Remarks by Vice-President Dombrovskis at the ECOFIN press conference

Thank you, Vladislav. Good afternoon everybody.

This was the last ECOFIN meeting under your chairmanship, under the chairmanship of the Bulgarian Presidency. I would like to thank you and your team for hard work during these six months.

We managed to reach some major achievements, including a common approach on the Banking Package, including a common approach on Pan-European Personal Pensions, and on Cross-border Distribution of Funds, to mention a few.

To say a few words on our proposal on Pan-European Personal Pensions, from the European Commission side I would however highlight that it is important to preserve the pan-European nature of this proposal, to ensure that we can develop pension funds across the EU and not limit it to maybe the biggest and most lucrative markets. So clearly some work is needed to preserve the substance of the proposal.

Then a couple of points on my side.

First, I welcome the endorsement by the Ministers of the Country-Specific Recommendations. Now what matters is the implementation of those recommendations. For example, as regards last year, less than half of all recommendations had at least some progress in implementation. Clearly we can do better. We should use the good times to strengthen the resilience of our economies. This message was reiterated on several occasions during the last two days of meetings.

The European Commission stands ready to support Member States in their reform efforts, including by providing technical assistance for the design and implementation of reforms through our Structural Reform Support Programme.

Ministers also confirmed our decisions under the Stability and Growth Pact. They endorsed our proposal to abrogate the Excessive Deficit Procedure for France. This leaves only one Member State under the corrective arm of the Stability and Growth Pact, down from 24 countries in 2011.

The Ministers also confirmed the view that in the case of Romania and Hungary there is a case for significant deviation procedures. So we adopted the adjustment paths for both countries to correct the deviation.

On a more general note, now is not the time to lead expansionary fiscal policies. Instead, countries should be building fiscal buffers to get prepared for the next downturn.

We also presented our convergence reports as regards fulfilment of the Maastricht Criteria. We note that three countries – Bulgaria, Croatia and Sweden – fulfil all economic criteria, except for the exchange rate criteria where obviously there is a need, then, to join the Exchange Rate Mechanism II. As you know, from the European Commission side we stand ready to support countries on their way to euro adoption. That is why we also proposed a dedicated convergence facility for this purpose.

Today we also discussed the ongoing legislative business as regards financial services. And I already mentioned the progress we have been making on Banking Union. And in the coming months I think we should also concentrate on the Capital Markets Union, where everyone seems to agree that this is a priority, but so far we have only 3 out of 13 legislative proposals agreed. So this should clearly be a priority for the coming months.

Speaking of tackling remaining weaknesses in our banking systems, we explained how our Restructuring Directive, which aims at giving a second chance for viable enterprises, can help to tackle high levels of non-performing loans.

Given that issues related to insolvency and loan enforcement regimes are fundamental to our overall Action Plan for tackling non-performing loans, we expressed satisfaction with the partial general approach adopted on this file by the Justice and Home Affairs Council. And we hope to make progress also towards the full general approach.

Finally, we welcome the political agreement reached by EU Member States on administrative cooperation to tackle fraud linked to the Value Added Tax (VAT) in the EU. This agreement paves the way for boosting the exchange of information and cooperation among national tax and law enforcement authorities.

To recall, cross-border VAT fraud causes losses of some €50 billion for national budgets every year. So to combat fraud that is cross-border in nature, we need to work together. So once again we welcome this political agreement.

Thank you very much.