Colombia: EIB finances first line of Bogotá Metro with USD 480 million loan

- **Project also supported by IDB and IBRD to the tune of USD 600 million each**
- **New 24 km-long raised metro line will enter into service in 2026**

The European Investment Bank (EIB), Inter-American Development Bank (IDB) and International Bank for Reconstruction and Development (IBRD), part of the World Bank Group, today signed financing agreements with Empresa Metro de Bogotá to support a flagship investment project that will transform Bogotá: the construction of the capital's first metro line. The project will cost a total of USD 4.3 billion and be partly financed by a USD 480 million loan from the EU bank and contributions of USD 600 million each from the IDB and IBRD.

This is the first public sector project financed by the EIB in Colombia. The USD 56 million granted by the EU bank to Empresa Metro de Bogotá with the guarantee of the Republic of Colombia today represents the first instalment of a total loan of USD 480 million approved by the EIB to support the development of this project.

The new Bogotá metro will run on raised track to avoid earthquake risks along 24 km through the so-called Caracas Corridor located in the south-west of the capital where public transport demand is highest. The project will include the construction of 15 stations and acquisition of 23 trains each able to carry 1,800 passengers.

The project forms part of Bogotá's 2016-2019 Municipal Development Plan and includes other schemes to improve public transport in the city such as upgrading the public bus system to link it to the new metro and building 14 kilometres of new cycle paths.

The EIB is granting this loan under its Climate Action and Environment Facility (CAEF) with the aim of fostering climate change mitigation by promoting the use of public transport and helping to reduce pollutant emissions. The new metro line will also boost economic growth by generating new business opportunities, making it easier for workers to travel into the city centre and contributing to job creation.

EIB Vice-President Emma Navarro said about this project: *"For the first time, the EU bank is financing a project in the public sector in Colombia, supporting a large-scale piece of infrastructure that will have major economic and social benefits for the people. This project will foster climate action by helping to reduce pollutant emissions. We are therefore delighted to be taking part in a project that will transform Bogotá, meet all of the EU's top priorities in the region and promote social inclusion and economic* *growth in Colombia".*

Climate action and public transport

The EIB is the institution that provides most finance for climate action projects in the world. Last year it devoted EUR 19.4 billion to this goal, representing 28% of its activity. Part of this funding focused on promoting cleaner modes of transport and especially on supporting metro networks in various cities around the world.

The EIB in Latin America

The European Union is the main partner for the development of the Latin America region, its number one investor and second biggest trade partner. The EIB, as the EU bank, provides material support for projects in Latin America by facilitating long-term investment on favourable terms and by providing the technical support needed to ensure that these projects deliver positive social, economic and environmental results.

Since the EIB began operating in Latin America in 1993, it has provided total financing of EUR 8.0 billion to support 108 projects in 14 countries in the region. In 2017, the EU bank granted loans worth EUR 631 million in Latin America, enabling the development of eight projects in Bolivia, Nicaragua, Paraguay, Mexico, Argentina, Panama and Peru, in a variety of areas including renewable energy, sustainable transport, water and sanitation facilities, with a strong focus on climate action, as well as support for small businesses.

Sabine Lautenschläger: Interview with Welt am Sonntag

Interview with Sabine Lautenschläger, Member of the Executive Board of the ECB and Vice-Chair of the Supervisory Board of the ECB, conducted by Anja Ettel and Anne Kunz on 30 July 2018 and published on 5 August 2018

15 September marks the tenth anniversary of the collapse of the US investment bank Lehman Brothers. You were then the chief banking supervisor at the Federal Financial Supervisory Authority (BaFin). Do you remember that day?

Yes, I can remember it vividly. I was in the BaFin that weekend and participated in the crisis calls with the international supervisors. I saw at first hand how things came to a head that weekend. In the night from Sunday to Monday, the US colleagues decided not to rescue Lehman. Three of us were holding the fort at the BaFin that night.

Were you immediately aware of the magnitude of what was happening?

We knew that the collapse of such a bank would not leave the financial world unscathed. Nonetheless, we all underestimated the severity of the fallout. Nobody foresaw a crisis of confidence that would bring whole markets to a standstill.

Would Lehman still be possible today?

I would never say that there will never be another crisis. But there’s no doubt that institutions and supervisors are now better prepared. Banks hold much more capital and liquidity. Their risk management and corporate governance are better too, albeit not yet good enough at every institution.

One theory has it that the financial crisis would not have unfolded as it did if more women had been on the banks' boards. Is there some truth in that?

I don't know about that – but there is good reason to believe that mixed teams come up with better results. Unfortunately, women are still under-represented at board level.

Not in supervision though.

There have always been more women in supervision. But I would resist any attempt to attribute certain behaviours solely to gender. People at the top need to have qualities such as assertiveness and decisiveness – that goes for men and women. And that applies in supervision too.

For example?

As a supervisor I have to state unpleasant truths and take tough decisions; I have to fight my corner time and time again. And that leaves its mark. People are shaped by their profession.

How do you react to the criticism that supervision has become too strong – and is partly why European banks are so weak compared with their US peers.

Do you think that's true?

The profitable US banks are in any case leaving European banks further behind.

I find that idea quite amusing. Conversely, it means that the weaker the supervision, the stronger the banks. The truth is that strict supervision leads to strong banks. Institutions become more resilient when supervisors require them to hold adequate capital to cover their risks and insist on sufficient liquidity and better risk management.

The US institutions received comprehensive state aid during the crisis. And now the United States is even rolling back regulation. Both of these represent a disadvantage for domestic banks.

Up to now, the US authorities have generally only revoked rules that went beyond international standards. But you do have a point. It's important that large international institutions meet the same standards, particularly in trading. That is why we need to have the new Basel rules implemented in all major financial centres. Moreover, let's not forget that the United States managed to quickly return to a growth path. That has of course been of great benefit to the US banking system too. We were much slower in that regard, also in tackling structural problems.

One outcome of the financial crisis was the ECB's controversial asset purchase programme. The Governing Council has indeed decided to stop purchases, but only very slowly. Meanwhile German social security funds have been suffering enormously from the negative interest rates for a long time. Shouldn't you be moving more quickly?

Ending the asset purchase programme is a major first step. But I agree that the side-effects of an extraordinarily loose monetary policy increase over time and I have pointed that out repeatedly. But after pursuing such an expansionary monetary policy, it would be wrong to now move abruptly in the other direction. That wouldn’t help either the economy or price stability.

But rather?

I am very much in favour of normalising monetary policy. That implies that we should gradually increase interest rates again. However, we can only do that if we are on a sustainable path towards price stability. Moreover, we should not forget that the social security funds would be in a much weaker financial position today if economic growth had been held back by very tight monetary policy and higher unemployment. And German savers too sometimes forget that they can only save if they have a job. The trick therefore is to move steadily towards the exit without disrupting growth.

Non-performing loans are another problem. There are in fact new rules for reducing them. Compared with the ECB’s earlier plans, the compromise appears very half-hearted.

Objection. The rules are definitely not half-hearted. Uniform expectations have been specified for future non-performing loans (NPLs) and each bank will receive clear and ambitious supervisory targets for the stock of existing NPLs. We need to bear in mind that the starting level of NPL stock differs across banks.

Nevertheless, a single currency area needs uniform rules.

That’s exactly what there is now. We have found a yardstick for all loans which become non-performing. And not only for newly arranged loans, but also for existing loans which will cease to be serviced in the future. I considered that to be very important because it prevents institutions from deferring too many loan loss provisions.

You don’t seem to be really satisfied with the outcome.

I think the concept is good. However, in some respects I would have liked to be somewhat more ambitious.

Have the plans failed because of Italy?

The agreement now reached is a decision taken by the ECB’s Supervisory Board, in which 25 supervisors find a common position. The outcome is a very good package, all in all.

Institutions with long transition periods could be treated leniently.

Don’t worry, we are tough. It’s not our job as supervisor to prevent banks from leaving the market. In other words, we aren’t here to ensure the survival of each bank. We are here to react promptly to risks. And also to recognise when a bank is indeed no longer viable and has to be resolved.

How can it be then that a bank such as Monte dei Paschi is still viable as far as the ECB is concerned?

I cannot talk about individual institutions. In principle of course, banks hit by a crisis should also be given a new chance to become viable through appropriate measures, such as a capital injection or a change in the business model.

Are national champions still important?

I would like to see more euro area champions.

Companies in Germany have good credit lines, but banks hardly earn anything from their lending activities.

Competition is indeed fierce. Too much competition can also bring disadvantages.

What can we do about that?

Supervisors have to work with the existing banking market. Consolidation is primarily a matter for the market. What’s more, customers need to realise that they have to pay for good services.

Listening to you, that all sounds great. Is there anything that keeps you awake at night?

I always sleep very well. That’s probably one of my strengths [laughs]. But to be serious, what I really do worry about is the threat of deregulation. Not only in the United States, but also in Europe.

Domestic banks haven’t noticed this yet.

That may be, but I see a clear movement in that direction in current proposals to change European legislation. Attitudes towards strong supervision are no longer so positive. After the financial crisis, politicians reinforced the supervisory function and gave it tools to pre-empt looming risks. Prior to that, supervisors were often unable to react until the damage had been done. We need to watch out for the pendulum swinging back.

Where do you see signs of that?

There are some proposals for the Capital Requirements Directive that I am concerned about. It may become more difficult for supervisors to require more capital for certain risks. This would weaken the supervisory tools.

Danièle Nouy’s term as Chair of ECB Banking Supervision finishes at the end of the year. Could you imagine taking her place?

I have a great passion for banking supervision, and it will be a turning point for me when I stop doing it. But I am convinced that job rotation is good, at all levels. It would be wrong to exclude the Chair and Vice-Chair from this. A fresh perspective is also important in banking supervision.

And for you personally?

My ECB Executive Board mandate will then still have three years to run. I will take on new tasks there in early 2019. I won't get bored.

For example, what about heading the Bundesbank, a position which is likely to change next year?

I'm not giving that any thought at present.

Joint statement by the European Commission and the Spanish Government

Following today's meeting Dimitris **Avramopoulos**, Commissioner for Migration, Home Affairs and Citizenship, Ms Carmen Calvo, Vice-President of the Spanish Government, Josep Borrell, Minister of Foreign Affairs, European Union and Cooperation, Mr Fernando Grande-Marlaska, Minister of Home Affairs, and Ms Magdalena Valerio, Minister for Labour, Migration and Social Security issued the following joint statement:

"The European Commission and the Government of Spain continue the open dialogue and cooperation on migration, in particular on the challenges linked to the increased migratory pressure along the Western Mediterranean route.

During today's meeting the European Commission and the Government of Spain discussed the current situation and the measures taken by Spain, including contingency plans to be adopted this summer.

The Commission stands side by side with Spain and fully supports the efforts of the Spanish Government to develop an effective response to the increased number of arrivals in the past months and to protect the external border of the European Union, in particular the coast of Andalusia. The Commission has awarded nearly €30 million in emergency assistance to Spain. This includes €25.6 million awarded on 2 July and further €3 million adopted yesterday.

The Commission and Spain underlined the importance of an enhanced partnership with Morocco and the need to intensify European support and cooperation with Morocco on migration. This includes a speedy delivery of the €55 million border management programme for Morocco and Tunisia approved under the EU Emergency Trust Fund for Africa.

At the same time, the European Commission and the Government of Spain considered it necessary to increase cooperation with all African countries of *origin and transit in order to further develop their capacities to manage their borders and address the root causes of migration.*

The migration challenge that Europe faces as a whole, requires a European – not national – solution, as underlined by the EU leaders during the European Council meeting in June. The Commission will continue to show solidarity with Spain, which proved an exemplary European spirit when faced with migration challenges, and is ready to provide further financial or technical assistance."

Consultation Paper no.6 on the Clearing Obligation under EMIR

All interested stakeholders are invited to respond to this consultation paper. In particular, responses are sought from financial and non-financial counterparties of OTC derivative transactions as well as central counterparties (CCPs) and clearing members.

All contributions received will be published following the close of the consultation, unless you request otherwise. Please clearly and prominently indicate in your submission any part you do not wish to be publically disclosed. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure. A confidential response may be requested from us in accordance with ESMA's rules on access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by ESMA's Board of Appeal and the European Ombudsman.

Daily News 03 / 08 / 2018

Hongrie: une autoroute financée par les fonds de cohésion européen

Près de 200 millions d'euros provenant du Fonds de cohésion vont être investis dans la construction d'une autoroute entre Berettyóújfalu et Debrecen, dans l'est de la Hongrie. Corina **Creţu**, commissaire en charge de la politique régionale, a déclaré: "*Ce projet financé par l'Union européenne permettra aux habitants de la région de voyager plus rapidement et de façon plus sûre et de transporter plus rapidement des marchandises, créant ainsi de nouvelles opportunités économiques et des perspectives de croissance*." Cette autoroute fait partie du réseau central du réseau transeuropéen de transport (RTE-T) et comprend l'infrastructure associée nécessaire: ponts, passages souterrains et services publics pour faciliter l'accès à la nouvelle autoroute. Elle permettra d'ailleurs d'offrir un accès depuis la ville de Debrecen à l'autoroute M4 reliant Budapest à la Roumanie, qui a elle-même reçu un financement de l'UE en mai de cette année. (*Pour plus d'informations: Johannes Bahrke – Tél.: +32 229 58615, Maria Tsoni – Tél.: +32 229 90526*)

Commission authorises five Genetically Modified products for food and feed use

Today, the Commission has adopted authorisation decisions of five Genetically Modified Organisms (GMOs) for food and feed use. The authorisation decisions do not cover the use of these GMOs for cultivation. Today's decisions concern 2 new authorisations (**maize** MON 87427 x MON 89034 x NK603, **maize** 1507 x 59122 x MON 810 x NK603) and the renewal of 3 existing authorisations (**maize** DAS-59122-7, **maize** GA21, **sugar beet** H7-1). All of these Genetically Modified Organisms have gone through a comprehensive authorisation procedure, including a favourable scientific assessment by the European Food Safety Authority (EFSA). All Member States had a right to express a view in the Standing Committee and subsequently the Appeals Committee, and the outcome is that the European Commission has the legal backing of the Member States to proceed. The authorisations are valid for 10 years, and any products produced from these Genetically Modified Organisms will be subject to the EU's strict labelling and traceability rules. For more information on GMOs in the EU see here. *(For more information: Anna-Kaisa Itkonen – Tel.: +32 229 56186; Aikaterini Apostola – Tel. +32 229 87624)*

Migration: Commission increases emergency assistance for Spain to €30 million [Updated on 3/8/2018 at 13:01]

Yesterday, the Commission awarded an additional €3 million in emergency assistance under the Internal Security Fund (ISF) to support Spain in responding to the recent migratory pressure. The assistance will mainly support the costs linked to the deployment of extra staff from the Guardia Civil to the southern borders of Spain. This support brings to €30 million the emergency funding awarded to Spain since July to help the country address migratory challenges. This financial assistance comes on top of €691.7 million allocated to Spain under the Asylum, Migration and Integration Fund (AMIF) and the Internal Security Fund (ISF) national programme 2014-2020. *(For more information: Natasha Bertaud – Tel.: +32 229 67456; Katarzyna Kolanko – Tel.: +32 299 63444)*

EUROSTAT: Le volume des ventes du commerce de détail en hausse de 0,3% dans la zone euro

En juin 2018 par rapport à mai 2018, le volume des ventes du commerce de détail corrigé des variations saisonnières a augmenté de 0,3% dans la zone euro (ZE19) et est resté stable dans l'UE28, selon les estimations d'Eurostat, l'office statistique de l'Union européenne. En mai 2018, le commerce de détail avait augmenté de 0,3% dans la zone euro et de 0,6% dans l'UE28. En juin 2018 par rapport à juin 2017, l'indice corrigé des effets de calendrier des ventes de détail a augmenté de 1,2% dans la zone euro et de 1,9% dans l'UE28. Un communiqué de presse est disponible ici. *(Pour plus d'informations: Ricardo Cardoso – Tél.: +32 229 80100; Maud Noyon – Tél.: +32 229 80379)*

Mergers: Commission clears acquisition of Uralkali by Uralchem

The European Commission has approved under the EU Merger Regulation the acquisition of Public Joint Stock Company Uralkali ("Uralkali") by Joint Stock Company United Chemical Company Uralchem ("Uralchem"), both of the Russian Federation. Uralkali mainly produces and sells potash and related/derivative potassium salts. Uralchem produces and distributes products to the agricultural industry, particularly mineral fertilizers. The Commission concluded that the proposed acquisition would not raise competition concerns, due to the lack of horizontal overlaps and the limited vertical links between the companies' activities. The transaction was examined under the simplified merger review procedure. More information is available on the Commission's competition website, in the public case register under the case number M.8666. (*For more information: Ricardo Cardoso – Tel.: +32 229 80100; Giulia Astuti – Tel: +32 229 55344).*

ANNOUNCEMENT

Commissioner Avramopoulos in Madrid to discuss migration along the Western Mediterranean sea route

Following President **Juncker**'s contact with Prime Minister Sánchez this week, where President Juncker underlined the Commission's support for Spainin dealing with increased migratory pressure, today Commissioner for Migration, Home Affairs and Citizenship, Dimitris **Avramopoulos** is in Madrid. He will hold a series of high-level meetings in the context of the increased arrivals along the Western Mediterranean sea route. These include meetings with Ms Carmen Calvo, Vice-President of the Spanish Government, Josep Borrell, Minister of Foreign Affairs, European Union and Cooperation, Mr Fernando Grande-Marlaska, Minister of Home Affairs, and Ms Magdalena Valerio, Minister for Labour, Migration and Social Security. The joint statement will be available online after the meeting here. *(For more information: Natasha Bertaud – Tel.: +32 229 67456; Katarzyna Kolanko – Tel.: +32 299 63444)*

Upcoming events of the European Commission (ex-Top News)