

Flash note  
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## Google and Facebook threaten to leave Australia. Is Europe next?

- EU wants to make Big Tech pay for news, and EU lawmakers want to implement Australia-style measures that would require Facebook (FB) and Google (GOOGL) to pay publishers for content.
- The initiative from members of the European parliament (MEPs) would be a serious blow to GOOGL, which has threatened to leave Australia in protest at a planned new law that would compel it to pay for news. FB has also warned it will stop users in Australia from sharing news if the legislation is passed in its current form.
- At this moment, MEPs are working on two landmark draft of European digital regulations, the Digital Services Act (DSA) and the Digital Markets Act (DMA). These laws could be amended as they pass through the EU parliament, considering aspects of the Australian reform (such as requiring tech companies to inform publishers about how they rank news stories on their sites, or the option of including binding arbitration for licensing agreements).

### Other relevant news

- **Brussels to reject UK's call for two-year extension to Northern Ireland grace period:** The Telegraph said the European Commission was only likely to agree to a three to six-month extension of the arrangements in place for goods moving between Britain and Northern Ireland.
- **France Villeroy says French GDP top grow at 5% in 2021.** Central Bank of France showed figures pointing that the economy has improved somewhat in December and expected to remain steady in February (after dipping in November). It said French economic activity is running at just 5% below pre-Covid levels, as the government holds off from imposing a full lockdown. Media also cited comments by Bank of France chief Villeroy, who said the economy "is resisting well". He also confirmed a forecast of 5% growth for 2021.
- **EU links recovery fund to Hungarian reforms:** The EU's executive has told Hungary to reform its public procurement laws to curb systemic fraud before recovery funds are made available. It wants specific legal changes, arguing that competition in public procurement is insufficient and calls for improved data transparency and accessibility. According to the bloc's anti-fraud body

(OLAF), Hungary had irregularities in nearly 4% of its spending of EU funds in 2015-19 compared to an EU average of 0.36%. The second-poorest score is Slovakia (with 0.53% fraud of all EU funds).

- **ECB's Lagarde warns stimulus must be removed only 'gradually'.** Urges governments to speed up their spending plans, so the European Commission can start issuing joint debt.
- **Flood of cash pushes borrowing costs to unusual lows in Europe and boosts assets such as bitcoin:** WSJ discussed how corporate borrowing costs below the central bank rate in any economy are unusual and establishes parallels with other distortions in financial markets that emerged when central banks unleashed massive monetary support. "Distortions include soaring prices for stocks and high-risk assets such as bitcoin". So, according to the WSJ, the high price in BTC is a distortion. Also stocks, but corporations are sitting on mountains of cash.