



**Eurogroup**  
The President

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To the members of the Eurogroup

**Subject:** Eurogroup meeting of 11 September 2020

Dear colleagues,

I would like to share with you the main content and course of our discussions at the Eurogroup meeting held on 11 September in Berlin. Thanks to the good organisation and safety measures implemented by our hosts, this meeting was the first occasion for us to meet in person since the outset of the Covid-19 pandemic.

The Commission was represented by Vice-President Valdis Dombrovskis and Commissioner Paolo Gentiloni. Our meeting was also attended by ECB President Christine Lagarde and ESM Managing Director Klaus Regling.

### **1. Thematic discussion on the political economy of reforms, focus on the conditions that facilitate the introduction of reforms, maximise their impact and ensure an efficient deployment of public resources in the context of the recovery**

We started our meeting with a thematic discussion on the political economy factors that can support and sustain reform efforts in the current recovery context. The discussion was based on a technical note prepared by the Commission. There was a broad consensus around the table that in particular, inclusive consultation and communication on the objectives is crucial to build support for reforms and ensure their long-term sustainability. The packaging and sequencing of reforms is also important to address the concerns of those negatively affected by the reforms and potential procyclical effects. Transparency, involving independent institutions, and basing reforms on evidence also improve the quality of reforms and help to gain the trust of citizens. There was a general understanding that the current environment is conducive to implementing reforms, and that the establishment of the

Recovery and Resilience Facility as a key element of the European response to the Covid pandemic was a game changer.

Several Ministers shared examples from their own experience. Our discussion showed the relevance of the Eurogroup as a forum for Ministers to exchange views and forge high level consensus, which is all the more relevant as we discuss Euro area policies and prepare the recovery and resilience plans that will support the economy and ensure that the recovery reaches all. We will revert to these matters in upcoming meetings.

## **2. Stocktaking of the economic situation, policy response and recovery needs after the COVID19 pandemic, with a focus on national fiscal plans and the fiscal stance in the Euro area in 2021.**

We took stock of the economic situation and our fiscal policy response, based on the Commission and ECB assessments of the situation. We observed a significant rebound in activity in June and July, but high-frequency indicators weakened over the summer and there remains a significant level of uncertainty, not least linked to the pandemic, Brexit and trade tensions with the rest of the world. We underlined the significance of the European response to the crisis. There was broad consensus that overall, fiscal policy should continue supporting the economy and a shared willingness towards a coordinated approach on budgetary policy and for using the Eurogroup as a forum to reach this understanding.

## **3. Miscellaneous**

I outlined the process for the appointment of a new Board Member of the ECB to replace Mr Yves Mersch, whose term is due to finish on 14 December 2020.

Yours sincerely,

Paschal DONOHOE