

# Remarks by Mário Centeno following the Eurogroup meeting of 16 March 2020

We have held a videoconference today on our response to the extraordinary human and economic crisis caused by the Coronavirus. Finance ministers are often posed very hard choices, but seldom are they matters of life and death. On behalf of all the ministers attending, let me start by expressing my deepest sympathy with the citizens and the Member States hit by this crisis, and a deep-felt gratitude for all those risking their health to save lives.

We will protect our citizens and our currency. Come what may and with everything we have got. Our commitment to provide support in this time of need is unlimited.

We will do whatever it takes and more, to restore confidence and support a rapid recovery. Whatever further coordinated and decisive policy is needed, we stand ready to take it. This includes fiscal measures to support growth and employment. We are working on the necessary measures needed to help the economy rebound.

Today we have put together a first set of national and European measures while setting a framework for further actions to respond to a rapidly evolving crisis.

The total fiscal support to the economy will be very significant. In addition to our powerful automatic stabilisers, the combined fiscal measures at national and European levels amount to about 1% of GDP on average and the combined liquidity measures to around 10% of GDP. Liquidity measures are mostly comprised of public guarantee schemes and deferred tax payments.

Let me go into more detail now on the measures taken.

First, member states are taking strong action to support healthcare systems and to contain the virus. They will also provide liquidity support to firms and support affected workers. Measures are tailored to the needs and circumstances of each individual member state.

Second, coordinated efforts at the European level will complement national measures.

We welcomed the Corona investment initiative worth of 37 billion euros, which will support healthcare systems, SME's and the labour market. Another 28 billion euros of structural funds will be made fully eligible for these expenditures.

We welcome the initiative of the Commission and the EIB Group to mobilise €8 billion of working capital lending, backed by the EU budget, by enhancing programmes for guaranteeing bank credits to SMEs. We also welcome the ongoing efforts to increase this amount to up to 20 bn.

We also welcomed the package of monetary policy measures taken by the ECB last week aimed at supporting liquidity and funding conditions for households, businesses and banks. It will help the smooth provision of credit to the real economy: And – importantly – it will avoid fragmentation of euro area financial markets to preserve a full transmission of monetary policy.

A few words on flexibility. Rules and regulation will support the fight against this disease and the economic fallout

We emphasised today that the Stability and Growth Pact has all the flexibility needed to cater for this situation. And we will use it so that we can take the far-reaching measures needed to fight this crisis.

We welcomed the Commission guidance on the scope for supporting firms that is available within state aid rules. The Commission will approve additional measures needed to remedy this serious disturbance in the economy, which is already the case for Italy and increasingly across the EU.

The banking system has a key role in preventing this health emergency from morphing into a social and economic crisis for our citizens. We welcomed the statement by the European Banking Authority to make full use, where appropriate, of the available flexibility to support the banking sector. In particular, we also welcomed the decisions taken by ECB Banking Supervision providing temporary capital and operational relief to euro area banks.

All the resources available at EU level must be mobilised to fight this crisis.

All institutions will participate in our collective effort to defeat this virus. In this context, I have also asked the Commission and the ESM to explore ways, within their mandates, to address the challenges posed by the coronavirus.

Let me close this topic by stressing that this is a first step and the Eurogroup will continue to follow the situation very closely and stand ready to act swiftly. We have agreed to follow-up with regular calls, at least once a week. We will continue to act swiftly and decisively to developments as they unfold.

Today ministers also agreed to very briefly review a few other pending issues in our agenda, namely ESM treaty reform and enhanced surveillance in Greece.

On the Treaty, back in December we reached an agreement – in principle – on all elements related to the ESM reform, but a left a few legal issues to be clarified.

Work done by our deputies clears up our remaining open issues. I am confident that we will be able to close this big chapter shortly. Also on the so-called Amending Agreement to the IGA. Our focus is now fully on the corona virus and we will thus politically finalise the treaty reform at a more appropriate time.

A final word on Greece, we shortly discussed the fifth enhanced surveillance

report today. We welcomed the good progress with reform implementation. Greece has been able to outperform its fiscal targets for the fifth year in a row, reaching a primary surplus of 4% in 2019. We all agree that of course Greece will also be able to make full use of the flexibility with the fiscal rules to deal with the consequences of the corona virus.

Let me close this press conference by wishing everyone well. These are extraordinary times in which we must support each other wherever we can. Especially to the people and families affected by this disease I wish you all the strength needed to get through this.

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