

## [Risk parameters in ESMA's guidelines on stress test scenarios under the Money Markets Fund Regulation to be updated](#)

ESMA has assessed whether the scenarios envisaged in the 2019 Guidelines are still appropriate and finds that applying the 2019 scenarios in the current market environment generally leads to absolute levels of stress similar to the levels observed in March 2020.

However, for some parameters, the 2019 scenarios have been exceeded by the extreme market movements observed during the COVID-19 crisis and the relevant factors will be updated accordingly.

The guidelines, under the MMFR, are updated at least every year taking into account the latest market developments.

Next steps

Pending the application date for the 2020 update, all the sections of the 2019 Guidelines continue to apply, including the existing calibrated scenarios and the internal stress test exercise to be carried out by managers of MMFs.

ESMA will calibrate the risk parameters in collaboration with the European Systemic Risk Board (ESRB) and the European Central Bank (ECB), and expects to publish the 2020 update of the guidelines in Q4 2020. The updated guidelines will then be translated, and the changes will apply from two months after the publication of the translations

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## [New EIB index measures economic vulnerability to COVID-19 in countries outside the EU](#)



**New EIB index measures economic vulnerability to COVID-19 in countries outside the EU**

· **Half of low-income countries and a quarter of middle-income countries are facing the highest risk of the economic fallout of COVID-19**

· **Most vulnerable are oil exporting countries and those that are highly dependent on tourism**

The new [European Investment Bank \(EIB\) COVID-19 Economic Vulnerability Index](#) examines which countries are the most vulnerable to a virus such as the COVID-19 and which countries should take the most stringent precautions to prevent the spread of such a virus. It is the only report currently available that takes a closer look at how developing countries are affected by the crisis.

The index covers countries outside the European Union and highlights the regions that need the most help. It takes into account risk factors such as the quality of healthcare, age of the population and structure of the economy – including reliance on tourism, remittances, commodity exports, global value chains, capacity of the countries to implement countercyclical financial policy, strength of the banking sector, and more.

**Read the summary online:**

<https://www.eib.org/en/about/initiatives/covid-19-response/vulnerability-index>

The index draws on both publicly available and proprietary data, but does not reflect the evolving policy responses in each country or the way the epidemic will unfold. Equally vulnerable countries may be impacted differently depending on the policy responses and the development of the epidemic.

Aligned with the EU's [Team Europe](#) response to ease the negative economic impact of the COVID-19 in non-EU economies, the EIB is committed to helping those countries hardest hit by the crisis. The report therefore focusses on regions outside the EU.

“Amidst the uncertainty during this pandemic, unfortunately one thing has become clear: the virus will have a harsh and direct impact on growth and jobs globally. It is a crisis like no other,” said EIB Vice-President [Andrew McDowell](#). “The new EIB index of countries outside the EU not only shows which countries might be impacted the most economically but also what factors help to mitigate the economic fallout of COVID-19. Guided by these insights we will continue – as the EU bank and leading development institution – to reach out to those worst hit to strengthen their resilience and to fight for a smart, green recovery.”

“This crisis is unprecedented in terms of the global and synchronised nature of the impact: nearly all countries and regions of the world are affected. For all or most of these countries, it is one of the most severe blows to growth on record,” said [Debora Revoltella](#), EIB Chief Economist. “This index is one small step towards better understanding the crisis. It assesses the economies of countries around the world, to single out those that are more vulnerable/resilient to the specific features of this crisis.”

**Download the full report:**

<https://www.eib.org/en/publications/the-eib-covid-19-economic-vulnerability->

[index](#)

## The global picture

**The index shows that the economies of low-income countries are highly vulnerable to the COVID-19 pandemic, exacerbating underlying weaknesses.** Half of the low-income countries and 25% of middle-income countries are facing the highest risk of COVID-19 impacts. Unsurprisingly, higher-income states generally have better coping capacity, even when hit by an unprecedented global shock. Nonetheless, 56% of high-income countries are considered to face an intermediate level of risk, along with 63% of middle-income economies and half of the poorest countries. The index also shows less diversified economies are at a high risk when hit by a crisis such as COVID-19. The group of countries considered most vulnerable to COVID-19 impacts includes a number of oil exporters and countries that are highly dependent on tourism.

None of the countries in the Western Balkans or Turkey are among the most vulnerable, but Albania, Bosnia and Herzegovina and Serbia fall into the intermediate vulnerability category. In the **Southern Neighbourhood**, one country, Lebanon, is in the highest vulnerability group, but most others have intermediate vulnerability. Most of the countries in the European Union's Eastern Neighbourhood and Central Asia (ENCA) region are in the intermediate vulnerability group, with the poorest two, Kyrgyzstan and Tajikistan, falling into the highest vulnerability category.

**Outside the European Union's immediate neighbourhood, sub-Saharan Africa, the Caribbean and the Pacific states are the most vulnerable regions.** Around half of the countries in Africa, the Caribbean and the Pacific are among the most vulnerable, with almost all of the remainder falling into the intermediate vulnerability category. Latin America and Asia each have a small number of countries in the highest and lowest vulnerability groups, while most of the remaining countries face intermediate vulnerability. This reflects the diversity of both regions, which are predominantly middle-income areas, but also contain both low- and high-income countries.

**Read the full report:**

<https://www.eib.org/en/publications/the-eib-covid-19-economic-vulnerability-index>

## Background information

The **European Investment Bank (EIB)** is the long-term lending institution of the European Union owned by its Member States. It makes long-term finance available for sound investments in order to contribute towards EU policy goals. The EIB also supports investments outside the EU.

The EIB Group will provide up to €6.7 billion as a comprehensive response to the coronavirus pandemic outside the EU in the coming months. This financing is part of the [Team Europe](#) response and supported by guarantees from the EU budget. It will both strengthen urgent health investment and accelerate long-standing support for private sector investment that reflects financing needs

in more than 100 countries around the world.

The EIB Group will also provide €1.7 billion to support the social and economic recovery of the Western Balkans from the COVID-19 pandemic, as part of a €3.3 billion financial support package for the region announced on 29 April by the European Commission.

The immediate fast-tracked support will help to sustain jobs and livelihoods in sectors most threatened by the economic and social impacts of the coronavirus, and will be followed by additional long-term health and business financing as needed.

### **About the EIB Economics Department**

The EIB Economics Department provides economic research and studies, as well as unique analysis of investment activities in the EU and beyond, and supports the Bank in its operations and in defining its positioning, strategy and policy. Chief Economist Debora Revoltella heads the Department and its team of 40 economists.

### **About the EIB Investment Survey (EIBIS)**

The EIB Group Survey on Investment and Investment Finance is a unique annual survey of some 13 500 firms. It comprises firms in all EU Member States, as well as a sample of US firms that serves as a benchmark. It collects data on firm characteristics and performance, past investment activities and future plans, sources of finance, financing issues and other challenges that businesses face. Using a stratified sampling methodology, the EIBIS is representative across all EU Member States and the US, as well as across firm size classes (micro to large) and four main sectors. It is designed to build a panel of observations to support time series analysis – observations that can also be linked to firm balance sheet and profit and loss data. The EIBIS was developed and is managed by the Economics Department of the EIB, with Ipsos MORI providing development and implementation support.

For more information see: <http://www.eib.org/eibis>.

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## **[Informal meeting of EU Defence](#)**

## Ministers: Remarks by the High Re



*Check against delivery!*

Good evening.

Today, we have had the first physical meeting of Defence Ministers since the outbreak of the coronavirus in March.

I am sure that coming together has allowed us to go deeper into the several sensitive issues that we have to deal with in this difficult summer.

First, I would like to thank the German Presidency and, especially, the Minister [of Defence of Germany, Annegret] Kramp-Karrenbauer for the excellent hospitality and for the excellent organisation of this meeting, and allowing us to meet under the current difficult circumstances.

We have had several topics.

First, the cooperation between the European Union security and defence missions and operations and the United Nations and NATO partners.

We had with us the Secretary General of NATO, Jens Stoltenberg, and also the Under-Secretary-General for Peace Operations of the United Nations, Jean-Pierre Lacroix.

Allow me to remind you that the European Union has 17 civilian missions and military operations worldwide. And out of these 17, 13 work directly with or alongside in cooperation with the United Nations and/or NATO.

It shows how much we work together in order to provide peace and security around the world.

Unhappily, tensions and conflicts are more frequent than ever and this will require a stronger partnership.

Mali was an important item on the agenda. We discussed the situation in Mali. We condemned the coup d'état on 18 August. The priority now is to support the

efforts of ECOWAS in order to look for a solution in accordance with the aspirations of the Malian people.

The important thing is to stress that our civilian and military Missions in Mali [[EUTM Mali](#) and [EUCAP Sahel Mali](#)] have been temporarily put on hold, because the circumstances did not allow them to continue their normal activities. But they are still there and will start working again as soon as possible.

These activities are crucial. The European Union has invested a lot in Mali and we do not want to waste this effort. So, the work will continue and we will resume the activities of these Mission as soon as possible with the support of other countries in the Sahel region.

We also talked about Libya. We reviewed [Operation IRINI](#) and its contribution to implementing the United Nations arms embargo.

I think that Operation IRINI has proven its utility, its value and its impartiality. It is following the mandate of the United Nations. It cannot go further than this mandate. It has collected information involving actors on both sides of the conflict. More than 500 hailings have been conducted and 10 special reports have been submitted to the United Nations Panel of Experts.

We also exchanged about the recently-agreed ceasefire and we hope that it will last.

We will be working closely with the United Nations Mission in Libya and we are ready to support this ceasefire as much as we can.

We already have a civilian mission deployed in Libya [[EUBAM](#)] and this military operation [Operation IRINI] at sea. We will see if we can do more.

And finally, we have had our second session devoted to the new Strategic Compass on security and defence.

In November, we will have the first assessment of the threats that the European Union is facing. It will cover crisis management, resilience, capability developments, and partnerships.

The Ministers exchanged views about these four areas, but the important meeting will be in November.

On the European Peace Facility, we are going to have €5 billion – quite an important amount of money – and we study how to use these resources.

This is what I can summarise from this meeting.

Thank you very much, once again, Minister [Kramp-Karrenbauer] for the excellent organisation.

Link to the video: <https://audiovisual.ec.europa.eu/en/video/I-194202>

**Q&A**

**Q. Can you tell us which options will you present to the Foreign Affairs Ministers tomorrow in case the mediation efforts will not be fruitful?**

I cannot tell you what I am going to present to the Ministers tomorrow. Let me tell you tomorrow after presenting [the options] to the Ministers, but it will be a wide set of options.

**Q. On Mali, the coup d'état started at the military academy in Bamako, what was Germany's and the European Union's role in training these putschists? Do you see any conclusions to be drawn regarding whether the operation can be continued at all?**

Well, we do not train the armies to be putschists. 90% of the Malian army has been receiving training from our mission, but I checked and none of the four most important and prominent leaders of the military movement against the President [of Mali] IBK [Ibrahim Boubacar Keïta] has been trained by our mission.

We hear that they have been training in Russia and in the United States. But given the age group, they have not been trained by us. It could have happened, but it has not happened. They have been trained –two of them, or one of them, the most important one, the leader, in Russia and the others, I am told, in Great Britain and in the United States.

We have more than 400 soldiers training the Malian army, coming from more than 10 European Member States. I think that we do the right work, we cannot pretend to have stability in a country like Mali, without having a military capacity from the government. That is what we are doing there.

I think that whatever the government will be, according to the will of the Malian people, we will have to continue doing this work. But we do not feel responsible; this coup d'état has been by no means related to the training that we are offering to the Malian soldiers.

**Q. Do you think that a list of sanctions could be helpful here, in our talks with Turkey?**

Well, as High Representative, I have been asked by the European Council to present options.

But the purpose is not to decide which kind of sanctions are going to be implemented, because as the Minister [Kamp-Korrenbauer] said, it is still a work in progress.


There are other sanctions that have to be considered, not with respect to Turkey, but with respect to Belarus. There, we are going to go further than just presenting options. We are targeting specific people that could be sanctioned, at different levels of responsibility regarding what has happened in Belarus.

Link to the video: <https://audiovisual.ec.europa.eu/en/video/I-194204>



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## The rentrée of 2020: decision time for EU foreign policy



*In the EU, what matters is not how a discussion begins, with 27 different views. What matters is how a discussion ends, with a common vision on what to do and a commitment to put resources behind it.*

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JOSEP BORRELL

One of the summer's big events was the devastating bomb blast in **Lebanon** on 4 August. The images were near apocalyptic. The explosion left at least 220 dead, with thousands injured and homeless, and €15 billion in damages. It sent shockwaves not only through the harbour of Beirut but also the political system of the country. It exposed deep flaws in its governance in terms of 'state capture' with elites responsible for corruption and mismanagement. These flaws were already known beforehand – and COVID-19 had already added to the urgency to enact reforms.

Now this urgency can no longer be denied. As EU we demonstrated our solidarity with the Lebanese people in their hour of maximum need [[link blog](#)]. That was the message of Presidents Macron and Michel when they visited. We will continue to support Lebanon, with humanitarian supplies in the short term but also with macro-financial assistance, in cooperation with the IMF. But all this will require deep reforms in how the country is run politically: we need a new political settlement, to be agreed of course by the Lebanese people.

Then on 9 August we had the Presidential elections in **Belarus**. We always knew that the Lukashenko regime would not allow fully free and fair elections. But his announced re-election with 80% of the vote, despite many indications to the contrary, was a blatant rejection of the desire of the Belarusians for change. What's worse is that the regime has chosen to respond to the mass demonstrations with the full panoply of repression: police violence and mass



arrests. Impressively, people in Belarus have come out again and again in large numbers, demanding respect for their democratic rights.

As EU we have made it clear that we do not recognise the result of this election and fully support these democratic aspirations; that we will sanction those responsible for electoral fraud and the subsequent violence; and that a national political dialogue is urgently needed. We cannot stay silent when fellow Europeans insist on their democratic rights and wish to shape their own future – they need they need our support and the space to do so by themselves. [This was also my clear message to Russian Foreign Minister Lavrov when I spoke to him.](#)

***We cannot stay silent when in Belarus fellow Europeans insist on their democratic rights and wish to shape their own future – they need our support and the space to do so by themselves.***

Another major shock came on 18 August when a military coup took place in **Mali**, deposing the President and Prime Minister. I immediately condemned this coup as unconstitutional, and the African Union and ECOWAS did the same. It was yet another reminder of the deep- rooted crises facing the country and the Sahel region (of governance, security, development). A coup is never the right answer but we do need to think hard about how to change the way we as EU support the local population, which craves sustainable security and inclusive economic development.

All throughout the summer the situation in the **Eastern Mediterranean** has grown more tense, with Turkish ships conducting seismic work in European waters. In July, I had visited our Member States Greece and Cyprus as well as Turkey, and I have remained in constant contact throughout the summer, [including meeting the Turkish Foreign Minister on 6 August.](#)

Our core aim is and remains to show strong solidarity with EU Member States under threat, while working to de-escalate the tensions and allow dialogue and negotiations to underlying address the issues, which are highly complex and integrated. In August, developments were taking a worrying turn, carrying the risk of triggering open conflict. We discussed this at a special Foreign Affairs Council on 14 August, followed by an emergency European Council on 19 August. We agreed to send a clear signal of Turkey needing to halt its illegal drilling activities and work to de-escalate the situation and that all options are on the table.

***On Turkey, we need to show strong solidarity with EU Member States under threat, while working to de-***

## ***escalate the tensions and allow dialogue and negotiations to address the underlying issues.***

EU-Turkey relations are complex and multifaceted: Turkey is an important neighbour and partner for Europe in many fields; a crucial ally in NATO; and both sides want to keep a cooperative framework on migration in place. But Turkish domestic dynamics and its regional role are increasingly problematic with assertions of Turkish power, also in Syria, Libya and elsewhere.

We need to define a firm and balanced long-term strategy for EU-Turkey relations, based in the first place on solidarity with the most concerned Members States but also knowing that diplomacy can only work if all sides invest in building trust.

### **The Gymnich meeting and how to enhance the EU's clout**

How we position ourselves on these important issues and geo-political crises will be discussed with EU Foreign Ministers at the upcoming 'Gymnich' meeting, at the end of this week in Berlin. This is an informal meeting, held twice a year, where we discuss things without neckties and without the pressure of having to take formal decisions. We should take a step back and reflect more deeply on how to approach our overall relations with Turkey, with Russia, our engagement in the Sahel and how we can strengthen the EU's strategic autonomy in the post-pandemic world. [I have previously set out my belief](#) that Europe should position itself as a 'partner of choice' to others. Principled, but not dogmatic. Open, but not weak. Progressive but not naïve. Ready to act multilaterally whenever we can and autonomously if we must.

Nine months into the mandate, I feel there is a shared awareness of just how serious the challenges are that Europe is facing, in our neighbourhood but also when it comes to the wider trends around us. It is clear we face more assertive players, some with an imperial mind-set: a determination to deploy all forms of power at a global scale. However, if truth be told, our European responses are not always keeping pace. We are not always clear enough, or fast enough, or acting with enough impact and consistency.

Intellectually, people tend to agree with this diagnosis. But when it comes to changing things, well, then politics often gets in the way. It is the familiar problem of 27 points of view and the need for unanimity. This produces an EU foreign and security policy of 'strong nouns and rather weak verbs', as the former Commissioner for External Relations Chris Patten used to say. A policy that is high on rhetoric but when it comes to corresponding financial resources, we don't always [put our money where our mouth is](#).

## ***We cannot change big global trends, but we can change how we respond to them.***

The positive point here is that these constraints are self-imposed. We cannot change big global trends, but we can change how we respond to them. In our decision-making, each country can ultimately block any EU position or action.

That's negative power. If everyone sits on their position and expects the rest of the group to converge on their viewpoints, that's not the way that helps us shape the world or set the agenda. For that, you need positive power. By investing more in unity, all Member States would gain in influence, because by slowing things down or weakening our capacity to act, they also harm themselves.

In the EU, what matters is not how a discussion begins, with a range of views among 27 countries, each with their own histories and different interests. What matters is how a discussion ends, with a common vision on what to do and a commitment to put resources behind it.

If we are able to combine the unity of the Council with the capacities of the Commission and the EEAS, the EU can have a real impact, acting as a real power. I will do all I can at the Gymnich meeting and beyond to build the necessary unity among Member States to do just that.

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## **Declaration by the High Representative on behalf of the EU on the alignment of certain countries concerning restrictive measures against the Democratic People's Republic of Korea**



On 30 July 2020 the Council adopted Decision (CFSP) 2020/1136[1] amending Council Decision (CFSP) 2016/849.

The Council confirmed the list of individuals and entities subject to the EU's autonomous sanctions against the Democratic People's Republic of Korea.

The Candidate Countries Republic of North Macedonia, Montenegro, Serbia and Albania[2], the country of the Stabilisation and Association Process and potential candidate Bosnia and Herzegovina, and the EFTA countries Iceland, Liechtenstein and Norway, members of the European Economic Area, as well as Ukraine and the Republic of Moldova align themselves with this Council Decision.

They will ensure that their national policies conform to this Council Decision.

The European Union takes note of this commitment and welcomes it.

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[1] Published on 30.07.2020 in the Official Journal of the European Union L 247/30.

[2] The Republic of North Macedonia, Montenegro, Serbia and Albania continue to be part of the Stabilisation and Association Process.