

Media advisory – EU-Albania Stabilisation and Association Council of 1 March 2021



Indicative programme

Chair:

Josep Borrell Fontelles, High Representative for Foreign Affairs and Security Policy

12.00

Beginning of the EU-Albania Stabilisation and Association Council

At the end of the meeting (+/-14.00) press conference in [live streaming](#).

Arrangements for the press conference

Please note that the press conference after the meeting will take place remotely. In order to participate and ask questions, EU accredited journalists should register using [this link](#).

Journalists who already registered for previous Foreign Affairs Council press conferences do not need to register again.

- **Deadline for the registration: Monday 1 March, 13.00**

Further instructions will be sent to all registered participants after the deadline.

[Videos and photos from the event](#)

[Visit the meeting page](#)

ESMA consults on regulating crowdfunding

The European Securities and Markets Authority (ESMA), the EU securities markets regulator, has today launched [a consultation](#) on draft technical standards on crowdfunding under the European crowdfunding service providers regulation (ECSPR).

The new Regulation on crowdfunding regulates for the first time at EU level lending-based and equity-based crowdfunding services. It introduces a single set of requirements applicable to CSPs across the EU, including strict rules to protect investors.

The ECSPR requires ESMA to develop 12 technical standards – 8 regulatory technical standards (RTS) and 4 implementing technical standards (ITS) – on a variety of important topics.

This consultation paper seeks input on the draft technical standards developed by ESMA, on the following issues:

- Complaint handling;
- Conflicts of interest;
- Business continuity plan;
- Application for authorisation;
- Information to client on default rate of projects;
- Entry knowledge test and simulation of the ability to bear loss;
- Key investment information sheet;
- Reporting by crowdfunding service providers to NCAs (and NCAs to ESMA); and
- Publication of national provisions concerning marketing requirements.

Next steps

ESMA will consider the responses to this consultation when developing the draft technical standards for the European Commission. The closing date for responses from stakeholders is 28 May 2021.

The majority of these technical standards are to be submitted to the European Commission for adoption before 10 November 2021. The remaining ESMA technical standards are to be delivered by 10 May 2022.

Consultation on draft technical standards under the ECSP Regulation

ESMA invites responses to the questions set out throughout this Consultation Paper and summarised in Annex II. Responses are most helpful if they:

- respond to the question stated and indicate the specific question to which they relate;
- contain a clear rationale; and
- describe any alternatives ESMA should consider.

ESMA will consider all comments received by **Friday 28th May 2021**.

All contributions should be submitted online at www.esma.europa.eu under the heading 'Your input – Consultations' using the [response form](#).

Slovakia: EIB Group supports €211 million of investment in 2020 for businesses, energy efficiency, innovation and digitalisation



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- EIB lending in 2020 amounted to €148 million and EIF equity and guarantee commitments to €63 million.^[1]
- Over 2 600 businesses will benefit from EIB Group assistance, supporting 25 000 jobs.
- €2.02 billion of new investment is expected to be mobilised in Slovakia thanks to the European Fund for Strategic Investments.

The European Investment Bank Group (EIB Group), comprising the European Investment Bank (EIB) and the European Investment Fund (EIF), financed loans, guarantees and equity commitments in Slovakia totalling €211 million in 2020.

The EIB signed new loans amounting to €148 million and the EIF committed around €63 million in four equity and guarantee operations, benefiting a total of 2 600 businesses and supporting 25 000 jobs.

EIB Vice-President Lilyana Pavlova said: *“Last year, the EIB Group’s operations in Slovakia supported businesses during the economic crisis*

brought on by the COVID-19 pandemic. The Group also helped reduce regional disparities by backing investments in Cohesion regions, which is one of our core priorities. Together with our Slovak partners, we provided well-balanced support to the public and private sector to increase the resilience of the economy and support a just transition. As the EU climate bank, the EIB provided financial and advisory support to projects that will strengthen the energy efficiency, innovation and digitalisation of public services, and improve the quality of life of the Slovak people."

Deputy Prime Minister and Minister of Finance of the Slovak Republic, Eduard Heger said: *"The EIB Group plays an important role in Slovakia supporting long-term investment and regional development. Its role in achieving the objectives of the EU and addressing investments that improve economies and lives across Europe is well perceived. The situation created by the COVID-19 pandemic is quite worrisome, but we need to work hard on the sustainable and inclusive recovery. And here I strongly value the investment appetite, endeavours and measures launched by the EIB Group. I look forward to continuing cooperation with the Bank to ensure that its financing and technical expertise support Slovakia at this time of need."*

EIB Group results in Slovakia in 2020

Financing under the Investment Plan for Europe in Slovakia

The Investment Plan for Europe, also known as the Juncker Plan, is one of the European Union's key initiatives to accelerate investment in Europe, create jobs and foster growth. It was designed by the EIB Group and the European Commission to close the investment gap left as a result of the 2008 financial crisis by triggering €315 billion of additional investment in the European Union by mid-2018.

The key to fulfilling this promise was a €21 billion guarantee programme, the European Fund for Strategic Investments (EFSI). In July 2018, exactly three years after EFSI was launched, the EIB Group surpassed this initial goal. With its mandate extended and increased to €500 billion in 2017, the EIB Group has now also exceeded its second target, triggering €535.4 billion of additional investment. It has done so ahead of schedule, while mitigating the impact of COVID-19 on Europe's economy.

Since the launch of EFSI up to the end of 2020, €657 million worth of EFSI-backed projects were approved in Slovakia. They are expected to mobilise €2.02 billion of investment in small and medium-sized enterprises (SMEs), transport, regional development and research and development.

In 2020, the EIB and EIF signed a €48 million guarantee for the mezzanine tranche of a synthetic securitisation of a portfolio of loans originated by Slovenská sporiteľňa (SLSP), the largest financial institution in Slovakia, to support SMEs and mid-caps impacted by the COVID-19 pandemic. This operation is backed by EFSI and is part of a wider €2 billion EU asset-backed security programme loan managed by the EIB Group addressing the working capital, liquidity needs and investment constraints of SMEs and mid-caps affected by the COVID-19 outbreak in Europe.

Support for the digitalisation of postal services

In 2020, the EIB signed a €32 million loan with Slovenská pošta, the Slovak public postal operator. Through this first loan, the EIB will contribute to the digitalisation and innovation of Slovenská pošta's services and operations with the financing of new IT systems and specialised postal equipment, such as parcel sorting lines and digitally integrated parcel boxes. The project is part of Slovenská pošta's 2018-2021 investment programme to digitalise and transform its operations and portfolio of services.

The key objective of Slovenská pošta is to adapt its organisation to the business changes brought about by the internet and digital technologies, while continuing to fulfil its universal service obligation efficiently and to the highest standards. Slovenská pošta's investment programme is expected to significantly support the development of the digital economy in Slovakia.

Support for innovation

In 2020, the EIB provided €53 million of funding to ZKW Group GmbH for its manufacturing site located in Krušovce (Nitra Region) as part of a €150 million loan to the Austrian group. ZKW is a leading automotive supplier that develops and manufactures innovative premium lighting systems and electronic modules. In recent years, ZKW has significantly shaped the industry through a series of innovations such as the first laser headlights in series production.

ZKW will use the funds from the EIB for investments in research, development and innovation in innovative automotive lighting systems at its locations in Austria and Slovakia. In addition, ZKW aims to invest in state-of-the-art machinery and equipment for its Slovak manufacturing site. Supporting such innovation is key to boosting economic growth and employment in Slovakia.

Support for SMEs and mid-caps

In 2020, the EIB provided credit lines to two banking groups operating in Slovakia: Slovenská sporiteľňa (SLSP) and SGEF CZ. These institutions on-lend EIB funds to SMEs and municipalities to support local infrastructure, climate action, environmental protection, energy, research, development and innovation, and services.

This year, support was provided in particular to help SMEs cope with the impact of the COVID-19 crisis. The EIB Group set up the Pan-European Guarantee Fund (EGF), which started operations in the autumn of 2020. The EGF provides guarantees to free up capital for national promotional banks, local banks and other financial intermediaries so they can make more financing available for SMEs, mid-caps and corporates in the European Union. By mobilising extra finance from the private sector, the EGF aims to generate up to €200 billion for the economy. The EU Member States have provided guarantees of nearly €25 billion. Slovakia joined the EGF with a contribution's commitment of €75 million.

EIB operations in Slovakia benefited some 520 SMEs and mid-caps, supporting over 15 500 jobs in Slovakia in 2020.

The EIF is the specialist arm of the EIB Group, providing risk financing solutions to financial intermediaries to support SMEs and mid-caps and foster innovation in Europe. In 2020, the EIF committed €63 million in support of Slovak businesses, through which approximately €453 million of capital will be leveraged.

The EIF committed €30 million in Sandberg Investment Fund II SCSp, which has raised in total €109 million of commitments.

On the guarantee side, it committed around €33 million in three transactions, which should generate around €353 million of new loans for SMEs.

Some 2 150 businesses benefited from EIF operations in Slovakia in 2020 that supported about 9 500 jobs, bringing the total number of jobs supported by the EIB Group to 25 400.

EIB advisory services in Slovakia

[EIB Advisory](#) helps create and successfully undertake sustainable investment projects by providing technical and financial advice to its partners across the project cycle and beyond. Advisory services in Slovakia are often delivered by multiple interdisciplinary advisory teams consisting of finance experts, engineers, and specialists in a variety of fields, including public-private partnerships (PPP), innovation and climate.

EIB advisory services help public and private entities to prepare projects that enable them to tackle some of the key challenges Slovakia and some of its neighbours are facing. Such projects support key investment in climate action, energy efficiency, digitalisation, innovation and social infrastructure.

In 2020, EIB advisory services provided:

- Support for the preparation of key transport and urban mobility projects in the country, such as the Žilina railway node, the R2 expressway Kosice Šaca-Kosice Olšany, and the tramway extension to Petržalka in Bratislava.
- Support to Slovakia's energy and just transition. EIB advisory services assisted the Slovak authorities in the identification, preparation and appraisal of investments to replace coal in district heat generation in the Nováky and Prievidza areas of Slovakia, as of the 2023/2024 heating season.
- Around €200 000 of grant to Slovak Investment Holding to enhance its advisory capacities in the area of energy efficiency, with a particular focus on energy performance contracting (EPC).
- A €1.4 million technical assistance grant from the EIB's European Local Energy Assistance (ELENA) facility to support the energy efficiency renovation of 55 public buildings and eight street lighting systems and the installation of photovoltaics in the Kosice Region (Košícký

samosprávny kraj).

- An assessment of the financing gaps for the agricultural and agri-food sectors in Slovakia, aiming to support the Slovak European Agricultural Fund for Rural Development (EAFRD) in planning and programming the use of financial instruments for the 2021-2027 programming period.
- An ex ante assessment – supporting optimum deployment of EU funds – for EU financial instruments in all investment sectors for the 2021-2027 programming period, covering research, development and innovation, competitiveness of enterprises, energy efficiency, renewable energy, waste management, transport infrastructure, urban development infrastructure, social economy, sustainable tourism and affordable housing.

EIB Investment Survey 2020

Later today, EIB Vice-President Lilyana Pavlova and Governor of the National Bank of Slovakia Peter Kažimír will discuss Slovakia's investment needs and priorities in times of COVID-19, digitalisation and climate change, in the presence of Eduard Heger, Deputy Prime Minister and Minister of Finance of the Slovak Republic.

Following presentations, including one on the [EIB Investment Survey](#) by Debora Revoltella, Chief Economist and Director of the Economics Department, Ľudovít Ódor, Deputy Governor of the National Bank of Slovakia, will chair a high-level panel of economists, policymakers and representatives from financial institutions and the business community.

The results of the EIB Investment Survey form the basis of the [EIB Investment Report 2020/2021](#).

[EIB Group activity in Slovakia in 2020](#)

[EIB Investment Survey 2020 – Slovakia overview](#)

[EIB Investment Report 2020/2021](#)

[1] Total EIB Group financing excludes a small overlap due to joint engagements of the EIB and the EIF.

[Philip R. Lane: Interview with Expansión](#)



Interview with Philip R. Lane, Member of the Executive Board of the ECB, conducted by Andrés Stumpf on 22 February

26 February 2021

After the Christmas holidays and a third wave of the pandemic, what's the current situation of the European economy?

2021 is an unusual year. Some of the current restrictions on economic activity are going to be extended. But, while we're facing these short-term risks, there is the prospect of vaccinations bringing a sea change in the second half of 2021. In the second quarter activity will already start to recover compared with current levels. The timing of this rebound will depend on how the public health situation develops, in terms of both the vaccinations and the delays that the mutations of the virus could cause.

If the restrictions are extended, will you revise down the macroeconomic projections at the next meeting in March?

It's a bit early to answer that because we haven't finished preparing them yet. The more severe the impact of the virus, the more prolonged will be the lockdown measures. And that can affect the projections in the near term. But we know from last year that when the economy is unlocked and activity recovers, there can be a fast rebound. The effect of the lockdown on economic activity is less than it was last year. The European economy has had to learn to live with these measures. It's very difficult for the sectors most severely affected, but there are other sectors that are coping with the pandemic. China is growing at a good pace, which is good news for the world economy. So if the lockdown lasts a few weeks longer it won't have much of an impact on the final growth picture in 2021. We think a lot of the pandemic shock will have been offset by the end of the year.

Doubts have recently arisen about a potential pick-up in inflation in the United States. Is this a concern in Europe too?

We are looking very carefully at measures of inflation compensation. What we are seeing is a mix of a rise in expected inflation and an increase in the inflation risk premium. And this is actually good news, because it shows that scenarios of the world economy heading into deflation are much less likely. Our December projections had inflation at 1.4% in 2023, so it is still very low and lots of support is still needed for it to climb upwards. What we're seeing now is not a significant and persistent change in the path of inflation. At this stage, an excessive tightening in yields would be inconsistent with fighting the pandemic shock to the inflation path. That's what we said, and that's what we will be continuing to keep an eye on day by day.

Is there not a risk of the European economy overheating after unprecedented stimulus?

That's an interesting debate for the United States, with the approval of new fiscal measures, but not so much for Europe. Here there's no risk of overheating the economy with the stimulus. A lot has been done on the monetary policy side and fiscal policy has been very active, but at levels that are nowhere near the scale of the US stimulus.

Together with the inflation expectations, there has been a rise in yields. Could this become a problem if they continue to rise before the economy recovers?

This is the paradox of the financial markets and the overall economy. It can be problematic if market optimism moves ahead of the current state of the economy. We are carefully monitoring the rise in yields. These questions all come into sharp focus, especially when we have a new inflation forecast. In any case, it's important to remember that our pandemic emergency purchase programme (PEPP) will be used flexibly in response to market conditions. We have our regular monetary policy meetings, but our market operations can also be conducted in a flexible way between meetings, if necessary.

Will debt purchases be able to address increases in bond yields if they are caused by a rise in expected inflation?

If you look at the size of the ECB balance sheet, the cumulative impact of asset purchasing has had a very large downward effect on the interest rates in Europe. This is a balance sheet view – that the overall stock of what we hold has a significant downward impact. The other mechanism, the “flow view”, is that if there are significant market movements – as there were in March 2020, for example – then the central bank stepping in can play a stabilising role. There is more than one mechanism through which asset purchasing can influence the market. But at the same time, it is crystal clear that we are not engaged in yield curve control, in the sense that we want to keep a particular yield constant. With the purchase programme we are trying to move the curve in a certain direction and with enough force to support inflation dynamics.

Do companies need more credit to survive?

Clearly there are limits to the amount of debt that firms can take on, and these limits are partly set by the firms themselves. The specifics depend on the individual country and the nature of the industries in that country, but there is a recognised role in this crisis for outright transfers or equity conversions. It is a major challenge for governments and there is no one way to tackle it.

The drop in demand for credit makes it difficult for banks to meet the ECB's funding conditions with regard to maintaining lending volumes.

The targeted longer-term refinancing operations (TLTROs) have a big incentive built in to maintain credit and lending to the real economy. In return for that, there's a very low interest rate on offer. The banks might say that they would prefer less demanding targets but we have to strike that balance. In any case, funding conditions are still very favourable, even for those banks that don't meet the TLTRO requirements.

Have you accepted that the take-up of liquidity by banks will be lower than in 2020?

It is not a proper comparison. In 2020 there was an extremely high demand for credit, whereas the current situation is different. What we should be looking at is whether our decision to extend the programme is benefiting the European economy, and we absolutely think it is.

How do you see the economic situation in Spain?

The virus is affecting all countries in Europe. But when you look more closely at the economic structures, the hardest-hit countries are those at the forefront of travel and tourism. Spain is in this group and there is no doubt that the pandemic has posed a bigger challenge here. This should be fully recognised. And it has been in the design of the Next Generation EU fiscal stimulus package and definitely will be in any type of forward-looking assessment. Spain's path to recovery will look different from that of countries with economic structures that are not so focused on these sectors.

So the recovery will take longer then?

One of the differences will be the timing of the recovery, yes. But the nature of the recovery will also be different because of the importance of travel and tourism. It is a sector where there is pent-up demand – many people will want to go to Spain again. In other countries some sectors may be affected by structural changes, but I doubt that there will be a permanent shift away from tourism.

Spain will come out of the crisis with a high level of debt. Are you concerned about countries with debt-to-GDP ratios above 100%?

It is important to distinguish between the near and medium-term challenges. In the near term, in this environment of extremely low interest rates, the challenge is not the level of debt; the challenge lies in ensuring that the

European economy makes it through the pandemic, in the sense of keeping as many workers and firms as possible in good shape, and in having a sustained recovery. Only once we have managed that, at a much later date, should we go back to thinking about the usual challenges related to fiscal policy. Right now the focus clearly should be on getting through this pandemic phase and having a good recovery.

Is a 60% debt-to-GDP level, as enshrined in the Stability and Growth Pact, still desirable?

It is written into the EU Treaty and designed with the long-term perspective in mind. In the current situation of extremely low interest rates, debt levels that are higher than what we have become accustomed to can be considered sustainable. Once the pandemic is over, there should be a discussion about reducing debt ratios. But the important topic is not the preferred debt-to-GDP levels, it is the speed of adjustment, the measures taken and the macroeconomic context in which they take place.

With the private sector saving a lot, we are not seeing the current account deficits we saw in the mid-2000s. So from a macroeconomic point of view, this situation is totally different. And, because this debt has been raised at very low interest rates, the financing of it is being absorbed by investors. It is not creating, at the moment of issuance, a significant immediate burden, in contrast to previous episodes. So in a lot of the debates progress has been made in updating beliefs about deficits and debt, but that conversation is not yet over.

What do you think about the surge in bitcoin? Could it pose a threat to central banks?

I think it is interesting to look at bitcoin as a crypto-asset instead of a crypto-currency because it is not particularly easy to use it to make payments. It has gone up considerably and we have seen similar situations before in the markets. If you ask somebody why they invested in bitcoin, in most cases the response will be that they expected the price to go up, and not that they did it because of the monetary policy situation. So we do not view the rise of bitcoin as a warning to central banks. An asset with no intrinsic value can go up in price because of the collective belief that its price will continue to rise, but that market has a risk of generating dramatic losses, and anyone thinking of investing in bitcoin needs to understand this risk.

If the recovery is delayed or there is another shock to the economy, does the ECB have any ammunition left?

Without a doubt. First, the ECB's ability to create euro liquidity is a huge asset for Europe. Second, we always remind people in our policy statements that we retain the option to move the key policy rates lower. We remain confident that if we decided it was the correct decision to make, we could move interest rates. We have the asset purchase programmes and the TLTROs could be boosted, depending on the nature of the shock. Throughout this pandemic, the ECB has been quite effective in stabilising the European

financial system and in creating the conditions for those who can benefit from low interest rates to take advantage of them. Under the current conditions, of course, a very large sector that can benefit from low interest rates and take advantage of them is the government sector. If there's a negative shock, fiscal policy has a very powerful countercyclical role to play.

Does the ECB reiterating the need for fiscal policy to take a leading role suggest that monetary policy has reached its limit?

There is no limit of the sort that many people imagine. There is no hard limit. The issue is more about the efficiency or the scale. The recovery will be faster and the efficiency will be better if fiscal policy makes its contribution. In a low interest rate world (enabled by the ECB), fiscal policy is more effective in dealing with adverse macro shocks.

You always repeat this, but is lowering rates further really an option?

We wouldn't say we could use this tool if we didn't believe it. When we say that we can move rates lower [the deposit facility rate is currently -0.5 per cent], we do all sorts of calculations and analytics to make sure that it's a credible and honest statement. What we have been saying all year is that, in the context of the crisis we have been going through, protecting credit through the TLTROs and making sure that the yield curve is at a low-enough level through the PEPP is the best combination. That logic still holds but the pandemic is of course not the only shock that could hit the economy and we have to be prepared. All the tools are available.

And what about the ones that have never been used, like purchasing bank debt or even shares?

We have a group of experts at the ECB and the national central banks who look at all the options. But under the current conditions we remain confident that the tools we have deployed up to now are the right ones for dealing with this situation and preserving the favourable financing conditions that are necessary for the recovery.