EU launches new Forest Information System to improve knowledge on forests and woodlands

The FISE web portal will provide tailor-made information products to key users including national, EU and international policymakers, experts working in the forest industry, forest owners and conservationists, as well as scientists and researchers. Data will be collected, analysed and made available from across Europe, including EEA Member States, plus the six cooperating countries from the West Balkan region. It is the first common database on forest information in Europe. The aim is to facilitate expert knowledge sharing, research and innovation through the FISE platform, helping users better understand the complex changes and challenges facing forest ecosystems and their management. The platform will underpin the European Green Deal and the development of the expected new EU forest and biodiversity strategies. The portal was launched at the International Conference on forests for biodiversity and climate (4-5 February 2020) in Brussels, Belgium.

“The European Environment Agency is pleased to play its part in the creation of this important new knowledge tool. FISE will help us to improve the health and resilience of our forests, which play a vital role in protecting our biodiversity and in mitigating climate change,” said Hans Bruyninckx, EEA Executive Director.

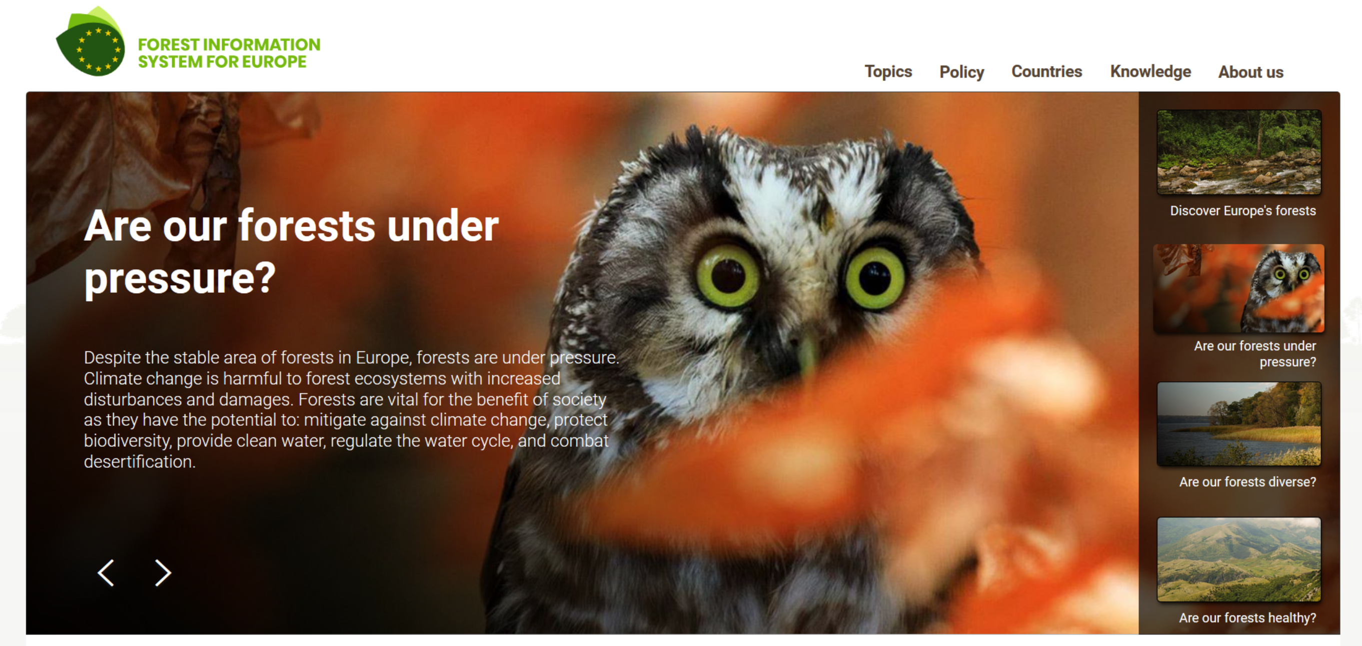
Forests face increased pressures

Forests and other wooded land cover more than 40 % of Europe, making it one of the most forest-rich regions in the world. In addition to providing lumber and wood products, our forests are home to many ecosystems, which have multiple functions and are home to a major part of Europe’s biodiversity. Their ecosystem services contribute to our health and well-being.

Forests also act as an important stopgap to mitigate and adapt to the impacts of climate change. Although forests are increasingly seen as a major carbon sink, current management practices to increase this function are not always in line with the needs to ensure high biodiversity in woodland ecosystems. In addition to an increased demand for forest-based products like timber, forests and their ecosystems continue to face air and water pollution, urban sprawl, landscape fragmentation, habitat and biodiversity loss. Moreover, the impacts of climate change, which has led to more fires, pests and extreme weather, including droughts and storms, are putting forests under increased pressure.

A growing number of EU and national policies draw on, or affect directly and indirectly, Europe’s forests, including their ecosystems. Forests are addressed across a range of environment, climate and sectoral policies in the EU and also features in the European Green Deal. Forestsalso impact many policy areas meant to use forest resources sustainably and protect biodiversity, ecosystems, species and habitats.

Work on FISE will be phased up over the coming years and will cover five priority themes for forest information on forest basic data (cover and types, species), bioeconomy, nature and biodiversity, climate change mitigation and forest health and resilience.



FISE partnership

The Forest Information System for Europe is a partnership between the European Commission services and the EEA, drawing on the preparatory work already done by the European Commission's Joint Research Centre (JRC). The EEA will manage the FISE web portal and will collect and analyse the data coming from national data centres via the European Environment Information and Observation Network, in collaboration with the JRC. FISE will also draw data and information from the EU's Earth observation and monitoring programme Copernicus.

Targeted stakeholder consultation of the European Commission in relation to the review of the TEN-T policy

The CoR COTER commission would like to inform you about a targeted stakeholder consultation that the European Commission is undertaking in relation to the review of the TEN-T policy. Mobility and transport infrastructure are key enablers of territorial and social cohesion and therefore of key importance for local and regional authorities (LRAs). The transport system of the future will radically change in the light of decarbonisation, digitalisation and automatisation. The TEN-T policy review must take into account those changes and LRAs must play an important role in this exercise. In line with the Action Plan on the European Green Deal, the European Commission will present the legislative proposal for a revision of the TEN-T Regulation in 2021.

Under the Commission's Better Regulation approach, a targeted stakeholder consultation has been launched, addressing directly the stakeholder concerned. We have been asked by the European Commission's Directorate for mobility and transport to contact LRAs as their input is of high value in this exercise. It is also of high value for the CoR, therefore we would kindly ask you to send us a copy of your contribution to the consultation if possible.

This consultation is available via an online survey.

Contact: Florian Achleitner, florian.achleitner@cor.europa.eu, +32 2 28 22

371

Christine Lagarde: Remarks on the occasion of receiving the Grand Prix de l’Économie 2019 from Les Echos

SPEECH

Speech by Christine Lagarde, President of the ECB, at the “Grand Prix de l’Économie des Echos pour l’année 2019”

Paris, 5 February 2020

It’s a great honour to be awarded this prize, and to receive it in the presence of so many leading figures from the French business community.

The environment facing European business today is characterised by both uncertainty in the short term and a changing landscape in the longer term.

The short-term uncertainties are mainly related to global risks – trade, geopolitical and now the outbreak of the coronavirus and its potential effect on global growth.

Over the last two years, the euro area economy has been quite resilient to global shocks, with our accommodative monetary policy supporting employment and consumption.

And, though GDP growth in the last quarter was weak, it was broadly in line with our expectations.

But while the threat of a trade war between the United States and China appears to have receded, the coronavirus adds a new layer of uncertainty. So we’re continuing to monitor closely how these risks develop and how they feed into our central scenario for the economy.

In the face of these uncertainties, the ECB’s forward guidance on interest rates and asset purchases acts as an effective automatic stabiliser.

The longer-term picture is different. Ambitious proposals are gathering momentum within Europe today and look set to profoundly reshape the environment for business.

In particular, two big ambitions are pervading many aspects of policymaking in ways that create change, but also opportunity:

- the goal to build real “European autonomy”;
- and the aim to urgently fight the consequences of climate change.

I know that, as business leaders, you naturally seek the new opportunities that emerge for your companies in such times.

So I’d like today to talk about how I see these ambitions evolving, and where they intersect with the tasks and priorities of the ECB.

European autonomy

We all have a sense of the world around us moving more quickly. The post-war global order is fracturing, tensions between great powers are rising and technological change is transforming the way we produce, distribute and consume.

This environment clearly exposes Europe to new types of risk, as demonstrated today, for example, by the turn towards protectionist policies and the increasing use of sanctions.

So it’s no surprise that the ambition of building “European autonomy” is gaining traction and has been gathering momentum in various policy areas.

Where this overlaps most with the ECB is the international role of the euro.

Issuing an international currency confers obligations, but it also creates opportunities.

It lowers external financing costs – the so-called “exorbitant privilege”. It helps shield domestic prices against volatile exchange rates.

It strengthens monetary policy autonomy. And it can help reduce vulnerabilities, such as the potential to be denied access to the financial and payment systems of others.[1]

Of course, autonomy should be seen not as an alternative but as a robust complement to global cooperation, which is of utmost importance.

But in Europe’s case, while the international use of the euro has stabilised in recent years, it still lags some way behind the dollar, even for European trade.

Around half of the euro area’s international trade is invoiced in euro. Most of the oil we buy is denominated in foreign currency.

So, European policymakers are showing renewed interest in strengthening the euro’s global role – and this coincides with the ECB’s tasks.

We know from history that deep and liquid financial markets are one of the most important factors to enable a currency to attain international status.

In fact, research shows that capital market depth was by far the most important driver helping the US dollar to overtake the pound sterling in the interwar period.[2]

Capital markets in Europe, however, remain heavily segmented and financial integration has actually gone into reverse. Today it is only around half its pre-crisis peak.[3]

So, if we truly want to boost the euro’s international role, it’s essential that governments and regulators are committed to building a genuine capital markets union.

And here the ECB can contribute, in particular by providing safe and innovative market infrastructures under European jurisdiction, and by acting as an accelerator in payments solutions.

Already Europe has gone a long way in this direction. In 2018, for example, we launched TARGET Instant Payment Settlement (TIPS) – a Europe-wide instant payments service.

But these achievements are not sufficient for us to consider our payments landscape autonomous – especially in the retail space where payments are becoming more digital and non-European solutions dominate.

At the end of 2016, for example, more than two-thirds of credit card transactions in Europe were made using international cards.[4] This underlines the need to fully implement the recently re-launched pan-European retail payments strategy.

The challenge for us now, in other words, is to remain at the forefront of innovation, both to respond to changing consumer demand and to strengthen Europe’s place in the world.

And this will include exploring, with other central banks, the risks and opportunities of issuing central bank digital currencies and the conceptual options available.

Another aspect that's crucial for the effectiveness of our market infrastructures is resilience against the new risks in today's world – namely cyber threats.

Industry estimates for 2018 already put the global cost of cyber attacks at between USD 45 billion and USD 654 billion.[5] And, as an operator of critical infrastructures, the ECB obviously takes such threats very seriously.

But cyber risk is becoming important for financial stability, too.

As forthcoming analysis from the European Systemic Risk Board shows, there are plausible channels through which a cyber attack could morph into a serious financial crisis.[6]

An operational outage that, say, destroys or encrypts the balance accounts of a major financial institution could trigger a liquidity crisis, and history shows that liquidity crises can quickly become systemic crises.

So the ECB is well aware that it has a duty to be prepared and to act pre-emptively.

For example, our banking supervision already requires all significant institutions to report cyber incidents immediately, so that we can react quickly in the event of a major incident.

This is an area, again, where we intend to stay at the forefront of developments – both to fulfil our own mandate and to discharge our wider responsibility to Europe.

Climate change

The second big ambition reshaping the landscape for business is the mission to fight the consequences of climate change.

We are entering an era where climate risk will play a much more central role in public policies, be it via regulation, taxation or the focus of public spending.

We are already seeing this in the plans for a European Green Deal, and several national governments have recently adopted large green investment packages.

In keeping with this, climate change will be a key part of our ongoing strategy review. Though we're still in the early phases of this process, I see two broad areas where we can move forward.

The first is filling the knowledge gap.

We need to extend our knowledge about the macroeconomic effects of climate change, in particular in key areas like inflation, productivity and trade.

A recent study found that, out of approximately 77,000 articles published in top economics journals, less than 60 have been on climate change.[7]

So the ECB will also strive to deepen its analysis and its modelling in this field.

What we do know so far suggests that climate change will affect monetary policy.

For instance, research on natural disasters suggests that climatic events could make inflation more volatile, especially in the short run.[8] And over time, mitigation strategies such as carbon taxes could have significant and persistent effects on relative prices.

In other words, bringing climate change more fundamentally into our analysis and strategy is not “mission creep”: climate change is also a price stability risk.

The second area where we can already make progress is on properly reflecting climate risks.

There’s a growing awareness today that banks and financial institutions are exposed to material climate risks. These include physical risks from natural disasters and climate change, and they include risks from a disorderly climate transition.

These risks are not distinct, because rising physical risks make a disorderly transition more likely – a combination Mark Carney has termed “the tragedy of the horizon”.[9]

So it’s crucial that both the public and the private sector take these risks into account more systematically, for instance by setting higher standards for climate risk disclosure.

We’re already seeing progress in the private sector, especially among large investors, and France is leading the way at the country level.[10] The Commission’s Green Deal agenda sees European standards on disclosure being tabled in the course of 2020.

At the ECB, we will also do our part – and we are already starting to promote climate risk disclosure across our range of tasks.

For example, we’re examining the disclosure standards we will need in order to incorporate climate issues into the risk assessment of our collateral framework.

ECB staff have also started working on a comprehensive climate risk stress-testing framework, which is due to be ready by the end of the year.

And our banking supervisors are assessing banks’ climate risk disclosures and examining how those risks should be embedded in the supervisory process.

This is an area where Europe has an opportunity to lead the world, both as a global standard setter and as a centre of green finance.

And this could support other policy goals.

The EU is already the largest international market for green bonds: European entities account for around 50% of global issuance and around 44% of the global market is in euro.

As green finance grows, it could provide another avenue through which to bolster the capital markets union and cement the euro's international role.

Conclusion

Let me conclude.

The world is changing in ways that are challenging the certainties of the past. It's a shifting environment for business and for policy. But it's one that we can master.

The attitude we must strive for is one of cooperation without compromise – being open to the world, but assertive in defending our values and our interests.

That means forging ahead in fields that are vital to us, like environmental sustainability. It means taking steps to reduce our common vulnerabilities and increase our autonomy.

And it means working together – as policymakers, businesses and Europeans.

If we are to strengthen the global standing of our currency, we need our banks and our regulators to act in a European way. If we are to fight climate change, we need our large firms to be pioneers and leaders on disclosure and green investment.

This is an ambitious agenda – but it's also, in truth, a self-evident one. We are all stakeholders in the future of Europe, and in the future of our planet.

The task ahead of us is clear – and there's no time to lose.

Thank you.

ESMA amends guidelines to further

[harmonise the enforcement of financial information by national regulators]

Following a 2017 peer review on the implementation of certain aspects of the Guidelines, ESMA decided to amend the Guidelines in order to further harmonise the way NCAs enforce the financial disclosures of European issuers. The amendments mainly relate to NCAs' methods for selecting the issuers whose financial information should be subject to examination (Guideline 5) and the procedures NCAs apply when they carry out such examination (Guideline 6).

Steven Maijoor, Chair, said:

"Ensuring that issuers provide investors with the full picture of their financial performance and situation is a prerequisite for transparent capital markets. Investors need to know the financial health of issuers in whom they may wish to invest.

"We need to ensure that the disclosure of financial information is comparable across the EU. Subjecting issuers to a similar level of scrutiny by national competent authorities enhances both market confidence and investor protection."

The changes to ESMA's Guidelines will require NCAs to further harmonise:

- the way they select issuers for examination, by requiring that their selection should be based on a combination of:
    - a risk-based approach;
    - random selection; and
    - rotation;
- the time period within which all issuers in an NCA's jurisdiction should be examined following the peer review's recommendation of a maximum period of 10-15 years; and
- the way in which they undertake their examinations, including by requiring that a minimum proportion of examinations should cover the entire financial statement and entail interaction with the issuer.

ESMA's amendments are intended to strengthen supervisory convergence across the EEA in the area of enforcement of financial information and prevent regulatory arbitrage and thus contribute to investor protection.

Next steps

The amendments to the Guidelines will now be translated into all the official languages of the EU, and a version of the amended Guidelines will be published on ESMA's website in each language. The amendments to the Guidelines will become effective on 1 January 2022.

Poland: #InvestEU – EIB finances digital money transfer service Azimo to make international payments affordable to all

- **EIB and Azimo sign EUR 20 000 000 venture debt deal to accelerate the company's R&D and scale up its proprietary payments platform**
- **Project builds critical European payment infrastructure and helps to develop Polish fintech sector, creating jobs for highly skilled technology workers**
- **Azimo supports UN Sustainable Development Goals of financial inclusion and inequality reduction by offering fast, simple and low-cost international payments to 200+ countries and territories around the world**

The European Investment Bank (EIB) and Azimo, the European money transfer service, today announced a EUR 20m debt agreement. The financing is supported by the European Fund for Strategic Investments (EFSI), the financial pillar of the Investment Plan for Europe.

The loan will help Azimo accelerate its expansion, including the development of its proprietary automated payments platform. Currently, some 130 of Azimo's 160 total staff are based in Kraków, and EIB financing will enable the company to grow its technical team there more rapidly.

"Working in one place but putting your money to work in another is a common feature of our time", said **Lilyana Pavlova, Vice-President of the EIB** in charge of operations in Poland. "Yet far too many people don't have bank accounts or other means to send and receive money. Companies like Azimo make money transfer easy, safe and affordable. They are a game changer – not only for the market, but first and foremost for the people who, thanks to them, save money and time."

Commenting on the investment round, **Michael Kent, Founder and Chairman of Azimo** said: "While Europe is the largest international payments market in the world, it is poorly served by legacy providers, so slow delivery times and very high costs are the norm for European consumers and businesses. At Azimo we are building a European payments champion with near-instant delivery at a super low cost. We are excited to have the European Investment Bank's support in our mission to be the best way to share money around the world, improving millions of lives."

Valdis Dombrovskis, European Commission Executive Vice President for an Economy that Works for People, said: "People need to be able to transfer money as quickly and safely as possible. This is a priority of the Commission and we will continue to support successful companies such as Azimo to boost the European fintech sector and improve the experience of millions of customers.”

In the past decade, the global money transfer market has experienced unprecedented change. While the bulk of the business still happens via traditional providers and retail banks, digital players – who use new technology to increase speed and drive down cost – are disrupting the industry and winning market share. These cost reductions are championed by the United Nations in the Sustainable Development Goals (Goal 10.c): they have a significant impact in emerging economies where inbound remittances received from overseas workers often represent a high proportion of total GDP.

According to the World Bank, global remittance volumes stood at USD 642bn in 2018, and are forecast to reach more than USD 700bn by 2021. Europe is one of the largest sending regions globally.

Azimo Global Money Transfer

Founded in 2012, Azimo offers digital cross-border money transfer services. With a focus on speed, security and reduced cost, the company champions financial inclusion. Azimo has built a payout network of 20 000 local banks in more than 200 countries and territories. In 2019, the company transferred more than USD 1bn across the world, and its services were used by more than two million customers.