Press remarks by Vice-President Valdis Dombrovskis at the second informal ECOFIN press conference in Vienna

Thank you Minister and thank you for yet another productive day in Vienna.

First of all, I would like to make few points on the proposals linked to the new Multiannual financial framework and the euro area reform.

We discussed InvestEU, which builds on the success of the European Fund for Strategic Investment and aims to leverage EUR 650 billion in investment.

InvestEU is a major simplification – we propose one investment instrument instead of 14, which will lead to more efficiency and less bureaucracy. This effort was recognised by the Member States today.

InvestEU will also be more policy driven: it is designed to target market gaps in sectors relevant to our policy objectives.

Our discussion today focused on how to take public support for investment to a more ambitious level through InvestEU.

Member States confirmed that the EIB should remain the privileged but not exclusive partner for implementing InvestEU. National Promotional Institutions must play an important role in the implementation as well. We are determined to help them to build capacity where need be and we expect the larger and more experienced institutions to support this effort. We believe that such an approach would foster investment flow to smaller projects, support innovation and contribute to the geographical balance.

We also discussed the Reform Support Programme, which has for the main objective to incentivise and support structural reforms at Member State level.

There is a shared understanding that structural reforms are fundamental to improve the performance and resilience of our economies. There is also a common understanding that reforms are not purely a national issue, but a matter of common concern.

Our discussion focused on the main innovation of the Reform Support Programme, which is the Reform Delivery Tool.

The Reform Delivery Tool is carefully designed to incentivise timely reforms while preventing moral hazard and deadweight loss. The financial support would be paid out upon timely and full implementation of the reforms agreed. And the funds can be claimed back if the reforms are reversed.

And it’s not about imposing the reforms. The use of this instrument would be voluntary.

Many Member States underlined the necessity to ensure national ownership of reforms. I agree that the ownership is key.

The spirit of our proposal is that reforms under the Reform Delivery Tool will be proposed by Member States, then negotiated and agreed in open partnership with Member States. And we agree that there are good synergies to be found between political objectives pursued under the EU economic convergence, regional development and economic and social challenges that Member States face.

Having said that, we are open to further discussions on the Reform Delivery Tool and looking forward to improving our proposals further.

We also discussed the fiscal stabilisation function for the euro area.

Two points here:

Although buffers built up in national budgets should be the first line of defence, in a single currency union a stabilisation function is certainly needed to face major asymmetric shocks.

The Commission’s European Investment Stabilisation Function is a carefully weighted and pragmatic proposal. It is based on the concept of protecting the public investment in times of economic downturns.

So we believe that our proposals can frame future discussions, of course, taking into account proposals and ideas from the Member States to further improve them.

On the taxation of the digital economy, let me thank the Austrian Presidency for keeping this file high on the agenda and for the progress that is being achieved. I would also like to thank Angel Gurría who was also present today for his personal commitment to driving tax agenda at the OECD.

The European Union needs a modern taxation system, which reflects the developments in our economies. One of the main developments is that companies and entrepreneurs are increasingly operating in the digital environment. All speakers today agreed that it is important that digital companies pay their fair share of tax.

While we have to work towards a long-term solution on digital taxation, preferably in the OECD or at G20 level, the Commission fully supports the Austrian Presidency in its efforts to swiftly adopt our proposal for an interim solution – a digital services tax.

We therefore welcome the positive signals from many Member States, here in Vienna, and look forward to turning words into deeds.

Thank you.