

Remarks by Mário Centeno following the Eurogroup videoconference of 15 May 2020

Good evening from Lisbon.

The last Eurogroup was just one week ago. We have been busy making good on our promise to add a new line of defence of up to €540 billion. I can report good progress today. The ground-breaking political decisions taken in the Eurogroup a month ago are being translated into legal reality in record time.

Let me take a moment to summarise where we stand with our three safety nets.

As of today, Pandemic Crisis Support is operational. This afternoon, the ESM Board of Governors formally confirmed eligibility of all euro area member states and made the instrument available with immediate effect. Member states are doing whatever is needed to get this pandemic under control. The ESM is ready to support them in that. The exceptional costs incurred with direct and indirect health care, cure and prevention expenses, can be covered by the mechanism. So the first safety net – for sovereigns – is now in place.

The second safety net is for workers – the SURE programme. The Council has reached a political agreement on all aspects this morning. The SURE programme will become law in a few days, after formal procedures are completed. Member states are doing whatever is needed to protect workers, their jobs and their incomes during this pandemic. The SURE programme means that these efforts are backed up by European solidarity, in the form of cheap loans.

The third and final safety net is for businesses - the EIB's so-called Pan-European Guarantee. President Hoyer debriefed us on the progress made to define the main parameters of this scheme. Policy formulation always entails some political choices and trade-offs. The discussion today helped to clarify where we now stand, especially on issues of scope and risk management. I believe today we prepared the ground for an agreement by the EIB. I will remain closely involved in this file in the next few days. Once this is operationalised, countries can start contributing to the guarantee fund that constitutes the firepower of this instrument.

Member states have been taking unprecedented steps to keep firms afloat during this crisis, but our firms are not simply national concerns – they operate in our single European market and it is essential to have this common safety net to keep viable firms in business and prevent fragmentation of the single market.

These three safety nets are a vital contribution to preserve the fabric of our societies, as we go through this crisis. But they are emergency measures.

As we come out of the woods, we will need something more, to speed the economic recovery and to ensure we grow together and not apart. This was underlined by the European Council last month, and today the Eurogroup discussed strategic priorities for the recovery, together with non-euro area ministers.

The Eurogroup had already agreed on some key features of the Recovery fund. It must be temporary, targeted, and commensurate with the extraordinary costs of this crisis; it must help spread costs over time and ensure solidarity with most affected member states.

Today we complemented these agreed lines with a strategic discussion on the features, design, size and priorities for the recovery. I know the issue of financing attracts much interest, but the spending is no less important.

I sense a broad consensus for using the recovery as an opportunity to accelerate the modernisation of our economies, in particular the transition to a green and digital economy. Policies to restart the single market and preserving the integrity of supply chains, which demonstrate the interdependence of our economies, are also a priority.

As we pool further resources, it makes sense to channel our response through instruments that address agreed spending

priorities and to resume the reform process, while preserving the ownership of these policies at the national dimension. In defining the common priorities, we should not lose sight of the specificity of the euro area. The Eurogroup can play a role in supporting an alignment and complementarity among these priorities.

We will continue to closely monitor the economic situation and to prepare the ground for a robust recovery, as the European Council mandated us to do.

As you can see this was an exploratory discussion, but it provided guidance of where a political balance can be found in these issues.

The Commission's proposal for a Recovery Fund, to be expected by the end of the month, will define this debate and we will be able to return to this with a more focused discussion.

Before I go, let me recall that today we were privileged to have with us Irene Tinagli, the Chair of the European Parliament's ECON Committee. Irene Tinagli was with us for our regular exchange of views on the euro area's economic outlook and challenges. This time, of course, our focus was on the impact of the COVID-19 crisis. We took note of the European Parliament concerns and ideas and praised it in the person of Irene for the hard work through the period of the crisis, which was epitomised in the resolution it recently adopted. I am glad that we have been able to keep these exchanges going with the European Parliament, even in the current exceptional circumstances. At the same time, I look forward to meet again soon in Brussels.

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