

[ESMA – non-renewal and termination of short selling bans by Austrian FMA, Belgian FSMA, French AMF, Greek HCMC, Italian CONSOB and Spanish CNMV](#)

It also notes the early termination of the emergency restrictions by the Commissione Nazionale per le Società e la Borsa (CONSOB) of Italy, that was due to expire on 18 June 2020.

ESMA has coordinated the recent emergency restrictions renewals and has contributed to this aligned action today.

Net short position reporting threshold

On 16 March, ESMA issued a [decision](#) temporarily requiring the holders of net short positions in shares traded on a European Union (EU) regulated market to notify the relevant NCA if the position reaches or exceeds 0.1% of the issued share capital after the entry into force of the decision. The measure remains in force until 16 June and can be renewed.

ESMA, in coordination with NCAs, continues to monitor developments in financial markets as a result of the COVID-19 situation and is prepared to use its powers to ensure the orderly functioning of EU markets, financial stability and investor protection.

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



INTERVIEW

Interview with Philip R. Lane, Member of the Executive Board of the ECB, conducted by Luis Doncel on 11 May 2020 and published on 18 May 2020

18 May 2020

Since the coronavirus (COVID-19) outbreak spread throughout Europe, the ECB has flooded the market with massive debt purchases and liquidity for the banking sector, but it doesn't seem to have been enough. What tools do you have left?

What we observed in response to the spread of the virus and the containment measures that have been implemented across Europe and the globe is that financing conditions tightened significantly. For policymakers it is crucial to both counter forces that could amplify the shock and to avoid the temporary shock hurting economic performance in the long run. Our monetary policy is making an important contribution here: making sure that the necessary monetary and financial conditions for the restoration of economic activity are in place, in line with the easing of the containment measures. The contribution of our pandemic emergency purchase programme (PEPP) is to make sure that financial conditions remain sufficiently accommodative and to help stabilise markets. Our asset purchases are complemented by our targeted lending programme and our collateral easing measures, which ensure the smooth transmission of our monetary policy through banks to firms and households. So the ECB has done a lot already. And we are continuously monitoring the situation and are ready to adjust all our instruments if necessary.

At its June meeting, the ECB is expected to announce an increase in the PEPP, which was launched in March to the tune of €750 billion.

We are a goal-oriented institution and this applies equally to our monetary policy measures. So the precise configuration of the PEPP is guided by the two tasks it has: improving monetary conditions and stabilising financial markets. The exact figure is of secondary importance. We are constantly assessing whether we are doing enough and if there is a risk of instability. The June meeting is still three weeks away, and we are in the process of analysing the situation. If we see that financial conditions are too tight, or the pressure on individual bond markets is not reflecting economic fundamentals, we can adjust the size or duration of our purchases, which we can anyway allocate flexibly over time and market segments. Our aim is to ensure that financial conditions are appropriate for all markets and to help counter rather than amplify the impact of the pandemic shock on the economy.

The German Constitutional Court just declared the debt purchase programme launched by Mario Draghi to be partially unconstitutional. Although this verdict does not explicitly mention the new bond purchases launched in response to the pandemic, doesn't it significantly reduce the ECB's room for manoeuvre in future decisions?

No, I don't agree with that. Following the judgment of the German Federal Constitutional Court, we said that we remain focused on our mandate. Whenever we act, whether through interest rates or asset purchases, our aim is to ensure price stability over the medium term. We are certain that everything we do is necessary to fulfil our mandate. And we will do what we have to in order to fulfil our mandate.

Can the ECB go against the most important country in the euro area?

We are an independent central bank. The ECB is a unique institution, with 19 member countries. Sometimes, this can lead to headaches. But the fact that 19 countries are watching each other also helps to ensure that we are independent. At the same time, independence comes with accountability: towards the European Parliament, and, of course, we are subject to the jurisdiction of the European Court of Justice, which ruled in favour of our public sector purchase programme.

How do you respond to the accusation from Germany that you are mixing fiscal and monetary policy and overstepping your powers?

Monetary policy acts on interest rates and, by doing so, it always has implications for the financing conditions of all sectors in the economy: firms, households and also governments. What the Treaty explicitly rules out is that we directly finance governments, in other words that we conduct monetary financing. But we are careful to remain at a good distance from that, and this has also been confirmed by the court rulings. It is important to recognise that inflation has been very low, and we have had to implement expansionary monetary policy measures to lift it to levels that are closer to our inflation aim. Let us also not forget that in the past, in different circumstances, the ECB has had to take decisions that were not universally popular, including with governments, such as raising interest rates. So our independence is crucial if we are to fulfil our mandate.

Christine Lagarde was heavily criticised in March when she said that the ECB isn't here to close spreads. Hasn't the institution, through what it has done and contrary to what its President said, shown that this is, in fact, its task?

Before this crisis we could see significant differences in the interest rates different countries had to pay on their own debt. In normal times, interest rate spreads across countries reflect the economic fundamentals of each country, including the levels of public debt. This is not something we are trying to get rid of. But in March spreads were widening rapidly, in a way that could not be explained by fundamentals. When there is market turmoil and spreads widen rapidly due to market dislocation, the central bank has to act as a stabilising factor for the markets. This is especially true in a monetary union, where you can easily switch from the bonds of one country into those of another country in the same currency. The stabilising presence of the central banks can then rule out self-fulfilling flight-to-safety dynamics and illiquidity in individual sovereign bond markets, and this is what we pledged to do.

The ECB forecasts a fall in euro area GDP of between 5 percent and 12 percent this year. There are risks of new outbreaks and it's becoming increasingly clear that we will have to get used to strict measures that will damage the economy even more. Are we witnessing the worst-case scenarios that will bring about this 12 percent fall?

The scenarios we presented reflect the current situation. In March the pandemic and the measures to contain it had already led to a substantial contraction of activity. This situation got worse again in April, where we saw a deep fall in activity everywhere. Now the picture is changing: some countries are beginning to loosen their lockdowns. How this will develop in the future depends a lot on how quickly the restrictions on economic activity can be eased, but also on how we adapt to living with the virus. The speed at which the economy bounces back will then hinge on whether consumers are more reluctant to consume and businesses hold back on investment. From today's perspective, it looks in any case unlikely that economic activity will return to its pre-crisis level before 2021, if not later.

What form will the exit from the crisis take?

This crisis is truly unprecedented, which makes it harder to predict the precise shape the recovery will take. What we know for sure is that the steepest fall will be in the first half of the year, and these terrible economic conditions should recover little by little, week by week, month by month.

The exit will differ greatly between countries, according to their economic strength and how robust their public finances are. Will Europe's north-south divide increase even more in the wake of the crisis?

The fiscal response has been centre stage: all governments have been able to implement fiscal policies, although not all to the same degree. One point that I think is important is that Europe as a whole benefits when a country

like Germany responds to the crisis more emphatically because, for example, it can boost Spanish or Irish exports. So we shouldn't necessarily see these differences as negative: it is good news that countries with strong finances are responding forcefully to the crisis. But it is also important that all countries recover, and policymakers play a central role in this respect. We at the ECB will ensure that financial conditions are sufficiently accommodative and stable for all countries.

The EU is currently discussing what form the recovery fund should take to avoid a depression. If the agreement is ultimately based more on loans than on transfers, will it help to pull heavily indebted countries like Spain and Italy out of the slump? What ratio of loans to transfers would be sustainable?

Rather than focus on the question of transfers or loans, I think it is useful to look at this more in terms of the following question: what should be financed at European level and what at national level? One of the proposals under discussion is to increase the EU's budget and have the European Commission distribute the funds. One advantage of this proposal is that it would not entail an increase in national public debt, and keeping the cost of debt low will help governments tackle the pandemic and support the recovery. Instruments like the Commission's SURE programme, the European Stability Mechanism (ESM) or the European Investment Bank also make an important contribution in this respect.

Many people in Spain and Italy are awaiting the European response and seeing it as a test of solidarity. Are you concerned about a wave of nationalism and anti-European sentiment if this response is not as emphatic as expected?

There is no doubt that Spain and Italy have been on the front line of this battle. And I understand the critics who are saying that the initial response has been somewhat slow, but I would also say that there are many different aspects to European solidarity. Being part of the monetary union has meant that the shock has been less severe in economic terms than it would have been if those countries were outside the union. The ECB has intervened and has been a very important source of stability, benefiting all euro area countries. The creation of the banking union and the ESM has also provided stability. I think it is clear that without a single European banking supervisor, we would not have seen such a fast and effective response. So there are clear advantages to being a member of the euro. But I agree that there is still more to be done to deal with this unprecedented crisis. In particular, it is important to make sure that the funding is in place to guard against downside risks and support the recovery in all EU countries. Joint and coordinated policy action has a crucial role to play here.

The Spanish government is finalising its minimum income scheme, which is designed to help one million vulnerable families. What do you think is more suitable, a temporary instrument or permanent support that reduces inequality over the long term?

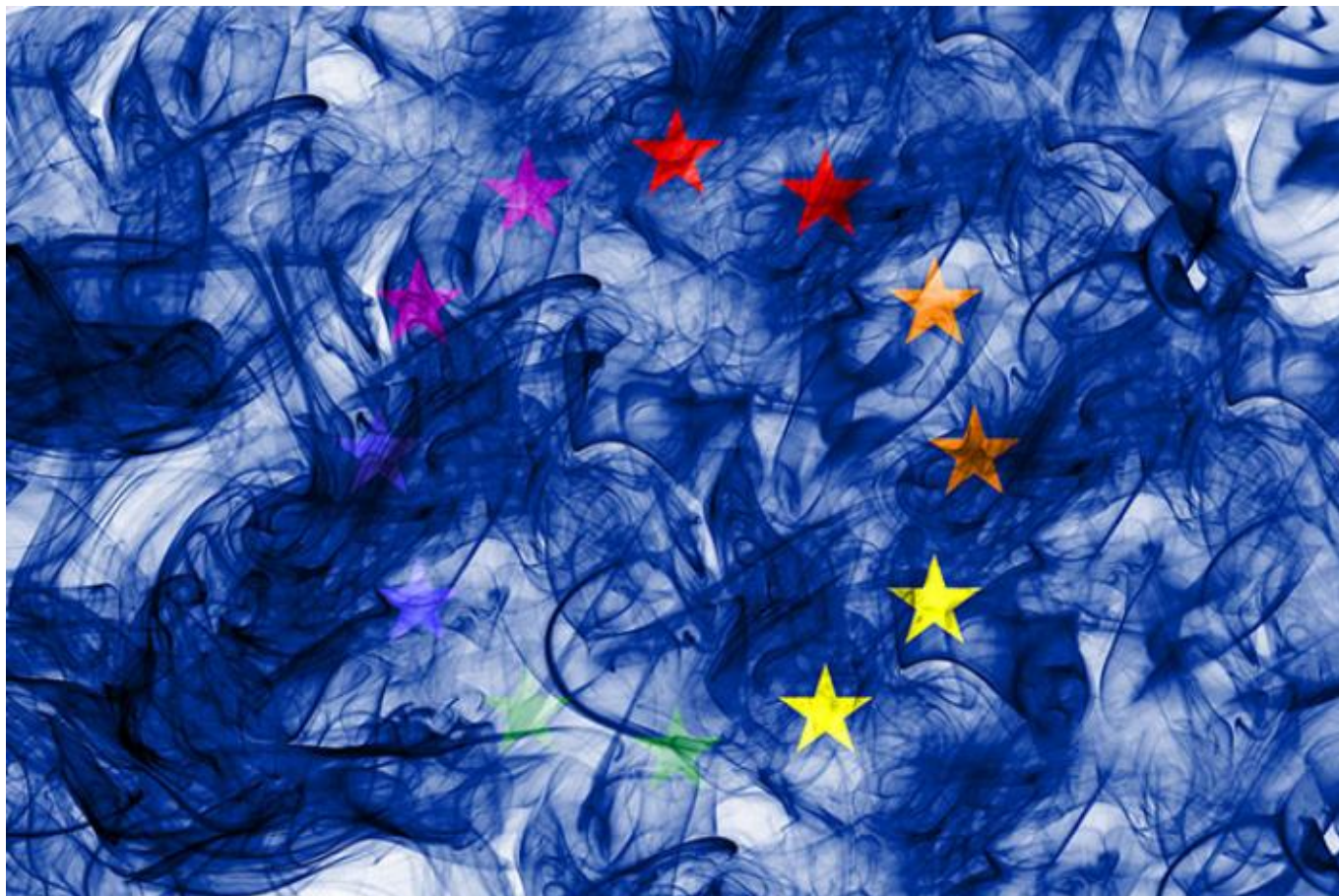
It's not for me to get involved in Spanish politics. At a general level though, we often see that debates about safety nets change when a country is

going through a recession. In a downturn, a safety net provides solidarity, but it also matters from a macroeconomic perspective: a large-scale shock to household income is destabilising for the economy as a whole, so buffering the shock helps. In these situations, possible concerns that a safety net could interfere with the efficiency of the labour market is not the most immediate concern.

In Spain, more than 3.5 million workers have benefited from the furlough scheme [in Spanish: expedientes de regulación temporal, or ERTes]. To what extent do these temporary protection mechanisms help avoid the permanent destruction of jobs?

Everyone agrees that it is important to establish protection mechanisms for people whose jobs have been affected by the current circumstances. There are a number of ways of achieving this: one is to provide generous unemployment benefits, and another is to fund wages publicly in order to keep workers connected to their employers. Which of these measures is most appropriate in a given situation will depend on a host of factors, including whether firms are viable in the long run and whether there is sufficient demand for workers.

Committed to promoting and protecting the rights of LGBTI people



In many countries, Lesbian, Gay, Bisexual, Transgender, and Intersex (LGBTI) people continue to suffer bullying, discrimination and violence, often with deadly consequences. In 70 countries, there are laws that criminalise private, consensual sexual relations between adults of the same sex. We remain alarmed at these severely retrograde and inhumane measures. It is our belief that nobody should be discriminated against for who they are or who they love. More tolerant and inclusive societies benefit everyone.

We are committed to promoting and protecting the rights of Lesbian, Gay, Bisexual, Transgender and Intersex (LGBTI) people. They must be accorded the same dignity, respect and rights as all other citizens. We will continue to work through our Embassies and through International Organisations, including, where relevant, the UN, European Institutions, the OSCE, the Organization of American States (OAS), Mercusor (Reunion de Altas Autoridades sobre Derechos Humanos) and the Commonwealth, to promote tolerance and non-discrimination against LGBTI people and to address discriminatory laws, including those that criminalise homosexuality.

We also wish to pay homage to the courageous advocacy efforts carried out by human rights defenders, activists, journalists, media workers and civil society organisations to raise awareness about the issues affecting LGBTI persons and the violations of their human rights that they may face, including in the context of the Covid-19 outbreak.

For more information, follow our social media accounts on Twitter @dipforequality and Instagram @diplomatsforequality.

Remarks by Mário Centeno following the Eurogroup videoconference of 15 May 2020



Good evening from Lisbon.

The last Eurogroup was just one week ago. We have been busy making good on our promise to add a new line of defence of up to €540 billion. I can report good progress today. The ground-breaking political decisions taken in the Eurogroup a month ago are being translated into legal reality in record time.

Let me take a moment to summarise where we stand with our three safety nets.

As of today, Pandemic Crisis Support is operational. This afternoon, the ESM Board of Governors formally confirmed eligibility of all euro area member states and made the instrument available with immediate effect. Member states are doing whatever is needed to get this pandemic under control. The ESM is ready to support them in that. The exceptional costs incurred with direct and indirect health care, cure and prevention expenses, can be covered by the mechanism. So the first safety net – for sovereigns – is now in place.

The second safety net is for workers – the SURE programme. The Council has reached a political agreement on all aspects this morning. The SURE programme will become law in a few days, after formal procedures are completed. Member states are doing whatever is needed to protect workers, their jobs and their incomes during this pandemic. The SURE programme means that these efforts are backed up by European solidarity, in the form of cheap loans.

The third and final safety net is for businesses – the EIB's so-called Pan-European Guarantee. President Hoyer debriefed us on the progress made to define the main parameters of this scheme. Policy formulation always entails some political choices and trade-offs. The discussion today helped to clarify where we now stand, especially on issues of scope and risk management. I believe today we prepared the ground for an agreement by the EIB. I will remain closely involved in this file in the next few days. Once this is operationalised, countries can start contributing to the guarantee fund that constitutes the firepower of this instrument.

Member states have been taking unprecedented steps to keep firms afloat during this crisis, but our firms are not simply national concerns – they operate in our single European market and it is essential to have this common safety net to keep viable firms in business and prevent fragmentation of the single market.

These three safety nets are a vital contribution to preserve the fabric of

our societies, as we go through this crisis. But they are emergency measures.

As we come out of the woods, we will need something more, to speed the economic recovery and to ensure we grow together and not apart. This was underlined by the European Council last month, and today the Eurogroup discussed strategic priorities for the recovery, together with non-euro area ministers.

The Eurogroup had already agreed on some key features of the Recovery fund. It must be temporary, targeted, and commensurate with the extraordinary costs of this crisis; it must help spread costs over time and ensure solidarity with most affected member states.

Today we complemented these agreed lines with a strategic discussion on the features, design, size and priorities for the recovery. I know the issue of financing attracts much interest, but the spending is no less important.

I sense a broad consensus for using the recovery as an opportunity to accelerate the modernisation of our economies, in particular the transition to a green and digital economy. Policies to restart the single market and preserving the integrity of supply chains, which demonstrate the interdependence of our economies, are also a priority.

As we pool further resources, it makes sense to channel our response through instruments that address agreed spending priorities and to resume the reform process, while preserving the ownership of these policies at the national dimension. In defining the common priorities, we should not lose sight of the specificity of the euro area. The Eurogroup can play a role in supporting an alignment and complementarity among these priorities.

We will continue to closely monitor the economic situation and to prepare the ground for a robust recovery, as the European Council mandated us to do.

As you can see this was an exploratory discussion, but it provided guidance of where a political balance can be found in these issues.

The Commission's proposal for a Recovery Fund, to be expected by the end of the month, will define this debate and we will be able to return to this with a more focused discussion.

Before I go, let me recall that today we were privileged to have with us Irene Tinagli, the Chair of the European Parliament's ECON Committee. Irene Tinagli was with us for our regular exchange of views on the euro area's economic outlook and challenges. This time, of course, our focus was on the impact of the COVID-19 crisis. We took note of the European Parliament concerns and ideas and praised it in the person of Irene for the hard work through the period of the crisis, which was epitomised in the resolution it recently adopted. I am glad that we have been able to keep these exchanges going with the European Parliament, even in the current exceptional circumstances. At the same time, I look forward to meet again soon in Brussels.

[Visit the meeting page](#)

Statement of the EU Foreign Ministers on the situation in the Eastern Mediterranean



Following the latest decision by Turkey to dispatch a drilling ship on a new drilling operation within Cyprus' Exclusive Economic Zone the EU recalls and reaffirms its position as clearly defined by previous relevant Council and European Council conclusions, notably those of June 2019 and October 2019 on Turkey's continued illegal activities in the Eastern Mediterranean.

In line with previous Council Conclusions, the EU stands in full solidarity with Cyprus and reiterates that concrete steps towards creating an environment conducive to dialogue are needed. Issues related to delimitation of exclusive economic zones and the continental shelf should be addressed through dialogue and negotiation in good faith, in full respect of international law and in pursuit of the principle of good neighbourly relations. In this respect, we welcome once again the invitation by the Government of Cyprus to Turkey to negotiate in good faith the maritime delimitation between their relevant coasts.

The most recent escalating actions by Turkey regrettably go in the opposite direction.

We deplore that Turkey has not yet responded to the European Union's repeated calls to cease such activities and reiterate our call on Turkey to show restraint, refrain from such actions, and respect the sovereignty and sovereign rights of Cyprus, in accordance with international law.

Recalling the European Council Conclusions of March 2018, the EU condemns the escalation of Turkey's violations of Greek national airspace, including overflights of inhabited areas, and territorial sea, in violation of international law.

Turkey should avoid making threats and taking actions that damage good neighbourly relations. It should instead respect the international law, including the law of the sea, and in particular the sovereignty of all EU Member States over their territorial sea as well as all their sovereign rights in their maritime zones, including those generated by islands, as well as refrain from violating the sovereignty of EU Member States over their air space.

All members of the international community must abide by these principles and should refrain from any actions undermining regional stability and security.

The EU and Turkey have a strong interest in an improvement of their relations through a dialogue which is intended to create an environment of trust.

Abstaining from unilateral actions is a basic element to allow the dialogue to advance. That is why, in full solidarity with Cyprus and Greece, the EU reiterates the serious negative impact that these illegal actions have across the range of EU-Turkey relations. The Council will remain seized of the matter.

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