

# Vice-President Valdis Dombrovskis: College Read-out and remarks on the governance framework for the Budgetary Instrument for Convergence and Competitiveness

Good afternoon everyone,

So in today's press conference we will concentrate on budgetary instrument for convergence and competitiveness, as well as on anti-money laundering issues. But let me first point out some other items which were in today's Commission's agenda.

Today the Commission has issued guidance on the participation of third country bidders in the EU procurement market.

This practical advice for public buyers in the Member States will help them to deal with bidders from outside the EU. This includes clarifications on which third country bidders have secured access to the EU procurement market, and which companies may be excluded.

Our guidance also aims to raise awareness among the contracting authorities of the different instruments in the EU public procurement toolbox. This includes measures that may be taken in case of abnormally low-priced offers, as well as measures to ensure that third country bidders respect the same quality as EU bidders in areas such as security, labour and environmental standards.

The College also adopted the 19th report on the Security Union. I will not say more on this because Commissioner King will present it to the LIBE Committee in the European Parliament this afternoon.

Now moving to the Budgetary Instrument for Convergence and Competitiveness.

Throughout this Commission's mandate, we have been working on deepening EMU in order to make Europe's economy stronger and more resilient.

In June the Euro Summit agreed on a package with a number of steps in that direction, such as an ESM reform and a backstop to the Banking Union to deal with banking crises should they occur. It also includes a Budgetary Instrument for Convergence and Competitive to help our economies converge upwards.

Today, we are proposing a governance framework for a Budgetary Instrument for Convergence and Competitiveness.

This complements our earlier proposal on the Reform Support Programme, which has served as a good basis for discussions by the Member States on an instrument of this kind.

The 27 Member States in the inclusive Euro Summit decided that the new instrument should be available for the euro area and – on a voluntary basis – for ERM II States and that autonomy of decision-making for euro area Member States should be ensured.

In June, ahead of the Euro Summit, the Commission announced its readiness to propose a new regulation on the basis of Article 136 of the Treaty in order to set up this governance framework within the existing EU Treaties. Today, we are doing exactly that.

The framework proposed is fully consistent with our well-established European Semester for economic policy coordination.

So how will it work?

In short, the euro area Member States will set out annual strategic orientations for reforms and investment priorities for the euro area as a whole. They will also provide country-specific guidance for reforms and investment packages to be supported under the instrument.

It is important to act on this now. We want to make sure that the European Parliament and the Council have all the elements necessary for their work in order to finish in time for the next Multi-annual Financial Framework.

Günther will speak more on this in a moment.

We look forward to the discussions in the European Parliament and the Council. Once agreement is reached, I'm confident this instrument will prove to be a valuable tool for making the Economic and Monetary Union stronger and more prosperous.

Today we also adopted a Communication on Addressing Money Laundering and the Financing of Terrorism, together with a series of reports that assess risks and remaining shortcomings.

We have done a lot to put the EU's financial sector on a more solid footing, for instance by strengthening the prudential requirements – and work is still underway to complete the Banking Union and to create a true Capital Markets Union.

But a sound financial sector must also be built on the highest standards of integrity. Serious money laundering scandals involving a number of banks have highlighted that Europe needs to do more on this. There must be no place for money laundering and terrorist financing in Europe's banks.

In response to the call from the EU Finance Ministers in December 2018, our services have analysed what went wrong.

As you know, Europe has some of the toughest rules on money-laundering in the

world and our rulebook is being further strengthened.

Yet, today's analysis gives more proof that our strong AML rules have not been equally applied in all banks and in all EU countries.

To give you a couple of concrete examples of what did not work:

What emerges is a picture of ineffective compliance or a lack of compliance, even when formal procedures are in place. This comes from staffing and management capacity issues in some cases, but in many others, banks simply did not make compliance a priority.

At the same time, the report revealed an inconsistent response from supervisors, in terms of timeliness, intensity and in terms of the measures taken. Again, there were staffing and capacity issues.

Another issue was that where credit institutions had cross-border operations, no one supervisor took responsibility for the group as a whole. Each supervisor focused on the local business in that Member State.

This points to a structural problem in the Union's capacity to prevent that the financial system is used for illegitimate purposes. Since these cases happened, banks, supervisors and the EU have taken a number of actions, most recently conferring additional powers to the European Banking Authority.

Our analysis suggests that we should pursue the path towards more competence at the EU level, and a single rulebook based on regulation rather than directives. Today's report prepares the ground for the new Commission to do so and take further steps to improve consistent application of our rules and ensure strong cross-border coordination.

Today we are also publishing other reports related to the Union's legal framework for preventing money laundering and terrorist financing, as well as how it is being implemented.

Věra will provide you with more details in a moment.

Let me just say that these important findings are of concern to us and deserve further consideration. As such they will feed into the decision-making process of the next Commission.

Thank you!

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**[ESMA issues opinions on product intervention measures by Bulgaria,](#)**

# [Denmark and Croatia](#)

ESMA's opinion finds that the proposed measures are justified and proportionate and that it is necessary for NCAs of other Member States to take product intervention measures that are at least as stringent as ESMA's measures.

ESMA's has issued four opinions on national product intervention measures from:

- The [Finanstilsynet of Denmark](#) regarding proposed product intervention measures relating to contracts for differences;
- The Financial Supervision Commission of Bulgaria ([FSC](#)) regarding proposed product intervention measures relating to contracts for differences;
- The Hrvatska agencija za nadzor financijskih usluga of Croatia ([HANFA](#)) regarding proposed product intervention measures relating to contracts for differences; and
- The Hrvatska agencija za nadzor financijskih usluga of Croatia ([HANFA](#)) regarding proposed product intervention measure relating to binary options.

## **Background**

NCAs may take product intervention measures in accordance with Article 42 of Regulation (EU) No 600/2014. At least one month before a measure is intended to take effect, an NCA must notify all other NCAs and ESMA of the details of its proposed measure and the related evidence, unless there is an exceptional case where it is necessary to take urgent action.

In accordance with Article 43 of Regulation (EU) No 600/2014, ESMA performs a facilitation and coordination role in relation to such product intervention measures taken by NCAs. After receiving notification from an NCA of its proposed measure, ESMA must adopt an opinion on whether the proposed measure is justified and proportionate. If ESMA considers that the taking of a measure by other NCAs is necessary, it must state this in its opinion.

The opinions that ESMA previously issued on proposed national product intervention measures are published on its [website](#).

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## [Speech by President Juncker on the occasion of the award ceremony for the](#)

# honorary membership of the National Order of Merit

Mr President,

Mr Prime Minister,

Ladies and Gentlemen,

Excellencies,

And for so many of you, dear friends,

I am truly proud and grateful to be here today and to receive this honour.

'For Gallantry' – these are the words inscribed on the cross that is branded on the Maltese flag. They are words as symbolic of this country today and as they were in the past. The qualities of the Maltese people are numerous: Tolerance, openness, resilience.

Malta is defending truly European values that I would like to pay tribute to today. They are values that must always be protected and never taken for granted. They define who we are as people. They form the ties that bind us as a Union.

This means the respect of the rule of law, the fight against corruption and crime and freedom of the press. These are non-negotiable European values.

At the start of my campaign for President of the European Commission back in 2014, I chose Malta as the place to present my plan to introduce more solidarity in the European migration policy. That was not a coincidence.

I said it then and I believe it as strongly today: It cannot be that a small island in the Mediterranean has to bear the full weight of migration towards Europe. Yet often you have to. And each time, you show the utmost bravery and humanity. Because this is who you are. And this is what our Union should be.

You are not alone. Europe stands with you. And I stand with you. This is what I have fought for during my mandate as President of the European Commission. In fact, I am proud of what we have achieved together. We have offered protection and support to millions. We have saved lives, dismantled smuggling networks and brought irregular arrivals to Europe down to the lowest level recorded in five years.

We all know there is still work to be done, but solidarity should always be there. We need to find long-term sustainable solutions. I would sincerely like to thank the Prime Minister for having successfully forged a constructive dialogue in Europe and beyond Europe. The European table is never an easy one to broker at, but Malta's stewardship has and will continue to remain central to bring European solutions to results.

In Malta, the proportion of people who believe that everyone has a chance to succeed in life is higher than anywhere else in Europe. This says a lot about who you are and how open you are. Peace, respect for human life, human rights and democracy are what the Maltese people value the most.

This is a small country – the smallest in the EU. That is why I was so happy when Malta joined the European Union, because that very day Luxembourg stopped being the smallest country in the European Union. But being Luxembourger and half-Maltese, I know that small countries have the biggest hearts.

It comes as no surprise to me that when Europeans went to the polls in May, Malta had one of the highest turnouts. When others choose to look inwards, you remained looking outwards, towards Europe and the values we share as a Union.

It is because of this openness that your country is also resilient. The Maltese economy is proving to be more resilient than most in Europe. In fact, it is projected to grow faster than any other this year, three times as fast to be precise. Unemployment and youth unemployment are both well below the EU average.

To be resilient is to be capable of adapting to change. You are leading the way by shifting towards a fast growing services sector, adapting to the digital age, and keeping the Maltese financial sector open.

And the European Union is always there to assist you in any way it can. Over the last five years, we have invested nearly EUR 2,000 per Maltese citizen. By 2020, we expect this to give 32,000 people better access to water supplies and to over 150,000 people access to better healthcare services.

As you look to the future, it is important that you build on this positive momentum. Knowing well the financial forces of this world, good fortune can never be taken for granted. Malta must invest wisely in a sustainable future to retain the essence and charm of what has always made it the special jewel in the Mediterranean.

There are many ways in which our resilience can be put to the test, most of all when our fundamental values risk being undermined. My message to you today is the following: Never stop defending them. We will not, because this is the European way.

Our common history, that once bound us so strongly together, is a distant memory in the minds of many and absent from our youth. This is a generation that does not love Europe unconditionally, but asks questions, demands answers and expects results.

Second only to Cyprus, young voters make up more of the national population here than anywhere else in the European Union. For the first time this year, 16-year olds in Malta were able to vote in the national and European elections. Young people have considerable power here. But to truly empower our youth, is not only to give them a voice, it is to listen to what they

say.

We need to listen. You do not have to believe everything they are saying, but we need to listen. We need to act on what our young people tell us, because the future belongs to them and they have to listen to those who are older than they are, because experience is also a European value – they are often forgetting this obvious fact of life.

I love being in Malta, together with the President, with the Prime Minister, with the former Prime Minister, my good friend Lawrence. So as I was saying, I love to be in Malta, I have so many good friends here. And I love your positive energy and warm spirit. Thank you for having me here. And thank you Mr President for honouring me with this award today. I will cherish and wear it with pride and great admiration for this special country which is close to my heart.

*Grazzi minn qalbi!*

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## [Opening remarks by First Vice-President Timmermans and Vice-President Katainen at the press conference on stepping up EU action to protect and restore the world's forests](#)

**First Vice-President Timmermans:**

Good afternoon

Jyrki and I are really happy to talk to you today about an important Communication, which we have just adopted on stepping up EU action to protect and restore the world's forests.

Forests host 80% of biodiversity on land, support the livelihoods of around a quarter of the world's population, and are vital to our efforts to fight climate change.

Protecting forests is a significant part of our responsibility to meet the commitments under the Paris Agreement, because greenhouse gas emissions linked to deforestation are the second biggest cause of climate change.

The figures are quite shocking. Between 1990 and 2016 the world has been

losing forest cover at a rate equivalent to about 800 football pitches an hour.

And while the EU is not home to the major primary forests of the world, our consumption habits have a significant impact on them. The EU represents around 10% of final consumption of products associated with deforestation.

The EU has consistently taken action to tackle deforestation and forest degradation. We are not starting from scratch. But it is time to step up our efforts, to improve people's health and livelihoods and ensure a healthy planet for our children and grandchildren.

As this stage in the institutional cycle of course it is not appropriate for us to come out with new legislation, but we will continue until 31 October to do all the necessary work so that the incoming Commission can hit the ground running and so that no time is wasted.

Ursula von der Leyen presented her climate ambitions in the European Parliament last week, and I could well imagine that tackling deforestation would feature in the European Green Deal that she plans to present in her first 100 days in office, as well as in the next Commission's Biodiversity Strategy, 'Farm to Fork' Strategy on sustainable food policies, and in the Sustainable Europe Investment Plan.

The objectives of today's Communication are two-fold: firstly, and most importantly, we need to protect the existing forest cover, especially the primary forests, which are our most important carbon store and host the greatest biodiversity on the planet.

Secondly, as a complementary measure, and not as an alternative, we need to find ways and means to sustainably regenerate and increase forest cover.

The EU cannot do this alone, we need to be part of a global alliance. That is why our Communication proposes a partnership approach. We need all players on board: producer and consumer countries and international organisations as well as businesses, civil society, the scientific community, and all of us as individual consumers and citizens.

We are setting out today a number of tools that can be put into practice immediately, and we are launching preparatory work for possible regulatory measures, which can be easily picked up and built upon by the incoming Commission.

Our Communication is built around five priorities.

Jyrki will elaborate in a minute on the proposed work with partner countries and international cooperation, what you could call the supply side.

On the more domestic side – or the demand side – we need to focus on reducing the EU's consumption footprint. We must make sure that the products we consume come from deforestation-free supply chains.

We will quickly launch a new Multi-Stakeholder Platform on Deforestation and



Forest Degradation to help deliver on this goal.

We will also look into standards and certification schemes that promote 'deforestation-free' products, and develop relevant guidance.

And we will start assessing new regulatory measures to prevent EU consumption linked to deforestation and forest degradation.

Another pillar of our proposal is financial. We have to redirect public and private finance to more sustainable land use and to protection and regeneration of forests.

Lastly, we need to keep up research and innovation, to provide more and better quality information on forest products and supply chains.

This includes establishing an EU Observatory on Deforestation and Forest Degradation to monitor changes in the world's forest cover. This resource will give public bodies, consumers and businesses better access to relevant information, so that they can make better informed decisions.

The Commission will also explore the possibility of strengthening the use of the Copernicus satellite system for forest monitoring.

As you can see, there is a lot of work to come in the next five years – and I have only told you the half of it. So let me hand over now to Jyrki, to tell you what else we have set out in our Communication today.

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**Vice-President Katainen:**

Good afternoon ladies and gentlemen also on my behalf.

Frans already provided the big overview on why we are here today announcing this communication, so let me pick up from that.

The issue of disappearance of global forest cover is a very complex issue as forests are linked to a great variety of issues such as people's livelihood, biodiversity, carbon sequestration, water quality and so on.

Lately, deforestation has not been the issue in Europe where we have by activity and awareness actually reversed the trend and been able to increase our forest cover. But globally deforestation remains a serious issue, especially in the tropics.

Although this is not an issue in Europe, we are not detached from the problem. As Frans mentioned, we are linked to it for example via our consumption and trade.

It is good to remember that this is not the first time the Commission has taken action on deforestation. For example, we have worked via our so-called FLEGT programme, development policy, trade agenda and our previous deforestation strategy from 2008.

Although much has been done, it is evident that the problem is far from being solved. That is why we are here today to step up our action on two main fronts; to halt deforestation and increase the world's forest cover.

Protecting the world's forests and increasing the forest cover are complementing actions. By preserving natural forests and planting new ones we are saving biodiversity and decreasing the pressure on our resources.

Sounds simple, but unfortunately there is no quick and simple fix to this highly cross cutting issue – otherwise it would have already been solved.

Due to the complexity we here in the Commission have worked together with several colleagues in order to guarantee a much needed horizontal approach from trade to development cooperation and data.

But it is not enough that we here in the Commission take action.

In Finland one of our many forest-related phrases says – roughly translated – that “the forest will echo what you shout to it”.

So, as we are reinforcing our action, I would like to highlight the importance of good cooperation with the respective third countries.

Several of the deforestation-related issues have links to complex socio-economic issues like poverty, population growth and gaps in governance. Only with credible long-term action, can we create a sustainable change to halt deforestation and increase the global forest cover.

This is why in our Communication we are underlining the partnership approach and taking broad action to bring our partnership countries on board.

For example, we are to pay attention that our Development Cooperation does not cause deforestation and we will share our best practices with other countries when relevant.

We will also engage with the international forums to come up with common solutions.

And also we will see that our trade policy supports our messages.

As Frans mentioned, the next Commission will most likely continue to work on these topics. This Communication is a clear signal from our side that we are taking our responsibility seriously and taking action.

Thank you.

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# Commission approves emergency measures to protect eastern Baltic cod

The Commission has announced emergency measures to save the ailing eastern Baltic cod stock from impending collapse. Emergency measures will ban, with immediate effect, commercial fishing for cod in most of the Baltic Sea until 31 December 2019.

Commissioner for Environment, Maritime Affairs and Fisheries, Karmenu **Vella**, said: *“The impact of this cod stock collapsing would be catastrophic for the livelihoods of many fishermen and coastal communities all around the Baltic Sea. We must urgently act to rebuild the stock – in the interest of fish and fishermen alike. That means responding rapidly to an immediate threat now, through the emergency measures the Commission is taking. But it also means managing the stock – and the habitat it lives in – properly in the long term.”*

The ban will come into force immediately and last until 31 December 2019. It will cover all fishing vessels and apply in all those areas of the Baltic Sea where the largest part of the stock is present (i.e. subdivisions 24-26), except for some specific targeted derogations. It follows measures that have already been taken by some Member States. Given that these measures do not ensure a uniform approach in all areas where the eastern Baltic cod stock is found, and that not all Member States intend to adopt national measures, the Commission has decided that further emergency action is warranted.

While this fishing ban is an essential immediate step to help protect this vulnerable stock, the Commission and Member States will revisit the need for longer-term action later in the year, when Ministers meet to decide on next year’s fishing opportunities. Scientists also warn of many factors besides fishing that threaten the stock and that need to be addressed separately, including a lack of salinity, too high water temperatures and too little oxygen, as well as parasite infestation.

## **Background**

Recent scientific analysis has reinforced concerns regarding eastern Baltic cod: we are witnessing a rapid decline of the stock that risks leading to a collapse if no action is taken. International scientific bodies have therefore called for a complete fishing stop to turn the situation around. The Commission has analysed the scientific evidence available and has discussed these measures with the Member States at an Expert Committee meeting.

Following scientific advice, total allowable catches for eastern Baltic cod have already been reduced every year since 2014, from 65 934t down to 24 112t in 2019. Even so, in the last years fishermen only used up between 40-60% of the total allowable catch, probably due to a lack of fish of commercial size. Indeed, according to scientists, the volume of commercial sized cod ( $\geq 35$

cm) is currently at the lowest level observed since the 1950s. This year, fishermen have so far used around 21% of their available quota.

Eastern Baltic cod used to be one of the most valuable fish on which many fishermen depend. More than 7,000 fishing vessels from all eight EU Member States catch eastern Baltic cod, with 182 vessels from Lithuania and Poland depending on this stock for more than 50% of their catches.

Under the Common Fisheries Policy, the Commission may, at the reasoned request of a Member State or on its own initiative, take emergency measures to alleviate a serious threat to the conservation of marine biological resources. These measures may be applicable for a maximum period of six months. The Commission has previously taken such emergency measures to protect vulnerable stocks, namely for anchovy in the Bay of Biscay and for northern seabass.

### **For More Information**

[Q&A on Emergency measures eastern Baltic cod](#)

[Map on Baltic fishing zones](#)