

Remarks by Vice-President Dombrovskis at the informal ECOFIN press conference in Valletta

First of all I would like to express condolences to the families and close ones of the victims of the horrendous terror attack in Stockholm.

Moving to topics of today's meeting, I would like to thank you, Edward, for hosting us in this beautiful venue, which for many centuries has been the centre of the political life of this island and for the excellent organisation of the event.

At lunchtime, we had a very timely discussion on deepening of the EMU. It falls between the publication of the Commission's White Paper on the Future of the EU and the preparation of our reflection paper on completing Economic and Monetary Union. So input from Ministers was very timely.

The Euro area is more resilient today than it was just several years ago, but there is a broad consensus that we need to act now to strengthen the resilience of each individual economy and the euro area as a whole.

We discussed the guiding principles on our work on deepening of EMU, which include:

- finding the right balance between risk reduction and risk sharing;
- re-launching the process of convergence within the euro-area;
- and when advancing our work in EU area, being open to non-euro countries.

We also had a substantial discussion of non-performing loans (NPLs).

We shared the view that high ratios of NPLs in several Member States are weighing on the performance of the EU banking sector and have negative implications for economic growth.

Of course one has to underline that tackling NPLs is primarily the responsibility of Member States, because the level and structure of NPLs differ from one country to another and policy instruments to address the NPLs are within the competence of Member States.

However, there are a number of things where we can join up national and EU level efforts to devise a comprehensive and pragmatic strategy on NPLs. I hope that we can make quick progress under the Maltese Presidency, as Edward just outlined.

There was a broad support to develop a blueprint on how to devise a national asset management company (AMC). We should make use of the existing market

experience of already existing AMCs which are working already in several Member States. And we need to develop a solution, which Member States can use and implement, and set out how this can be done in line within the EU legal framework.

We are also exploring further initiatives to facilitate the development of a secondary market for NPLs. High quality and comparable data on NPLs are indispensable for this, because investors need to know what they are buying. As a first concrete step, I have asked the European Banking Authority to further investigate the possibility of issuing guidelines on NPL data standardisation; and we are consulting on obstacles faced by private secondary market buyers and loan servicing companies.

For the development of secondary markets, many speakers mentioned the importance of increasing the efficiency of insolvency and loan enforcement frameworks. The Commission will keep up the pressure in the Country Specific Recommendations and via benchmarking reviews. We also invite co-legislators to treat our proposal on business restructuring and recovery as a priority.

Several other work avenues were outlined, including on supervisory action and bank sector restructuring, but I believe ECB will have some further comments in those work strands.

To conclude, today's discussion was a useful first step in building a more coordinated European approach to accelerate the reduction of NPLs. Of course this common EU strategy should take due account of the differences between national banking sectors as there is no one-size-fits-all approach in this area.

Thank you.