The role (and accountability) of the President of the Eurogroup

This note provides an overview of the role of the President of the Eurogroup, the procedures for his/her appointment, as well as proposals on a “full time position” as part of the wider debate on deepening the Economic and Monetary Union. The note also briefly addresses the mandate and working methods of the Eurogroup. In addition, this note refers to the debate around the transparency of Eurogroup proceedings. It is updated regularly.

I. The Eurogroup and its President

The European Council of 13 December 1997 endorsed the creation of the Eurogroup, an informal body that brings together the finance ministers of countries whose currency is the euro. The first Eurogroup (EG) meeting was convened on 4 June 1998.

The Presidency of the Eurogroup (PEG) had been taken on a rotating basis until January 2005. Jean-Claude Juncker was elected the first permanent president of the EG in January 2005 by the Finance Ministers. On 1 December 2009, the Protocol 14 to the Lisbon Treaty entered into force, entrusting Ministers of the euro area Member States to discuss matters related to the single currency and to elect the president by a simple majority of votes, for two and a half years. The Lisbon Treaty also amended the Council of the EU’s rules, so that when the Economic and Financial Affairs Council (ECOFIN) votes on matters affecting the euro area only, only EG members are allowed to vote. In January 2013, Jeroen Dijsselbloem, at that time Minister of Finance of the Netherlands, was appointed as PEG; in July 2015, he was reappointed for another term, until 13 January 2018. Mário Centeno, Minister of Finance of Portugal, was elected PEG on 4 December 2017. His mandate started on 13 January 2018 for a two and a half year term.

The Eurogroup

The European Council conclusions of 13 December 1997 set out in broad terms the mandate for the EG, which have been followed up in the Protocol 14 to the Lisbon Treaty. Leaders foresaw that “The Ministers of the States participating in the euro area may meet informally among themselves to discuss issues connected with their shared specific responsibilities for the single currency. The Commission, and the European Central Bank when appropriate, will be invited to take part in the meetings.” (our emphasis). But Leaders also noted that that “the ECOFIN Council is the centre for the coordination of the Member States' economic policies and is empowered to act in the relevant areas (...) [and] is the only body empowered to formulate and adopt the broad economic policy guidelines which constitute the main instrument of economic coordination. (...)”. Eurogroup gained proeminence over time, particularly during the financial crisis, where it was called to address significant financial problems of some euro area Member States.
The Working Methods of Eurogroup (WM) were updated in 2008 (see box 1 below for further details) to reflect developments. Importantly, the WM clearly refer to the informal nature of the Eurogroup and that issues of common concern of all Member States are to be discussed by all Member States.

**Box 1: Working Methods of the Eurogroup**

The Working Methods define a set of principles to organise the Eurogroup. It addresses:

- **Eurogroup mandate**: Eurogroup will discuss “matters of key importance to fiscal, monetary and structural policies in the euro area (...) identify common challenges and to formulate and agree on common approaches (...) foster the “ownership” by national authorities when translating them into policy action (...) and strengthen finance ministers’ roles at home in implementing policies and advancing important reform projects.”

- Such discussions would focus on (a) the economic situation and outlook, (b) budgetary policy, (c) structural reforms (including the so called “macro structural topics” referring to structural reforms able to “influence area wide macroeconomic and financial conditions or the smooth functioning of the internal market”;

- **Eurogroup Presidency**: the WM sets out the nomination and replacement procedures for the PEG. It also defines that the PEG is elected in its personal capacity, has to be familiar with EG matters and enjoy “general recognition for their knowledge in EMU matters”;

- **Attendance to the EG** is limited to a number of officials and institutions as set out in the WM (PEG and two members from each euro area Member State, one Commission member and one Commission official in addition to the Commission president, the president of the ECB, accompanied by another member of the Executive Board or an ECB official of his choice, the EWG president, the EFC secretary and one member of the EFC staff, an assistant to the Eurogroup president, an assistant to the Commissioner for Economic and Monetary Affairs, the secretary general of the Council, the Council Secretariat’s director general for Ecofin matters and one member of the Council Secretariat staff, the EPC president or an EPC vice-president may attend whenever necessary);

- **Timing of meetings, Secretariat, venues and language**: meetings are held at the occasion of Ecofin meetings, but if urgently required, meetings or teleconferences may be held at other times;

- **Preparation of EG meetings (the EWG)**: the WM spell out the importance of the EWG as a preparatory body to the EG (“The EWG should remain at the centre of the Eurogroup preparations, implying that, in general, it should be in a position to examine all the documents discussed at the Eurogroup”), also referring to the Commission, ECB and Member States input. The EWG is tasked with preparing “short draft “terms of reference” or “common understandings”, which could help crystallising Eurogroup views”;

- **Agendas, proceedings and documentation**: the WM notably refer that “is a general obligation to safeguard the confidentiality of the documents prepared for the Eurogroup”;

- **Output of the discussions**: conclusions and communication: being an informal body, the EG does not prepare conclusions. Nevertheless, the PEG prepares a letter to other participants outlining the debate and conveying his/her understanding of the meeting (which has been made publicly available). Terms of reference, statements and a dedicated website are also foreseen, as well as press conferences. Only the PEG (and ECB PRES and the Commissioner for Economic Affairs) should convey EG views, whilst preserving confidentiality of discussions;

- **External dimension**: the WM refer to the importance of holding regular contacts and exchanges with the Ecofin, European social partners and international counterparts, namely G7 and IMF.

The WM make a specific reference to the PEG reporting to the European Parliament “on the priorities of the Eurogroup work programme and reports on progress achieved in the coordination of economic policies in the euro area.”

The EG has also been made responsible for preparing the Euro Summit meetings and for their follow-up. The Treaty on Stability, Coordination and Governance in the EMU of 2012 established that the Euro Summit would meet at least twice a year, to provide strategic orientation on the economic and fiscal policies. The October 2011 Euro Summit statement recalls that “The Eurogroup will, together with the Commission and the ECB, remain at the core of the daily management of the euro area.”
It will play a central role in the implementation by the euro area Member States of the European Semester. It will rely on a stronger preparatory structure.”

In March 2017, Donald Tusk was reappointed President of the Euro Summit for the period from 1 June 2017 to 30 November 2019. The July European Council elected Charles Michel as Mr. Tusk’s successor and Heads of State or Government of the Member States whose currency is the euro also appointed Mr. Michel as President of the Euro Summit. The next Euro Summit is scheduled for the 13 December 2019.

The EG is supported by an advisory body, the Eurogroup Working Group (EWG), which is composed of the representatives of the euro area Member States in the Economic and Financial Committee (EFC), the European Commission, and the European Central Bank. Hans Vijlbrief was elected as the new chair of the EWG by his peers on 11 January 2018 (and confirmed by the Eurogroup on 22 January 2018). He took office as of 1 February 2018 for a two-year term.

The President of the Eurogroup

The EG is led by a President selected in a personal capacity by its peers, by simple majority. The PEG must hold the position of national minister of finance and, according to the Protocol 14 to the Treaty, is elected for a two and a half term (the WM still refer to a “renewable mandate of two years”).

The tasks assigned to the PEG are:

- To chair and steer EG meetings and sets the agenda;
- To draw up the Eurogroup’s work programme (see Box 2);
- To present the outcomes of EG discussions to the public and the ministers of non-euro area EU countries during ECOFIN meetings;
- To represent the EG in international fora, and
- To take part in regular Economic Dialogues with the European Parliament.

The PEG may also be elected Chair of the Board of Governors of the European Stability Mechanism (ESM) if the members of the Board so decide. On 21 December 2017, Mr Centeno was elected as the Chair of the Board of Governors of the ESM in his capacity as President of the EG (a separate EGOV document provides an overview on the ESM and its accountability features).

Box 2: Eurogroup’s work programme for the second half of 2019

The indicative work programme for the second half of 2019 (adopted in June 2019):

- Focus on structural policies aimed at strengthening growth and promoting convergence to enhance resilience.
- Foster regular sharing of national experiences and enhance common understandings of the structural challenges ahead, with the participation of external experts.
- Closely monitor member states’ efforts to ensure sound fiscal policies, as well as the overall fiscal stance of the euro area as a whole.
- Assess the draft budgetary plans and the aggregate euro area budgetary situation and prospects, which provide an opportunity for ex-ante budgetary coordination in a euro area.
- Continue to be involved in post-programme surveillance in Cyprus, Ireland, Portugal, Spain and Greece.
- Continue monitoring of financial stability issues, including the work on the international role of the euro and banking legacy issues.
- Continue to contribute to further work on the deepening of the EMU, including on the ESM treaty, the budgetary instrument for competitiveness and convergence (BICC) and the Banking Union.
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II. The relationship between the President of Eurogroup and the European Parliament

In accordance with EU legislation, the competent Committee may invite the PEG for an Economic Dialogue during certain stages of the implementation of the European Semester and in the context of macro-economic adjustment programmes, including any post-programme surveillance (article 15 of Regulation 473/2013). In recent years, the practice has been that the PEG takes part in an Economic Dialogue twice a year. The PEG has also occasionally been invited for an exchange of views with Members of the Parliament in the Plenary and to inter-parliamentary meetings relating to economic governance.

On 9 September 2018, and on initiative of the PEG, the then Chair of the European Parliament's Committee on Economic and Monetary Affairs (ECON), Roberto Gualtieri, participated in an
exchange of views at a meeting of the Eurogroup. The Chair of the ECON Committee attended a similar meeting on 5 April 2019 and was invited again at the EG meeting of 13 September 2019.

III. Eurogroup transparency

The less formalised nature of Eurogroup (“Member States whose currency is the euro shall meet informally” according to the TFEU Protocol on the EG), compared with other EU institutions involved in economic governance and surveillance of Member States’ policies, renders inapplicable some of the EU transparency principles to Eurogroup proceedings and decisions. The sensitivity of discussions and their potential impact on the markets (as seen during the crisis times) have been used as arguments for a certain level of opacity to the internal discussions and in granting access to meeting documents. Nevertheless, the EG has been cognisant that transparency increases legitimacy and acceptance of decisions and has acted upon that principle.

At least since the summer of 2015, the European Ombudsman monitors how requests for public access to Eurogroup documents were handled, following a complaint.

On 17 December 2015, the President of the Eurogroup addressed to its members a letter with proposals to enhance the EG transparency. The letter proposed making publicly available (a) the annotated draft agenda (with a meaningful summary of the aim of discussions); (b) the summing up letter, reflecting PEG’s understanding of the discussions and subject to an ex ante written procedure among EG members; (c) financial assistance documentation (to be made available ahead of the decisions, to allow namely forwarding for national parliaments); (d) other meeting documents (to be made available after the EG meeting).

At the EG of 11 February 2016, Ministers agreed to “make public the EG agendas in annotated format, as well as the summing-up letters that recapitulate the main content and course of our discussions”, whilst mandating the EWG to work on whether other meeting documents could also be made available.

On 7 March 2016 Ministers further decided “from now on, documents submitted to the Eurogroup will, as a rule, be published shortly after meetings, unless there are well-founded objections such as: (i) documents which are still work in progress, and/or subject to further substantial changes; (ii) documents containing confidential or market-sensitive information; and (iii) documents for which the author institution objects to their publication. (...) This initiative also extends to the ESM Board of Governors; the ESM will publish ESM programme documents on its website.”.

In a letter dated 14 March 2016, the Ombudsman (a) signalled the importance of clarifying the handling of requests for access to EG documents; (b) required transparency also concerning the proceedings of the EG preparatory bodies, namely, the Eurogroup Working Group and disclosure of an overview of available documents. The letter was copied to, namely, the President of the EP. In its response of 16 May 2016, the PEG noted that the EG is not subject to the transparency requirements applicable to “institutions, bodies, offices and agencies” of the European Union and pointed out to the confidentiality of EWG proceedings. The PEG also noted that the initiatives aiming at increasing EG transparency were respectful of the principles underlying the transparency requirements applicable to European bodies and institutions.

On 30 of August 2016 the Ombudsman signalled a number of issues for further consideration. The Ombudsman (a) requested clarification on handling documents not held by European institutions or bodies; (b) insisted on disclosure of provisional agendas of EWG; (c) suggested to reconsider the proposal regarding the publication of draft programme country-related documents ahead of the
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In its reply, dated 25 November 2016, the PEG clarified that most of the documents for EG meetings were prepared by Commission and the ESM, but documents held and prepared by EG members could only be made available in accordance with the respective national transparency regimes. He further clarified that (a) the EG proceedings already brought clarity to the EWG discussions and that (b) publication of programme documentation ahead of EG meetings were inappropriate considering their preliminary nature.

In the September 2018 Eurogroup summing up letter, Mr. Centeno noted he had informed ministers “of my [his] intention to review the transparency initiative adopted by the Eurogroup in 2016 and consider further improvements.”

On 13 May 2019 the European Ombudsman launched a strategic inquiry into the transparency of the bodies involved in preparing Eurogroup meetings (i.e. Eurogroup Working Group (EWG), Economic and Financial Committee (EFC) and Economic Policy Committee (EPC)) to assess how requests for access to documents are handled. The inquiry is addressed to the Council and the Commission. In a press release, the Ombudsman notes that it is important for citizens to be able to “follow when EU decisions are made by their national Ministers, and on what basis” in particular in the context of a (future) euro area budget. A letter was also sent to the PEG asking for views by 15 July 2019 on how to adopt “a more ambitious approach to the transparency of the EWG, extending for example to the proactive publication of EWG meeting documents.”.

On 11 July 2019 the PEG replied that the issues around EG transparency would be discussed with Ministers “at the next Eurogroup meeting”. In its final remarks following the EG 13 September 2019 meeting, the PEG indicated that Ministers agreed to increase EG transparency by (i) creating an online repository of publicly available Eurogroup documents; (ii) expanding - whenever possible - the summing-up letters; (iii) increase the transparency of preparatory work in the EWG, by publishing the EWG meeting calendar and improving its webpage. The PEG further noted that EG transparency arrangements should be reviewed at “regular intervals to ensure they remain fit for purpose”.

Further reading: For an overview of external expertise provided to Member of the Economic and Financial Committee relating to the scrutiny of the Euro Area, please see separate EGOV document.

Box 3: Transparency International EU

In February 2019, Transparency International EU published a report on the Eurogroup’s accountability and transparency. One of their conclusion is that the Eurogroup continues to evade proper accountability: “As a basic principle, “democratic control and accountability should occur at the level at which the decisions are taken” – i.e. European decision-making should be accountable at European level. This was the stated goal, in 2012, of the Presidents of the European Council, the European Commission, the Eurogroup, and the European Central Bank. While the Eurogroup’s President regularly appears before the European Parliament to answer questions, this voluntary arrangement does not constitute an effective accountability mechanism. Thus, even while operating as a de-facto gouvernement économique, the Eurogroup as such is not accountable to anyone.”

The report highlights various proposals to improve the transparency, accountability and integrity of the EG, including the transformation of the EG into a formal body with direct responsibility at European Union level, mandatory hearings of the PEG before the European Parliament, the creation of a register containing all EG documents and the suggestion for a full-time president, to avoid interest of conflicts by splitting the role of PEG with its function as national Finance Minister.

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