

Daily News 06 / 08 / 2018

Record EU Civil Protection operation helps Sweden fight forest fires

Over 360 fire-fighting personnel, 7 planes, 6 helicopters and 67 vehicles were mobilised through the [European Civil Protection Mechanism](#) in the past three weeks, to assist Sweden in combating the unprecedented forest fires. This is the largest European Civil Protection operation for forest fires in the last decade and the single biggest operation on forest fires in terms of deployment of staff. The operation included 815 flying hours and 8 822 drops of water. Commissioner for Humanitarian Aid and Crisis Management, **Christos Stylianides** currently visiting Sweden, said: *“Once again, Member States showed tangible European solidarity through the Civil Protection Mechanism. The devastating forest fires in Sweden have highlighted once again the impact of climate change and that we are facing a new reality. I deeply thank all Member States for their assistance and solidarity. Now is the time to collectively learn from these tragedies, and strive to strengthen Europe’s Civil Protection Mechanism, so that we are collectively better prepared and stronger in responding to multiple disasters across the continent.”* During the visit to Sweden, Commissioner Stylianides is traveling – along with Sweden’s Minister for Justice and Home Affairs, Mr. Morgan Johansson – to the areas mostly affected by the forest fires. He will meet some of the fire-fighters mobilised via the EU Civil Protection Mechanism, who have worked tirelessly for the past three weeks. The [press release](#) is available online. (For more information: Carlos Martin Ruiz de Gordejuela – Tel.: +32 229 65322; Christina Wunder – Tel.: +32 229 92256)

First EU-China investment fund backed by the Juncker Plan raises €600 million for mid-sized companies

Cathay Capital has raised an initial €600 million for its fund Cathay Midcap II, which targets €1.2 billion to finance mid-cap companies. The fund is backed by the European Investment Fund under the Juncker Plan’s European Fund for Strategic Investments (EFSI), as well as the China Development Bank, French national promotional bank Bpifrance, China’s Silk Road Fund, sovereign funds, institutional and other private investors. It is the first fund to be set up under the [China-EU Co-investment Fund \(CECIF\) programme](#), which was established by the EIF and SRF with the aim of developing synergies between the Belt and Road Initiative and the Juncker Plan. At the [EU-China Summit](#) in Beijing in July, the EIF and the SRF signed a Memorandum of Understanding to confirm this first co-investment. The fund will support mid-cap companies with high growth potential in Europe and China, in areas such as healthcare, high-end industries, consumer goods and business services. Jyrki **Katainen**, Commission Vice-President responsible for Jobs, Growth, Investment and Competitiveness, said: *“We have been working towards this moment since we set up the EU-China working group in 2015 in Beijing. I am very pleased that we are now seeing the fruits of that labour and that the Cathay Midcap fund will finance European and Chinese high potential mid-cap businesses in strategically important sectors. This is a very good example of how private and public investors can work together.”* (Full press release can be

found [here](#). For more information: Christian Spahr – Tel.: +32 229 50055; Siobhán Millbright – Tel.: +32 229 57361)

Security Union: Commission increases support for Spain to fight terrorism with an additional €4.2 million

The Commission has awarded an extra €4.2 million in emergency assistance under the Internal Security Fund (ISF – Police) to support Spain's efforts to fight terrorism and organised crime. The additional funding will contribute to the purchase of equipment and technology to protect public spaces as well as to fight online crime. With this extra funding, the overall emergency assistance awarded to Spain since July to address migratory and security challenges amounts to €32.6 million. This financial assistance comes on top of €691.7 million allocated to Spain under the Asylum, Migration and Integration Fund (AMIF) and the Internal Security Fund (ISF) national programme for 2014-2020. (For more information: Tove Ernst – Tel.: +32 229 86764; Katarzyna Kolanko – Tel.: +32 299 63444)

Migration: A decrease of 15% in asylum applications lodged in the first half of 2018

New figures published today by the European Asylum Support Office (EASO) show a slight decrease in the number of asylum applications made in the EU in 2018. In the first half of 2018, some 301,390 applications were lodged in the EU Member States, Norway and Switzerland, a 15% decrease when compared with the first half of 2017. During the month of June 1,600 fewer applications were made when compared with the figures in May. Today's figures show that the overall trends remain stable and there is a continuing decrease in the number of asylum applications made in the EU, following a 43% drop in 2017. More information can be found in the [press release](#) online. (For more information: Tove Ernst – Tel.: +32 229 86764; Kasia Kolanko – Tel.: +32 229 63444)

Mergers: Commission clears the joint acquisition of Eagleview by Clearlake and Vista

The European Commission has approved, under the EU Merger Regulation, the acquisition of joint control over Eagleview by Clearlake and Vista, all of the US. Eagleview is a provider of aerial imagery, 3-D measurement software, data analytics, and geographic information system ("GIS") solutions for a wide range of users including governments, property and casualty insurance companies and residential contractors. Clearlake is a private investment fund. Vista is a private equity firm focused on investments in software, data and technology-enabled businesses. The Commission concluded that the proposed acquisition would raise no competition concerns since Eagleview has negligible actual or foreseen activities in the European Economic Area. The transaction was examined under the simplified merger review procedure. More information is available on the Commission's [competition](#) website, in the public [case register](#) under the case number [M.9033](#). (For more information: Ricardo Cardoso – Tel.: +32 229 80100; Giulia Astuti – Tel.: +32 229 55344)

Mergers: Commission clears acquisition of Reifen Krieg Group by Bain Capital Investors

The European Commission has approved under the EU Merger Regulation the acquisition by Bain Capital Investors LLC of the US of Reifen Krieg GmbH, Secura Reifenservice GmbH, Reifen24 AG, Moti Reifen GmbH, SW Reifenhandel GmbH, Komplettradlager.de GmbH, Duro Reifenservice GmbH, and MUTAVI-Solutions GmbH (together "Reifen Krieg Group") of Germany. Reifen Krieg Group is primarily active in the wholesale supply of replacement tyres in Germany. Bain Capital is a private equity investment firm and two of its portfolio companies, European FinTyre Distribution Limited and Autodistribution Group, are also active in the wholesale and retail supply of replacement tyres and other automotive spare parts. The companies' activities overlap only in the wholesale supply of replacement tyres in Germany. The Commission found that, in this market, the companies' combined market position would be moderate and a significant number of competitors, including large vertically integrated groups, would continue to exert competitive pressure on the combined entity post-transaction. The Commission therefore concluded that the proposed acquisition would not raise competition concerns. More information is available on the Commission's [competition](#) website, in the public [case register](#) under the case number [M.9000](#). *(For more information: Ricardo Cardoso – Tel.: +32 229 80100; Giulia Astuti – Tel: +32 229 55344)*

Mergers: Commission clears acquisition of two real estate joint ventures by OMERS, DV4, QIA and ABP

The European Commission has approved under the EU Merger Regulation the acquisition of two real estate joint ventures, E1EV LLPs and E2LG LLPs, based in the UK by Oxford Jersey Holding Company Limited ("Oxford") of Jersey, DV4 Limited of the British Virgin Islands, Qatari Diar Real Estate Investment Company Q.P.S.C. ("QDREIC") of Qatar and Stichting Depository APG Strategic Real Estate Pool ("APG") of the Netherlands. E1EV LLPs and E2LG LLPs are two joint ventures managing and developing a portfolio of residential and retail real estate assets in the UK, notably in London (Tribeca Square LLP, East Village London LLP, Elephant and Castle LLP), Glasgow (Merchant City LLP) and Leeds (Holbeck Quarter LLP). Oxford is part of the wider OMERS Administration Corporation of Canada, which manages a diversified global portfolio of stocks and bonds as well as real estate, private equity and infrastructure investments. DV4 is a real estate investment fund. QDREIC is a real estate investment and development company, wholly owned by QIA, the sovereign investment fund of the State of Qatar. APG is a depository for an investment fund whose ultimate beneficial owner is Stichting Pensioenfond ABP ("ABP"), a pension administration organisation specialised in the field of collective pensions in the public sector. The Commission concluded that the proposed acquisition would raise no competition concerns, given the limited horizontal overlaps and the limited vertical relationships between the companies' activities. The transaction was examined under the simplified merger review procedure. More information is available on the Commission's [competition](#) website, in the public [case register](#) under the case number [M.8786](#). *(For more information: Ricardo Cardoso – Tel.: +32 229 80100; Giulia Astuti – Tel: +32 229 55344)*

ANNOUNCEMENTS

High Representative/Vice-President Federica Mogherini on official visit to New Zealand and Australia

High Representative/Vice-President Federica Mogherini will on 7 and 8 August travel to Wellington and Sydney for her first visits to New Zealand and Australia in her current role. Both visits will provide an opportunity for the High Representative/Vice-President to take stock of the excellent state of EU-New Zealand and EU-Australia relations respectively, to address ways in which the bilateral relationships can be enhanced, as well as to increase the joint work to tackle global challenges, including through multilateral fora. In New Zealand, Federica Mogherini will meet with Prime Minister Jacinda Ardern and Minister of Defence Ron Mark. She will also meet with Minister of Foreign Affairs Winston Peters, with whom she speak to the press. The European Union and New Zealand launched [negotiations for a comprehensive and ambitious trade agreement](#) on 21 June 2018. Federica Mogherini will travel to Sydney one year after the EU and Australia [signed a Framework Agreement to deepen cooperation](#). In Sydney, Federica Mogherini will hold a joint press conference with her Australian counterpart, Foreign Minister Julie Bishop, after their extensive bilateral meeting, and will also meet the Governor-General of Australia, Sir Peter Cosgrove, to take stock of the excellent state of EU-Australia bilateral relations, as well as the joint work to tackle regional and global challenges. High Representative/Vice-President Mogherini will also address the European Australian Business Council, just over one month after the [launch of negotiations](#) for an EU-Australia trade agreement. The visit comes off the back of the High Representative's visits to Singapore and the Republic of Korea, on which topic press material is available [online](#). Coverage of all parts of the visit will be provided by [EBS](#). Visit the websites of the respective EU Delegations for more information on EU relations with [New Zealand](#) and [Australia](#). (For more information: Maja Kocijančič – Tel.: +32 229 86570; Judith Hebekeuser – Tel.: +32 229 52656)

[Upcoming events](#) of the European Commission (ex-Top News)

[ESMA updates equity derivatives, equity and equity-like instruments' transitional transparency calculations for MiFID II/ MiFIR](#)

The update relates to the transitional transparency calculations for:

- equity derivatives ([equity derivatives I](#)) ;
- equity and equity-like instruments ([TTC](#)); and
- [tick size band assessment](#).

Further information can be found in section E of the [FAQ document](#). Trading venues are expected to apply the new results from 13 August 2018.

Colombia: EIB finances first line of Bogotá Metro with USD 480 million loan

- **Project also supported by IDB and IBRD to the tune of USD 600 million each**
- **New 24 km-long raised metro line will enter into service in 2026**

The European Investment Bank (EIB), Inter-American Development Bank (IDB) and International Bank for Reconstruction and Development (IBRD), part of the World Bank Group, today signed financing agreements with Empresa Metro de Bogotá to support a flagship investment project that will transform Bogotá: the construction of the capital's first metro line. The project will cost a total of USD 4.3 billion and be partly financed by a USD 480 million loan from the EU bank and contributions of USD 600 million each from the IDB and IBRD.

This is the first public sector project financed by the EIB in Colombia. The USD 56 million granted by the EU bank to Empresa Metro de Bogotá with the guarantee of the Republic of Colombia today represents the first instalment of a total loan of USD 480 million approved by the EIB to support the development of this project.

The new Bogotá metro will run on raised track to avoid earthquake risks along 24 km through the so-called Caracas Corridor located in the south-west of the capital where public transport demand is highest. The project will include the construction of 15 stations and acquisition of 23 trains each able to carry 1,800 passengers.

The project forms part of Bogotá's 2016-2019 Municipal Development Plan and includes other schemes to improve public transport in the city such as upgrading the public bus system to link it to the new metro and building 14 kilometres of new cycle paths.

The EIB is granting this loan under its Climate Action and Environment Facility (CAEF) with the aim of fostering climate change mitigation by promoting the use of public transport and helping to reduce pollutant emissions. The new metro line will also boost economic growth by generating

new business opportunities, making it easier for workers to travel into the city centre and contributing to job creation.

EIB Vice-President Emma Navarro said about this project: *“For the first time, the EU bank is financing a project in the public sector in Colombia, supporting a large-scale piece of infrastructure that will have major economic and social benefits for the people. This project will foster climate action by helping to reduce pollutant emissions. We are therefore delighted to be taking part in a project that will transform Bogotá, meet all of the EU’s top priorities in the region and promote social inclusion and economic growth in Colombia”.*

Climate action and public transport

The EIB is the institution that provides most finance for climate action projects in the world. Last year it devoted EUR 19.4 billion to this goal, representing 28% of its activity. Part of this funding focused on promoting cleaner modes of transport and especially on supporting [metro networks](#) in various cities around the world.

The EIB in Latin America

The European Union is the main partner for the development of the Latin America region, its number one investor and second biggest trade partner. The EIB, as the EU bank, provides material support for projects in Latin America by facilitating long-term investment on favourable terms and by providing the technical support needed to ensure that these projects deliver positive social, economic and environmental results.

Since the EIB began operating in Latin America in 1993, it has provided total financing of EUR 8.0 billion to support 108 projects in 14 countries in the region. In 2017, the EU bank granted loans worth EUR 631 million in Latin America, enabling the development of eight projects in Bolivia, Nicaragua, Paraguay, Mexico, Argentina, Panama and Peru, in a variety of areas including renewable energy, sustainable transport, water and sanitation facilities, with a strong focus on climate action, as well as support for small businesses.

[ECB seeks feedback on draft ECB Regulation on money market statistics](#)



EUROPEAN CENTRAL BANK
EUROSYSTEM

PRESS RELEASE

6 August 2018

- Amending Regulation aims to simplify reporting scheme and improve quality of euro money market statistics reported to European System of Central Banks (ESCB)
- ECB asks for feedback by 10 September 2018

The European Central Bank (ECB) has been collecting data on the [euro money market](#) since 1 July 2016 on the basis of Regulation ECB/2014/48 concerning statistics on the money markets: the Money Market Statistical Reporting (MMSR) Regulation. Since then, detailed data have been reported by the largest euro area banks on transactions denominated in euro in the unsecured, secured, foreign exchange swap and overnight index swap (OIS) money market segments.

In order to improve its money market statistics, the ECB is today publishing a [draft Regulation amending Regulation ECB/2014/48](#) (the MMSR Regulation).

The amending Regulation will guarantee that transactions with all financial counterparties are covered under the MMSR Regulation. It will also further support the reporting of the Legal Entity Identifier (LEI) of counterparties, when one is available, to ensure that the data collection benefits from the extended mandatory use of the LEI in reporting in the Union. Moreover, it will firm up the obligations of reporting agents to meet high standards designed to protect the integrity of the information. The draft Regulation also specifies that the data collected may be used for the development and administration of an unsecured overnight interest rate.

Feedback on the draft Regulation can be submitted until 10 September 2018. The ECB will consider the comments received when finalising the Regulation and publish a feedback statement. Key documents – the draft Regulation and an

explanatory memorandum – are available on the [ECB's website](#) as background information.

For media queries, please contact Silvia Margiocco, tel.: +49 69 1344 6619.

Notes:

Money market statistical reporting is governed by Regulation (EU) No 1333/2014 of the European Central Bank of 26 November 2014 concerning statistics on the money markets (ECB/2014/48) (OJ L 359, 16.12.2014, p. 97).

Related information

[Media contacts](#)

[Sabine Lautenschläger: Interview with Welt am Sonntag](#)

15 September marks the tenth anniversary of the collapse of the US investment bank Lehman Brothers. You were then the chief banking supervisor at the Federal Financial Supervisory Authority (BaFin). Do you remember that day?

Yes, I can remember it vividly. I was in the BaFin that weekend and participated in the crisis calls with the international supervisors. I saw at first hand how things came to a head that weekend. In the night from Sunday to Monday, the US colleagues decided not to rescue Lehman. Three of us were holding the fort at the BaFin that night.

Were you immediately aware of the magnitude of what was happening?

We knew that the collapse of such a bank would not leave the financial world unscathed. Nonetheless, we all underestimated the severity of the fallout. Nobody foresaw a crisis of confidence that would bring whole markets to a standstill.

Would Lehman still be possible today?

I would never say that there will never be another crisis. But there's no doubt that institutions and supervisors are now better prepared. Banks hold much more capital and liquidity. Their risk management and corporate governance are better too, albeit not yet good enough at every institution.

One theory has it that the financial crisis would not have unfolded as it did if more women had been on the banks' boards. Is there some truth in that?

I don't know about that – but there is good reason to believe that mixed teams come up with better results. Unfortunately, women are still under-represented at board level.

Not in supervision though.

There have always been more women in supervision. But I would resist any attempt to attribute certain behaviours solely to gender. People at the top need to have qualities such as assertiveness and decisiveness – that goes for men and women. And that applies in supervision too.

For example?

As a supervisor I have to state unpleasant truths and take tough decisions; I have to fight my corner time and time again. And that leaves its mark. People are shaped by their profession.

How do you react to the criticism that supervision has become too strong – and is partly why European banks are so weak compared with their US peers.

Do you think that's true?

The profitable US banks are in any case leaving European banks further behind.

I find that idea quite amusing. Conversely, it means that the weaker the supervision, the stronger the banks. The truth is that strict supervision leads to strong banks. Institutions become more resilient when supervisors require them to hold adequate capital to cover their risks and insist on sufficient liquidity and better risk management.

The US institutions received comprehensive state aid during the crisis. And now the United States is even rolling back regulation. Both of these represent a disadvantage for domestic banks.

Up to now, the US authorities have generally only revoked rules that went beyond international standards. But you do have a point. It's important that large international institutions meet the same standards, particularly in trading. That is why we need to have the new Basel rules implemented in all major financial centres. Moreover, let's not forget that the United States managed to quickly return to a growth path. That has of course been of great benefit to the US banking system too. We were much slower in that regard, also in tackling structural problems.

One outcome of the financial crisis was the ECB's controversial asset purchase programme. The Governing Council has indeed decided to stop purchases, but only very slowly. Meanwhile German social security funds have been suffering enormously from the negative interest rates for a long time. Shouldn't you be moving more quickly?

Ending the asset purchase programme is a major first step. But I agree that the side-effects of an extraordinarily loose monetary policy increase over time and I have pointed that out repeatedly. But after pursuing such an

expansionary monetary policy, it would be wrong to now move abruptly in the other direction. That wouldn't help either the economy or price stability.

But rather?

I am very much in favour of normalising monetary policy. That implies that we should gradually increase interest rates again. However, we can only do that if we are on a sustainable path towards price stability. Moreover, we should not forget that the social security funds would be in a much weaker financial position today if economic growth had been held back by very tight monetary policy and higher unemployment. And German savers too sometimes forget that they can only save if they have a job. The trick therefore is to move steadily towards the exit without disrupting growth.

Non-performing loans are another problem. There are in fact new rules for reducing them. Compared with the ECB's earlier plans, the compromise appears very half-hearted.

Objection. The rules are definitely not half-hearted. Uniform expectations have been specified for future non-performing loans (NPLs) and each bank will receive clear and ambitious supervisory targets for the stock of existing NPLs. We need to bear in mind that the starting level of NPL stock differs across banks.

Nevertheless, a single currency area needs uniform rules.

That's exactly what there is now. We have found a yardstick for all loans which become non-performing. And not only for newly arranged loans, but also for existing loans which will cease to be serviced in the future. I considered that to be very important because it prevents institutions from deferring too many loan loss provisions.

You don't seem to be really satisfied with the outcome.

I think the concept is good. However, in some respects I would have liked to be somewhat more ambitious.

Have the plans failed because of Italy?

The agreement now reached is a decision taken by the ECB's Supervisory Board, in which 25 supervisors find a common position. The outcome is a very good package, all in all.

Institutions with long transition periods could be treated leniently.

Don't worry, we are tough. It's not our job as supervisor to prevent banks from leaving the market. In other words, we aren't here to ensure the survival of each bank. We are here to react promptly to risks. And also to recognise when a bank is indeed no longer viable and has to be resolved.

How can it be then that a bank such as Monte dei Paschi is still viable as far as the ECB is concerned?

I cannot talk about individual institutions. In principle of course, banks hit by a crisis should also be given a new chance to become viable through appropriate measures, such as a capital injection or a change in the business model.

Are national champions still important?

I would like to see more euro area champions.

Companies in Germany have good credit lines, but banks hardly earn anything from their lending activities.

Competition is indeed fierce. Too much competition can also bring disadvantages.

What can we do about that?

Supervisors have to work with the existing banking market. Consolidation is primarily a matter for the market. What's more, customers need to realise that they have to pay for good services.

Listening to you, that all sounds great. Is there anything that keeps you awake at night?

I always sleep very well. That's probably one of my strengths [laughs]. But to be serious, what I really do worry about is the threat of deregulation. Not only in the United States, but also in Europe.

Domestic banks haven't noticed this yet.

That may be, but I see a clear movement in that direction in current proposals to change European legislation. Attitudes towards strong supervision are no longer so positive. After the financial crisis, politicians reinforced the supervisory function and gave it tools to pre-empt looming risks. Prior to that, supervisors were often unable to react until the damage had been done. We need to watch out for the pendulum swinging back.

Where do you see signs of that?

There are some proposals for the Capital Requirements Directive that I am concerned about. It may become more difficult for supervisors to require more capital for certain risks. This would weaken the supervisory tools.

Danièle Nouy's term as Chair of ECB Banking Supervision finishes at the end of the year. Could you imagine taking her place?

I have a great passion for banking supervision, and it will be a turning point for me when I stop doing it. But I am convinced that job rotation is good, at all levels. It would be wrong to exclude the Chair and Vice-Chair from this. A fresh perspective is also important in banking supervision.

And for you personally?

My ECB Executive Board mandate will then still have three years to run. I will take on new tasks there in early 2019. I won't get bored.

For example, what about heading the Bundesbank, a position which is likely to change next year?

I'm not giving that any thought at present.