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Implementation of the EU Next Generation package, what next ?

Ladies and gentlemen,

Unfortunately, I cannot be with you physically today. However, it is always a pleasure to address you – even via videomessage.

This pandemic has sent shockwaves through societies, economies and industries.

Some are hit harder than others. We now need a strong and inclusive recovery.

This is how we can rebuild our economy, meet future challenges head-on and make the most of new opportunities. It is exactly what the EU's massive recovery package aims to achieve.

The package is worth a combined €1.82 trillion - based on €750 billion from Next Generation EU on top of a reinforced EU budget for the next seven years.

For the first time, EU countries will borrow together on a large scale to face a common challenge.

Funding will flow in grants and loans to support countries in their reforms and investments, mostly from the Recovery and Resilience Facility: the driving force behind the package.

This money should get moving as soon as possible. I would like to see the Facility up and running by early January.

For the recovery funding to prove effective, it needs a strong and solid financial system to underpin it: deep integrated capital markets, stable public finances and a strong banking sector.

We will soon launch several initiatives to make sure these are in place.

Starting with Europe's banks: they are better capitalised and more resilient in terms of liquidity than during the previous crisis. We all worked hard to get to that point.

In this crisis, they can play a positive role - by continuing to lend to the real economy: to people and households, to businesses of all sizes. This is vital for our wider economic recovery.

The Commission has already facilitated an agreement on best practices between the financial sector, consumers and businesses to keep liquidity flowing.

These discussions will continue in the autumn.

While we can see the pandemic's effects on asset quality only partially in the initial first-quarter data, we can already see signs of a worsening situation regarding non-performing loans.

It has not yet led to a rise in these loans, but this is probably only a matter of time. There will be a certain lag before it happens.

We do not want this type of loan to build up again on banks' balance sheets. History shows us that it is best to tackle them early and decisively.

Now, we will work with EU governments, banks and investors to develop a comprehensive strategy as early as possible to prevent non-performing loans from accumulating and dragging on the recovery.

We will start this process this month with a roundtable with industry and Member States to begin mapping out its key elements.

Regarding capital markets, you are all familiar with the project to build a Capital Markets Union.

Today, it is more urgent and relevant than ever.

Fully functioning, integrated capital markets are essential to speed up the economic recovery, reach sustainable growth and facilitate long-term investments in new technologies and infrastructure.

They are vital for meeting the ambitions of the Green Deal and Digital Agenda. Later this month, I will present a new vision for the CMU in the form of an action plan.

It will have three main objectives:

First, to make financing more accessible for European companies, including smaller ones. For example - making information on EU businesses more visible to international investors, while reducing barriers that prevent smaller companies from accessing capital markets.

It also means supporting investment funds and institutional investors in channelling funding to long-term projects.

Second, to make the EU even safer for people to save and invest long-term so they can put a suitable income aside for their retirement.

Here, European savers need simple, clear and transparent information about financial products.

This is what our rules on retail investment must provide.

Finally, to integrate national capital markets into a genuine single market. The UK's departure from the EU makes this more urgent than ever.

We will aim to address barriers in taxation, non-bank insolvency and company law. Truly integrated and convergent supervision is also needed so that all market players can enjoy equal conditions for competition.

Ladies and gentlemen,

The strength of our economic recovery after the crisis will depend a great deal on financial flows.

We must use all available channels to get investments moving to where they are most needed. That is how we can best tackle the fall-out of the pandemic, build up economic resilience and embrace future opportunities – like the green and digital transitions.

As ever, the financial sector has an essential part to play.

Thank you. ■