Ressort: Politik

Wrong to talk of ultimatums to Italy said Moscovici

Rome, 13.02.2017 [ENA]

During the last decade, European Union has basically reorganized the economic governance building with a whole new regulatory architecture for its financial system. Last June's Brexit referendum result means EU is now preparing for a new EU-UK relationship. Furthermore, the recent American elections have caused further insecurity, and questioned many well corroborated beliefs.

According to Italian Press Agency ANSA European Economic Affairs Commissioner Pierre Moscovici said today that it would be "absolutely wrong to talk of ultimatums" given to Italy over its public finances. Presenting the Commission's winter economic forecasts, Moscovici "welcomed" Italy's commitment to adjust its structural deficit as requested by the EU executive in a letter last month.
He added that the Commission was "discussing in a constructive, positive way" with Economy Minister Pier Carlo Padoan and that "while we encourage (Rome) to take measures as soon as possible... there is no ultimatum". He added that evaluation of Italy case was "taking place".

Anyway, change can be troublesome. Now Europe has to be prepared also to defend ancient European values when they are threatened or when evidence based policy is attacked by alternative facts. European Union has been familiar with the magnitude of the global financial crisis which shook its economies to the core. As inflamed economies were shaken back to reality, property markets collapsed and the capital base of many banks was obliterated. Taxpayer funded bailouts of unparalleled scale were required, a sovereign debt crisis followed, and unemployment shot up mainly among young people.
Since then EU has come a long way as far as financial governance is involved putting in place a single rulebook for all financial actors.

Central to it are stronger prudential prerequisites, upgraded depositor protection and rules to manage failing banks. It also covers better governance for trading venues, enhanced transparency for trades in shares, bonds and derivatives, and higher investor protection standards. In the euro area, the Banking Union is up and running, with the European Central Bank as the central prudential supervisor and a Single Resolution Mechanism. The three European Supervisory Authorities have been guarantee in more convergent supervisory practices and outcomes across the Union.
Measures to adjust and strengthen the framework for the banking sector have been carried out.

These would introduce internationally agreed standards into EU legislation to better manage risk, while

Redaktioneller Programmdienst:
European News Agency

Annette-Kolb-Str. 16
D-85055 Ingolstadt
Telefon: +49 (0) 841-951. 99.660
Telefax: +49 (0) 841-951. 99.661
Email: contact@european-news-agency.com
Internet: european-news-agency.com

making adjustments to support the financing of the wider economy: to SMEs and infrastructure projects. Thanks to these reforms, EU can now focus on growth notwithstanding the cases similar to the troubled Tuscan lender Monte dei Paschi di Siena (MPS) which posted a 3.38-billion-euro loss in 2016. In 2015 it posed a profit of 388 million euros. MPS, Italy's fourth-biggest and the world's oldest bank, is undergoing a government-sponsored rescue to help get out from under a huge burden of non-performing loans.

The Commission does so with three clear priorities: investment, responsible fiscal policies and pursuing structural reforms to increase its competitiveness. The European economy is growing again for the fifth consecutive year. All Member States are expected to grow in 2017. EU GDP is higher than before the crisis and set to continue growing. EU gradually reducing public debt and deficit levels. And Europe's banks are stronger and better capitalised.
The proposal to restart securitisation markets by defining simple, transparent and standardised securitisations is now in the hands of the Council and the European Parliament. If they reach an agreement, this could unlock up to 150 billion euros of additional capital to the EU economy.

EU wants to quicken the pace on existing work, such as measures to make business restructuring easier and plans to build a pan European private pensions market. Also to be more ambitious in the areas such as Fintech and sustainable finance. To shape this approach, EU just launched a public consultation and will publish a midterm review before summer. The objective is to put a well-functioning and integrated Capital Markets Union in place by 2019.
What would happen if financial sector rules in New York, Hong-Kong, London, Paris, Frankfurt or Singapore were very different? First, these centres would become more exposed to risks being imported from jurisdictions with less stringent rules.

Second, it would become more expensive for global financial institutions to comply with different legal requirements.
Third, regulatory differences would give financial institutions incentives to engage in regulatory arbitrage. This can lead to an accumulation of under-regulated activities and put the whole financial systems at risk. Lax regulation in one country can create conditions for inadequate regulation and contagion throughout the world. Whatever the future relationship between the UK and Europe, a strong commitment to international regulatory cooperation and internationally agreed standards should underpin it.

Based on strong common international cooperation, the EU has been very open to recognise that its international partners' rules are equivalent and achieve the same objective . But these findings depend very much on the specific conditions of individual sectors and country at the time when the decisions are made. If these conditions change, EU will have to reassess the situation.
For all these reasons, it is crucial to uphold the reforms introduced to protect financial stability in Europe.

Redaktioneller Programmdienst:
European News Agency

Annette-Kolb-Str. 16
D-85055 Ingolstadt
Telefon: +49 (0) 841-951. 99.660
Telefax: +49 (0) 841-951. 99.661
Email: contact@european-news-agency.com
Internet: european-news-agency.com

Bericht online lesen:
http://www.european-news-agency.de/politik/wrong_to_talk_of_ultimatums_to_italy_said_moscovici-66972/

Redaktion und Verantwortlichkeit:
V.i.S.d.P. und gem. § 6 MDStV: Dr. Carlo Marino

Redaktioneller Programmdienst:
European News Agency

Annette-Kolb-Str. 16
D-85055 Ingolstadt
Telefon: +49 (0) 841-951. 99.660
Telefax: +49 (0) 841-951. 99.661
Email: contact@european-news-agency.com
Internet: european-news-agency.com