

# EU heading for 'CRISIS' with Italy as budget threatens to tear eurozone apart

THE EU is heading for a "crisis" with Italy as the eurozone's third-largest economy teeters on the edge of a financial crisis, Brussels bosses have warned.

Pierre Moscovici, European Commissioner, said it was the bloc's duty to ensure the eurozone doesn't crumble under the pressure of Rome's financial troubles.

Italian government officials remain locked in a war of words with EU chiefs after unveiling a deficit target of 2.4 percent of gross domestic product (GDP) next year.

Mr Moscovici told CNBC: "We want to avoid a crisis with Rome but at the same time we need, absolutely, to make sure that the Italian debt decreases and the stability of the euro zone is ensured."

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The European Commissioner spoke after far-right League leader Matteo Salvini said he and President of the European Commission, Jean-Claude Juncker, were the "enemies of Europe".

His remarks were echoed by Italy's finance minister, Giovanni Tria, who pledged this week to do whatever is necessary to restore calm if market turbulence turns into a financial crisis.

Referring to a promise the central bank chief had made in 2012 to do whatever it took to save the euro, Mr Tria said: "In the face of a financial crisis, the government will do what it must do, as (ECB president Mario) Draghi did."

Tensions have reached boiling point between Italy and Brussels over the country's 2019 budget, in which the eurosceptic Italian government plans to flout EU fiscal rules to fulfil electoral promises of government largesse.



Italy news: Pierre Moscovici said Italy is heading towards a “crisis” (Image: GETTY )



Italy news: Far-right League leader Matteo Salving described EU bosses as ‘enemies of Europe’(Image: GETTY)

*We want to avoid a crisis with Rome*

*Pierre Moscovici, European Commissioner*

Brussels bosses have attacked the anti-Italian government's plans to bring the country's deficit to 2.4percent GDP in 2019 is three times higher than what Italy had agreed to earlier this year.

Italy's public debt currently represents 130 percent of GDP and totals £1.97trillion.

The Mediterranean country is due to submit its 2019 budget plan to the EU by next Monday.

Mr Moscovici added: "We will have to receive next week the Italian budget. I cannot jump into conclusions.



Italy news: Pierre Moscovici said he doesn't want the eurozone to crumble under pressure from Rome (Image: GETTY )

"What I can see from what I know already is that there is a risk of what we call a 'significant deviation' according to our rules, which are common to all euro zone members.

“I urge the Italian authorities to be closer to the medium-term objectives.”

It comes after Mr Salvini, speaking on RAI state TV, warned “speculators” against betting that Italy’s government would climb down.

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