



Brussels, 16 June 2020
ecfin.cef.cpe(2020)3564399

To the members of the Eurogroup in inclusive format

Subject: videoconference of 11 June 2020

Dear colleagues,

I would like to share with you the main content and course of our videoconference of 11 June 2020. The main topic of discussion was the economic situation and policy measures to support the recovery. The Commission was represented by Vice-President Valdis Dombrovskis and Commissioner Paolo Gentiloni. ECB President Christine Lagarde, and ESM Managing Director Klaus Regling also joined the videoconference.

1. Economic situation and policy measures to support the recovery

The Eurogroup in inclusive format followed-up on the request of the President of the European Council from 23 April to closely monitor the economic situation and to prepare the ground for the recovery.

We exchanged views on the economic situation, following the latest assessments presented by the Commission and the ECB. The latest forecasts, surrounded by a large degree of uncertainty and by significant downside risks, point to a deep recession, and this is further corroborated by recent data, underlining the need for decisive policy action to support a sustainable recovery at the EU level.

The Commission has recently put forward a proposal for an unprecedented recovery package, underpinned by a staff-level assessment of the recovery needs. As part of this package, the Commission proposes a dedicated Recovery and Resilience Facility with significant firepower. In light of this proposal, we exchanged views on the estimated financing needs in view of the recovery and we reflected on the complementarity between national and European policies to support the recovery and on the implications of euro area membership on the national recovery and resilience plans, including on the possible link with the euro area recommendation.

There was broad agreement that economic policy coordination and sharing experiences on reforms and investments will be crucial going forward. For the euro area, coordination is all the more important, to avoid that imbalances build up and to ensure that the specific challenges shared by euro members are addressed.

Some Ministers expressed a preference for the euro area dimension to be better outlined as part of the Recovery and Resilience Facility, while others highlighted the need to avoid dividing lines and complex governance arrangements in the context of this crisis instrument. At the same time, the European Semester, which will be at the heart of the instrument's governance process, has a distinct euro area dimension, reflected in the euro area recommendation. I concluded that the euro area recommendation, within the European Semester, could be a natural avenue to reflect a legitimate euro area dimension to the Recovery and Resilience Facility, without adding layers of complexity to the governance process.

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.

Yours sincerely,

Mario Centeno