



Eurogroup
The President

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To the members of the Eurogroup

Subject: Eurogroup meeting of 18 January 2021

Dear colleagues,

I would like to share with you the main content and course of our discussions at the Eurogroup meeting held on 18 January by videoconference.

The Commission was represented by Executive Vice-President Valdis Dombrovskis and Commissioner Paolo Gentiloni. Our meeting was also attended by ECB President Christine Lagarde, ECB Executive Board member Fabio Panetta and ESM Managing Director Klaus Regling.

1. Thematic discussion - Imbalances in the euro area in the wake of the COVID19 crisis

We set the scene for our first Eurogroup meeting with a broad economic discussion. For that purpose, the Commission presented its analysis showing how the COVID-19 crisis runs the risk of aggravating the pre-existing macroeconomic imbalances and diverging trends in the euro area. This risk is acknowledged by all of us and was a key rationale for the creation of NGEU. In this context, I noted many colleagues underscoring the importance of swift and effective implementation of RRP and RRF financing. I sensed a shared desire to capitalise on this unique window of opportunity to support reforms and to meet investment needs that are critical to promote resilience, address imbalances, deliver a sustainable and inclusive recovery and boost long-term growth.

Recent weeks have seen positive news in relation to vaccines and reduced risks of global trade tension, but new variants of COVID-19 are seen as a cause for concern and uncertainty remains

high. While there is light at the end of the tunnel, there is no room for complacency. We are still very much aware within the Eurogroup of the need to maintain support to affected households and businesses as they face the economic consequences of prolonged health restrictions. Our discussion today reconfirmed the very strong consensus on the need to maintain a supportive budgetary stance at the current juncture. Ministers also emphasised the importance of coordinating our efforts at the euro area level and the core fact that we can achieve more collectively than we can individually.

2. Exchange of views on envisaged priorities for upcoming Recovery and Resilience Plans

We had a useful update from the Commission on how euro-area priorities, as set out in the recommendations on the economic policy of the euro area, are reflected so far in those draft RRP that have already been shared with them. While intensive contacts between the Commission and Member States on the details of the RRP continue, it was encouraging to learn that euro area priorities and a number of Country Specific Recommendations are already reflected to some extent. I believe our discussion was a valuable opportunity to learn from colleagues involved in the unprecedented exercise of RRP preparation and we benefited in particular from a detailed presentation by Minister Nadia Calviño. We will continue to foster consistency and coherence between national policies and euro area priorities in the use of the recovery facility and we follow up in our next meetings.

Yours sincerely,

Paschal DONOHOE