

Brussels, 27 May 2019
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To the members of the Eurogroup

Subject: Eurogroup in inclusive format of 16 May 2019

Dear colleagues,

I would like to share with you the main content and course of our discussions at the Eurogroup meeting in inclusive format of 16 May in Brussels.

The Commission was represented by Commissioner Günther Oettinger and Commissioner Pierre Moscovici. ECB Director General for Economics Frank Smets and ESM Managing Director Klaus Regling attended our meeting.

1. Features of the budgetary instrument for convergence and competitiveness – focus on governance aspects

We continued our exchange of views on the key features of the budgetary instrument for convergence and competitiveness (BICC), focusing on the sources of financing and on progress achieved so far on all the features of instrument, with the view to prepare an agreement in June.

Overall there are many points of agreement among us on the features of the instrument, such as the interest in supporting both public investments and structural reforms, in line with priorities and challenges identified within the European Semester and reflecting strategic guidance by Euro Area Member States, as well as a transparent and cost-related allocation of expenditures. The bulk of the support would be delivered in the form of grants and there would be a minimum level of national co-financing. There is broad support to codify the strategic guidance role of the Euro Area Member States, although views differ on the appropriate form. The question of whether the instrument should

rely exclusively on own resources or whether it should be complemented by externally assigned revenues remains open at this stage. The source of financing has important legal and governance implications. We agreed that further work is needed on the open issues in view of an agreement in June.

Yours sincerely,

Mario Centeno