

Flash Note 05/02/2018

Alex Fusté

@AlexfusteAlex

alex.fuste@andbank.com

Fresh News from Europe

- **Europe against the US tax cut reform:** The [Associated Press](#) reported that economists at the ECB said that the US corporate tax cut should lift the world's largest economy in the short term but warn it could erode the tax base in European countries by intensifying global competition for lower rates. The details were released in a short bulletin by the [ECB](#), which pointed out that it could lead to investment in the US from the EU and affect tax planning strategies of multinationals.
- **German coalition partners to continue talks after missing Sunday deadline:** A Social Democrat (SPD) senior member said today that German Chancellor Merkel's conservatives and the SPD will continue negotiations on forming a government on Monday because they still have differences on some issues. The conservatives and SPD had set themselves a Sunday deadline to agree on renewing the "grand coalition" but disputes over healthcare and labor policy remain. The three party leaders of the CDU, CSU and SPD want to present on Tuesday the finished contract for another grand coalition.
- **Berlusconi-backed center-right coalition may be nearer to electoral majority than polls show:** Polls may be downplaying the chances that a center-right coalition backed by former Premier Silvio Berlusconi will win a majority in upcoming Italian elections on 4-Mar. Lorenzo Pregliasco, managing director of Agenzia Quorum, pointed out that the so-called "shy-factor" in the polling process, which underestimates voting intentions for right-wing parties, together with a new electoral law that favors coalitions, may give Berlusconi's bloc enough seats to form a government.