

PRESS RELEASE

EU Economy and Finance Ministers discuss the road to recovery

Lisbon, 22 May 2021

The turning point from the pandemic crisis to the economic recovery was the topic of the meeting of EU Economy and Finance Ministers, who gathered in Lisbon for the informal ECOFIN meeting organised by the Portuguese Presidency of the Council of the European Union.

With the progress seen in vaccination, the restrictive measures for controlling the health crisis are beginning to be lifted and economies are getting back to work all over Europe. The reopening of borders is also expected to bring a major boost through the resumption of tourism.

“The recovery is underway. The time has come to go from global emergency measures to policies that will foster economic recovery. We must ensure that the recovery policies are as complete and efficient as the protection measures for companies and jobs during the pandemic.”

João Leão, Portuguese Minister of State for Finance

The ministers agreed that the resumption must be based on increasing investment, fostered by the Recovery Plans which are the instruments available that allow Member States to assure the exit from the pandemic crisis and the implementation of the structural reforms needed for the green and digital transitions. It is therefore important for countries to conclude their national ratification processes on the own resources decision, an indispensable step before the European Commission can raise the proposed EUR 750 billion on the markets, recalled the Portuguese Minister of State for Finance.

A global consensus was reached regarding not removing the supports prematurely, as it is important to continue helping the sectors most severely affected by the crisis in order to ensure an inclusive recovery and prevent a sudden surge in bankruptcies, with impacts on the financing

capacity of the banking sector. This is fundamental so as to assure a virtuous circle between companies, the financial sector and the state.

Ministers and Central Bank Governors also exchanged views on reinforcing the coordination between monetary and budgetary policies, particularly the stabilising role of the budgetary policy in a context of low interest rates.

Finally, there was continued reflection on the need to rethink European governance, a subject that had also been discussed in the Porto Social Summit in early May.

“We have learnt from the previous crisis and there has been a remarkable change in the way we faced this new crisis. Austerity is no longer on the table. On the contrary, supporting families and companies and protecting jobs has been our main priority. The Porto Social Summit is a clear example of this paradigm shift.”

João Leão, Portuguese Minister of State for Finance

Another subject dealt with was the way European green taxes could stimulate and encourage a fairer, faster climate transition. Proposals were discussed, including a new mechanism penalising the import of pollutants, known as carbon border adjustment, and a review of the directive on energy taxes in order to favour renewable energy over more pollutant sources, such as fossil fuels. This climate transition effort will also allow for greater ambition in terms of the goals of the European Green Deal.

The Minister of State for Finance announced the holding of a high-level conference – the Recovery Summit – which will close the six months of the Portuguese Presidency. On 28 June, Lisbon will play host to European leaders for reflection on the future of European governance.

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