

# Remarks by Vice-President Valdis Dombrovskis at the informal Eurogroup press conference in Helsinki

Good afternoon,

I am glad to be in Helsinki.

We had good and substantial debates today.

Mario already summarised what was said on the Budgetary Instrument for Convergence and Competitiveness.

I agree with him that today we made good progress on several elements, including governance and allocation key.

From the Commission's side we are going to support fully the Eurogroup in the coming weeks. The aim is to reach the agreement in October, which we think is possible, and then to finalise the legislative work swiftly so that we are still within the timeframe of the MFF negotiations.

On other points, we also had a substantial discussion on spending reviews, which can help creating room for more efficient high-quality investment, without endangering fiscal sustainability.

Today's discussion confirmed that spending reviews bring tangible results. We heard case studies from Spain, Austria, Luxembourg and Slovakia, amongst others.

The challenge, of course, is to translate recommendations of such reviews into government actions. I heard that many Ministers have succeeded in doing just that.

I see three possible strands for further work:

First, there is a clear appetite to share the best practice and know-how amongst Member States.

Second, one could explore further the potential of spending reviews to spur public investment. This is even more important at the current economic juncture.

Third, more thought should be given to the role of public finances in climate action. Currently 13 European countries are already part of the Coalition of Finance Ministers on Climate Action. This initiative was, by the way, co-funded by Finland! I am looking forward to discussing these aspects during the Ministerial lunch.

Next point, I presented the findings of the eleventh Post-Programme

Surveillance mission to Ireland, which took place in May.

Our main message is that risks for Ireland's repayment capacity remain low.

The short-term economic outlook is for solid growth, supported by increasing employment and wages.

But uncertainty remains, mostly notably related to Brexit.

Speaking of Brexit, I also briefed the Ministers on the 6<sup>th</sup> preparedness Communication that the Commission published on 4 September.

We reiterated our call on all stakeholders, but especially businesses, to prepare for a 'no-deal' scenario, which remains a possible, although undesirable, outcome.

We also discussed the G7 meeting.

First, there is a concern about the slowdown in the global growth. It is accentuated by the prolonged trade tensions between the US and China. The current uncertainty is starting to take toll also on the European economy, as it was explained by Mario Draghi yesterday. Additional risks, such as "no deal" Brexit could come to test the resilience of our economies.

So the main conclusion is that monetary policy alone cannot do the trick. We invite countries that have fiscal space to use it, to stimulate their economies. And we call on all countries to step up their structural reform efforts.

Regarding the agreement on the digital taxation, the Commission stands ready to help shape international agreement during the first half of 2020.

Several Ministers presented their views on stablecoins and the Libra project more specifically.

As you know, there was a strong consensus among G7 Members that swift action is needed to address the various risks and their potential macroeconomic and financial stability impacts.

At the European level, I saw today a lot of willingness to act on this together and act swiftly.

The Commission's view is that we need to make sure that any risks for investors and for financial stability are properly understood and addressed.

More broadly, we need to look closely at how those developments will affect Europe's Economic and Monetary sovereignty and the international role of the Euro.

At the same time, and importantly – there are a lot of opportunities that cryptotechnologies and digital innovation are bringing.

The Libra initiative is a strong reminder for Europe's banks and businesses

to take action, for instance, to reduce the costs of cross border payments.

In this context, I would highlight in particular the work on instant payments, which we are doing jointly with the ECB to support these efforts.

Thank you.