



Eurogroup
The President

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To the members of the Eurogroup in inclusive format

Subject: Eurogroup meeting in inclusive format of 7 November 2019

Dear colleagues,

I would like to share with you the main content and course of our discussions at the Eurogroup meeting in inclusive format held on 7 November in Brussels.

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

1. ESM Treaty. November package

The Eurogroup in inclusive format took stock of the work related to the ESM reform. We welcomed the early finalisation of the Amended Guideline on the precautionary instruments and the working document on a common methodology on debt sustainability analysis and repayment capacity analysis and took note of the fact that the Memorandum for Cooperation between the European Commission and the ESM is almost closed. We also took note of the good progress made on the common backstop, and more specifically on the Guideline and Board of Governors resolutions on the main features of the backstop. Views are converging on the nominal cap, i.e., the absolute limit to the amount that the ESM could lend to the SRF. There was also broad support for the modalities of limited Intergovernmental Agreement (IGA) changes for an early introduction on the backstop, which will be subject to the risk reduction assessment that will take place next year. We will come back to the backstop, including the early introduction, at our next meeting, on 4 December.

2. Interim report from HLWG on EDIS

Ministers were informed by the Chair of the High Level Working Group, Hans Vijlbrief, on the progress made on preparing a roadmap for beginning political negotiations on a European deposit insurance system (EDIS) and by the German Minister on his contribution to the debate on the Banking Union, including EDIS. We welcomed the progress made by the HLWG on EDIS and its subgroups and the constructive approach taken in defining a transitional path to the steady state of the Banking Union for relevant elements and their sequencing. It is clear that a stepwise approach, maintaining the balance between the key elements will be needed. We asked the HLWG to continue the work and submit a draft roadmap for our December meeting.

3. Debrief on BICC follow-up

Ministers were debriefed by the President of the EWG and the Finnish Presidency of the Council on the follow up work to our October agreement on the Budgetary Instrument for Convergence and Competitiveness (BICC). There is good progress in the Council working group that is currently translating the agreement reached at the Eurogroup into legislation. A number of Ministers expressed support for a dedicated regulation on the BICC as a standalone instrument, but this request will need to be considered in the context of the legislative process. Technical work on the possible features of an IGA will begin later this month at committee level. I concluded that we will come back to the IGA next year, when technical work has advanced.

Yours sincerely,

Mario Centeno