Remarks by Mário Centeno following the Eurogroup meeting of 13 September 2019

Good afternoon, let me start by thanking our Finnish friends for hosting us here in Helsinki.

Today we welcomed two newcomers in our group. **Christos Staikouras** from Greece and **Roberto Gualtieri** from Italy. We heard their policy priorities for the near future and their commitment with policies that contribute to preserving the stability of the euro. I should note that Roberto is no stranger to the group as he attended the Eurogroup before in his previous capacity as ECON Chair in the European Parliament.

Today was not the moment to discuss details of their presentations. We will discuss Greece again in December when we look at the fourth enhanced surveillance report. Italy will only come up in the context of the Draft Budgetary Plans, together with all other countries.

Still on new names, I launched today the call for candidates for the upcoming ECB Executive Board vacancy. We want to ensure a smooth succession of Benoit Coeuré, whose term ends on 31 December. Countries should present their names until 25 September and we will aim to agree on a name in our October meeting.

For our first discussion item today we welcomed **Dag Detter**, who is an expert in the management of public assets. He joined us for one of our regular exchanges of best practices on **spending reviews**. Our discussion this time focused on boosting the efficiency of public investment. Euro area governments are making increasingly better use of spending reviews but investment spending remains a difficult area to review, due in part to the long timespans of projects.

We moved on to a valuable discussion about how we work, in the Eurogroup, so that our proceedings are as **transparent** as possible. Last year I launched a review of the transparency arrangements that were put in place in 2016. Many good practices are already in place, such as the publication of draft annotated agendas, summing-up letters and relevant meeting documents, not to mention these press conferences. Following this review, we considered next steps today.

We need to strike a balance between sharing with the public what we discuss and decide upon and, at the same time, protecting candid and open discussions both at the Eurogroup and at our preparatory body, the EWG. I think we reached that balance and there was broad support to this initiative.

Let me outline some examples:

- We agreed to the creation of an online repository of publicly available Eurogroup documents;
- We will expand – whenever possible – the summing-up letters, which is a

detailed description of our proceedings.

- We will also increase the transparency of our preparatory work in the EWG, by publishing the EWG meeting calendar and improving its webpage.

Overall, this is another step in increasing the transparency of the Eurogroup. It will be important to review these arrangements at regular intervals to ensure they remain fit for purpose.

Next up, we discussed the post-programme surveillance of **Ireland**. The European Commission, the ECB, the ESM and the IMF debriefed us on the main findings of their respective missions.

Ireland continues to show a very strong economic and fiscal performance. We encouraged Ireland to keep pursuing sound policies to enhance protection against downside risks, such as Brexit.

I will let Valdis and Klaus expand on the outcome of the mission.

Back in July, I attended the **G7** Finance Ministers' meetings in Chantilly, France, and today I reported briefly to Ministers on these discussions. That led the way to a forward-looking exchange on the economic outlook, going into the autumn. I asked the ECB to present its staff macroeconomic projections from yesterday.

On the G7 agenda, ministers highlighted the risks of digital currencies and Libra in particular, calling for a reflection on how we can take advantage of technological developments to reduce the costs of international financing transactions.

Regarding the economic situation, we are following developments very closely and stand ready to act if risks materialise and things get worse. At the Eurogroup we will coordinate our response. I should add that overall, and despite all the uncertainty looking, we remain positive about the euro area economy, which is still growing, albeit at a slower pace.

In the last crisis, we were able to find a balance in our comprehensive response, combining fiscal policy, structural reforms at national and EU levels and also monetary policy. Going forward, in the face of a downturn, we need to find a new balance and fiscal policy will surely play a part on this.

Another important element of a new balance of policies is the need to reinforce our institutions. This is why we have been reforming the euro area. A key innovation in that debate is the **Budgetary Instrument for Convergence and Competitiveness for the euro area**, which by now we call BICC – yes, another acronym.

Last June we agreed on a term sheet describing the main features of this tool. Leaders asked us to further work on some open issues, specifically on financing, asking us to report swiftly on appropriate solutions. Swiftly means October, with a view to integrate the broader debate on the next EU budget that will ensue.

Today we reviewed all the open issues under the BICC on the basis of work developed by the Commission during the break: the governance aspects, the financing, the allocation methodology, the modulation procedure and arrangements for the non-participating Member States.

Let me go through, briefly, each of these issues one-by-one.

On the governance, what we want to achieve is a Euro Area governance framework for the BICC, which will be linked with our well-tested European Semester.

One distinctive feature of the BICC is the prominent role of the Eurogroup and the Euro summit in particular in providing strategic guidance and identifying the priorities for investment and reform . Further work will take place at technical level on this subject.

Second, the financing of the BICC. This remains a tricky issue. While some would like to use only the EU budget own resources for the time being, many others reiterate the importance of adding external assigned revenues via an intergovernmental agreement.

We would need to insert a specific enabling clause in the underlying BICC legislation to foresee the possibility of such additional revenues.

Today, I heard broad support to pursue this option of an enabling clause, without prejudging an agreement on the actual intergovernmental agreement.

Third, we also reviewed various options for the allocation key. By this I mean the way the money will be distributed among member states. Given the goal of the instrument, its legal basis and the guidance we got from Leaders, the allocation key must reflect the size and the income or the economic position of each member state. We should be able to come to an agreement by October, following further technical discussions.

Fourth, we also discussed the idea of “modulation” – this is a process whereby national co-financing rates may be reduced. The specific cases where this could happen have yet to be agreed and clarified .

Finally, there is consensus that the BICC should not come at the expense of non-euro area members. We are exploring several options for making this possible, including a different and dedicated instrument.

We will come back to all this at our next meeting in Luxembourg in October to deliver solutions as was requested by Leaders. That means it will probably be a longer meeting.

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