

Remarks by Paschal Donohoe following the Eurogroup video conference of 5 October 2020



Good afternoon. Today's Eurogroup was in the form of a videoconference again. I obviously look forward to the day we can all meet again in person, but we did have a good discussion.

Before I go through the main points of the meeting, let me touch upon the ongoing ECB nomination process.

Today, the Eurogroup supported the candidacy of Mr Frank Elderson, currently Executive Board Member of the Dutch national bank, to become a member of the ECB Executive Board, succeeding Mr Yves Mersch. The Council is now expected to formally recommend Mr Elderson's candidacy to the European Council.

Today was also the first Eurogroup of our new Belgian colleague, Vincent Van Peteghem. Vincent took us through the priorities of the new Belgium government which was sworn in last weekend.

Our first item was the Eurogroup's Work Programme for the coming nine months. I tabled a comprehensive programme to help ensure the Eurogroup will continue to lead the euro area economy towards an inclusive recovery that benefits all citizens and works on the strengthening of the Economic and Monetary Union. This programme reflects extensive consultation over recent weeks, and I am pleased to say it is now officially endorsed.

If you review this programme, which is now published, you will see that, during my mandate as President of the Eurogroup, we will focus mainly on three priorities – the economy, financial issues and the euro itself. So a word on each.

First, the Eurogroup will focus on economic policies to support the recovery and long-term growth and, ultimately, to support the living standards of citizens at a time of such challenge. We will engage in regular policy dialogue to coordinate our action at national level. This will be based on the ongoing insight of the euro that we can achieve more collectively through the coordination of our efforts than we can achieve on our own.

Our aim will be to support recovery and to support growth and avoid the risk that the crisis of Covid-19 leads to a widening of imbalances and divergences.

Second, we will work intensively to strengthen Banking Union and the Capital Markets Union. We will work to ensure the financial sector can better support economic recovery, and better share and manage the financial risks which of course are always with us.

And third, we will focus on the common currency, our common currency of the euro – which is used every day by citizens but which is also now one of the two predominant world currencies.

Digitalisation is creating major challenges but at the same time opens up many opportunities in the financial sector and for our common currency. We got to work on this programme straight away, with a discussion on our first priority – supporting the economic recovery. Our starting point is that, as you know, Europe has agreed to an unprecedented reform and investment drive, backed by a 750 billion euro recovery and resilience facility.

The recovery is a matter for all EU Member States but, for the euro area, there is still more at stake, as our economies are closely intertwined. The Eurogroup is playing a very important coordinating role here, to identify priorities and to ensure the positive impact on the euro area's growth and jobs is greater than the sum of individual Member States' actions.

Today, I sensed a shared view around the table not only on the challenges but also on the actions needed. As we progressively move away from emergency action to recovery, we agreed that our policies should foster economic transformation and unlock new growth potential in the euro area. At the same time, our policy should address the risks of economic divergence and of imbalances.

This has several dimensions.

On budgetary policy, we reconfirmed the view that we should continue to support economies. Ministers shared their intentions to gradually orientate their budgets towards recovery measures, while keeping flexibility to swiftly react to unforeseen developments.

Common financial integration projects, such as banking union and the capital markets union, are even more relevant now than they were before the pandemic.

We also need to prepare for the future, to meet the challenges of the green and digital transitions.

This informed discussion and preparation for the euro area recommendations that we will agree on later this year that will codify these priorities and, ultimately, they will be reflected in our Recovery and Resilience Plans for next year.

Just quickly and in conclusions:

– We took stock of exchange rate developments – this is part of our regular monitoring ahead of international meetings. Our strong and united response to the pandemic has driven market sentiment and it has contributed to the appreciation of the euro.

– We also took stock of the 7th Enhanced Surveillance Report for Greece and we commended the Greek authorities and our colleague Christos Staikouras for the progress made. The pandemic has hit the Greek economy hard, but thanks to the hard and difficult work over recent years, the country can count upon

well-managed public finances and the confidence that has been instilled by a track record of delivering economic reforms.

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