



**Eurogroup**  
The President

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To the members of the Eurogroup

**Subject:** Eurogroup meeting of 12 July 2021

Dear colleagues,

I would like to share with you the main content and course of our discussions at the Eurogroup meeting held on 12 July in Brussels. 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. Euro area fiscal stance**

Based on inputs from the European Fiscal Board and the Commission, we held our regular discussion on the appropriate fiscal stance in the euro area and on fiscal policy challenges going forward.

Our discussion showed that there continues to be broad consensus on the orientation of fiscal policy in the euro area for 2022. We agreed that a supportive fiscal stance remains appropriate in the euro area in the coming year in line with our statement in March and that the planned fiscal support seems sufficient at the current juncture. At the same time, a gradual shift in the focus of measures from emergency to recovery support is underway, conditional on the pace of the recovery.

Nevertheless, uncertainty remains significant and we acknowledged the need to remain vigilant and to maintain policy agility. We therefore agreed that there will be a need to review the situation regularly and that we will come back to it after the summer.

## **2. The euro as a digital currency: stock-taking**

We recalled that in March, Leaders at the Eurosummit invited the exploratory work on the digital euro to be taken forward. In light of this, we took stock of the digital euro project since our last discussion in April. We then discussed the practical aspects of the Eurogroup's involvement.

In order to be successful, the possible issuance of a digital euro needs to be a common European project. We therefore outlined a plan for regular, possibly quarterly, Eurogroup discussions on the implications of a digital euro, based on input from the ECB and the Commission. We have identified four topics to guide our discussions.

First, we will discuss the policy objectives and uses of a digital euro in the global competitive context, taking into account broader initiatives at the international level. Second, we will discuss privacy considerations and how they square with other policy objectives, such as protecting against illicit financing and tax evasion. Third, we will discuss the potential impacts of a digital euro on the financial system and the use of cash. Fourth, we will discuss the broader ecosystem around the digital euro and the roles and business models of the various public and private sector actors in this ecosystem, which in turn has implications for efficiency, competition, innovation and the inclusiveness of the digital euro.

This will allow us to provide clear views on the general objectives and political dimensions of a digital euro and the trade-offs involved, in full respect of the institutional roles, independence and mandates of all actors. We asked the Eurogroup Working Group to establish a schedule and consider how to ensure appropriate preparations, taking into account the advancement of the Eurosystem investigation phase and the work by the ECB and the Commission, with a view to a thorough technical preparation of our discussions on this topic.

## **3. ECB monetary policy strategy review**

At the end of our meeting, ECB President Christine Lagarde informed us about the outcome of the ECB's strategy review and the new monetary policy strategy that was published on 8 July.

Yours sincerely,

Paschal DONOHOE