

Remarks by Mário Centeno following the Eurogroup meeting of 17 February 2020

Good evening. We had a long agenda today. We managed to touch upon every aspect of euro area policy coordination, which is the primary aim of the Eurogroup.

Let me start with our decision to appoint Tuomas Saarenheimo as the new President of the EWG, effective on April 1st. Being a permanent position here in Brussels, this post is important to prepare the Eurogroup and ensure all the technical work is done between our meetings. He has been Finland's EWG Member for several years and is highly respected. I look forward to working with him.

The main policy item on the table today was the tax wedge on labour, which is the difference between before-tax and after-tax wages. A very enlightening and indeed topical discussion for all of us today. We welcomed Professor Ottmar Edenhofer, who is an expert in climate change economics and policy.

As you may be aware, we already have a set of common principles and benchmarks for the tax wedge. Today, we discussed how to reduce the tax burden on labour, and shifting it to other forms of taxation, in particular environmental taxation.

The Commission's analysis shows there has been some progress in reducing the tax burden on labour in the euro area over the past few years, although it remains among the highest in the world. This is important to increase incentives to work, in particular for the lower paid workers. The Commission also highlights the potential benefits of redesigning taxes around climate goals. At the same time, flanking measures may be needed to compensate for negative distributional effects, which would otherwise undermine public support for such taxes.

Professor Edenhofer emphasised the possible ways to design and implement policies towards a more carbon-neutral economy, stressing the importance of packaging reforms to ensure their political acceptability.

Ministers echoed the importance of packages of reforms. They also emphasised the importance of having stable sources of revenues and proceeding in a coordinated manner at European level. We agreed to work further on these issues, by sharing experiences at national level.

We also discussed the post-programme surveillance of Ireland. A legacy from a crisis which is now well behind us. The institutions briefed us on the main findings of their November missions.

Ireland's economic and fiscal performance continues to be strong. We encouraged Ireland to continue pursuing sound policies to safeguard the Irish economy against downside risks, and in particular the uncertainty related to

the future relationship between the UK and the European Union.

We then spent some time talking about the economic situation. The European Commission presented its winter forecast. This confirms the euro area economy continued to grow, albeit at a subdued pace and that it faces downside risks. While some of these risks have receded slightly, including in the case of Brexit and trade tensions, the recent outbreak of coronavirus is a reason for concern and one which we will need to monitor closely.

The slowdown is still with us and we have agreed to coordinate any need for further policy response.

This exchange laid the ground for our discussion on the so-called euro area recommendations. We agreed five priorities for 2020.

They will not surprise you but I will list them anyway: structural reforms, fiscal sustainability and public investment, labour markets and social inclusion, financial stability and EMU deepening.

Additionally, this year we have increased the emphasis on environmental sustainability.

We expect the Ecofin Council to formally adopt these recommendations tomorrow.

They will become even more relevant once the Eurozone budgetary instrument is in place – hopefully next year. And why is that? Because euro area recommendations will include the priorities for reform and investment, against which member states' initiatives will be assessed and selected.

This is a powerful new governance instrument for the euro area.

The Commission also presented its priorities for the Economic and Monetary Union (EMU). Among them are a communication on the international role of the euro, a proposal on European unemployment insurance scheme, a review of the economic governance and further steps to completing banking union and deepening Capital Markets Union.

While these priorities are shared, there is a clear sense of urgency around the room. A sense that there is a limited window of opportunity and we must deliver on these priorities, with a particular stress on Banking Union.

A first step on reviewing this priority list was a first discussion on the Commission's recent communication on our economic and fiscal rules.

We welcomed the analysis by the Commission, which will inform future work at deputies' level. There is no intention to overhaul our governance framework, which by the way has served us well. There is some support to simplify our rules, prevent pro-cyclicality and to consider how these rules can help us tackle new EU policy challenges, while preserving sustainability.

The Eurogroup will come back to this before the close of the semester.

Another priority for this semester is to finalise ongoing work on the ESM Treaty and the euro area budgetary instrument. We picked-up on the latter, also known as BICC, specifically to elaborate on the question of additional resources, and the possibility of an inter-governmental agreement (IGA).

As requested by the Leaders in December, we adopted a report covering the need, the content, the modalities and considerations on the size of a possible IGA. On the basis of this, external assigned revenues can top-up the budget envelope of the BICC.

I know you are all looking forward to the EU summit this week. Those EU Budget negotiations will decide many things, including the BICC size. Our report will inform this decision-making process. That is why I will deliver this report tomorrow to President Michel.

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[Eurogroup: Tuomas Saarenheimo appointed President of the Eurogroup working group](#)



Tuomas Saarenheimo, appointed President of the Eurogroup working group

The Eurogroup today appointed Tuomas Saarenheimo as President of the Eurogroup Working Group (EWG), the body tasked with preparing the meetings of euro area finance ministers.

Saarenheimo will take office as of 1 April 2020 and will serve a two-year term. He will succeed Hans Vijlbrief who had held the position between February 2018 and January 2020.

Tuomas is an experienced finance ministry official with a strong economic background. During his tenure as member of the EWG and the Finnish Presidency, he has shown a strong ability to reach compromise. Our agenda for the coming months is demanding, namely with new steps to complete EMU. I look forward to working with him to deliver on it.

Mario Centeno, President of the Eurogroup

Today's appointment follows Saarenheimo's election by EWG members on 6 February. Until the 1 April, the EWG's Vice-President, Odile Renaud-Basso, will serve as acting President.

The EWG prepares the meetings of the Eurogroup and promotes policy coordination on euro-area specific matters. It is composed of representatives of the euro-area member states of the Economic and Financial Committee, the European Commission and the European Central Bank. The office of the President of the EWG is located in the General Secretariat of the Council of the EU, in Brussels.

Saarenheimo will also serve as the President of the Economic and Financial Committee, which prepares the economic and financial affairs configuration of the Council (ECOFIN). He was elected to this position by the EFC on 6 February 2020.

Until now, Saarenheimo has served as Permanent Under-Secretary for International and Financial Market Affairs at the Finnish Ministry of Finance. In this capacity, he has been representing Finland at the EWG and EFC since 2013.

[Visit the meeting page](#)

[EIB supports refurbishment of Port of Ystad to accommodate climate-friendly vessels](#)



· **EIB signs SEK 445 million loan with Ystad to expand harbour**

facilities, so that new, larger LNG vessels on the Swinoujście-Ystad line can access the harbour.

· **The project previously benefitted from support under the Connecting Europe Facility (CEF)**

The European Investment Bank (EIB) has signed a SEK 445 million (EUR 41.75 m) loan agreement with the Municipality of Ystad. The port in the southern-Swedish town is a busy connection point to the Polish Port of Swinoujście and the Danish island of Bornholm. The financing will be used to expand the quays to accommodate new, more environmentally friendly, LNG vessels of over 240 meters in length, which will start operating next year.

The project aims at increasing the capacity and upgrading the Port of Ystad facilities in order to accommodate larger ro-pax vessels. Works include the construction of two new, deeper, ferry berths at a new pier located in the outer port basin, with associated facilities in reclaimed areas located to the east of the new berths. It also consists of dredging works in the existing outer basin of the port, the construction of a new breakwater south of the existing eastern breakwater, with a new reclaimed platform for future port activities expansion and the extension of the breakwater at the western part of the port.

The project is expected to improve the climate performance of the port. Measures undertaken in this sense include the improvement of on-shore power supply for berthed vessels, and a reduction of emissions by manoeuvring vessels due to easier berthing.

*"Ystad is a key connection point for tourism and transport in Sweden." says EIB Vice President **Thomas Östros**. "As the climate bank of the EU, the EIB wants to provide finance to projects that seek to reduce the environmental impact of their operations, while keeping business going and stimulating sustainable growth and job creation. This project is spot on in all of those senses."*

*"With this investment, Port of Ystad will soon be well prepared to further consolidate its position as the third largest ferry passenger port in Sweden." added **Björn Boström**, CEO of Port of Ystad. "Now, in an even more environmentally friendly way."*

[Press release – Artificial intelligence and digital initiatives to be scrutinised by MEPs on Wednesday](#)



Commissioner Breton will present to and debate with MEPs the [initiatives that the Commission will put forward on 19 February](#):

- A Strategy for Europe Fit for the Digital Age
- White Paper on Artificial Intelligence
- European Data Strategy

When: Wednesday, 19 February, 16.00 to 18.00

Where: European Parliament, Spaak building, room 3C050, Brussels

Live streaming: You can also follow the debate on [EP Live](#)

A Strategy for Europe – Fit for the Digital Age

The Commission has announced in its [2020 Work Programme](#) that it will put forward a “European Strategy for Europe – Fit for the Digital Age”, setting out its vision on how to address the challenges and opportunities brought about by digitalisation.

Boosting the single market for digital services and introducing regulatory rules for the digital economy should be addressed in this strategy. It is expected to build on issues covered by the e-commerce directive and the platform-to-business regulation.

White Paper on Artificial Intelligence

The White Paper on Artificial Intelligence (AI) will aim to support its development and uptake in the EU, as well as to ensure that European values are fully respected. It should identify key opportunities and challenges, analyse regulatory options and put forward proposals and policy actions related to, e.g. ethics, transparency, safety and liability.

European Strategy for Data

The purpose of the Data Strategy would be to explore how to make the most of the enormous value of non-personal data as an ever-expanding and re-usable asset in the digital economy. It will build in part on the free flow of non-personal data regulation.

ESMA updates Q&A on Implementation of CRA Regulation

The Q&A provides clarification on what steps should a CRA take in order to ensure a sufficient level of quality and transparency in the periodic review of credit ratings conducted in accordance with Article 8(5) of CRAR.

The purpose of this Q&A is to establish a set of minimum standards for these periodic reviews. It will also provide investors with clarity as to whether and if so, when the annual and semi-annual review was conducted for a credit rating.

ESMA will periodically review these Q&A and update them where required.