

Remarks by Paschal Donohoe following the Eurogroup video conference of 15 March 2021

Good evening, everybody. We opened up our Eurogroup meeting by hearing an excellent presentation from Minister Daniele Franco, who updated us on his priorities as a member of the new Italian government. It is customary that when we have a new finance minister joining the Eurogroup, we afford that minister the opportunity to make a presentation on their policy priorities. After that, we moved on to a number of discussions in relation to the budgetary policy response in the euro area to COVID-19.

We looked back to what we have done and ahead to what we will do.

We have issued a statement that reflects the unity of purpose and our determination to fight this pandemic and its economic fallout with all means at our disposal.

For the second time now, in just under 12 months, all members of the Eurogroup, north, south, east and west have issued a statement affirming their commitment to taking the right budgetary decisions to respond back to the challenges of COVID-19 and to put in place and to continue to have in place the policies that are needed to allow the euro area economy to recover.

This statement begins with an acknowledgement of the Commission communication on the fiscal policy response to COVID-19, which provides very valuable guidance to all of us and enables our coordination efforts.

Today, the Eurogroup agreed on the need to keep a budgetary stance in 2021 and in 2022, which will be supportive and which will pave the way for recovery. This will also be facilitated by support from the Recovery and Resilience Facility. We are united, and we are determined in our efforts to protect jobs, to protect businesses and to protect our citizens in this very acute phase of a continued health crisis. We all share the view that this is the best contribution that we can make to longer-term fiscal sustainability at this point. The measures we will take to achieve this will continue to be timely. They will continue to be temporary. And they will continue to be targeted. But we will also ensure that they continue to be effective.

As the health situation improves, the focus of our measures will gradually shift to promoting a resilient and sustainable recovery. Once the recovery is firmly underway, it will be important to address the challenges that are posed by increased debt levels. And we will do this by putting in place the right sustainable medium-term budgetary strategies. And we also recommitted ourselves to the ambitious reform agendas and investments, especially in the green and digital transitions. That will be a crucial part of this.

The rollout of the vaccines does give us hope, but uncertainty remains high until the pandemic is fully under control. We need to remain agile and we need to adjust our response as the health and economic situation evolves. And the centrepiece of this is the immense and intense work being led by Paolo, by the Commission, in response to the recovery and resilience plans. To conclude on this point, I want to again emphasise the fact that beyond sharing a currency, the finance ministers of the euro area, we share our strengths and we share our dependencies with each other. We are coordinating our strength and our interdependence in our statement today, which demonstrates, again, our commitment to act together in times of difficulty.

We also discussed how the pandemic has affected various sectors of our economy. The Commission's analysis has shown how different sectors have been unevenly affected and hence their growth prospects may also differ. The crisis has accelerated some pre-existing trends within our economies, which in turn calls for us to strengthen our ambitions with regard to the green and digital transition.

For the final items of the regular Eurogroup, we briefly took stock of exchange rate developments and of the post-programme surveillance in Greece.

Starting with exchange rates, our strong and united response to the pandemic has driven market sentiment and has continued to contribute to the strength of the euro over the past year. More recently, the euro has continued to perform strongly against the dollar, but this has been offset by movements against other currencies. And overall, the appreciation that we saw in the first phase of the pandemic has been stabilised.

We heard from the institutions on the main conclusions of the 9th Enhanced Surveillance Report for Greece for good progress has been made and Minister Christos Staikouras again made a very thorough and comprehensive presentation on all of the work that he is leading on behalf of the Greek people and our colleagues in the Commission, the European Stability Mechanism responded back to this work.

In inclusive format and as a preparation for the Euro Summit, we discussed how we can continue to build on the role of the euro on the global stage. I want to emphasise very clearly that our objective is not to rival other currencies, but rather to reap the benefits of the valuable international currency that we do have in the euro. In this context, we highlighted the importance of a strong economy, of integrated financial markets and payment systems, as well as in the work to develop and deliver green and digital finance. I will report on these discussions in a letter to the President of the Euro Summit, which we will be publishing in the coming days.

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