

Remarks by Paschal Donohoe following the Eurogroup video conference of 18 January 2021



Good evening everyone, and a very happy and a healthy new year to all of you. One of my hopes for 2021 is to be able to meet Eurogroup colleagues around the table again and to do that in person. And then, of course, to be able to meet all of you in a physical press conference after that. The health emergency is still very much with us as we begin the new year. And indeed, the human cost of this crisis is very much in all of our thoughts. So for now, our discussions will still be taking place through a video conference in line with health restrictions. I will say a word about each agenda item.

I like to set the scene for our Eurogroup meetings with a broad economic discussion. For that purpose, the Commission presented an analysis showing how the COVID-19 crisis runs the risk of aggravating the pre-existing macroeconomic imbalances in the euro area. But, of course, while we acknowledged that risk, we also acknowledged in recent weeks that there have been very positive developments. Thanks to the vaccination programmes being rolled out all across Europe we can now see light at the end of the tunnel. But there is, of course, no time a role for complacency, as new waves and as new variants of the virus emerge. We are still very much aware within Eurogroup of the need to maintain support to homes, to workers and to businesses as they face the economic consequences of prolonged health restrictions. Our discussion today reconfirmed the very strong consensus on the need to maintain a supportive budgetary stance.

Ministers also emphasised the importance of coordinating our efforts at the euro area level and the core fact that we can achieve more collectively than we can individually. And I'll be working with all members of the Eurogroup in the coming weeks and months to deliver that aim. This is, of course, precisely what is at the heart of the euro area recommendations. And with Next Generation EU we now have a unique window of opportunity to support reforms and to meet investment needs that are critical to promote resilience and to deliver a sustainable recovery. This brings me to the second agenda item, which is about the preparation of these plans.

We had a very useful and very important update from the Commission on how euro-area priorities are reflected so far in draft plans. Just to recall, those recommendations focussed on a supportive policy stance on convergence, on national institutional frameworks, on macro-financial stability and on completing the monetary union. Commissioner Gentiloni, I'm sure, will say a few more words on this, but the overall picture was, I think, one of the recommendations that are reflected in the draft plans. And I know that Paolo is working intensively with national governments to ensure these plans are ambitious, that they are credible, and that they can be swiftly implemented.

Putting together these kinds of plans is an unprecedented exercise, and the dialogue within the Eurogroup is really valuable in that respect, so that ministers can share their experience and learn from one another. We will continue to foster consistency and coherence between national policies, the use of the recovery facility and euro area priorities. And Minister Nadia Calviño gave an excellent presentation when she updated the Eurogroup on her work and the work of the Spanish government in making progress on their recovery and resilience plan.

Tomorrow, ECOFIN will also have a discussion focussing on the process for implementing the RRF. And I will be working closely with Minister Joao Leao over the course of Portugal's presidency on this issue, as we both consider this to be a top priority. Time is of the essence to roll out the measures that we agreed and to set ourselves on the path for a sustainable recovery.

After our regular Eurogroup, I invited non-euro area colleagues to join us for a very wide-ranging discussion with an invited guest, Professor Lawrence H. Summers of the Kennedy School of Government at Harvard University.

Europe has long been a staunch supporter of the rules-based international order. It is in the EU's DNA. As a participant in G-7 meetings, I'm also acutely aware of the tremendous responsibility we have to step up global cooperation in times of crisis. So with the inauguration of a new President in Washington this week, I thought it was an opportune moment to take stock of the international situation with a transatlantic perspective. We were delighted to have Professor Summers, who shared this insight with us based on his decades of top-level economic policymaking and crisis management experience. This crisis has reminded us that both problems and solutions transcend national and narrow boundaries. But today I sensed a shared optimism within the Eurogroup that we will see new dynamics in our engagement with our most important partners.

So, therefore, in the coming months, the Eurogroup will be returning to the subject of the international role of the euro, which is part of the broader interest in European autonomy and sovereignty. I think today's discussion of where things stand between the world's two global currencies and two largest market economies was an excellent starting point in this work.

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