Eurogroup: Hans Vijlbrief reconfirmed as President of the Eurogroup working group

Hans Vijlbrief, President of the Eurogroup working group

The Eurogroup today reappointed Hans Vijlbrief as President of the Eurogroup working group (EWG), for another two-year term.

"Hans has done an excellent job as EWG chairperson in the last two years, in particular driving forward at technical level the Eurogroup's agenda to reform the euro area. I am delighted that the Eurogroup has reappointed him for a new term". Mario Centeno, President of the Eurogroup.

Vijlbrief has held the position since 1 February 2018. His new term will run until 31 January 2022.

The President of the EWG is elected by its members and then appointed by the Eurogroup. Vijlbrief was re-elected to this position by the EWG on 26 November 2019.

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.

Hans Vijlbrief will also continue serving as the President of the Economic and Financial Committee, which prepares the economic and financial affairs configuration of the Council (ECOFIN).

Visit the meeting page

Eurogroup statement on Greece of 4 December 2019

The Eurogroup discussed the implementation of the reform commitments by Greece based on the fourth enhanced surveillance report as published on 20 November.

We welcome the confirmation by the institutions that Greece is projected to comfortably meet the primary surplus target of 3,5% of GDP for 2019. We also welcome the adoption of a budget for 2020, which is projected to ensure the achievement of the primary surplus target and which includes a package of growth-friendly measures aimed at reducing the tax burden on capital and labour. Greece has also made significant progress with broader structural reforms, notably in the area of the labour market, digital governance, investment licensing and the business environment.

Furthermore, we take note of the medium-term risks and challenges identified in the enhanced surveillance report. It will be crucial for Greece to maintain, and where necessary accelerate, reform momentum going forward, including through determined implementation of reforms on all levels. Against this background, we welcome that the Greek authorities reiterated their general commitment to continue the implementation of all key reforms adopted under the ESM programme, especially as regards the reduction of arrears to zero, recruitments in the public sector and privatisations.

We also welcome the firm commitment of the Greek authorities not to extend beyond April 2020 the current scheme for the protection of primary residences and welcome the intention to proceed with a broad reform of the insolvency framework by end-April 2020. The new framework should aim at ensuring an appropriate enforcement of all collateral, which would help normalise the banking sector’s credit provision to the economy. It will also be crucial to continue and strengthen the implementation of other financial sector reforms, especially with regard to the clearance of state loan guarantees on an expedited basis, clearing of the household insolvency backlog at the courts and further improvements to the framework for e-auctions. These will continue to be monitored in the context of enhanced surveillance.

Against this background, the Eurogroup welcomes the assessment by the European institutions that Greece has taken the necessary actions to achieve its specific reform commitments for mid-2019, in the context of advancing a broader reform agenda, and that the necessary conditions are in place to confirm the release of the second tranche of policy-contingent debt measures. Subject to the completion of national procedures, the EWG and the EFSF Board of Directors 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 worth EUR 767 million in total.

The Eurogroup gives a mandate to the European institutions to initiate technical work on the possible use of ANFA and SMP income equivalents to reduce gross financing needs or to finance mutually agreed investments, in line with the agreed fiscal targets and the June 2018 Eurogroup statement.

Our next discussion on Greece will be based on the fifth enhanced surveillance report expected to be issued in February 2020.

Visit the meeting page

Eurogroup statement on the Draft Budgetary Plans for 2020

The Eurogroup welcomes that all 19 Member States have submitted Draft Budgetary Plans (DBPs) for 2020. On 20 November, the Commission provided in-depth individual assessments and Opinions, together with an analysis of the budgetary situation in the euro area as a whole.

The Eurogroup takes note that no DBP was found in particularly serious non-compliance with the SGP and consequently no resubmission of a DBP was requested by the Commission. We note that Belgium, Austria, Portugal and Spain submitted DBPs on a no-policy-change basis. We invite them to submit the updates of their DBPs as soon as possible, to ensure compliance with the SGP. We look forward to the Commission assessment of those updates.

The euro area's growth outlook, while remaining positive, has weakened over the past year. While the solid performance of the labour market has helped to sustain private consumption and domestic demand, the euro area economy is facing an elevated level of uncertainty. If downside risks were to materialise, fiscal responses should be differentiated, taking into account country-specific circumstances and avoiding pro-cyclicality to the extent possible. The Eurogroup stands ready to co-ordinate.

According to the Commission autumn forecast, following the slowdown in economic activity, the aggregate deficit in the euro area is expected to rise from 0.5% in 2018 to 0.8% of GDP in 2019 and to 0.9% of GDP in 2020, reversing the declining trend of recent years. Aggregate debt in the euro area is set to continue to be on a downward path, from about 88% of GDP in 2018 to about 85% of GDP in 2020, mainly thanks to the continued low interest rate environment and planned primary budget surpluses.

The Eurogroup underlines that Member States are in very different budgetary situations. Despite the current economic conditions, there is still a need to rebuild fiscal buffers in Member States that have not reached their Medium-Term Budgetary Objectives (MTO). The Eurogroup reiterates that a slow pace of debt reduction from high levels in a number of Member States remains a matter for concern and should be decisively addressed, including by making use of windfall gains from low interest rates. In this context, the continued fiscal expansion or limited structural fiscal adjustment expected in some Member States in 2020 is worrying, in particular when coupled with high medium-term sustainability risks. The Eurogroup recalls in this context that the focus on sufficient debt reduction and the adjustment towards the MTO are an integral part of the Stability and Growth Pact (SGP). We welcome that, as invited, some Member States with a favourable budgetary situation have made use of it and plan to use it further to boost investment and growth, while preserving the long-term sustainability of public finances.

The Eurogroup recalls the importance of a growth-friendly composition of public finances across the euro area. We concur on the fact that, in the context of policy design for 2020, a stronger emphasis should be given to reforms and investment in research and development, in digitalisation and on climate action.

The Eurogroup welcomes the fact that for the first time since 2002 no euro-area Member State is currently under the corrective arm of the SGP[1]. The Commission’s compliance assessments for 2020 are thus made against the requirements of the preventive arm of the SGP. The Eurogroup recalls that country-specific recommendations adopted by the Council on 9 July 2019 include detailed and quantified fiscal policy guidance, taking into account the need to strengthen the growth potential and sustainability concerns.

The Eurogroup takes note that, according to the Commission assessment, eight Member States’ plans are deemed to be at risk of non-compliance with the SGP in 2020: Belgium, Spain, France, Italy, Portugal, Slovenia, Slovakia and Finland. According to the Commission assessment, the DBPs of these Member States might result in a significant deviation from the adjustment path towards their respective MTOs. In addition, Belgium, Spain, France and Italy are not expected to comply prima facie with the debt reduction benchmark in 2020. The Eurogroup invites all Member States whose DBPs are at risk of non-compliance with the SGP to consider in a timely manner the necessary additional measures to address the risks identified by the Commission and to ensure that their 2020 budget will be compliant with SGP provisions and welcomes their commitment to follow-up as needed.

Based on the Commission assessment, two Member States’ plans are deemed to be broadly compliant with the SGP in 2020: Estonia and Latvia. The Eurogroup invites these Member States to ensure compliance with SGP provisions within the national budgetary processes and welcomes their commitment to take any necessary measures.

The Eurogroup welcomes that nine Member States’ plans are deemed to be compliant with the SGP in 2020: Austria, Cyprus, Germany, Greece, Ireland, Lithuania, Luxembourg, Malta and Netherlands. The Eurogroup also welcomes that some of the Member States that have outperformed their medium term objectives have plans to partly use their favourable budgetary situation in 2020 to boost investment and growth, while preserving the long-term sustainability of public finances.

We will continue to monitor euro area Member States’ fiscal and economic policies, as well as the budgetary situation of the euro area as a whole.

[1] Only France is forecast to have a deficit above the 3% of GDP Treaty reference value in 2019. Based on the Commission assessment, that excess is temporary, close to the reference value, and solely due to a one-off impact of a single measure.

Visit the meeting page

YEYS 2020 – Students from 33 countries will take part in a European Youth Summit on Climate in Brussels

Students from 33 different countries will travel to Brussels in March 2020 to take part in a European Youth Summit on Climate. The event is organised by the European Economic and Social Committee (EESC), and will follow the model of a United Nations Climate Change Conference (COP). Students will be asked to represent a sector, industry or bloc of countries and negotiate with each other, in order to come up with recommendations for combatting climate change.

Young people from all around the globe are speaking up to save the planet, and the EESC has listened. The Committee's flagship event for young people, **Your Europe, Your Say! (YEYS)**, will take place on 19 and 20 March 2020, and students from 33 secondary schools all over Europe will come together to discuss the best ways to protect the environment, using the slogan **"Our climate, our future!"** The list of participating schools is available here.

The 33 schools selected to participate in this initiative were chosen using an electronic name selection tool, in a draw that took place on 27 November in Brussels. One school was selected from each of the 28 EU Member States and five candidate countries (Albania, North Macedonia, Montenegro, Serbia and Turkey). **Three 16-18 year old students, accompanied by a teacher, will represent each school**. Almost 800 schools have already applied for next year’s edition.

The aim of the event is to listen to students’ bright ideas for dealing with the current climate crisis and to come closer to achieving our goal of becoming climate-neutral by 2050. Under the supervision and guidance of the young moderators, **students will discuss their proposals following the model of a Conference of the Parties (COP)** from the United Nations Framework Convention on Climate Change.

Students will meet representatives from international youth organisations, who will help them translate their ideas and proposals into concrete recommendations. **These recommendations will be submitted by the EESC to international environmental policy-makers** and discussed at conferences around Europe throughout the year.

In preparation for the debates, a member of the EESC will visit each participating school to talk about the EU and EESC and the work they are doing for young people, as well as to explain the structure of the event and what will be expected from the school.

Background

“Your Europe, Your Say!” (YEYS) is an event organised by the European Economic and Social Committee, the voice of civil society in Europe. YEYS is the Committee’s flagship event for young people, and started in 2010 with the aim of connecting Europe’s youngest citizens with the European Union.

Every year, 16-18 year old students from all EU Member States and candidate countries come to Brussels for two days and work together to draw up resolutions, which are then passed on to the EU institutions. These resolutions contain the students’ ideas, proposals, and hopes for their future as European citizens.

All secondary schools in Europe can apply to send three students to participate in YEYS. Through this initiative, the EESC hopes to ensure that the views, experiences, and ideas of Europe’s younger generations are taken on board in the EU policymaking process.

Further details about YEYS 2020 are available on the event’s official page. Watch the YEYS 2019 video here.

ESMA updates AIFMD Q&A

ESMA has added one new Q&A on the AIFMD reporting to National Competent

Authorities.

The Q&A provides clarification on reporting requirements on liquidity stress tests for closed-ended unleveraged Alternative Investment Fund (AIFs).

The purpose of this Q&A document is to promote common supervisory approaches and practices in the application of the AIFMD and its implementing measures.