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Enabling the financial sector to contribute to the economic recovery in Europe

The European Council's agreement on a recovery instrument and a new Multiannual Financial Framework (MFF) for the period 2021-2027 have been a major achievement during the first month of the German Presidency of the Council of the European Union. The heads of state and government of the 27 EU Member States have agreed on an overall package worth 1.8 trillion euros. Between 2021 and 2023, 750 billion euros of this sum is to be made available via a recovery instrument to address the adverse economic consequences of the COVID-19 crisis. Thereof, 390 billion euros will take the form of grants and 360 billion euros will be provided as loans.

During the next months, the German presidency of the Council will focus first on facilitating the legislative process for the acts needed to implement the agreement by the European Council. It is important to ensure a green and socially inclusive recovery, the digital transformation, including increasing the EU's competitiveness and strengthening its digital sovereignty.

In addition, we will have to plan beyond crisis management and identify where Europe needs to become more resilient and independent. We must think about ways to tie up some of the loose ends that have faded into the background somewhat while we have been focusing on the Covid-19 epidemic. This includes the work on the completion of the Banking Union and advancing the Capital Markets Union.

While the MFF and the recovery instrument will already provide a significant amount of public money to overcome the pandemic, the German Council presidency will also focus on the mobilisation of further resources via the financial markets. In this regard, it will be key to continue completing the Banking Union, with uniform rules for the European banking sector. A strengthened Banking Union that enables further market integration will facilitate the access to bank financing for consumers and small and medium-sized enterprises, as well as for corporates in Europe.

To enable a swift recovery of the European economy, we will also need to improve the access of companies to financing via the capital markets. Therefore, another key priority of our Presidency will be to ensure access to diversified funding sources and promote competitiveness of the EU financial sector. Short-term focus should be on measures providing direct benefits to investors and enterprises to overcome the economic consequences of the Covid-19 crisis.

We aim for council conclusions on the Commission's action plan on CMU, underlining the commitment of the member states. In the short term, we will take forward proposals for the Capital Markets Recovery Package and BMR tabled end of July, aiming for a political agreement by the end of this year. We are keen in working closely with the European Parliament to achieve quick results in order to assist the recovery of European economies from the Covid-19-crisis.

Our work will also focus on creating a secure environment for using digital technology more widely in the financial sector. This will also facilitate overcoming the crisis. Our key priority is to turn Europe into a modern, secure and innovative financial market union for tokenized financial services, to promote the Retail Payments Strategy as well as increasing cyber security and operational resilience of the European financial market.

We aim at further improving the fight against money laundering and terrorism financing. We will especially focus on those areas which can be best addressed by a regulation. Additionally, we will look into the question how a future supervisory structure at EU level can contribute to ensuring better compliance throughout the common market.

Sustainable finance as a cross-cutting topic is of central importance for our presidency, especially in the fight against climate change. We will therefore promote the EU's leading role for sustainable investment. ●