

# Eurogroup Work programme until June 2021



The COVID-19 pandemic has caused an unprecedented economic shock, with high human costs and deep social repercussions. In response, the European Union and its member states have taken equally unprecedented steps to mitigate the impact of the crisis.

The Eurogroup was at the forefront of the early economic policy response and it will continue to play a key role in assisting citizens, businesses and member states to recover from the impacts of the pandemic. The Eurogroup in inclusive format agreed EUR 540bn worth of safety nets to assist member states address the immediate challenges faced. These safety nets include the instrument for temporary support to mitigate unemployment risks in an emergency (SURE), the EIB pan-European Guarantee Fund, and the ESM Pandemic Crisis Support.

In July, the European Council agreed on a recovery instrument of historical significance to deal with the aftermath of the crisis. Next Generation EU will allow the Union to provide loans and grants to the member states to support their recovery efforts. The Eurogroup looks forward to working in an open and collaborative way with all parties to ensure the euro area emerges strongly from the crisis.

A strong European economy, with the euro at its heart, is essential for the recovery and the return to a sustainable growth path. Through its informal high-level discussions the Eurogroup will be a forum for inclusive deliberations, promoting common understanding on challenges and appropriate policies within the euro area and in cooperation with non-euro area member states in matters of common interest. It will work closely with the EU Institutions and the Council Presidency to achieve its policy priorities.

## **The Eurogroup's priority policy areas**

The Eurogroup will continue to lead the euro area economy towards an inclusive recovery that benefits all citizens by focusing its work on a number of priority policy areas:

### **Economic and fiscal policies to support recovery and long-term growth.**

Implementing effective, sustainable policies in a concerted manner to stabilize the economy and support the recovery requires intense policy dialogue and co-ordination. Next Generation EU, including its emphasis on green and digital agendas, will be a key element in supporting member states' recovery. The Eurogroup will play an important role in fostering consistency and coherence between national policies, the use of the new EU financing tools, and euro area priorities. Co-ordination within the Eurogroup will help to prioritise policy actions that facilitate economic recovery and promote the structural reforms and investments that increase the resilience and

foster convergence within the Economic and Monetary Union and the EU as a whole. The Eurogroup will seek to align reform with the goals of a green transition and a digital future.

The annual assessment of Draft Budgetary Plans will be the time to provide guidance on the overall fiscal stance of the euro area and the fiscal plans of the member states. At the same time, the review of the economic governance framework launched by the Commission will provide an opportunity to take a critical but constructive perspective on the effectiveness of this process and fiscal surveillance in general. Similarly, the euro area Recommendations will provide the conduit for the Eurogroup to formulate its policy views and to support a coherent policy mix across a broad range of economic and fiscal policies, which is all the more relevant in the context of the recovery. The Eurogroup will continue to discuss policies that address longer-term challenges, such as higher and targeted investment in the green and digital transitions, and structural reforms to support growth potential, with a view to fostering mutual learning and spreading best practices.

Finally, on a regular basis the Eurogroup will monitor macroeconomic and fiscal developments and hold discussions on reforms.

**Strengthening the Banking Union.** The recent crisis has shown that a well-functioning financial sector and a resilient Banking Union are key to financing the recovery for households and businesses. The Eurogroup has agreed that completing the Banking Union is a priority and it has recognized the necessity of taking Banking Union forward in a holistic manner and on a consensual basis. In the coming months, Finance Ministers will focus on finalizing the agreement on the ESM Treaty as well as on the early introduction of the common backstop to the SRF on the basis of the forthcoming risk reduction assessment by the EU institutions. Ministers will also make progress with the issue of liquidity in resolution and as a matter of priority will look into some specific aspects of the crisis management framework.

The objectives of Capital Markets Union to support the financing of the economy and to strengthen market-based adjustment mechanisms in the euro area merit consideration at Eurogroup given its increasing role in financing euro area economic activity without prejudice of the discussions taking place in the Ecofin Council. Capital Markets Union can complement Banking Union, as well as providing an alternative to bank-intermediated finance. It is also important for the deepening of the Economic and Monetary Union and deep and liquid capital markets are a prerequisite for an enhanced role of the euro.

In light of the impact of the current crisis, achieving these objectives is critical and will be fully supported by the Eurogroup.

**The euro as a digital currency.** New technologies in banking and payments are giving rise to new services and business models by established financial institutions and new market entrants. Analysis of digital currencies and of a potential digital euro is being undertaken by international institutions, governments and the private sector. Recent initiatives from the European Central Bank and the Commission highlight the scale of the challenge for the EU to find the appropriate balance between innovation and consumer

protection, consolidating economic autonomy in the field of payments and a possible central bank digital currency. Although the detailed regulatory aspects of these changes are outside Eurogroup's purview, the Eurogroup will carefully examine the ongoing impact these changes will have on euro area economies in order to safeguard financial stability and monetary sovereignty, while remaining at the forefront of innovation and supporting growth.

**International role of the euro.** The euro is an important international currency. The Eurogroup will continue to monitor carefully the potential opportunities and advantages but also the risks of an enhanced international role of the euro. Equally important, the Eurogroup will monitor the plans and actions related to the introduction of the euro in the member states with a derogation. It will offer its support and guidance on the appropriate policies leading to successful participation in the ERM II and the eventual introduction of the euro.

Particular importance will be given to **strengthening the connection with European citizens and increasing their sense of ownership of the euro and of the Economic and Monetary Union.** The Eurogroup is committed to transparency and strengthening the legitimacy of the euro and Economic and Monetary Union. In its deliberations it will pay attention to and clearly communicate the impact to citizens. As part of the work programme, the Eurogroup will take stock of the implementation of the transparency regime.

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