



**Eurogroup**  
The President

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To the members of the Eurogroup in inclusive format

**Subject:** Eurogroup in inclusive format – meeting of 24 May 2018

Dear colleagues,

I would like to share with you the main content and course of our discussions at the Eurogroup meeting held in inclusive format on 24 May 2018 in Brussels.

The Commission was represented by Vice-President Valdis Dombrovskis and Commissioner Moscovici. Our meeting was attended by ECB Executive Board Member Benoît Coeuré and by ESM Managing Director Klaus Regling.

## **1. EMU Deepening – way forward on the Banking Union and future role of the ESM**

The Eurogroup took stock of the progress made on the Banking Union roadmap and the future role of the ESM and discussed the way forward ahead of the June European Council.

On Banking Union, ministers have built on the discussion at the EWG in inclusive format. There was broad support for the work done in identifying the indicators for a regular assessment and for a gradual approach to the sequencing of the deliverables in coming months, both in terms of risk reduction and risk sharing. Work will continue on both work strands with the view to take first decisions in June. We stressed that reaching a compromise on the Banking Package is an important step in further reducing risks in the Banking Union. Such an agreement would help to pave the way for advancing political decisions on risk sharing measures, including on the ESM becoming the backstop to the Single Resolution Fund (SRF).

To inform our discussions in June, the institutions will provide a joint report on progress made with reducing of risks in the Banking Union. This joint report will build on previous stock taking exercises and reports.

On the future role of the ESM, we took stock of the state of play of discussions on all the various work streams on the review of ESM instruments, the role of the ESM in programmes, as well as debt sustainability issues. We also discussed the common backstop to the SRF. Our exchange of views confirmed very broad support for making the ESM the backstop provider for the SRF. We agreed to continue work on the ESM reform to enable a decision to advance on this as part of an overall package in June. In particular, work will continue on the review of the ESM toolkit (including the usefulness of and possible improvements to existing instruments and whether new instruments are needed) as well as on the main features of the common backstop, including on decision-making. Discussions will also continue on the debt sustainability approach of the ESM, to see if there is scope to further clarify the ESM framework, taking into account the approach used by the IMF. Finally, the European institutions will keep working on the future of their working arrangements in the context of programmes.

We will come back to the Banking Union and future role of the ESM at our next meeting to prepare the June Euro Summit in inclusive format, which is expected to take a first set of decisions and provide additional guidance on the way forward.

Yours sincerely,

Mario CENTENO