



Eurogroup
The President

051548/EU XXVII.GP
Eingelangt am 23/02/21

Brussels, 22 February 2021
ecfin.cef.cpe(2021)1402881

To the members of the Eurogroup

Subject: Eurogroup meeting of 15 February 2021

Dear colleagues,

I would like to share with you the main content and course of our discussions at the Eurogroup meeting held on 15 February 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. Macroeconomic developments and policy prospects in the Euro area

We started our meeting with a first broad economic discussion. We had two guests from the World Health Organisation (WHO), Dr Michael Ryan, Executive Director in charge of the WHO Health Emergencies Programme and Dr Bruce Aylward, senior advisor to the director-general of the WHO and head of the WHO-China Joint Mission on COVID-19. They presented the state of play on global health developments, the main challenges ahead, the role the EU has played and can continue to play. Although we have made a lot of progress in relation to COVID-19 over the past year in terms of testing, treating and vaccinating our citizens, we are still facing a lot of uncertainty and there should be no complacency. Any weakening in our lines of defence could lead to a renewed expansion of the disease, particularly in light of the emergence of variants. Going forward, it is crucial to continue global coordination efforts in setting up appropriate infrastructure to deal with the early detection of, and appropriate responses to future pandemics.

The Commission presented its Winter economic forecasts published on 11 February 2021. The forecast is premised on a gradual opening up of the economy in the first half of this year, with growth

accelerating in the second half. The recession in 2020 was severe although less than expected. This gives reason for cautious optimism, while the outlook for the near term appears weaker than expected last autumn. We also highlighted the unique opportunity provided by the recently adopted legislation on the Resilience and Recovery Facility to ensure a robust recovery and to strengthen the resilience of the euro area. However, as the WHO reminded us, uncertainty remains prominent and in light of this and of the risk of strong differences across countries and sectors in terms of the speed of the rebound, there continues to be a strong need to support the recovery and coordinate our fiscal responses. We agreed on the need to maintain consensus through regular Eurogroup discussions over the coming months and making sure we remain agile in our policy responses.

2. International role of the euro

We discussed the international role of the euro, following the guidance of the December 2020 Euro Summit and the publication of the European Commission's communication of 19 January 2021 "The European economic and financial system: fostering strength and resilience".

We reiterated our aim to reduce our dependence on other currencies while strengthening our openness and global engagement. We agreed that our actions to support the international role of the euro should be broad-based and include making our economies stronger and progressing other key areas of EMU, Banking Union, the Capital Markets Union and the implementation of Next Generation EU. During the discussion, ministers also emphasised the relevance of the discussions on a digital euro in this context, as well as the potential of green bond issuance to enhance the use of the euro by the markets while also contributing to achieving our climate transition objective. At the same time, an increased international use of our currency also implies potential trade-offs, which we will continue to monitor.

We will come back to some of these issues next month to prepare our Leaders' discussion on this strategic issue.

3. Solvency of the corporate sector – state of play

We then took stock of the state of play of solvency in the corporate sector, on the basis of a note prepared by the Commission services. The support we have put in place at the national level and the framework we have agreed on at the European level have been successful so far in preserving firms from the harshest consequences of the pandemic. As soon as the recovery phase kicks in, we will move increasingly to more targeted measures. In this context, we discussed the differences amongst sectors that may imply a longer duration of support in some cases and the difficulty of identifying the firms that will need to receive it. Aligning incentives with the private sector could help in that regard. Our insolvency frameworks will also need to be strengthened in order to ensure swift and effective action and minimise economic fallout. This is a discussion we will return to in April.

4. Miscellaneous

a. Updated draft budgetary plan of Lithuania

The Commission presented its opinion on the updated draft budgetary plan of Lithuania issued on 20 January 2021. We noted the Commission's assessment that, while the plan is overall in line with the 20 July 2020 Council recommendation and most measures are supporting economic activity against the background of considerable uncertainty, some measures do not appear to be temporary or matched by offsetting measures. We will come back to our common budgetary challenges in future meetings.

b. Policy priorities of the new government of Estonia

We welcomed Keit Pentus-Rosimannus, the new Estonian Finance Minister, and Daniele Franco the new Italian Finance Minister. Keit Pentus-Rosimannus presented the economic and fiscal priorities of her country's new government. Mr Franco will present the priorities of the new Italian government at our next meeting in March.

Yours sincerely,

Paschal DONOHOE