[Remarks by Mário Centeno following the Eurogroup videoconference of 24 March 2020]

We have just finished a videoconference of the Eurogroup together, with non-euro area finance ministers. All our energy and focus is on initiatives to tackle the economic crisis caused by the coronavirus outbreak.

Let me start by expressing again my deepest sympathy and solidarity with the citizens and families hit by this crisis. This is a devastating human tragedy and we are all affected.

We met only a week ago. And what a difference a week makes in the context of this crisis! In economic fallout but also in the boldness of our policy response.

In these last eight days, the epidemic has taken a stronger toll on our citizens, businesses and overall on our economies. At the same time, governments and institutions in the EU are taking decisive measures.

Today we took stock of all the measures already taken and also of the initiatives that are being explored among institutions. The aim is to prepare for the meeting of the Leaders on Thursday where decisions are expected.

First, there is a clear increase in our fiscal response. In one week alone, the total amount of the fiscal measures at national level has doubled and is now estimated at 2% of GDP. Liquidity support schemes for firms and workers have been scaled up from 10% to more than 13% of GDP.

Second, coordinated measures at the European level are being deployed, supplementing national efforts. There has been significant progress since our last meeting.

To provide for the required flexibility in our budget, the Commission has activated the general escape clause of our fiscal rules.

The decisions taken by the ECB last week have provided a strong element of reassurance and we have welcomed them unanimously.

We also welcomed the Commission’s temporary State-aid framework, which helps our efforts to provide public support to our companies, while safeguarding the level playing field in the Single Market.

The Corona Response Investment Initiative will help to support healthcare systems, SMEs and the labour market, by making resources from the structural funds available for the challenges we face today. Accelerated legislative work is now underway to make this initiative operational.

The EIB’s proposal for a €25 billion pan-European guarantee, announced by

President Hoyer, which will represent an additional €200 billion in support to SME’s, midcaps and corporates which are struggling to cope with the virus fallout.

Third, we have started a debate on additional forms of support to reinforce crisis management and prepare the ground for economic recovery.

We are committed to explore all possibilities necessary to support our economies get through these difficult times. This involves all our institutions. This discussion has just only started and more work is needed to get to the finish line.

The challenge our economies are facing today is in no way similar to the previous crisis. This is a symmetric external shock. Moral hazard considerations are not warranted here. We must bear this in mind when we consider coronavirus dedicated instruments. This is particularly true for any ESM instruments which were set up during the last crisis.

We look forward to more initiatives, namely from the European Commission which is expected to bring forward its unemployment insurance proposal.

Our discussions are more advanced on the ESM workstream because we can build upon the strong framework already in place. There is broad support to consider a Pandemic crisis support safeguard based on an existing ESM precautionary instrument, such as the Enhanced Conditions Credit Line (ECCL). This would provide an additional line of defence for the euro and work as insurance to protect us against this unfolding crisis.

The features of this instrument would need to be consistent with the external, symmetric nature of the COVID-19 shock. This is also true for any attached conditionality. In the short term it will be targeted to coronavirus response and in the longer term, countries are expected to return to stability.

This instrument would be available for all countries to apply, individually. The size of the available instrument could be in the range of 2% of members’ GDP, as a benchmark. While there is broad support among members around these features, more work is needed on details.

This discussion corresponds to the Leaders’ mandate to explore options among institutions for an EU coordinated response. It will allow me to report back to Leaders on Thursday. We look forward to their guidance and stand ready to implement their decision shortly after.

Collectively, we will continue to do everything within our reach, going beyond, to support our citizens and our economy.

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