

Remarks by Paschal Donohoe following the Eurogroup video conference of 3 November 2020



Today's virtual Eurogroup meeting comes at a time when governments across Europe face serious challenges on the health and economic front. Some are also dealing with emergencies on the security front – I am referring of course to the terrible attacks in France and in Austria in recent days.

At the outset of the meeting today, the Eurogroup offered our condolences to our Austrian and to our French colleagues.

Then of course, our first discussion focused on the latest health developments and their economic consequences, in view of the worrying surge in COVID-19 cases.

Across Europe, new containment measures are being taken. These are difficult times, especially for all those who fall ill, for their loved ones, and for the dedicated professionals who are caring for them. People are rightly worried about their job prospects and they rightly expect decision-makers to protect them from the economic fallout of this pandemic.

I am thankful therefore to Dr Andrea Ammon, Director of the European Centre for Disease Prevention and Control (ECDC) who joined our meeting today to inform us of the latest COVID-19 developments. We also welcomed Ms Irene Tinagli, Chair of the European Parliament's Economic and Monetary Affairs Committee – it was very valuable to have their contributions to our discussion today.

The pandemic has indeed brought much pain and suffering, but it has also reminded us of the value of the European Union. Governments moved fast, we then agreed a joint response, because economically we are stronger together. We are now better able to respond to this crisis and better able to build the recovery, using the resources of our single market and our combined economic strength.

We have issued a statement today, on behalf of the Eurogroup, that recalls the safety nets that we agreed in April and our commitment to continue to provide unprecedented budgetary support. All three safety nets are now in place. Allow me to go into a bit more detail:

- The SURE instrument aims to protect jobs, and I am glad to report that support has already been granted to 17 member states. We all congratulated the Commission and Paolo for its successful first issuance on the financial markets in relation to this instrument.
- The EIB Guarantee Fund supports businesses and has been in effect since the summer; the first operations worth of €1 billion have already been approved

by the EIB Board.

– The Pandemic Crisis Support instrument of the ESM remains in place and reinforces market confidence in euro area sovereigns.

I am convinced that the unity of purpose that we have seen since the start of the crisis will see us through these challenging times. This unity of purpose will also be important to finalise an agreement on the Recovery and Resilience Facility, which is an urgent priority for all of us because of its crucial importance in supporting economic recovery in the coming years.

Needless to say, the Eurogroup will continue to monitor the situation closely to ensure that our policies support and complement the public health measures in these difficult times.

The Eurogroup then moved on to a discussion on the ECB's report on a Digital Euro. The report looks at different ways a digital euro could be designed. Ministers see this as a top priority.

We all agree that a digital euro can bring benefits to European citizens, to businesses and to the European economy as a whole. But, at the same time, we are aware that the design and implementation of a digital euro pose challenges and deserve the most careful of consideration. A digital euro touches upon crucial issues, starting with monetary stability and financial stability. Implications for financial inclusion, data protection, enforcement of measures against money laundering and tax evasion, amongst other issues all need to be carefully examined. I am therefore glad that we were able to have our first strategic discussion and the potential economic, social and political consequences that such an innovation could entail.

It is absolutely clear that the design of and final decision upon issuing a digital euro is largely the responsibility of the ECB.

But, because the matter is of critical importance for finance ministers, we encourage the ECB to pursue its work in relation to models and options for the possible issuance of a digital euro.

In the meantime, I expect the Eurogroup to return to this topic on a regular basis. We will consider implications of the project on our monetary sovereignty, financial stability, bank funding, consumer protection and on the international role of the euro.

We also had our first meeting in Banking Union format today, this is a new grouping that is the consequence of Croatia and Bulgaria joining the Banking Union last July. We welcomed Minister Ananiev from Bulgaria and Minister Marić from Croatia to this meeting.

In this new composition, the Chair of Banking Supervision, Andrea Enria, and the Chair of the Single Resolution Board, Elke Koenig informed us about the latest activities of their institutions, with specific attention to their response to the pandemic. We welcomed that both institutions are applying the flexibility within their regulatory framework to soften the impact of the COVID-19 on the banking sector, with a view to supporting the recovery of the

economy.

We were informed that the financial sector appeared to be well prepared for potential turbulences associated with Brexit. That being said, the institutions confirmed that they will continue to encourage banks to continue their efforts to prepare.

After this short Eurogroup in Banking Union format, we invited the rest of our colleagues to the meeting in inclusive format.

In addition to a debriefing on the implementation of the three safety nets – a subject I mentioned earlier – we took stock of ongoing work on liquidity in resolution. This is technically complex but politically highly important: it is about making sure that a resolved bank has sufficient liquidity in the first days after resolution.

Some progress has been made at a technical level but some further work is needed before we can reach a political decision. Today was a very valuable stock take. We will come back to this issue in the first half of next year.

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