



Eurogroup

The President

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To the members of the Eurogroup

Subject: Eurogroup meeting 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 held on 7 November in Brussels.

The Commission was represented by Vice-President Dombrovskis and Commissioner Moscovici. We welcomed Christine Lagarde in her new capacity as President of the ECB. Our meeting was also attended by ECB Executive Board Member Benoît Coeuré and ESM Managing Director Klaus Regling.

1. Thematic discussion on growth and jobs – Investment in innovation

We discussed investment in the euro area, focussing on innovation and research. The Commission stressed that intangible investments in Europe are on an upward trend but the euro area underinvests in research and innovation compared to its more dynamic competitors. In particular, private sector expenditure remains low compared to Japan, the United States or China. In October, we had already concurred that investment in research and development should be prioritized to face the economic challenges ahead. This time we focused on how to achieve this. The Commission argued for a set of national and European initiatives to promote an effective innovation system. In his intervention, Albert Bravo-Biosca, director of the Innovation Growth Lab at Nesta, emphasised the crucial role of policy design and how the experimental approach can increase the efficiency of innovation policies and maximise their return. He also made concrete

proposals to promote a more innovation-friendly regulatory framework in the Euro area and to set up a dedicated fund to make innovation spending more effective. In his intervention, Wopke Hoekstra, Finance minister of the Netherlands, set out the Dutch government's approach to innovation policy, including through investments in R&D and other investments that have a demonstrable positive impact on long-term growth. In the ensuing discussion, Ministers stressed the crucial importance of developing a culture of innovation, both at the private and public level, in order to foster productivity and competitiveness of the monetary union, enhancing its resilience and promoting convergence. I concluded that the set of common principles agreed to promote investment two years ago remains fully valid and that further work will be carried out at committee level. If warranted, we will return to this topic next year and work on common guidelines specific for innovation policies.

2. Miscellaneous

Under miscellaneous, the Commission briefly presented the main elements of the Autumn Economic Forecast that was published a few hours earlier. We took note of the Commission forecast and agreed to come back to the fiscal aspects in December, when we will examine the Commission Opinions on the Draft Budgetary Plans.

We gave our unanimous support to the candidature of Isabel Schnabel to the European Central Bank's Executive Board, as successor of Sabine Lautenschläger, which will allow the Council to adopt a formal recommendation to the European Council. Her mandate is expected to start at the beginning of next year.

Finally, Ricardo Mourinho Felix, Deputy Finance Minister of Portugal, presented the priorities of the new Portuguese government, as per our usual practice.

Yours sincerely,

Mário CENTENO