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To the members of the Eurogroup in inclusive format

Subject: videoconference of 15 May 2020

Dear colleagues,

I would like to share with you the main content and course of our videoconference of 15 May 2020. The main topic of discussion was the economic response to the COVID-19 crisis. The Commission also briefly updated us on the extension of the state aid temporary framework. The Commission was represented by Executive Vice-President Margrethe Vestager, Executive Vice-President Valdis Dombrovskis, and Commissioner Paolo Gentiloni. ECB President Christine Lagarde, ECB Executive Board Member Fabio Panetta, ESM Managing Director Klaus Regling and EIB President Werner Hoyer also joined the videoconference.

We took stock of the good progress to put in place the three safety nets, our immediate response to the crisis. Following the endorsement by the ESM Governing Board, the ESM Pandemic Crisis Support is operational, from Friday 15 May, well ahead of the 1st of June deadline set by the Leaders. The Croatian Presidency of the Council informed us that the legislative work on the instrument for temporary support to mitigate unemployment risks in an emergency (SURE) was approaching its final stage. We congratulated the Presidency for this. As described in the 9 April EG statement, the instrument is intended to primarily support the efforts to protect workers and jobs, while respecting the national competences in the field of social security systems, and some health-related measures. It is intended to provide financial assistance in the form of loans granted on favourable terms from the EU to Member States, building on the EU budget as much as possible and on guarantees provided by Member States to the EU budget. I encouraged Ministers to proceed quickly with the signature of the bilateral guarantee agreements, enabling us to make use of the SURE instrument as soon as possible. The EIB President debriefed us on the good progress made on the pan European Guarantee Fund. Work to finalize the parameters of the instrument is ongoing. We reiterated our commitment to find an agreement as soon as possible.

Looking ahead, the challenge is to mobilise our policy response at the national, euro area and EU level and set out a coordinated approach to support the recovery. We held a first exchange of views on the priorities and challenges we see in this context. The Commission informed us on its ongoing work on the assessment of the impact of the crisis, on the revised MFF proposal and the recovery instrument. Ministers expressed their views about the features, design, size and strategic priorities for the recovery fund¹. We look forward to the Commission proposal. We share the view that we should use the recovery to accelerate the modernisation of our economies and support investment and the continuous reform process, while preserving national ownership. Restarting the single market with the view to avoid fragmentation and to preserve the integrity of supply chains is another objective. In defining the common priorities, we should not lose sight of the specificity of the Euro Area. The Eurogroup can play a role in supporting an alignment and complementarity among these priorities. As mandated by the European Council, the Eurogroup will continue to closely monitor the economic situation and to prepare the ground for a robust recovery.

Under miscellaneous, the European Commission briefly updated us on the adoption of the second amendment² to the temporary state aid framework. Ministers were informed that this second amendment complements the temporary framework and existing state aid rules by specifying the criteria based on which Member States can provide recapitalisations and subordinated debt to companies in need, whilst protecting the level playing field in the EU.

Yours sincerely,

Mario Centeno

¹ To recall, as mentioned in the 9 April Eurogroup statement, Ministers agreed to work on a Recovery Fund to prepare and support the recovery, providing funding through the EU budget to programmes designed to kick-start the economy in line with European priorities and ensuring EU solidarity with the most affected member states. Such a fund would be temporary, targeted and commensurate with the extraordinary costs of the current crisis and help spread them over time through appropriate financing.

² https://ec.europa.eu/commission/presscorner/detail/en/IP_20_838