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EU weakens plan on bank deposits safety net, risks clash with ECB

London.—The European Commission proposed yesterday softer measures to strengthen the EU banking sector against future crises, after two years of fruitless talks among the 28 EU states on more ambitious plans.

The watered-down proposals are designed to win over Germany, the largest economy of the bloc and the staunchest opponent of sharing banking risks among

EU states, but they were quickly dismissed by the German banking lobby.

The proposals could also create frictions with the European Central Bank over the pace of reduction of banks' exposure to bad loans.

Germany's outgoing finance minister, Wolfgang Schäuble, has repeatedly raised concerns that sharing risks would mean richer German banks propping up

weaker rivals in other EU countries, such as Italy, Portugal or Greece.

To convince Germany, whose new finance minister may be equally resistant, the Commission has put forward a plan that reduces the sharing of banking risks and eyes stricter conditions that states must meet before their banking sectors can access safety nets funded at EU level.



A Spanish flag hangs over the face of a figure representing one of the four realms of Spain on the statue to Columbus in Barcelona.

Spain takes step towards direct rule over Catalonia's independence move

Barcelona.—Spanish prime minister Mariano Rajoy took the first step yesterday towards suspending Catalonia's political autonomy and ruling the region directly to thwart a push for independence. He demanded that the regional government clarify whether it now considered itself independent following a speech by Catalan president Carles Puigdemont. **Page 16**

- PM demands clarification of independence move.
- Demand is preliminary step to triggering constitutional power.
- Catalan leader says has independence.

British economy under a cloud of Brexit uncertainty, says chancellor Hammond

- IMF keeps growth forecasts for Britain on hold.

London.—British finance minister Philip Hammond said yesterday that a "cloud of uncertainty" about Brexit was hanging over the country's economy and needed to be cleared as quickly as possible. "My general view of our economy is that it is fundamen-

tally robust. We have some very strong things going for us, a strong outlook for the future," Hammond told lawmakers.

"But the cloud of uncertainty is a temporary damper and we need to remove it as soon as possible by making

progress with the (Brexit) negotiation process," he said. The International Monetary Fund kept its growth forecasts for Britain on hold on Tuesday even as it raised its projections for growth in many other economies around the world.

Seventeen more illegal immigrants caught in Balearic waters: See Page Three Inside