

# Remarks by Paschal Donohoe following the Eurogroup video conference of 30 November 2020



Good evening to everybody. I want to start by relating the success of our inclusive discussions with all EU 27 members, and I'm very pleased to announce that we have reached an agreement on the ratification of the ESM Treaty reform.

The ESM was created and performed an important role during the last crisis. The adjustments that we have agreed today will further develop the ESM's toolkit. We will now proceed to the signature of the Treaty in January and launch the procedures for ratification at national level. The Treaty reform also establishes a common backstop to the Single Resolution Fund in the form of a credit line from the ESM.

The backstop is a last resort. It's a further safety net at our disposal should we need us. It will reinforce and complement the Resolution Pillar of the Banking Union and will help to ensure that a bank failure does not harm the broader economy or cause financial instability. And therefore pleased to announce that today we've also agreed to introduce the common backstop two years ahead of the original schedule. We will bring forward its operational date to the beginning of 2022.

This decision reflects the important progress achieved in reducing risks in the banking system. But this is not the end of the road. We will continue to advance risk reduction using existing credible frameworks such as EU-wide stress tests, reinforced regulatory requirements for specific institutions, and enhanced surveillance to deal with structural issues.

Since the onset of the pandemic, the Eurogroup has shown our determination to tackle the economic challenges head on, and today's agreement again confirms our unity of purpose. This is a crucial stepping stone in our path to strengthen the Banking Union, and it is an important complement to our efforts in supporting economic recovery.

I want to acknowledge and thank all of the efforts of the institutions that are present here today to get to this point and want to recognise, again, the unity of purpose of all of my fellow ministers in the agreement of this evening. And I also want to pay tribute to my predecessor, Mário Centeno, for all the work that he did to get to the point of agreement this evening.

We also took stock of the steady progress at the High Level Working Group on other elements of Banking Union. And now that we reached agreement today, we are in a good position to move forward in other areas. I will report to the Euro Summit next week on the state of progress with Banking Union. And we want to keep our progress and our momentum going.

I want to say a word about the regular Eurogroup agenda where we welcomed the managing director of the IMF, Kristalina Georgieva. And we also welcomed the new minister from Malta, a new colleague, Clyde Caruana.

The Fund joined us today to discuss the outcome of their Article IV consultation with the euro area. This was an opportunity to appraise where we stand with our many challenges. And I am pleased that there is currently substantial policy consensus in the Eurogroup, and I am glad the fund confirmed that our policy response has so far risen to the scale of challenges we face. We will come back to these issues in more detail in December when we agree the Council Recommendation on economic policy of the euro area for 2021.

In our next meeting, we will also take a closer look at the Draft Budgetary Plans for 2021. And the Commission gave a very helpful presentation on that work and provided a qualitative assessment on the need for timely, targeted and temporary measures for next year, which is very much in line with the Eurogroup's assessment.

Finally, the Eurogroup also took stock of the good progress in Spain, in Cyprus and in Portugal and in my own country – Ireland – on the basis of the post programme surveillance reports. We also acknowledged the good progress in Greece – on the basis of the enhanced surveillance report. There's never any room for complacency, but these reports indicate us that the risks arising from the pandemic are being monitored, and they are being responded back to by my fellow ministers for finance. In the case of Greece, we agreed that the very positive assessment warrants the approval of the next tranche of policy contingent debt measures. And this is worth 767 million euro. We have now released a statement based on the commendable hard work and good results for Greece and for the euro area.

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