

# Remarks by Paschal Donohoe following the Eurogroup meeting of 17 June 2021



Good afternoon, everybody. We just finished our in-person meeting of the Eurogroup. We began our meeting by welcoming Annika Saarikko, who is the new Finnish minister, to our meeting. The fact that we were able to greet her and meet physically for a second meeting in a row is a good sign. We're obviously all taking care of the health precautions, and we look forward to being able to continue to meet in person and to continue with our work across the rest of the year.

We began our meeting by taking stock of the economic situation and the positive developments in Spain, Cyprus, Portugal and in my own country – Ireland – on the basis of the Post-Programme Surveillance Reports. For Greece, we heard of good progress with reform implementation as described in the 10th enhanced surveillance report.

These reports show that economic recovery is underway in all countries, thanks to the measures taken by the authorities, the resilience of our citizens across Europe and the good progress of our vaccination campaigns. Of course, the Recovery and Resilience Fund, due to do the work of our Commission, due to the work of Paolo [Gentiloni], it's now coming to the point in which we will play a really important role in reinforcing economic recovery across Europe.

In the case of Greece, we agree that the positive assessment of our institutions warrants the approval of the next tranche of policy contingent debt measures. This is worth €748 million and the Eurogroup has released a statement with the technical details.

We continued our agenda with one of our regular discussions with the International Monetary Fund in the context of their Article IV surveillance of the euro area. The IMF were positive about the comprehensive and agile economic policy response we have put in place. But at the same time, they reminded us of the important challenges that lie ahead in the aftermath of the pandemic. The discussions we had today will feed into our policy making in the months ahead. We'll come back to this process more fully at the end of the year when the IMF formally completes its surveillance cycle.

We then welcomed the ministers and the central bank governors from Croatia, from Bulgaria and from Denmark to take stock of developments in the Exchange Rate Mechanism (ERM II) since last year. Ahead of joining ERM, Bulgaria and Croatia had taken certain prior and post entry policy commitments, aiming at facilitating their smooth participation in ERM II. These commitments are about paving the way towards euro adoption, once the convergence criteria are met. Today, we heard that the implementation of post entry commitments is on track. We were also informed that ERM II exchange rate mechanism continued to function smoothly during the last year. Our discussion today recognises the

important economic reforms already undertaken by Bulgaria and Croatia, as well as the continued attractiveness of the euro as a tangible symbol of European unity, prosperity and solidarity.

I also took the opportunity to debrief the group on the G7 finance ministers' meeting in London that I attended on their behalf a few weeks ago.

Finally, we convened in an inclusive format with our non-euro area colleagues to continue our discussions on a work plan to complete the Banking Union, in line with the mandate that we received from Leaders. We've made progress. We need to make more progress. We will agree a work plan, but it will take a bit more time and we will be returning to this later in the year.

I want any work plan that the Eurogroup issues to be credible, ambitious and effective, because this is about building a Banking Union that's good for jobs in Europe, investment in Europe, and good for the competitiveness in Europe. We will get to that point, but it will take some more time to achieve that outcome.

Good progress has been made and the discussions that have taken place have been intense, but they have been insightful and they have been constructive. And in the Eurogroup this evening, all member states recommitted themselves to trying to get agreement, and I will be harnessing that renewed agreement to get to that work plan in the coming months. It was a Eurogroup that was efficient, that was very positive in tone, it gave us a good sense of what we have achieved. But it reminded all of us of what we need yet to achieve in order to deliver a sustainable and a durable recovery.

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## [Eurogroup statement on Greece of 17 June 2021](#)



The Eurogroup discussed Greece's progress with reform implementation and its macro-economic outlook, on the basis of the tenth enhanced surveillance report published on 2 June.

After a sharp contraction of economic activity in 2020, the Commission's Spring forecast shows a substantial economic recovery in Greece in 2021 and 2022. The timely, targeted and temporary support measures taken by the Greek authorities have cushioned the effect of the pandemic on businesses, workers and the healthcare sector. The authorities' efforts have been supported by the new EU instruments that aim to mitigate the effects of the pandemic and support economic recovery. The employment protection measures taken by Greece are being supported by the EU, notably through the new instrument for Support

to Mitigate Unemployment Risks in an Emergency (SURE) and the European Social Fund. The expected launch of reforms and investments supported through the EU's Recovery and Resilience Facility will provide an additional growth impulse. The implementation of Greece's Recovery and Resilience Plan should provide a basis to consolidate efforts towards the green and digital transition.

We welcome the progress made with reform implementation that has been achieved in the challenging circumstances of the Covid-19 pandemic. In particular we welcome the implementation and entering into force of the major reform of the Greek insolvency framework that was agreed last year. We also welcome the implementation of the third and final pillar of the Guaranteed Minimum Income (GMI). By implementing the GMI, Greece has put in place an effective and targeted framework for providing social support and tailor-made employment services, thereby directly targeting improvements in poverty levels. Other areas in which good progress has been achieved include public sector human resource management, notably as regards the tax administration, public procurement, and measures to enhance the implementation of large public investment projects.

The increased uncertainty entailed by the pandemic continues to underscore the need to tackle decisively the existing medium-term risks and challenges identified in the 10<sup>th</sup> enhanced surveillance report. We encourage the Greek authorities to continue and, where necessary, reinforce their efforts with regard to financial sector reforms and to proceed with implementing the arrears clearance plan. In particular, we note the delay the suspension of court proceedings has caused in the clearance of the backlog of insolvency court cases and call upon the Greek authorities to accelerate their efforts to reduce the backlog. We welcome in this context that the horizontal suspension of enforcement measures was lifted on 5 April and look forward to the full resumption of this process. These issues will continue to be monitored in the context of enhanced surveillance.

Against this background, the Eurogroup welcomes the assessment by the European institutions that, despite the challenging circumstances caused by the pandemic, Greece has taken the necessary actions to achieve its specific reform commitments, and that the necessary conditions are in place to confirm the release of the fifth tranche of policy-contingent debt measures. Subject to the completion of national procedures, the Eurogroup Working Group and the Board of Directors of the European Financial Stability Facility (EFSF) are expected to approve the transfer of SMP-ANFA income equivalent amounts and the reduction to zero of the step-up interest margin on certain EFSF loans, which are worth EUR 748 million in total. We look forward to the eleventh enhanced surveillance report, which is expected to be published in September 2021.

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# Preliminary deal on €5 billion fund to mitigate the effects of Brexit

A five-billion-euro fund to overcome the consequences of the UK's withdrawal came a big step closer to adoption today after the Council and the European Parliament reached a preliminary agreement on the draft regulation.

The deal means that funding from the Brexit adjustment reserve can begin to be disbursed before the end of the year.

The reserve is designed to support all member states, while focusing on the most affected regions and sectors.



Today's agreement sends a strong signal that European sectors, companies and workers who stand to lose as a result of Brexit will receive urgent and timely support. We are taking swift action to help them deal with any adverse and unforeseen consequences.

*Augusto Santos Silva, Minister of State and Foreign Affairs of Portugal, Council presidency*

The fund is a special one-off emergency instrument.

It will be spent on, among other things, compensating businesses for lost trade, preserving jobs, helping fishing communities, and building customs facilities at ports.

The main condition for reimbursing public authorities as well as private companies is that the costs incurred must be directly linked to countering the adverse effects of the UK's withdrawal.

The co-legislators agreed that the reserve will cover in full or in part measures introduced by member states between 1 January 2020 and 31 December 2023. This time frame takes into account the need for mitigating actions before the expiry of the transition period.

## **Pre-financing**

All five billion euros (in 2018 prices) will be provisionally allocated to member states in advance.

Of the total amount, 80% or €4 billion will be disbursed as pre-financing: €1.6 billion in 2021, €1.2 billion in 2022 and €1.2 billion in 2023.

The remaining one billion will be made available in 2025. It will be shared

among member states depending on how the funding has been spent in the previous years, also taking into account any unused amounts.

## Allocation

Brexit has an uneven impact on member states, regions and sectors.

Bearing this in mind, the co-legislators agreed that the allocation method should be based on three main factors:

- the value of fish caught in the UK exclusive economic zone
- the importance of trade with the UK
- the population of maritime border regions with the UK

Overall, €600 million will be allocated on the basis of the factor linked to fishing, €4.150 billion based on trade, and €250 million under the factor linked to maritime border regions.

## Next steps

The preliminary agreement between the Portuguese presidency of the Council and negotiators from the European Parliament has to be endorsed by the two institutions, before they can proceed to adoption of the regulation.

*This page will be updated with a link to the text of the preliminary agreement.*

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## [EASA/ECDC update air travel guidelines to factor in vaccination and latest scientific evidence](#)



The new version of the document takes into account new evidence and information such as the circulation of variants of concern (VOCs) and the

rollout of the COVID-19 vaccination programmes. The new version also emphasises the need to keep non-pharmaceutical measures in place – such as the wearing of medical face masks, hygiene measures and physical distancing. It is intended to provide support to national authorities in the Member States and to aviation stakeholders and is based on the latest scientific evidence, epidemiological situation and policy developments.

“We have reached a significant milestone in the pandemic: a real change in approach that can allow travellers to fly again without worrying excessively that the rules may change at short notice, complicating their journey or making it impossible,” said EASA Executive Director Patrick Ky. “The industry – and passengers – have been waiting for this moment for a long time. Thanks to the expert epidemiological input from ECDC we are confident that this protocol offers practical and pragmatic guidelines for health-safe travel.”

In line with current scientific evidence and the European Council recommendation, the Protocol proposes that people who are fully vaccinated against COVID-19 or who recovered from the disease in the last 180 days should not be subject to testing or quarantine, unless they are coming from an area of very high risk or where a Variant of Concern is circulating. For travel from such destinations, the requirement for a negative test could be considered. This could be either a Rapid Antigen Detection Test (RADT) taken no more than 48 hours before arrival or a PCR test no more than 72 hours before arrival. Also, the use of Passenger Locator Forms to facilitate contact tracing is still considered very important.

In addition, physical distancing of at least one metre must be maintained and medical masks must be worn at all stages of the journey. Hand and respiratory hygiene measures also need to be observed. All these measures are recommended for EU air travel, but also for air travel to and from third countries.

“The rollout of COVID- vaccination programmes has thankfully allowed for the relaxation of some measures for fully vaccinated travellers” said Andrea Ammon, ECDC Director. “But if measures are relaxed too soon also for non-vaccinated people, then we may see a rapid rise in cases again. This is based on the current scientific evidence as well as ECDC modelling predictions, which take into account the gradual relaxing of non-pharmaceutical measures, circulation of variants of concern, and the rollout of vaccination programmes. In order to effectively control community transmission of the virus, we need to continue the roll-out of vaccinations and exercise caution until a sufficient proportion of the European population has received their vaccine.”

Emphasis should be placed on ensuring that the new elements of the protocol, such as the checking of proof of vaccination or recovery should not create

bottlenecks and queues in airport processes. The protocol recommends that the information should be checked once in each journey, ideally prior to arriving at the airport of departure. This should also be the case for transfer passengers.

The recommendations are non-binding on the Member States. Nevertheless, it is hoped that countries across Europe will adopt its recommendations so as to ensure harmonisation and the safe recovery of the air transport and tourism sector. As part of the consultation process, the AHSP and the principles behind it were presented to the Health Security Committee and the members of the EU's integrated political crisis response mechanism (IPCR) as well as the National Aviation Authorities and the EASA Advisory Bodies .

EASA will monitor the implementation of the protocol, which will be further updated in the future in line with the latest scientific evidence and epidemiological information.

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## [12 detained in Poland in gun smuggling crackdown](#)

With the active support of Europol, the Polish Border Guard (Straż Graniczna), together with the Internal Security Agency (Agencja Bezpieczeństwa Wewnętrznego) and the National Police (Policja) has seized close to a hundred firearms in raids tackling a gun-smuggling gang.

The Polish authorities found the weapons in a series of house searches in the regions of Świętokrzyskie and Łódzkie Voivodeship and charged 12 suspects – all Polish nationals between 32 and 60 – for their involvement in this illegal gun-running operation.

The organised crime gang under investigation smuggled weapons illegally from Slovakia to Poland, Russia and Ukraine.

The 96 seized firearms include revolvers, pistols, automatic rifles and hand machine guns. Several thousand rounds of ammunition of different calibre and one hand grenade were also confiscated as a result of this action day.

Additionally, over EUR 50 000 worth of cash was found during the house searches, alongside 14 marijuana plants and some amphetamine.

The case was conducted in close cooperation with Europol, which provided continuous intelligence development and analysis to support the field investigators.

This action day falls in the framework of a much larger two-year long investigation led by the Polish Border Guard which, besides this action day,

has resulted so far in the seizure of close to 200 firearms, including so-called 'Flobert' guns and some 2 700 pieces of ammunition. Fifteen other individuals – 9 Ukrainian nationals, 1 Russian national and 5 Polish nationals had already been arrested.

The evidence seized during the course of this particular action is now being analysed to identify further investigative leads across Europe.

This action day was carried out in the framework of the European Multidisciplinary Platform Against Criminal Threats (EMPACT).



In 2010 the European Union set up a [four-year Policy Cycle](#) to ensure greater continuity in the fight against serious international and organised crime. In 2017 the Council of the EU decided to continue the EU Policy Cycle for the 2018 – 2021 period. It aims to tackle the most significant threats posed by organised and serious international crime to the EU. This is achieved by improving and strengthening cooperation between the relevant services of EU Member States, institutions and agencies, as well as non-EU countries and organisations, including the private sector where relevant. [Illicit firearms trafficking](#) is one of the priorities for the Policy Cycle.