



Brussels, 30 January 2020
ecfin.cef.cpe.02(2020)466580

To the members of the Eurogroup

Subject: Eurogroup meeting of 20 January 2020

Dear colleagues,

I would like to share with you the main content and course of our discussions at the Eurogroup meeting held on 20 January in Brussels.

The Commission was represented by Commissioner Paolo Gentiloni. Our meeting was also attended by President of the ECB Christine Lagarde, ECB Executive Board Member Fabio Panetta and ESM Managing Director Klaus Regling. We also welcomed Philip Gerson, Deputy Director of the European Department of the International Monetary Fund (IMF), who presented the findings of the IMF Article IV interim mission

1. IMF Article IV interim mission to the euro area

We were informed by the IMF about the main findings of their Article IV interim mission to the euro area that took place in November. The IMF expects a continuation of muted growth in 2020, with a slight pick-up predicated on a firmer performance of the global economy. The Fund outlined its view on the leading role of fiscal policy in responding to future downturns, entailing differentiated policies for high debt countries and countries with ample fiscal space. The Fund was supportive of current monetary policy but insisted on the need to accelerate structural reforms at the national level and improvements to the EMU architecture in order to boost potential growth, resilience and convergence. This analysis was broadly shared by the Commission and the ECB.

2. Updated Draft budgetary plan of Portugal

We discussed the updated draft budgetary plan (DBP) of Portugal on the basis of the Commission opinion of 15 January. We noted the Commission assessment that the budget of Portugal might risk a significant deviation from the required adjustment to Portugal's medium-term objective (MTO). At the same time, the MTO is within reach and Portugal continues to comply with the debt rule. A number of Members also commended the fiscal performance of Portugal over the last few years. We endorsed a Eurogroup statement (see Annex I) to communicate the outcome of our discussions.

3. Presentation of the Draft Recommendation on the economic policy of euro area

We had a first discussion of the draft euro area recommendations for 2020, proposed by the Commission. Comments focused on fiscal and taxation aspects as well as on EMU deepening and will be taken into consideration in the run-up to our February discussion. There was broad agreement with the overall scope of the draft recommendations and significant support for the increased focus on environmental sustainability issues. It was clear from our discussion that Finance Ministers have a central role to play in transforming the green agenda into concrete actions and results.

4. Miscellaneous

Policy priorities of the new governments of a) Spain, b) Austria and c) Finland

Nadia Calviño, Gernot Blümel and Katri Kulmuni the newly appointed Finance Ministers for Spain, Austria and Finland respectively, presented the economic and fiscal policy priorities of their new governments. We also welcomed the new Member for Cyprus, Constantinos Petrides.

Yours sincerely,

Mário CENTENO

Eurogroup

Brussels,
20 January 2020

Eurogroup statement on the updated draft budgetary plan of Portugal for 2020

The Eurogroup welcomes Portugal's submission of an updated draft budgetary plan (DBP) for 2020, as requested in its statement of 4 December 2019, as well as the Commission opinion issued on 15 January 2020.

The Eurogroup takes note that, according to the Commission assessment, the DBP of Portugal might result in a significant deviation from the adjustment path towards its medium-term budgetary objective (MTO). However, Portugal's MTO is within reach and Portugal continues to comply with the debt rule.

The Eurogroup invites Portugal to consider in a timely manner the necessary additional measures to address the risks identified by the Commission and to ensure that its 2020 budget will be compliant with SGP provisions and welcomes Portugal's commitment to follow up as needed.

We will continue to monitor euro area Member States' fiscal and economic policies, as well as the budgetary situation of the euro area as a whole.