

ESMA issues conflict of interest guidelines for CCPs

Under the European Market Infrastructure Regulation (EMIR) CCPs have to put in place organisational arrangements and policies to prevent potential conflicts of interest and to solve them if the preventive measures are not sufficient. The final guidelines were developed following a public consultation in June 2017.

In order to ensure a level playing field across the European Union (EU), ESMA decided to develop guidance on CCPs management of conflicts of interests, in order to:

- clarify how CCPs should prevent or mitigate the risks of conflicts of interest; and
- ensure a consistent implementation across CCPs.

ESMA's guidelines provide details on circumstances where conflicts of interests could arise and specifies the corresponding organisational arrangements and procedures to be set-up including in the case when a CCP is part of a group structure.

Next steps

The guidelines will be translated into the official languages of the EU and published on the ESMA website. Within two months of the publication of the translations, each national Competent Authority (NCA) will have to confirm whether or not it intends to comply with the guidelines.

Press release: Parliament approves real terms increase in funding for local authorities

Parliament has today (7 February 2018) approved the funding settlement for English local authorities that will see a real terms increase in available resources over the next 2 years and give them access to over £200 billion from 2015 to 2020 to deliver the high-quality services their local communities need.

Ahead of today's Parliamentary debate Communities Secretary announced extra funding to help local authorities meet the needs of vulnerable people and support services in rural areas.

A further £150 million will be available to those councils providing adult social care. In addition, £16 million will be made available to councils providing services in rural areas, taking the total rural services grant to £81 million – the highest it has ever been.

This follows consultation with local government on the funding plans announced in December that included giving councils additional financial freedoms to deliver services for their most vulnerable residents while protecting Council Tax payers from excessive increases in their bills. The threshold at which councils must hold a referendum before raising Council Tax has been set in line with inflation at 3%.

Ten additional business retention rates pilots – for areas of varying sizes and location – were also confirmed. These areas will keep 100% of growth in business rates, which will stay in communities and be spent on local priorities.

Secretary of State for Housing, Communities and Local Government, Sajid Javid said:

Parliament has today approved a settlement that strikes a balance between relieving growing pressure on local government whilst ensuring that hard-pressed taxpayers do not face excessive bills.

We have listened to representations made and delivered on these requests: a real terms increase in resources over the next 2 years, more freedom and fairness, and greater certainty to plan and secure value for money.

Government has also launched a review of local authorities' needs and resources to enable a new funding system to be devised. Ministers are encouraging local authorities to respond to the [consultation](#) ahead of the deadline on 12 March 2018.

View [details of the settlement](#), including funding breakdowns for individual authorities.

Further information

The settlement for local government sees a real terms increase in resources to local government over the next 2 years (£44.3 billion in 2017 to 2018 to £45.6 billion in 2019 to 2020)

In December the threshold at which local authorities must hold a referendum in order to raise Council Tax was confirmed in line with inflation (3%). This change, combined with the additional flexibility on the Adult Social Care precept confirmed last year, gives local authorities support in relieving pressure on local services – including adults and children's social care.

Following feedback from the sector as part of the consultation, the government has today also announced some additional measures:

- £150 million Adult Social Care Support Grant in 2018 to 2019
- a further £16 million for Rural Services Delivery Grant in 2018 to 2019 to allow for funding commensurate with 2016 to 2017 levels

In December, 10 additional business retention rates pilots – for areas of varying sizes and location – were confirmed. It is expected that combined these will raise over £150 million in 2018 to 2019, which will stay in communities and be spent on local priorities.

The Communities Secretary also published a [consultation on need and resources](#) in December that aims to implement a new system based on its findings in 2020 to 2021.

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[News story: UK Chief of Defence Staff reaffirms commitment to Australia](#)

Updated: Amend to copyright.

During a visit to the country, Sir Stuart Peach met his Australian counterpart, Air Chief Marshal Mark Binskin AC, to discuss how both countries' Armed Forces can work together on a number of fronts.

Sir Stuart also met with the Australian Minister of Defence, Senator the Hon Marise Payne, to discuss an aligned approach to both global and regional issues, such as North Korea, Iraq, Syria and countering terrorism.

Both nations are already part of the Five Eyes defence relationship and work together on tackling shared threats, but are seeking to build upon this further.

Whilst in Canberra, Sir Stuart laid a wreath at the tomb of the unknown Australian soldier in the Australian War Memorial and met the Director, Dr Brendan Nelson.

The Chief of Defence Staff Sir Stuart Peach said:

From the First World War right up to the fight against Daesh, the UK and Australia have stood shoulder to shoulder as the strongest of allies. We work together on a range of regional and global challenges, advocating and defending the rules-based international system and promoting rule of law as the basis of peace and security.

Our strong defence and security relationship reflects a modern and dynamic partnership. We learn from each other as our soldiers train together, we collaborate in defence science and technology and I have no doubt our partnership will continue to go from strength to strength as we face upcoming global challenges together.

[Commissioner Pierre Moscovici presents the Winter 2018 Interim Economic](#)

Forecast

Pardon de ce retard qui est totalement indépendant de ma volonté mais dû aux conditions météo pour revenir de Strasbourg en passant par Paris jusqu'ici. J'ai même de la chance d'être ici car je crois que peu de voyageurs sont partis ce matin.

Mais en tout cas, même en retard, je vous souhaite la bienvenue à cette présentation des prévisions économiques d'hiver de la Commission européenne.

D'abord, quelques mots sur le format de ces prévisions d'hiver. Avec l'Europe qui tourne la page de la crise économique. C'est maintenant fait. Et avec aussi la fin de crise économique et financière, la Commission européenne a décidé de revenir au calendrier des prévisions en vigueur jusqu'à 2012, c'est donc aussi un signe que la page de la crise financière se tourne, à savoir des prévisions détaillées en mai et novembre, pour soutenir les décisions budgétaires prévues par les règles, et des prévisions dites intermédiaires, publiées en février, donc ce sont aujourd'hui les premières, et juillet, qui seront des mises à jour pour les taux de croissance et d'inflation, sans donner nouvelles de finances publiques.

Et donc les prévisions d'aujourd'hui se concentrent donc sur la croissance du PIB et l'inflation, pour l'UE, la zone euro et pour l'ensemble de nos Etats membres.

Tout d'abord, en quelques mots, la croissance est de retour. Je n'ose pas dire "GROWTH IS BACK !" car je ne veux pas paraphraser les formules et car je pense qu'il faut que le Français soit de retour à cette scène. Ces derniers mois ont montré que la reprise cyclique est plus forte que prévu par la plupart des prévisionnistes. La reprise modérée observée ces dernières années a laissé la place à une solide expansion économique qui est maintenant solide. Non seulement les économies de l'UE et de la zone euro ont affiché plusieurs trimestres consécutifs de croissance trimestriels, en fait pratiquement une vingtaine maintenant, mais ceux-ci sont désormais compris entre 0,6% et 0,7% du PIB ce qui fut un temps la croissance annuelle de la zone euro. Au total, la croissance économique s'établit à 2.4% en 2017.

Deuxième observation, cette croissance est là pour durer. Les dernières données économiques disponibles suggèrent que l'expansion soutenue de l'activité économique devrait se poursuivre. Cela nous a amenés à réviser à nouveau à la hausse nos dernières prévisions pour la zone euro et l'UE à respectivement 2.3% en 2018 et de 2.0% en 2019.

Troisièmement, cette conjoncture économique favorable contribue à générer de nombreux emplois et donc à faire baisser le chômage – ce qui est évidemment une bonne nouvelle car des chiffres macroéconomiques doivent toujours se transformer en réalité tangibles pour être perçus positivement par tous nos concitoyens et pour l'Europe en général. Le nombre de demandeurs d'emplois et de personnes qui souhaiteraient travailler davantage reste néanmoins élevé. Cette décrue est lente et cela signifie que nous avons vraiment besoin d'une

expansion économique durable pour amplifier la décrue actuelle du chômage.

Quatrièmement, nous nous attendons uniquement à une légère hausse de l'inflation à la fin de 2019, donc de la période sous revue. En effet, dans un contexte où le sous-emploi reste une donnée non-négligeable, les pressions sur les salaires et sur les prix intérieurs restent très modérées et ceux-ci n'augmentent que très lentement. Cela se traduit par une augmentation ou une reprise de l'inflation très progressive, très limitées, si on laisse de côté les effets des prix de l'énergie.

Cinquièmement, fin 2017, les indicateurs de confiance ont atteint leurs plus hauts niveaux depuis plus une décennie. Les chefs d'entreprises et les consommateurs étaient résolument optimistes et cela pourrait suggérer, mais je reste prudent bien sûr car on ne peut pas dépasser une prévision au moment où on la présente, un taux de croissance encore plus élevé que celui que nous anticipons. Disons que les risques sont légèrement à la hausse. Et ce sont ces risques haussiers qui semblent maintenant dominants, ce qui ne fut pas le cas, vous le savez, tout au long des années passées. Mais certains risques baissiers continuent de perdurer, notamment au-delà du court-terme, tandis que d'autres se renforcent. Au total, restons sur nos prévisions d'aujourd'hui, elles me paraissent équilibrées.

J'entre plus maintenant dans le détail.

Après plusieurs années de reprise graduelle et modérée, je dirais que nous pouvons dire aujourd'hui que l'Europe connaît enfin «une expansion solide et durable» Les bons chiffres du second semestre 2017 nous ont permis de réviser à la hausse le taux de croissance annuel du PIB pour l'ensemble de cette année.

2017 est d'ores et déjà la meilleure année depuis 10 ans. Pour le début de l'année 2018, les données d'enquête suggèrent une continuation de cette croissance dynamique avec une économie mondiale robuste, avec une orientation accommodante de la politique monétaire en Europe et avec une confiance élevée, voilà autant de facteurs favorables qui devraient demeurer en place, ce qui favoriserait ainsi une plus croissance durable. Le dynamisme de la croissance dans la zone euro devrait toutefois se modérer légèrement au cours de l'année 2018, en même temps que le rythme soutenu de l'augmentation de l'emploi devrait commencer à se ralentir.

En 2017, l'accélération généralisée de l'activité économique globale et du commerce mondial a largement profité à la zone euro. À court terme, là aussi, la confiance élevée dans la plupart des marchés émergents et des économies avancées laisse présager la poursuite d'un dynamisme réel. La croissance du PIB mondial, d'après nos prévisions, on est en gros, en ligne avec les autres organismes internationaux, atteindrait 4,1% aussi bien en 2018 qu'en 2019, et c'est bien sûr un facteur favorable à la croissance Européenne. Les révisions à la hausse concernent essentiellement les économies avancées et plus particulièrement, à court terme, les États-Unis. Aux États-Unis en effet, l'activité économique reste très soutenue et devrait être alimentée, toujours à court terme, par la récente réforme fiscale au moins à court terme. Mais les perspectives de croissance se sont également améliorées pour certains

marchés émergents, au premier rang desquels la Chine, où la croissance des exportations est forte et la dynamique du secteur des services se maintient. En mai, nous mettrons à jour nos prévisions détaillées pour les principales économies mondiales.

J'en viens maintenant à la politique monétaire. La politique monétaire accommodante de la BCE a été l'un des facteurs déterminants de la croissance économique au cours des dernières années et cela se poursuit. Cela se manifeste par exemple par la faiblesse des coûts de crédit dans la zone euro, qui sont à leurs plus bas niveaux depuis une décennie. En janvier, le Conseil des gouverneurs de la BCE a à nouveau confirmé qu'une stimulation monétaire ample restait nécessaire. Notons toutefois que la situation est différente en dehors de la zone euro. La Réserve fédérale américaine, la Fed, a relevé en décembre ses taux directeurs d'un quart de point (ils évoluent à présent dans la fourchette de 1,25-1,5%) et a confirmé cette orientation politique, cette guidance, lors de sa dernière réunion en janvier. Nos prévisions partent de l'hypothèse, que nous croyons bien sûr réalistes, que la Fed continuera sur la voie d'une normalisation graduelle, avec d'autres augmentations de taux cette année. Au Royaume Uni, la Banque d'Angleterre a relevé son taux directeur fin 2017 pour la première fois en 10 ans (de 25 points de base l'amenant à 0,5%). Par conséquent, ces politiques monétaires à l'échelle mondiale sont devenues moins synchronisées, car les conjonctures le sont aussi, ce qui pourrait avoir une incidence sur l'évolution des taux de change.

The messages by central banks that normalisation will be rather gradual have impacted on financial markets and supported upward movements on asset prices. In recent days, the release of robust wage data for the US had a large impact on market participants' perceptions of the state of the expansion in the US, and its implications for inflation and monetary policy. This has pushed long-term yields higher and triggered a correction in stock markets that has partly offset, very partly, earlier gains. However, one should keep in mind that inflation developments that are closer to targeted levels, if confirmed, are warranted. High debt levels, for instance in many emerging markets, may create vulnerabilities to higher yields – in particular if foreign denominated-debt is involved. We will, of course, monitor those developments closely.

Since autumn, now I return to the euro, the euro has appreciated, in nominal effective terms, more than 2%. Among the determinants of this movement are the stronger-than-expected economic growth in Europe and fading political uncertainty, which seem to have impacted on market expectations of future monetary policies.

What remains to be kept in mind for the outlook are the implied loss of price competitiveness and the lowered external price pressures. The downward impact of a stronger euro on inflation partly offsets the upward impact of higher oil prices, in US terms. Since autumn we know that the oil price has increased markedly, up to 70 US dollars per barrel, and this is reflected in the upward revisions that underlie the interim forecast.

Consumer and business confidence has increased markedly since the autumn. The

Commission's Economic Sentiment Indicator increased considerably in the fourth quarter of 2017, reaching the highest levels, I spoke about a decade but no, since 2000. Meanwhile, the Purchasing Managers' Index for the euro area increased in January to its highest reading in nearly 12 years. Overall, these qualitative surveys are consistent with continued strong growth in the near term.

Improving sentiment, favourable financing conditions, and the stronger global growth momentum have led to a stronger-than-expected expansion in the second half of last year. Following a stronger carry-over for 2017, coupled with continued growth momentum in early 2018, the forecast for 2018 is thus revised upwards to 2.3% in both the euro area and in the EU. And you notice there is now no difference or gap between the eurozone and the rest of the EU. Although the output gap is set to become positive, there is scope for solid growth to continue before inflationary pressures start to firm up. While the prospect of gradual growth moderation remains, it is expected to set in later than previously predicted given the still high slack in the labour market.

As expected in autumn, the economic expansion is set to be shared by all Member States. The map for 2018 shows that the vast majority of Member States are expected to enjoy growth of 2% or more, with the situation remaining favourable in 2019.

Concerning the largest EU economies, Germany's GDP growth reached a 6-year high of 2.2% in 2017 and is expected to strengthen to at least 2.3% in 2018 and remain above 2% in 2019. En France, la croissance a augmenté de 1,2% en 2016 jusqu'à 1,8% en 2017 et nous prévoyons qu'elle atteigne 2,0% en 2018, pour ensuite décélérer légèrement à 1,8% en 2019 lorsque les réserves de capacité dans l'économie seront résorbées. Italy's economy continues to benefit from the global cyclical upswing and firming domestic demand with GDP growth rates of 1.5% in both 2017 and 2018 and 1.2% in 2019. In Spain, GDP growth has been above 3% for the past three years and is set to remain one of the fastest growing large European economies also in 2018, at 2.6% and in 2019, at 2.1%. The Netherlands saw GDP growth of 3.2% last year, which was the strongest performance among the larger euro area economies. Growth should remain brisk at 2.9% this year and 2.5% in 2019. Poland's economic growth touched 4.6% in 2017 and is forecast to remain strong, at 4.2% in 2018 and 3.6% in 2019. Lastly, the pace of economic growth in the United Kingdom is expected to continue declining, from 1.8% last year to 1.4% in 2018 and 1.1% in 2019, dragged down by the squeeze on real disposable incomes and by heightened uncertainty weighing on business investment. As was the case in November, our projection for 2019 is based on a purely technical assumption of status quo in terms of trading relations between the EU27 and the UK. Of course, this does not, I said that already and repeat it today, pre-empt in any way the outcome of the ongoing negotiations.

Needless to say that the broad-based expansion is good news for labour market developments. Labour market conditions have improved across all Member States. In December 2017, unemployment in the euro area stood at 8.7%, its lowest level since January 2009. Employment creation is expected to continue and unemployment rates are set to decline further. We will give updated

figures in May.

In spite of higher energy prices, euro area inflation remained at 1.4% in the fourth quarter of 2017 and started 2018 even a notch lower. Temporary factors related to energy prices are however set to maintain headline inflation above core inflation during most of 2018. After 1.5% in 2017 as a whole, inflation is forecast to remain stable in 2018 before edging up to 1.6% in 2019. In 2019, with above-trend growth, the diminishing slack in the labour market should lift domestic price pressures, resulting in a gradual increase in euro area inflation to 1.6%.

Now the risks. Upside risks dominate in the near term clearly. Risks to the outlook for GDP and inflation remain broadly balanced. In the near term, the strong sentiment could suggest that the strength of the expansion is still underestimated. Combined with demand and employment factors, this could push economic activity up even upper from what we forecast today. It could however also mean that capacity constraints start to constrain growth at an earlier stage than in our central scenario. So this balances near-term and just after, up and downside risks. Downside risks are mainly on the external side. They include the possible impact of US policies, the unknown impact of Brexit, political uncertainty and geopolitical tensions. At the same time, asset price valuations appear vulnerable to a re-assessment of investors' sentiment, interest rates expectations, and fundamentals. The sharp downward movements in global equity markets in the past days have shown how abrupt and large such movements can be, with implications on the financial wealth of households, companies' financing costs, and economic uncertainty. Abrupt financial market corrections could thus constitute downside risks for the real economy, which we cannot measure for today.

In conclusion, Europe's economy has entered 2018 in robust health. The euro area is enjoying growth rates not seen since before the financial crisis. Unemployment and deficits, even if I didn't touch upon them, continue to fall and investment is at last rising in a meaningful way. Economic growth is also more balanced than it was a decade ago – and provided we pursue smart structural reforms and responsible fiscal policies, we believe both must be pursued, it can also be more durable.

And now, I am ready to take your questions.

Prime Minister's non-answer can only infer our NHS is indeed for sale under the Conservatives

At PMQs today, I asked the Prime Minister to **confirm that the NHS would not be up for sale in any US trade deal negotiations.**

Theresa May failed to give such a guarantee.

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