

Lisboa, 30.11.2017

Dear Eurogroup Colleagues,

After a deep reflection on the role the Eurogroup must play in the current Euro Area context, I hereby declare my candidacy to become President of the Eurogroup.

The European project is a joint construction of all Member States to promote the well-being of its citizens. The Euro Area has been the most important European project in recent decades. It is a cornerstone for millions of economic agents' decisions in the largest single market in the world.

The Euro Area needs to be prepared for the challenges ahead. Its institutional framework must become more resilient, promote economic convergence, and meet our citizens' expectations.

Together we have launched the basis of a reform of the Euro Area. In the aftermath of the most severe crisis, the coming months provide a unique window of opportunity to take decisive steps in the reform process to building a more complete Economic and Monetary Union (EMU). Following the discussions that will take place in the mid-December Summit, deepening of the EMU will be key to fostering sustained, inclusive economic growth and job creation. The European Commission has already laid out the necessary groundwork to move forward. I agree with President Tusk that a transparent roadmap needs to be adopted by the Summit to be called in June 2018. By acting together, we can build a better risk management framework.

My commitment is to drive the discussions among Euro Area Member States with the aim to find balanced agreements needed in the construction of a more resilient and mature Euro Area economy.

A wider participation of all EU bodies in the decision making process should be promoted. Increasing transparency will contribute to the legitimacy of the process in the eyes of European citizens. The coordination with the ECOFIN must also be deepened. Likewise, there is a need to structure a permanent dialogue with the European Parliament, also in the framework of planned reforms, to enhance the democratic legitimacy of our decisions.

The Euro Area future strategy must bring financial stability *latu sensu* to the centre stage of the discussion. Deepening of the EMU must be constructed with policies that reduce risk in coordination with market discipline.

My experience as Minister of Finance of Portugal can be useful to ground our discussions. The Portuguese Government dealt with significant risks in a successful manner by tackling banking sector issues one after the other in what is a true structural reform process. This is particularly notable because it was done outside a dedicated financial assistance programme. Moreover, this progress was achieved in close cooperation with the European authorities.



It is my view that the completion of the Banking Union, through the adoption of a stronger prudential regime, taken together with other confidence-enhancing measures, are of utmost importance to fostering a sounder financial system in the Euro Area. Taking these steps will contribute to tackling the current financial fragmentation and to stimulating investment flows.

The future President of the Eurogroup should also promote the implementation of a fully credible fiscal surveillance framework and of more robust policy coordination mechanisms.

As my record as Portuguese Finance Minister shows, I am strongly committed to the implementation of the Stability and Growth Pact (SGP) our countries commonly agreed upon. Portugal managed to pursue a fiscal consolidation process that was successful in bringing the country to the preventive arm of the SGP by adopting a rigorous fiscal policy whilst supporting growth and generating jobs. By delivering on their commitments, Euro Area countries contribute to bolstering confidence. I believe the Eurogroup can contribute to the discussion on how to make the fiscal surveillance more efficient through simpler, understandable, and more transparent rules.

Turning to the working method and to the Eurogroup agenda, it is my firm belief that we can benefit from more informed discussions, grounded in solid economic analysis prepared by the European Commission, the European Central Bank, the Eurogroup Working Group and the Economic and Financial Committee, whilst also keeping open to the latest academic research. We should always have a portfolio of alternative policies, as often, first best policies are politically unfeasible for all Member States and they may not be simple Pareto improvements. This will be particularly useful to the way we produce policy advice on reforms, which must be always oriented towards increasing the potential growth of our economies and of the Euro Area as a whole.

The documents recently put forward by Presidents Juncker and Tusk are important blueprints of what we can achieve together. Taking on board the views expressed by our European leaders is also key to generating consensus and reform success. The Eurogroup must take them as starting points and contribute to their implementation and improvement. My commitment, shall you give me the honour of becoming the next President of the Eurogroup, is to take up this opportunity ahead of us to construct a more balanced and robust euro area economy.

*With my warmest compliments,*

Mário Centeno

Minister of Finance