

## **EU wants answers from Italy over debt**

DW – Deutsche Welle - 29 May 2019

Brussels has asked the Italian government to explain its lack of progress in reducing debt. Italy's populist government is accused of exposing the bloc to financial problems by ignoring budget discipline rules. The EU on Wednesday issued a double warning to Rome about the precarious state of Italian public finances. The European Commission expressed its concerns over last year's debt at the same time Italy's populist leaders examine the possibility of defying eurozone budget discipline and reversing unpopular economic reforms.

Brussels criticized the country's rising level of debt in a letter to Economy Minister Giovanni Tria. // "It is confirmed that Italy has not made sufficient progress toward the debt reduction criterion in 2018," said the letter, signed by EU Commission Vice President Valdis Dombrovskis and the bloc's Economy Commissioner Pierre Moscovici.

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Brussels has asked the Italian government to explain its lack of progress in reducing debt. Italy's populist government is accused of exposing the bloc to financial problems by ignoring budget discipline rules. "It is confirmed that Italy 1) \_\_\_\_\_ not made sufficient progress toward the 2) \_\_\_\_\_ reduction criterion in 2018," said the letter, 3) \_\_\_\_\_ by EU Commission Vice President Valdis 4) \_\_\_\_\_ and the bloc's Economy Commissioner Pierre Moscovici. 5) \_\_\_\_\_ only won EU approval for its 6) \_\_\_\_\_ budget after reducing its deficit to levels 7) \_\_\_\_\_ were believed to be acceptable. However, 8) \_\_\_\_\_ went on to cancel austerity-inspired reforms and 9) \_\_\_\_\_ deputy premier Matteo Salvini is now 10) \_\_\_\_\_ big tax cuts.

The Commission gave the 11) \_\_\_\_\_ government until Friday to dispute this 12) \_\_\_\_\_. The country could eventually face fines, although 13) \_\_\_\_\_ would only come after an extended 14) \_\_\_\_\_ of non-compliance. Brussels is releasing assessments of 15) \_\_\_\_\_ compliance across the Eurozone next Wednesday, 16) \_\_\_\_\_ it could open an excessive debt procedure 17) \_\_\_\_\_ Italy.

Earlier on Wednesday, the European 18) \_\_\_\_\_ Bank said countries like Italy were exposing 19) \_\_\_\_\_ to the risk of problems further 20) \_\_\_\_\_ the line by reversing and delaying 21) \_\_\_\_\_ reforms. "The delay of fiscal and structural 22) \_\_\_\_\_, or even the reversal of past 23) \_\_\_\_\_ may reignite pressures on more vulnerable sovereign 24) \_\_\_\_\_," the ECB warned in the Financial 25) \_\_\_\_\_ Review.

Italy — the third largest eurozone economy — 26) \_\_\_\_\_ the lowest growth of any currency 27) \_\_\_\_\_ member and is second only to Greece 28) \_\_\_\_\_ it comes to national debt. Risk 29) \_\_\_\_\_ on Italian government bonds increased this week 30) \_\_\_\_\_. Salvini launched tirades against EU fiscal rules. He claimed that his party's performance of 34 percent in the polls in EU parliamentary elections demonstrated that he has a mandate to change the regulations.

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|---------|-------------|---------|------------|-----------|------------|---------|
| 2019    | AFTER       | AGAINST | ASSESSMENT | BLOC      | BONDS      | CENTRAL |
| DEBT    | DOMBROVSKIS | DOWN    | ECONOMIC   | FAR-RIGHT | FISCAL     | HAS     |
| HAS     | INDICATORS  | ITALIAN | ITALY      | PERIOD    | PROMISING  | REFORMS |
| REFORMS | ROME        | SIGNED  | STABILITY  | THAT      | THEMSELVES | THESE   |
|         |             |         | WHEN       | WHEN      |            |         |