

Remarks by Paschal Donohoe following the Eurogroup video conference of 16 April 2021



Good afternoon to everybody. We had a very productive meeting this morning, and it was very good to welcome our new colleague from Slovakia, the new Slovakian minister of finance, Igor Matovič. I started our meeting with an update of my engagement with our leaders in the Euro Summit three weeks ago. The discussion focussed on the international role of the euro. But it was also an important impulse for our work on a Banking Union. And our work on Banking Union was actually the first debate that we held today with finance ministers from all 27 member states. My colleague, Tuomas Saarenheimo, the president of the High-Level Working Group on EDIS, updated us on progress made by our representatives.

As you will be aware, last December, the Euro Summit asked the Eurogroup to prepare on a consensual basis, a stepwise and time-bound work plan on all outstanding elements needed to complete Banking Union. I'm glad to say that our deputies are making progress on this, and I am confident that we will reach agreement on a work plan to continue to strengthen our Banking Union. We agreed very strongly on the need for this work plan to be balanced.

Our banking system has proven its resilience to date during the era of Covid-19, and this is the result of our common efforts over the past decade in building up and in strengthening the Banking Union to this point. So we have achieved much, but today there was commitment from all to look at how we can achieve more.

We have a strong commitment to ensure that European citizens and firms enjoy access to financing from robust and efficient financial services. Through our work, we will work to create conditions for an integrated, resilient and competitive system that will also contribute to the protection of taxpayers and depositors.

From this, we moved on to our regular Eurogroup meeting. We started with my update to fellow ministers on recent international meetings. The world obviously is still in the midst of this terrible pandemic, and this was the key focus of our IMF and World Bank meetings. My takeaway, however, was one of optimism about the months ahead. Optimism about our economic policies, including within Europe, to support our societies towards an economic recovery, as we recover our health. Vaccination is accelerating, and we are already seeing encouraging signs coming through in some of our economic data due to our vaccination effort and beyond. Growth is forecast to accelerate sharply once the level of infections and the scope of containment measures are reduced.

But this is not a moment to undermine the scale of the challenge we face. It

is without precedent. But our response in Europe has been equally unprecedented in our speed and in our scale. And in the Eurogroup, we continue to be united in tackling the economic and social effects of the pandemic. This was reflected in the statement we issued last month. In fact, the support that we are making available to our economies is still increasing. Finance ministers across the euro area are adopting additional support packages, as demonstrated with recent announcements in Germany, Spain and Italy. And then, of course, building on all of that are the efforts from our Commission, led, amongst others, by Paolo, where we are working, and they are working so hard to implement our common Recovery and Resilience Plan as swiftly as possible. And from my own engagements with the Commission, I can see at first hand the huge effort and commitment that they are displaying to deliver the ambitions of the recovery funds. We need to continue to tailor our policy strategy to our challenges. That's why we will be coming back to a discussion on economic development in May.

Our second discussion was on insolvency frameworks in the euro area. This is an important and also complex topic that we've discussed in the Eurogroup on a number of occasions. Well functioning insolvency frameworks can make a big difference to recovery. Under discussion today showed additional support for additional non-legislative measures to help our frameworks to converge, and we agreed to revisit this topic again.

We then had a really positive exchange on the possible introduction of a digital euro. The ECB presented the outcome of its public consultation. The Commission gave us an update on their work. There is, of course, substantial interest in this innovation, which has the potential to shape our daily lives in years to come, depending on if and how it's taking forward. The consultation showed that issues linked to privacy, security and ensuring the reach of this project, if it goes ahead, ranked highest in our citizens and businesses priorities. Our discussion also covered financial stability, including the potential impact on banks and financial inclusion, including the impact a digital euro could have on the use of physical cash. This is an important project, not just technically, but also politically, and I expect that Eurogroup ministers will play an important role in considering the case for and the political dimensions of a digital currency.

This is something that the Eurogroup will be reflecting further on, and we will be discussing and engaging on this issue again, while fully respecting the institutional roles and the independence of all involved in this work.

Finally, we briefly took stock of our important work on transparency. We review this regularly, and this review today, confirmed to us that the Eurogroup has become much more transparent in recent years and that there is a strong commitment on behalf of all of us to maintain this standard going forward.

[Visit the meeting page](#)

Arms Trade Treaty: EU steps up support in fight against illicit arms trade



The EU will provide new funding for the effective implementation of the Arms Trade Treaty (ATT).

The Council today adopted a decision allowing the EU to support three projects of the ATT Secretariat in Geneva with a contribution of EUR 1.37 million. The aim is to help states parties to the treaty to strengthen their national arms export control systems. Export control systems are key instruments for preventing the diversion of, and illicit trade in arms, and contribute to more responsible trade in military equipment and technology.

More specifically, the EU's support will enable the following actions:

- training local and regional ATT experts to deliver implementation assistance and reduce reliance on external consultants;
- creating a database to match treaty implementation needs and resources; and
- building IT and communications mechanisms to enable more effective cooperation between states parties' points of contact and the ATT Secretariat.

The project also strengthens the ATT Secretariat's institutional capacity to provide sustainable support to the states parties. It fits within the recently adopted strategy to strengthen the EU's contribution to rules-based multilateralism, by promoting global peace and security.

This decision is also part of the EU's longstanding support of the ATT. In addition to facilitating early negotiations on the treaty, the EU has provided approx. EUR 15 million for numerous projects aimed at promoting its universal adoption and implementation.

The ATT's universal adoption and implementation are crucial to the reduction of violence and human suffering in conflict-affected regions. In force since December 2014, the Arms Trade Treaty regulates international trade in conventional arms, their parts and ammunition, with the goal of eradicating the illicit sale and diversion thereof. All EU Member States are parties to the Treaty. The ATT Secretariat manages the reporting by states parties, their national points of contact, and national control lists. In addition to organising the conferences of states parties and intersessional work, it also administers the ATT Voluntary Trust Fund, which assists states' implementation of the Treaty.

Smart specialisation strategies are a cornerstone of EU's sustainable recovery



The European Committee of the Regions and the European Commission's Joint Research Centre organized a joint online workshop on 15 April to underline the role of regional Smart Specialisation Strategies as a cornerstone of EU policies, from the post-pandemic recovery plans to the delivery of the European Green Deal, digital transition and the Sustainable Development Goals.

Smart Specialisation is an essential part of EU's cohesion policy: a place-based approach characterised by the identification of the strengths and assets of each region and on an Entrepreneurial Discovery Process with wide stakeholder involvement.

Elisa Ferreira, Commissioner for Cohesion and Reforms, underlined in her [speech](#) the close link between growth and R&I and emphasized that the EU's cohesion policy and smart specialisation are key tools to tackle Europe's innovation divide and avoid a "K shaped" recovery, where some regions recover fast and others risk stagnating or falling behind.

"Over the 2014-2020 programming period, more than €65 billion of cohesion policy funds were invested in R&I. While the new programmes are still in preparation, it is likely that at least half of new cohesion policy investment will target smart and green projects. Innovation is place-based and smart specialisation strategies help regions build their capacities around their assets. We are aiming to further strengthen links between our investments and smart specialisation strategies, to improve synergies with Horizon Europe and to simplify procedures", Commissioner Ferreira said.

This view was shared by the representative from Commissioner Mariya Gabriel's cabinet, who underlined that "smart specialisation will continue playing a major role supporting research and innovation to ensure sustainable and resilient development of all regions in Europe over the next programming period 2021-2027. In the light of the challenges posed by the COVID-19 pandemic, this helps consolidating a sustainable, smart and inclusive Europe".

Apostolos Tzitzikostas, President of the European Committee of the Regions, stated that "overcoming the crisis triggered by the pandemic requires unprecedented cooperation and innovation capacities. Building efficient partnerships to deliver inclusive innovation processes is the essence of Smart Specialisation. This is why in the current scenario, Smart Specialisation is not a luxury or a best practice, but a powerful method to mobilise available investment."

Bernard Magenhan, Deputy Director General of the European Commission's Joint Research Centre, spoke about the concept of S4 – Smart Specialisation Strategy for Sustainability and inclusiveness – “an innovation-driven policy for competitive sustainability leaving no place and no one behind. It builds on the Smart Specialisation approach that we have developed over the past years, adapting it to the new context.”

SEDEC chair Anne Karjalainen (FI/PES), Member of Kerava City Council, underlined that “Smart Specialisation Strategies empower regions and cities to take responsibility for their own development potential, including the attainment of the Sustainable Development Goals, and to effectively build much-needed social resilience at local and regional level.”

Mayor of Seville Juan Espadas (ES/PES), who chairs the CoR's ENVE Commission and the Green Deal Working Group, concluded that “Smart specialisation is an excellent tool to assist policy-makers in guiding the resources to the projects offering the best opportunities for jobs and growth in the post-pandemic recovery. Strategies must be oriented towards sustainable development to improve citizens' quality of life, for instance through new models for energy and mobility at local and regional level. In this regard, the Joint Research Centre, which has one of its seats in Seville, is doing an important work to reach out to every corner of Europe and provide information about all available tools.”

Watch the [recording](#) of the event ([agenda](#))

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[The Renovation Wave will play a key role in Europe's economic and social recovery](#)



□ In this interview, [Enrico Rossi](#) (IT/PES), a member of Signa Municipal Council (Florence) and former president of the Tuscany Region (2010-2020), answers six questions about his opinion on the EU's Renovation Wave initiative, adopted in March by the European Committee of the Regions. The Renovation Wave, [launched on 14 October 2020 by the European Commission](#), aims to improve the energy performance of the EU's building stock and is a key

pillar of the [European Green Deal](#) roadmap. With buildings accounting for 40% of Europe's energy consumption and 36% of greenhouse gas emissions (GHG), their renovation is crucial to making the EU climate-neutral by 2050. In [the opinion](#) drawn up by Enrico Rossi, cities and regions call for a revision of state aid schemes, more flexible budget rules to maximise investments and renovations, subnational targets for the renovation of buildings, and the integration of renewable energy sources in renovation projects. The CoR and the European Commission have just signed an action plan to accelerate the renovation and decarbonisation of the EU's building stock.

Enrico Rossi, you started working on the Renovation Wave months ago, even before the publication of the document by the European Commission, recognising its importance. Why do you think this strategy is important for European cities and regions in 2021?

I see the Renovation Wave as pivotal to the success of the European Green Deal and to a strong economic and social recovery for Europe. Cities and regions need to pay close attention to this strategy for two reasons.

The first is undoubtedly the climate. Europe's buildings are currently responsible for 40% of energy consumption and 36% of greenhouse gas emissions. It is clear that achieving the objective of climate neutrality by 2050 requires a veritable revolution in urban planning and architecture geared towards the green and sustainable transition of our regions and cities right from the design phase of projects, including by promoting and encouraging the reuse of materials.

The second reason is fostering an economic recovery aimed at tackling inequalities. The Renovation Wave is an opportunity to restart the engines of the economy, creating jobs and regenerating spaces in our cities. It is estimated that its deployment could generate around four million new jobs. At the same time, the strategy is an ideal tool for investment in social housing and public buildings, from hospitals to schools. Therefore, economic development, energy sustainability and strengthening social cohesion and solidarity.

The Renovation Wave is seen as a perfect example of green recovery, where climate-related choices meet the need to revitalise local economies: what conditions are required to make this potential a reality?

The resources available to the EU in the coming years are extraordinary, when you consider the [Multiannual Financial Framework 2021-2027](#) and [Next Generation EU](#), also known as the Recovery Plan. Together they amount to around EUR 1.8 trillion. However, if we are to make full use of this huge availability of resources and the opportunities presented by the Renovation Wave, the regions and cities must be involved in the planning and implementation of the national recovery and resilience plans.

We are strongly calling for multilevel governance, including with regard to funding. In particular, a technical assistance tool, accessible to all regional and local authorities for the implementation of the strategy, and more flexible budgetary rules for administrations would be very useful. I am

thinking of the decentralised local model of the [ELENA](#) (European Local ENergy Assistance) facility run by the European Investment Bank (EIB), and greater synergy between ELENA and the EU's programme for research and innovation [Horizon Europe](#), making it possible to move from good practices to large-scale investments. The EIB should become a climate bank for the European Union and make financing more accessible, including through forms of decentralisation on the ground, possibly following the model of regional one-stop-shops or ad hoc offices dedicated to specific projects.

When we talk about the Renovation Wave, we think immediately of buildings, but your opinion also focuses a good deal on neighbourhoods and cities. Why do you think this aspect is so important?

Up to now, energy efficiency strategies have focused on individual buildings, or even individual apartments. But the Renovation Wave gives us the opportunity to act on a different scale. If this strategy is to work effectively, it will have to be able to produce a green wave in whole neighbourhoods. This is why we welcome the Commission communication, which highlights the importance of the district approach and energy communities.

We have an extraordinary opportunity to promote urban regeneration, and push towards "zero consumption" of new land and the increasing use of nature-based solutions, as part of an ambitious circular economy strategy.

Recently, the European Commission President Ursula Von der Leyen launched an initiative called the "[New European Bauhaus](#)". How does this tie in with the Renovation Wave?

The New European Bauhaus is a very interesting idea that can give a soul to urban regeneration and help radically rethink our neighbourhoods, our suburbs and our historic centres. I think that the New European Bauhaus and the Renovation Wave can intersect on some of the points I mentioned before: the district and energy community approach, and the involvement of the regions and cities and the public. We can harness the creative potential of the best brains in European society, putting it at the service of the major transformation that the [European Green Deal](#) aims to achieve.

In your opinion, you call for enhanced cooperation on the Renovation Wave between the European Committee of the Regions and the other European institutions, starting with the Commission. What can the CoR do to promote and support the implementation of the Renovation Wave?

The Committee's mission is to give a voice to the regions and cities, including the more rural and remote ones, in the EU's decision-making and legislative process. The Renovation Wave has generated interest from the Commission in particular, which recognises local and regional authorities as an indispensable level of government for the implementation of the strategy. The two institutions [have just signed an action plan for enhanced cooperation](#), aimed at speeding up implementation of Green Deal policies, by creating the conditions in terms of political will, technical capacity and absorption of EU and national funds. The action plan also aims to ensure that new legislation is fit for rapid implementation, working to pre-empt

potential obstacles and constraints when moving from the EU to the national, regional and local levels; it also seeks to derive the maximum benefit from bottom-up initiatives, promoting synergies between different levels of government and strengthening the relationship with citizens.

You stress that the Renovation Wave strategy should be underpinned not only by the European Green Deal but also by the European Pillar of Social Rights. How important is the social dimension in this urban revolution?

The social dimension is crucial. The battle against the climate crisis must be a battle against inequalities and for social justice. We must not leave anyone behind. Some 17% of Europeans live in overcrowded homes and there are 34 million citizens in energy poverty. The Renovation Wave must contribute to implementing the right of everyone to have affordable and healthy housing, in accordance with [Principle 19 of the European Pillar of Social Rights](#). To give an example here, we need to curb the phenomenon of “renovictions”, which are forcing many people to leave their homes because they are unable to cope with rent increases resulting from renovations that owners wanted to carry out.

There is also the difficulty for many of our companies to tackle the challenges posed by change and the need to protect our workforce by promoting socially sustainable restructuring pathways. The whole construction sector should be helped to overcome the gap in knowledge, skills and technology and facilitate the start-up of innovative new businesses.

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[EU fight against terrorism: one person added to the ISIL/Da'esh and Al-Qaida list](#)



The Council today decided to add one person to the EU sanctions regime against ISIL/Da'esh and Al-Qaida and persons, groups, undertakings and entities associated with them.

The sanctioned person, **Mesut Sekerci**, will now be subject to restrictive measures including a **travel ban** and an **asset freeze**. In addition, EU persons and entities are forbidden from making funds available to him.

With this new designation, six individuals are subject to restrictive measures under this EU regime.

The EU has been able to autonomously adopt restrictive measures against ISIL (Da'esh) and Al-Qaeda, and persons, groups, undertakings and entities associated with them, since **September 2016**. The EU regime is independent from, but complementary to, the regime allowing for sanctions to be adopted at the UN level.