

Remarks by Mário Centeno following the Eurogroup videoconference of 9 July 2020



Good afternoon.

This is my last press conference as President of the Eurogroup. I am particularly happy with our meeting today. Good and substantive discussions on the economic situation, lots of energy to counter this crisis with further policy action. And an exciting and competitive race to elect a new President to lead the Eurogroup going forward.

Let me formally announce to you that the Eurogroup has a new President – Paschal Donohoe.

Paschal Donohoe's term – which is 2.5 years – will begin on 13 July.

We had 3 excellent candidates – all very competent, experienced ministers and highly regarded members of the Eurogroup.

I would like to thank the other two candidates for their initiative and commitment to the work of the Eurogroup.

I do not have to introduce Paschal to you.

Let me just say that it has been a true pleasure working with Paschal Donohoe for the past 2,5 years, and his contributions to the Eurogroup's work have been highly valued by colleagues.

I have no doubt that Paschal will make an excellent President of the Eurogroup and wholeheartedly wish him every success in this post.

Before giving the floor to Paschal, let me briefly report on the rest of the **Eurogroup meeting**. We welcomed João Leão, my successor as Portuguese Finance Minister. And we also received an update on the new French government programme from Bruno Le Maire, who was reappointed minister.

We started our agenda with a discussion of the economic situation. The Commission presented its interim summer **forecast**, which confirms that the euro area entered a recession of unprecedented depth in the second quarter.

The forecast also confirms that the rebound has started, though it is far too early to relax. The euro area economy is expected to shrink by almost 9% this year and, even if the rebound continues next year, as we hope, we will still be far below where we were.

Without the swift and determined policy responses we have implemented at the national and European levels, the situation would even have been far worse.

It rests on our shoulders the task to prove part of these bleak projections wrong. These forecasts do not factor-in the impact of the Recovery Instrument. A timely agreement at the European Council on a robust recovery plan would surely constitute an upside risk. And so the policy response to the pandemic remains our prime focus.

This sets the stage for our discussion of the **fiscal stance**, for which we welcomed Professor Niels Thygesen, the Chair of the European Fiscal Board. This is a regular item of our meetings but the discussion was anything but business-as-usual.

While everybody focused on the COVID-19 situation, something remarkable has happened – we ended up with a **fiscal policy consensus**. The EFB, the Commission, the ECB and Eurogroup ministers all support timely and targeted policies to combat the pandemic and to protect the fabric of our economies and societies. This translates into a strongly supportive fiscal stance in the euro area, which complements the supportive monetary policies of the ECB. This is our focus for 2020.

For next year, uncertainty remains very high. The policy challenges may change in the coming months and our policy responses may have to adapt. As ministers gear up their budget preparations for next year, there is broad consensus on supportive policies for next year as well.

That brings me to the end. With the benefit of hindsight, we can say that the past two and half years were for the most part an intermission between two crises – the sovereign and the pandemic.

We used this period wisely, carving out a renewed role for the Eurogroup. The Eurogroup earned its reputation as a crisis management body.

In the past few years, the conversation changed, as we sought to coordinate fiscal and economic policies more closely, in good times.

Let me say that it has been an honour to participate in the important work of the Eurogroup for the past five years, first as a member and then as President. It has also been a pleasure to work with talented colleagues from across the continent in a true spirit of European co-operation.

Let me also thank you, the journalists, for your interest and attention in these years. I truly enjoyed our interactions.

It is time for me to hand over. So, Paschal, congratulations again. Please, the floor is yours.