# Vice-President Dombrovskis' opening speech at the Economist's 22nd Roundtable with the Government of Greece

Ladies and Gentlemen,

Thank you for inviting me to set the scene at today's conference.

This year's Economist's roundtable comes at a crucial moment both for Greece and for Europe.

Two events are on my mind:

First, Greece is on the last mile towards a successful completion of its stability support programme. Great efforts and an incredible amount of work are on-going, ahead of the next Eurogroup to reach an overarching deal.

Greece is nearing the end of a very long journey – an 'Odyssey', you might call it. Greece has gone through trials and tribulations, faced adversity and difficult tasks and, not least of all: resisted temptation.

In this story, the victory belongs to the people of Greece who, I know, have endured hardship, but have also shown perseverance and resourcefulness.

Second, later in June, the Heads of State and Governments are expected to take decisions on the completion of our Economic and Monetary Union.

We have had three years of intensive discussions on completing Europe's Economic and Monetary Union. It is time to decide and live up to our commitments.

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Ladies and gentlemen,

The economic context is good:

Last year Europe grew at its fastest pace in a decade, faster than the US. The growth is set to continue at a robust but slightly slower pace this year and next. Employment is at a record high, investment recovering, public finances improving.

However, we see new risks looming at the horizon, related to trade protectionism and volatility in global financial markets. Seeing the events of the G7 Summit unfold last weekend, we realise that the European Union needs to be united, stand up for a rules-based multilateral system but also be prepared for turbulences ahead.

No more excuses for inaction. These risks make it even more urgent to use the current good times to strengthen our growth fundamentals and enhance resilience, to be able to master challenges ahead.

The Comission has made several concrete proposals for that.

The Leaders' Agenda of the Heads of State and Governments recognised finalising the Banking Union and the reform of the European Stability Mechanism as priorities.

Progress is only viable if risk-reduction and risk-sharing go hand in hand.

We have made great strides in risk-reduction over the last years, combining new regulations, supervisory actions and reforms at the national level. The impact is visible.

For instance, the share of the Non-Performing Loans has been reduced on average by one third over the last three years. There are still large differences among countries, but good progress was made also by those with initially very high rates of NPLs, including Greece. Nevertheless Greece still has the highest level of non-performing loans in the European Union.

In March, we tabled further measures to improve conditions for Member States and banks to speed up the reduction of NPLs and to prevent their build-up in the future.

Two weeks ago the EU Member States reached a deal on our 2016 Banking Package, which introduces important internationally agreed prudential standards into EU rules.

On this basis, further progress on the risk-sharing side should also be possible.

In particular, we hope Member States will agree on a workable backstop for the Single Resolution Fund, to act as lender of last resort in case of a serious bank crisis. Merely by existing, the backstop would reinforce confidence in the banking system, thereby making itself less likely to be called on.

The outlines of the backstop are starting to take shape:

- it should have a sufficient size – about €60 billion – to be provided by the European Stability Mechanism.
- It should be permanent.
- And it should be able to provide significant funds with certainty at a short notice, so resolution can be completed over a weekend – or sometimes overnight – before markets open.

In addition, we should start political discussions on a European Deposit Insurance Scheme, which was part of the agreed 2016 roadmap to complete the Banking Union.

The Commission has also proposed to transform the European Stability

Mechanism into a European Monetary Fund within the EU legal framework. This would further strengthen its institutional anchoring and create synergies in terms of transparency, democratic accountability and efficiency. Member States have however preferred to keep the discussion in an intergovernmental setting so far.

We would also like to see more progress on the Capital Markets Union. This is crucial for diversifying the sources of financing for our companies and greater private risk-sharing across borders.

The paradox is that all parties seem to share this priority, especially in the light of the EU's largest financial centre – London – leaving the Single Market. But at the same time progress on the legislative proposals is insufficient.

The importance of taking even small steps forward should not be underestimated. As Homer said: 'A little rock holds back a great wave'.

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Ladies and Gentlemen,

Having well-performing and resilient economies is a matter of a common concern in the euro area. What happens in one country can affect another.

So we want to better support the Member States with the implementation of the reforms to make our economies more competitive, resilient and inclusive.

For this reason, the proposal for the next European Multi-annual Financial Framework reinforces the link between the EU budget and national policies.

We have proposed a new Reform Support Programme and a European Investment Stabilisation Function.

The two measures are complementary. By incentivising reforms at the national level and stabilising public investment during large asymmetric shocks, both instruments will reinforce the resilience of individual economies and the euro area as a whole. Responsibility and solidarity go hand in hand.

With €25 billion, the Reform Support Programme will offer financial incentives to Member States to carry out reforms. It will also offer technical support for the design and implementation of reforms in Member States, on their request.

The Reform Support Programmme will also offer financial and technical support for those Member States that have committeed to joining the euro and taking demonstrable steps towards euro area membership.

Now, on the European Investment Stabilisation Function. As we know, public investment is often first to be cut in the event of a crisis. This new instrument is designed to help Member States maintain their level of investment in the event of a significant downturn. We would offer back-to-back loans to maintain the on-going investments. These loans would be guaranteed by the EU budget of up to €30 billion and there would be grants to cover the related interest costs.

This instrument will be available to euro area and Exchange Rate Mechanism II countries. To be eligible Member States will have to comply with the fiscal rules under the Stability and Growth Pact and under the Macroeconomic Imbalances Procedure in the two years prior to the request.

We also want to continue support the Member States in their investment also 'in normal times'. Our priority is investment in sustainable infrastructure; research, innovation and digitisation; small and medium-sized businesses as well as social investment and investment in skills. We wish to build on the successful model of the Investment Plan for Europe by setting up a new InvestEU Programme.

The InvestEU would get €15.2 billion so that the EU budget can provide a €38 billion guarantee and thereby trigger more than €650 billion in additional investment over the years 2021 – 2027.

More broadly, our proposal for the next multiannual EU budget was a complicated balancing exercise given the withdrawal of the United Kingdom from the EU. It addresses the new challenges such as security, migration and climate change, which are best tackled at European level. Greece will continue to benefit strongly from the EU budget, for example, through a substantially increased cohesion allocation. Also, in relation to migration and security, areas of particular importance for Greece, we propose to substantially increase the funding.

Ladies and Gentlemen,

A number of European leaders and finance chiefs – not least President Macron and Chancellor Merkel – have set out their ideas on new instruments, ranging from a euro area budget to an investment budget, from stronger precautionary instruments to unemployment reinsurance.

And they are right to push this debate.

It shows a growing consensus that Europe needs new instruments to foster convergence, promote reforms, and support euro area Member States which are hit by asymmetric shocks leading to high unemployment.

But the debate also shows how challenging a proper design of such instruments is. This is a bit like squaring the circle. You want an effective convergence and stabilisation, but resources are scarce. You want to show solidarity without undermining sound policy incentives for Member States.

The Commission's proposals which I just outlined can show a pragmatic way forward on this. I am very much looking forward to discussions in the coming weeks.

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Ladies and Gentlemen,

In the last years, under the three successive programmes, Greece has undertaken unprecedented reform efforts to meet its challenges.

These efforts have been supported by unparalleled solidarity from the European partners.

The Greek economy, society and state underwent profound changes to regain macroeconomic stability, enhance competitiveness and growth and to modernise the state and its administration.

We stood and will stand by Greece.

Beyond the financial stability support, the Commission introduced in 2015 'The New Start for Jobs and Growth'. This mobilises up to €35 billion of EU funds until 2020. To date Greece has received almost €16 billion.

Greece also ranks first in the European Union in terms of total expected investment under the European Fund for Strategic Investments, compared to its GDP – €2.6 billion under EFSI is set to trigger €10 billion in additional investments.

Greece benefitted also from technical support for the design and implementation of reforms. The Commission's Structural Reform Support Service coordinated over 100 projects covering almost all reform areas under the stability support programme. The support was instrumental, for example, in setting up the new Independent Authority for Public Revenue or putting in place the first system of basic protection against extreme poverty – the Social Solidarity Income.

Yesterday, the Commission has decided on the implementation of a further 32 projects and we are very much looking forward to our continuous good cooperation with our Greek counterparts.

The reforms in Greece are bearing fruit.

The Greek economy expands – real GDP growth in 2017 was 1.4% and it is projected to be about 2% this year. Employment is set to grow and the unemployment rate to fall gradually. Investment has started to recover, in particular in sectors that have been reformed recently.

Greece is also one of the eight euro area Member States that are projected to have a budget surplus in 2018. We see some fiscal space emerging over time. Of course, details regarding the use of this fiscal space will need to be discussed, but this is a positive development.

Two months from now, Greece will complete its programme. It will be a delicate, yet perfectly doable exercise, provided that all parties show commitment and act responsibly. Actually, we are working to reaching an overall agreement in Eurogroup in one week from today.

There are three crucial elements.

First, we need a successful completion of the fourth review. As we speak, the

Greek Parliament is debating the prior actions, which will be put to vote later today.

Second, there needs to be an agreement on the debt measures. Upfront debt measures would be important for ensuring Greece’s gradual return to the markets.

Third, there needs to be an agreement on the post-programme framework. To ensure sustained growth, Greece needs to stay the course of reforms.

This includes adherence to the agreed post-programme fiscal trajectory with 3.5% of GDP primary surplus targets until 2022. Afterwards, these are expected to decline to a steady state of at least 2% of GDP. Given the high level of public debt, the room for manouever is limited.

Looking forward, the issue is how to ensure robust and sustainable economic growth and ever higher standards of living and social protection for the Greek citizens.

There are three elements that I consider of particular importance in that respect:

- The first one is financial and macroeconomic stability.

This means responsible fiscal, economic and financial policies that minimise the vulnerability to external or domestically-generated shocks.

This also means strong financial institutions to finance the real economy.

- The second element is economic resilience and investment.

This requires an efficient state and strong institutions, including justice system, to ensure a favourable and predictable business environment. Innovation, education and skills must be a priority.

- The third element is fairness.

The benefits of growth need to reach all our citizens, and all our citizens need to be empowered to harness the opportunities over the course of their entire career span. Intergenerational fairness must also be preserved. Access to modern and sustainable social protection system should be ensured.

Ladies and Gentlemen,

Let us learn the lessons from the efforts and experience of the past decade. Let us show through our decisions in coming weeks that we are not only ‘older’, but also ‘wiser’.

Let us build a strong Greece at the heart of a strong Europe.

# Europe leads the global clean energy transition: Commission welcomes ambitious agreement on further renewable energy development in the EU

An ambitious political agreement on increasing renewable energy use in Europe was reached today between negotiators from the Commission, the European Parliament and the Council. Today's deal means that two out of the 8 legislative proposals in the Clean Energy for All Europeans package (adopted by the European Commission on 30 November 2016) have been already agreed by the co-legislators. On 14 May, the first element of the package, the Energy Performance in Buildings Directive, was adopted. Thus, progress and momentum towards completing the Energy Union is well under way and the work started by the Juncker Commission, under the priority "a resilient Energy Union and a forward-looking climate change policy" is delivering its promises.

The new regulatory framework includes a binding renewable energy target for the EU for 2030 of 32% with an upwards revision clause by 2023**.**Thiswill greatly contribute to the Commission's political priority as expressed by President Juncker in 2014 for the European Union to become the world number one in renewables. This will allow Europe to keep its leadership role in the fight against climate change, in the clean energy transition and in meeting the goals set by the Paris Agreement. The rules agreed today serve also to create an enabling environment to accelerate public and private investment in innovation and modernisation in all key sectors. We are making this transition to a modern and clean economy taking into account the differences in the energy mix and economic structures across the EU. Beyond updating and strengthening our energy and climate legislation, the EU aims at developing enabling measures that will stimulate investment, create jobs, improve the skills of people, empower and innovate industries and ensure that no citizen, worker or region is left behind in this process.

Commissioner for Climate Action and Energy Miguel **Arias Cañete** said: *"Renewables are good for Europe, and today, Europe is good at renewables. This deal is a hard-won victory in our efforts to unlock the true potential of Europe's clean energy transition. This new ambition will help us meet our Paris Agreement goals and will translate into more jobs, lower energy bills for consumers and less energy imports. I am particularly pleased with the new European target of 32%. The binding nature of the target will also provide additional certainty to the investors. I now call on the European Parliament and the Council to continue negotiating with the same commitment and complete the rest of the proposals of the Clean Energy for All Europeans Package. This will put us on the right path towards the Long-Term Strategy that the Commission intends to present by the end of this year".*

**Main achievements:**

- Sets a new, binding, renewable energy target for the EU for 2030 of 32%, including a review clause by 2023 for an upward revision of the EU level target.
- Improves the design and stability of support schemes for renewables.
- Delivers real streamlining and reduction of administrative procedures.
- Establishes a clear and stable regulatory framework on self-consumption.
- Increases the level of ambition for the transport and heating/cooling sectors.
- Improves the sustainability of the use of bioenergy.

**Next steps**

Following this political agreement, the text of the Directive will have to be formally approved by the European Parliament and the Council. Once endorsed by both co-legislators in the coming months, the updated Renewable energy Directive will be published in the Official Journal of the Union and will enter into force 20 days after publication. Member States will have to transpose the new elements of the Directive into national law 18 months after its entry into force.

**Background**

The Renewable Energy Directive is part and parcel of the implementation of the Juncker Commission priorities to build “a resilient Energy Union and a forward-looking climate change policy”. The Commission wants the EU to lead the clean energy transition. For this reason the EU has committed to cut CO2 emissions by at least 40% by 2030, while modernising the EU’s economy and delivering on jobs and growth for all European citizens. In doing so, the Commission is guided by three main goals: putting energy efficiency first, achieving global leadership in renewable energies and providing a fair deal for consumers. By boosting renewable energy, which can be produced from a wide variety of sources including wind, solar, hydro, tidal, geothermal, and biomass, the EU lowers its dependence on imported fossil fuels and makes its energy production more sustainable. The renewable energy industry also drives technological innovation and employment across Europe.

The EU has already adopted a number of measures to foster renewable energy in Europe. They include:

- The EU’s Renewable energy directive from 2009 set a binding target of 20% final energy consumption from renewable sources by 2020. To achieve this, EU countries have committed to reaching their own national renewables targets. They are also each required to have at least 10% of their transport fuels come from renewable sources by 2020.
- All EU countries have adopted national renewable energy action plans

showing what actions they intend to take to meet their renewables targets.

As renewables will continue to play a key role in helping the EU meet its energy needs beyond 2020, Commission presented on 30 November 2016, as part of the Clean Energy for All Europeans, package, its proposal for a **revised Renewable Energy Directive**.

**More information**

Renewable energy

Energy Union

Investment Plan for Europe: the Juncker Plan

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# EU Agencies against Trafficking in Human Beings

On 13 June, the Head of eu-LISA as well as his counterparts in EASO, Europol, EMCDDA, Eurojust, EIGE, Frontex, FRA, CEPOL and Eurofound signed a Joint Statement to strengthen their commitment to a coordinated, coherent and comprehensive response to trafficking in human beings.

In line with Commission policy priorities, and as a key deliverable of the Commission Communication of 4 December 2017 on trafficking in human beings, the ten EU Agencies commit in the Joint Statement to continue assisting EU Member States in implementing the EU Anti-trafficking Directive, stepping up the focus on prevention in addressing the whole trafficking chain and countering the culture of impunity for perpetrators, abusers and exploiters; improve victims’ access to their rights, adopting a gender specific and child sensitive approach, and to intensify coordination efforts, information sharing and training. This strengthened commitment, which is built on the work conducted since the signing of the first Joint Statement in 2011; will deepen the multidisciplinary approach to trafficking in human beings.

The signing event took place in the context of the EU Anti-Trafficking Coordinator’s mandate and in the presence of the EU Network of National Rapporteurs and Equivalent Mechanisms on trafficking in human beings.

Building on the synergies created since back in 2011, the Joint Statement is a key concrete action set forth by the December 2017 [Commission Communication stepping up action to address trafficking in human beings], under Priority C – Intensify a coordinated and consolidated response, both within and outside the EU.

The full press release as well as the Joint Statement are available here:

https://ec.europa.eu/anti-trafficking/eu-policy/heads-ten-eu-agencies-commit-working-together-against-trafficking-human-beings_en

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# EU budget: Making the EU fit for its role as strong global actor

The external action budget will be the EU's main tool to support its partner countries in their political and economic transformations towards sustainable development, stability, consolidation of democracy, socio-economic development and the eradication of poverty. It will also allow the EU to continue to provide humanitarian assistance all over the world. As regards the EU's neighbourhood, this will also be the tool to help the neighbourhood countries in their economic approximation to the EU's Single Market.

High Representative/Vice-President, Federica **Mogherini**, said: *"We propose a budget for the external action of the European Union of €123 billion for the next seven years: an increase of 30% that is an unprecedented investment in our global role. More resources for more action as a reliable, predictable, cooperative global player – exactly what our citizens and our partners expect in these troubled times. It is recognition of the added value of the EU work on foreign policy. Together we can have an impact that no Member State alone can have in today's world."*

Commissioner for European Neighbourhood Policy and Enlargement Negotiations, Johannes **Hahn**, highlighted: *"The increased and reformed budget will allow us to continue working with those countries that are engaged to join the EU, as well as maintaining our special relationship with our Eastern and Southern neighbours. This will support our strategic goal to achieve a space of stability, security and prosperity close to the EU's borders.*"

Commissioner for International Cooperation and Development Neven **Mimica** added: *"The EU is a key promoter of the UN 2030 Agenda and its Sustainable Development Goals. Our proposals set out the financial basis for the EU to maintain its role as the leading development actor, assisting our partners to eradicate poverty and respond to global challenges, while ensuring we leave no one behind."*

Commissioner for Humanitarian Aid and Crisis Management Christos **Stylianides**, said*: "As humanitarian emergencies in the world are increasing every year and becoming more complex, the EU is reinforcing its leading role as a major humanitarian aid provider. With an increased budget, we will continue showing solidarity with millions of people in need."*

Key elements of the new external budget proposal:

- **Increased funding**: The funding will increase from €94.5 billion in the period 2014-2020 to €123 billion from 2021-2027, up by 30%.
- **Simplification**: The Commission proposes to reduce the number of instruments, as well as to integrate the European Development Fund into the EU budget. This will allow for more coherence and a clearer focus on

political objectives and engagements with partners, in line with the EU's values and priorities.
- **Flexibility**: The new budget structure will allow the use and re-use of unutilised funds on a multi-annual basis. This will enable the EU to better respond to changing circumstances in line with its priorities of eradicating poverty, promoting sustainable development, prosperity, peace and stability.
- **Increased transparency and democratic scrutiny**: for example by incorporating the European Development Fund in the EU budget.

The new proposed instruments for EU external action:

- **Neighbourhood, Development and International Cooperation Instrument** (NDICI) with **€89.2 billion**: This new streamlined instrument will consist of three pillars: 1. A *geographic pillar,* with particular focus on the Neighbourhood area and Sub-Saharan Africa, will be considerably increased to jointly address global challenges such as human development including gender equality, climate change, environmental protection, migration and food security; 2. A *thematic pillar* which will complement the geographic pillar through support for human rights and democracy, civil society, stability and peace inasmuch as they have to be addressed at global level, as well as other global challenges that would not be covered under the geographic pillar; 3. A *rapid response pillar* which will allow the EU to swiftly respond to crises, as well as to support conflict prevention, strengthen the resilience of states, societies, communities and individuals, the linking of humanitarian aid and development action, as well as early action to address other foreign policy objectives.
- A new **European Instrument for Nuclear Safety**: With **€300 million**, this will complement the activities under the new streamlined instrument on the basis of the Euratom Treaty;
- The **Instrument for Pre-Accession Assistance** (IPA III): **€14.5 billion** will offer increased support to EU candidate countries and potential candidates on their path towards fulfilling the EU accession criteria through deep and comprehensive reforms;
- The **humanitarian aid instrument**: **€11 billion** will allow for EU assistance on a needs-basis in order to save and preserve lives, prevent and alleviate human suffering and safeguard the integrity and dignity of populations affected by natural disasters and man-made crises;
- The **Common Foreign and Security** budget, with **€3 billion**. This funding will be used to respond to external conflicts and crises, to build the capacity of partner countries and protect the EU and its citizens.
- Cooperation with **overseas countries and territories** including **Greenland**, with **€500 million**. This funding will support and strengthen the economic, political and cultural ties between the EU and the 13 overseas countries and territories linked to the EU Member States.
- The remaining amount of approximately €4.5 billion consists of the budgetary margin (€3.2 billion) and other budgetary items, such as macro-financial assistance grants, evaluation and audit measures or work related to international organisations and decentralised agencies.
- The Commission proposal includes an **investment framework for external**

**action** with an increased fire-power of **up to €60 billion**. Building on the successful experience of the EU's External Investment Plan, it will help to raise and leverage additional financial resources for sustainable development from the private sector.

- In addition, and outside the EU budget, the High Representative, with the support of the Commission, is proposing to establish a **European Peace Facility**, with **€10.5 billion**. The European Peace Facility will fund operational actions under the Common Foreign and Security Policy that have military or defence implications, and therefore cannot be financed under the EU's budget. It will strengthen the Union's ability to preserve peace, prevent conflicts and strengthen international security, in line with the Treaty on European Union and the purposes and principles of the United Nations Charter.

**Next steps**

A swift agreement by the European Parliament and the Council of the European Union on the overall long-term EU budget and its sectoral proposals, in order to ensure that EU funds deliver results on the ground as soon as possible.

Delays similar to the ones experienced at the beginning of the current 2014-2020 budgetary period could result in severe constraints to meet EU's international obligations and commitments towards partners.

An agreement on the next long-term budget in 2019 would provide for a seamless transition between the current long-term budget (2014-2020) and the new one and would ensure predictability and continuity of funding to the benefit of all.

**For More Information**

MEMO

Legal texts and factsheets on the Neighbourhood and the World

European Peace Facility

Further information on the EU budget for the future