

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.

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