian Presidency.

For example, I am very glad that we share the same sense of urgency to advance on the Banking Union and Capital Markets Union.

I will start with European Semester.

Today ECOFIN discussed in a horizontal way the Country Specific Recommendations

The recommendation identifies priorities for reforms and, a novelty this year, also for investment.

Member States have expressed support for the Commission's analysis of the socio-economic challenges facing Europe and welcomed the policy guidance in the draft Country Specific Recommendations.

The next step is for EU Leaders next week to discuss the main issues identified in the recommendations.

Ministers also officially confirmed our fiscal decision under the Stability and Growth Pact:

Spain has corrected the excessive deficit and will be now subject to the preventive arm of the Stability and Growth Pact.

The Council also adopted new recommendations for significant deviation procedure for Hungary and Romania, which aims to ensure that both countries continue reducing debt and in case of Romania, avoid a slippage into an excessive deficit.

Unfortunately, these are not the first recommendations these two countries.

As a reminder – although this is not part of the official agenda – the Commission has published Article 126.3 reports for Cyprus, Belgium, France and Italy. And Member States have confirmed our analysis examining how these countries comply with their debt and deficit obligations.

Today I presented the progress report on tackling non-performing loans in banking sector, which part of our risk-reduction agenda.

The positive, downward trend continues.

The latest figures for the end of the third quarter of 2018 indicate a further drop in the NPL ratio to 3.3% in the EU.

In countries like Cyprus and Portugal, for instance, the improvement over the past year was substantial.

On the legislative side, we have agreed on important legislation to help prevent the build-up of NPLs in the future.

But further work is essential. For example, we still need a full general approach on the secondary markets for NPLs and for accelerated collateral enforcement.

As a final point, let me thank the Romanian Presidency for today's debate on the Commission's proposal for a strategy to achieve climate-neutral economy by 2050.

This was probably the most intense debate.

No surprise, because this is an existential issue and the transformation required will have profound implications for the European economy and society in the coming decades.

Massive investments will be needed to transit to climate-neutral economy.

On the other hand, the climate emergency leaves us with no choice but to act now or face disastrous consequences still in our lifetime.

Our transition strategy estimates that, on average, nearly 3% of GDP will have to be invested annually in clean energy systems and related infrastructure over the period 2031 – 2050, as compared to an annual investment volume of around 2% of GDP today.

Public money will simply not be enough.

The financial sector – private capital – will play a critical role in transitioning to a climate-neutral economy and in funding investments at the scale required.

For that we must put in place clear, long-term signals to guide investors.

This is why I would like to commend the efforts that the Romanian Presidency has put in shaping a deal on taxonomy – an EU classification system for sustainable economic activities. This means we'll be able to define which economic activities are environmentally-friendly and to what extent.

We need an agreement in the Council before the end of this Commission's mandate. There is no time to lose.

Let me also recall that a year ago we asked the world's top experts to develop some key recommendations on the types of economic activities that can make a real contribution to climate change mitigation or adaptation. They will publish these reports next week – on 18th of June.

One of these expert reports – on climate taxonomy – aims to provide guidance for policy makers, the industry and investors on how best to support and invest in low-carbon economic activities These activities range from zero-emission transport, hybrid and electric cars, near to zero carbon electricity generation, to give few examples.

The second report on the EU Green Bond Standard will recommend clear and comparable criteria for issuing green bonds. In particular, it will determine which climate and environmentally-friendly activities should be eligible for funding via an EU green bond. We expect this to boost the green bond market.

Finally, a third expert report on benchmarks will set out the methodology for indices that will enable investors to channel their money into low-carbon activities.

These three reports will be very important in informing the Commission’s work moving forward.

For more – I invite you to the Brussels Economic Forum next week! Note 18 June in your diaries!

Thank you very much.