Results of the March 2017 survey on credit terms and conditions in euro-denominated securities financing and over-the-counter derivatives markets (SESFOD)

PRESS RELEASE

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- Less favourable non-price terms for secured funding and for non-cleared OTC derivatives
- Worsened market liquidity for underlying collateral
- Less favourable credit terms than one year ago for most counterparty types

Survey respondents reported that credit terms offered to counterparties, both in the provision of finance collateralised by euro-denominated securities and in OTC derivatives markets, tightened for all counterparty types when comparing the three-month reference period from December 2016 to February 2017 with the previous three months. By and large, the tightening of non-price terms was as important as the tightening of price terms. Worsened market liquidity and functioning, the reduced availability of balance sheet or capital and increasing internal treasury charges for funding were the most frequently cited reasons why overall credit terms had become less favourable, in addition to the tightening of non-price credit terms due to the implementation of new regulatory requirements on margins for non-cleared OTC derivatives. Credit terms are expected to tighten further for all types of counterparty over the next three-month reference period between March and May 2017.

Regarding the provision of finance collateralised by euro-denominated securities, survey respondents indicated that credit terms such as the maximum amount and maximum maturity of funding decreased somewhat and that financing rates/spreads had increased for many collateral types, but particularly when government bonds were used as collateral. The liquidity and functioning of markets for the underlying collateral (as opposed to the securities financing market itself) deteriorated, on balance, for nearly all types of euro-denominated collateral, although the deterioration was most pronounced for government bonds.

Looking at patterns in credit terms over a longer horizon, compared with one year ago responses indicated less favourable overall credit terms for all types of counterparty except for banks and dealers. The tightening of credit terms was more pronounced with respect to non-price terms than for price terms. Also, overall credit terms for secured funding tightened year-on-year when government bonds, high-yield corporate bonds or equities were used as collateral. Survey respondents also reported less favourable non-price credit terms applied to OTC derivative counterparties relative to one year ago, in particular in the case of interest rate and foreign exchange derivatives.

The SESFOD survey is conducted four times a year and covers changes in credit terms and conditions over the three-month reference periods ending in February, May, August and November. The March 2017 survey collected qualitative information on changes between December 2016 and February 2017. The results are based on responses from a panel of 28 large banks, comprising 14 euro area banks and 14 banks with head offices outside the euro area.

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MoU on CCP supervision with Reserve Bank and Financial Markets Authority of New Zealand

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Article – E-privacy: MEPs look at new rules to safeguard your personal details online

The EU could soon have new privacy rules to take account of new practices such as internet-based messaging and allow users better control of their privacy settings, especially when it comes to cookies. Parliament's civil liberties committee discussed the plans by the European Commission on 11 April. Marju Lauristin, the MEP responsible for steering the rules through Parliament, said that if companies providing communication services wanted to be trusted they needed to ensure confidentiality.

Most Europeans continue to value their privacy online. Nine out of 10 Europeans believe it is important that the confidentiality of their emails and instant messaging is guaranteed, according to a 2016 Eurobarometer survey. In addition eight out of ten say it is important that tools for monitoring their online activities are only used with their permission.

The challenge is for legislation to keep up with technological developments. In January the European Commission published a proposal saying that strict EU privacy standards for electronic communications should apply not only to traditional telecoms companies, but also to new providers of communications services, such as WhatsApp, Facebook Messenger, Skype and Gmail.

Under the proposed changes it would also become easier for users to accept or refuse cookies so that they don't have to click on a notice asking for cookie consent every time they visit a website. In addition protection against spam would be boosted. The idea is to adopt the new privacy rules by May 2018 when the EU's new general data protection regulation enters into force.

Parliament's civil liberties committee discussed the plans with experts during a hearing on 11 April. Estonian S&D member Marju Lauristin, who will be writing a report on recommendations, welcomed the Commission's proposals, but called for stronger privacy safeguards for children active online. She intends to present her draft report to the committee in June. The plenary vote on it is expected in October.

Polish EPP member Michał Boni, who follows the file on behalf of his political group, said he was concerned about "unintended consequences" for publishers such as local online newspapers in terms of advertising, adding that the ePrivacy regulation should be consistent with the general data protection regulation.

UK ECR member Daniel Dalton, who is also following it on behalf of his political group, said he feared that if people massively opted out of cookies, it could make it difficult for companies to offer free services. "The internet is all about advertising revenue, particularly free services, and cookies are vital for that," he said.

EU-China relations

Two decades ago, China and Europe traded much less with each other. Today, the EU is China's biggest trading partner, while China is the EU's second largest trading partner after the United States. Trade in goods between the EU and China is worth well over €1.5 billion a day, with EU exports amounting to €170 billion and imports to €345 billion in 2016. The EU and China therefore have a significant stake in each other's prosperity and sustainable growth.

Under the umbrella of the annual High-Level Economic and Trade Dialogue, the last meeting of which happened in October 2016, the EU works together with

China on key economic and trade issues of mutual interest, including investment, services, procurement and intellectual property rights. Reciprocity, as well as progress in China's announced economic reform programme, and in particular those reforms aimed at giving the market a more decisive role and levelling the playing field, are key for our bilateral relationship.

With respect to sectors in overcapacity, notably, the steel sector, China needs to engage constructively in international dialogue and information exchanges on capacity developments, government policies and support measures. The Global Forum on steel overcapacity provides an opportunity to increase transparency and engage constructively with a view to finding sustainable solutions. The EU offers to complement this multilateral avenue of discussion by sharing its wealth of experience in restructuring the steel sector and support China's on-going efforts in the context of a bilateral steel platform.

In 2014, the EU accounted for nearly 16% of total Foreign Direct Investment (FDI) inflows into China, making it one of the top five FDI providers to the country. There is scope for much more, as China is the destination of only 4.5% of total EU FDI outflows. China's investment in the EU has grown exponentially in the past decade. In 2014 China's FDI flows into the EU amounted to €12.1 billion, and by 2015 the EU share of total Chinese FDI flows grew to 19%. This makes the EU the most important destination for Chinese outward investment. The Comprehensive Agreement on Investment, which is currently being negotiated between the two sides, aims to improve the protection of investments, market access and level the playing field.

The EU and China share strong interest in each other's investment flagship initiatives, namely the Investment Plan for Europe, and the "One Belt, One Road" initiative. The EU and China also support efforts to improve connectivity in Asia for the benefit of all European and Asian partners. The EU-China Connectivity Platform, established in 2015, promotes cooperation in infrastructure, encompassing financing, interoperability, logistics, and maritime and rail links across the Eurasian continent.

Strengthening research and innovation cooperation is central to EU-China relations. In the framework of the High Level Innovation Cooperation Dialogue, the EU and China are working towards ensuring reciprocal access to their research and innovation funding programmes. Developing co-funding mechanisms and flagship initiatives in the context of the EU's Horizon 2020 is helping promote long-term joint research and innovation partnerships in strategic areas of common interest.

Active people-to-people engagement between the EU and China contributes to fostering inter-cultural dialogue, promoting cultural diversity and civil society participation. Tourism from China to the EU has increased significantly in the past decade, and more than 30,000 people have already benefitted from scholarships to study, work or conduct research in the EU and China. Under the auspices of the High-Level People-to-People Dialogue, the EU and China promote the upgrading of their people-to-people exchanges through youth and culture projects, festivals and dialogues. On 11 October 2016 the first China-EU Education Ministers Conference took place in Beijing, with the Sino-Europe Forum on Education Policy Think Tanks held in the margins. Many topics were discussed, including the progress in the participation of China in the EU-led U-Multirank and Tunin initiatives. Furthermore, steps towards facilitating the use of the legal channels of mobility and to combating irregular migration continue to be successfully taken in the context of the EU-China Mobility and Migration Dialogue, the third meeting of which took place on 17 March 2016. Under the Dialogue the EU is now aiming to soon launch the parallel negotiation of the agreements on visa facilitation and on co-operation in combating illegal migration.

Article – Eggs: how the EU is keeping them safe and healthy

Decorating eggs is one of Europe's most cherished Easter traditions, but are the eggs we buy safe? The European Parliament has worked on different laws to ensure hens and their eggs are healthy. This includes a ban on the use of battery cages for hens and the use of the egg code to inform shoppers how an egg was produced. Watch our video for more information.

Some seven million tonnes of eggs are produced in the EU every year. France, Italy and Germany are the biggest producers and the main markets are Japan, Switzerland and the US.

The average Europeans eats about 200 eggs a year. Not only are eggs rich in protetin, they can also be used in anything from cosmetics to vaccines and glue.