



**Eurogroup**  
The President

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To the members of the Eurogroup

**Subject:** Eurogroup meeting of 12 March 2018

Dear colleagues,

I would like to share with you the main content and course of our discussions at the Eurogroup meeting held on 12 March 2018 in Brussels, to which we welcomed Román Escolano, the newly appointed Spanish Economy Minister. The Commission was represented by Vice-President Valdis Dombrovskis and Commissioner Pierre Moscovici. Our meeting was attended by ECB President Mario Draghi and ECB Executive Board Member Benoît Coeuré and by ESM Managing Director Klaus Regling. We also welcomed Poul Thomsen, Director of the IMF's European Department and Mahmood Pradhan, Deputy Director of the IMF's European Department, who joined us for the discussions on Greece.

## **1. Greece – state of play**

The European institutions debriefed the Eurogroup on the closure of the third review and on the state of play of the fourth review of the ESM stability support programme. We welcomed that Greece has finalized the third review, which will pave the way for the first disbursement of the fourth tranche after the finalization of national procedures expected in the second half of March. We called on all involved parties to work on a timely completion of the 88 key deliverables of the fourth and final review of the programme. We were also informed by the Greek authorities on ongoing work on a comprehensive growth strategy to be presented in time for our next meeting. We took note that technical work on the growth adjustment mechanism as part of the possible medium term debt measures is progressing well. We will come back to this issue as well as to the post programme framework at our next meeting.

## **2. Preparation of the March Euro Summit**

We held an exchange of views taking stock of all relevant work strands on EMU deepening in preparation for the Euro Summit later this month, where I will report orally on the current state of play. Our discussions showed the close interlinkages between the three work streams: ESM reform, the completion of the banking union and fiscal issues. Overall discussions have progressed well since January. For the future we agreed to continue to work on all these issues in an inclusive format as much as possible, to enable the emergence of a comprehensive package ahead of the June summit.

On ESM reform, we confirmed that upcoming work should cover four issues: the possible role of the ESM as backstop provider to the Single Resolution Fund, the review of instruments, the role of the ESM in programmes and crisis management and its implications, and debt sustainability issues. Our exchange of views today confirmed broad support for making the ESM the backstop provider for the Single Resolution Fund. On the other issues work is at a more preliminary stage. We agreed to continue technical work on the ESM reform to enable a decision on this as part of an overall package in June.

On the banking union, where discussions have taken place in an inclusive format, we have started the work to operationalise the 2016 Council roadmap. There is a broad understanding that this does not mean adding new measures to the roadmap, but adding more precision on the content and timing of its different elements. Work on indicators to allow for a comprehensive assessment of progress with risk reduction is ongoing. We will also continue technical work on risk sharing, notably on EDIS and on the backstop to the Single Resolution Fund.

Finally, on fiscal issues, different views have been expressed. We focused the discussion on a possible central stabilisation function. Other objectives such as convergence or promotion of structural reforms are also important for a smooth functioning of EMU, but may be more appropriately discussed in the broader context of the EU budget debate. There are different views on a central stabilisation function: on whether it is needed and on what instruments would be more suitable to this end. Some ministers mentioned the link with the fiscal rules. Overall, we agreed that fiscal issues have a longer-term dimension and that continuing technical discussions in the committees would be useful in the run-up to the June summit in inclusive format.

### **3. Preparation of international meetings: inflation and exchange rate developments**

As customary, we took stock of recent inflation and exchange rate developments ahead of the upcoming international meetings, on the basis of an assessment by the Commission and the views of the ECB. We broadly concurred with the views expressed by both institutions. We agreed on the overall importance of verbal discipline on these matters.

Yours sincerely,

Mario CENTENO