

Remarks by Paschal Donohoe following the Eurogroup video conference of 16 December 2020



Good afternoon, everybody. We had a very productive and efficient Eurogroup meeting today. We also had the pleasure of welcoming a new finance minister to our group – the new finance minister of Lithuania, Ms Gintarė Skaistė.

Our meeting today was an additional meeting just before the Christmas break, to take stock of our economic situation and to discuss the policy outlook. I started off by debriefing colleagues on the outcome of the Euro Summit last Friday, where EU Leaders welcomed the major step forward achieved in the Eurogroup at the end of November, when we agreed on the reform of the European Stability Mechanism and the early introduction of the backstop to the Single Resolution Fund. Leaders mandated the Eurogroup to prepare, on a consensual basis, a stepwise and time-bound work plan on outstanding elements needed to make further progress on banking union.

This will ensure a busy Eurogroup in 2021, and this work will involve all 27 ministers in our inclusive format.

Our first substantive exchange of views today covered economic developments. We assessed where we stand now on the basis of the ECB's latest projections. The second wave is having a significant impact on the European economy as we approach the end of 2020, but we do not expect the change to be comparable to disruption that we experienced during the first wave. Also, our prospects are becoming clearer thanks to developments on the vaccine front.

This sets off two other matters on our agenda today, where we considered the policy response to the current situation. These are regular items in the Eurogroup agenda, but they were by no means business as usual today.

So we began with a discussion on budgetary orientations. Normally at this time of the year, we would be looking to the Commission's assessment of draft budgetary plans to see exactly how each member state complies with fiscal rules and to identify where we have gaps. This year, the focus is resolutely on coordinating our policies to shield citizens from as much economic harm as we can.

We issued a statement today recommitting our group to timely, to temporary and to targeted policy measures. We again reconfirmed that the euro area will run a supportive budgetary policy throughout 2021 to see and to support our citizens through this very difficult period.

2020 was about responding back to the immediate needs created by the pandemic and its related restrictions. I'm glad to report this week that the Commission found that the €200 billion EIB fund for companies affected by

COVID-19 is fully compliant with our state aid framework. This means that all three safety nets – for workers, for businesses and for governments – that the Eurogroup agreed in April are now fully operational. In 2021, our focus will gradually shift towards supporting economic recovery. This needs to be a recovery that benefits us all, one that is sustainable, and one that is socially inclusive. It also needs to be a recovery that contributes towards reaching our climate objectives and continuing with our progress on a digital transformation.

The rollout of Next Generation EU and then particularly the Recovery and Resilience Fund will play a key role in providing substantial and important new resources to support the Eurogroup in delivering these ambitions. And in that regard, I want to recall and to commend the very important agreement achieved by our Leaders last week. We can now firmly turn our attention to implementation so that the much-needed support is deployed as quickly as possible next year.

Today, we also agreed five sets of priorities for euro area member states will be taking action individually, including through their recovery and resilience plans and then collectively in the Eurogroup. The priority areas are in line with the recommendation on the economic policy of the euro area proposed by the Commission. They are as follows:

- ensuring a policy stance which supports recovery,
- improving convergence, resilience, and through doing this, contributing to sustainable and inclusive growth,
- how we strengthen our national institutional frameworks,
- ensuring macro-financial stability, and
- continuing with our efforts to complete European economic monetary union and strengthening the international role of the euro.

So there is a huge amount ahead of us in 2020. But with this plan and with the common purpose of the Eurogroup, I believe we can look forward to 2021 with a greater sense of confidence that we can overcome the challenges that we have faced in 2020.

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