Eurogroup

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Eurogroup Work programme until June 2024

The euro area economy has shown resilience in the face of the major economic shocks of recent years, reflecting a strong, coordinated and timely policy response. Economic growth lost momentum in 2023 but is expected to pick-up in 2024. Inflation is on a downward path amid still elevated domestic price pressures and strong labour market performance. As energy support measures started to be gradually phased out, fiscal policy moved into a restrictive stance in 2023, in tandem with a restrictive monetary policy. In an economic environment marked by uncertainty, the Eurogroup has continued to closely monitor economic and financial developments, addressing short-term evolving events, while not losing sight of long-term challenges.

Against this backdrop, in the first half of 2024, the Eurogroup will continue coordinating and promoting sound economic and fiscal policies, in line with the evolving economic governance framework. The Eurogroup will discuss how to foster a deeper and more competitive Economic and Monetary Union (EMU), strengthening its resilience, as well as improving its capacity to weather shocks, by further developing the future of Capital Markets in Europe.

Ministers are also determined to continue working in a coordinated manner on long-term challenges, such as enhancing euro area competitiveness, accelerating the green and digital transitions, and providing a complementary political anchor to the work on the digital euro. The Eurogroup will remain attentive to geoeconomic risks that impact on the global economy and that have implications for the international monetary order and financial system. Recognising that such risks can be more effectively addressed at the global level, the Eurogroup will seek to broaden its international economic dialogue.

The Eurogroup will involve non-euro area Member States in matters of common interest, to explore avenues to fulfil the EU’s full potential to achieve long term and sustainable growth for its citizens, working closely with the EU institutions and the Council presidency to achieve its policy priorities.

The Eurogroup’s priority policy areas

In the first half of 2024, the Eurogroup will focus its work on a number of priority policy areas, under the themes of Coordination, Capital Markets and Competitiveness, and our common Currency.

Economic and fiscal policy coordination

As we move through 2024, there will be an increasing need to continue phasing-out energy support measures with Member States having agreed to deliver a further tightening in the euro area fiscal stance in 2024. This is appropriate in order to enhance the sustainability of public finances and avoid fuelling inflationary pressures. Fiscal policy should remain agile in view of the prevailing uncertainty whilst increasing levels of public investment. The EU fiscal and economic governance framework will be an essential element for ensuring consistent policy implementation in the euro area. NextGeneration and RePowerEU will remain pivotal instruments to underpin economic growth in the short-term and to boost productivity in the long-term.

The Eurogroup will continue assessing economic and financial developments and closely coordinating economic policies. In this respect, the discussion on the 2024 euro area recommendations in January 2024 is a key step in supporting a coherent policy mix across a broad range of economic and fiscal policies.

The Eurogroup will continue to monitor the phase out of energy support measures as well as inflation developments, including inflation differentials among Member States.

A deeper and more competitive Economic and Monetary Union (EMU)

After a heightened focus on coordinating short-term responses to the pandemic and the energy crisis, the Eurogroup will increasingly focus on reinforcing the economic performance of the euro area and its position in the global economy. The Eurogroup will follow up on the Euro Area Recommendation by promoting structural reforms and investments that foster growth and convergence within the EMU and external competitiveness, while also contributing to the goals of the green and digital transitions. The Eurogroup will continue its policy-oriented discussions on euro area competitiveness under the dedicated Eurogroup work strand launched in November 2023, factoring in the current context of the energy prices developments and geopolitical tensions.

The Eurogroup in inclusive format is committed to delivering on the work on the future of European Capital and Financial Markets. Deep and efficient capital markets are crucial for the EU to attract investment and in turn foster innovation, competitiveness, and job creation. Market-based funding opportunities will have to further develop and expand to better channel EU households' savings into investments for the twin transitions, especially in a context of more limited fiscal space.

The functioning of capital markets in the EU has improved in recent years, notably through the gradual implementation of two Capital Markets Union (CMU) action plans put forward by the European Commission in 2015 and 2020. Yet, they remain underdeveloped and fragmented. Under the mandate of Leaders at the March 2023 Euro Summit, the Eurogroup in inclusive format began a three-phase work stream to consider the necessary additional elements to take forward the CMU. During Phase I and Phase II, guest speakers from international organisations and market participants were invited to discuss the measures that are urgent and necessary to enhance Europe's capital markets. Phase III commences now: the Eurogroup in inclusive format will aim to agree on a statement proposing the direction for the future of European Capital and Financial Markets at both national and EU level, and present it to the Euro Summit in Spring 2024.

Facilitating broader and deeper capital and financial markets will also enhance resilience across the EMU in the face of shocks, whilst supporting the smooth transmission of monetary policy across the euro area and reinforcing the international role of the euro. At the same time, the Eurogroup remains committed to continue reviewing the state of the Banking Union and identifying in a consensual manner possible further measures to strengthen and complete it. The ratification of the ESM Treaty will provide a common safety net for the Single Resolution Fund. With well-capitalised banks and a recent full mutualisation of the Single Resolution Fund, the common backstop should add to the resilience of our banking sector.

The euro as an international and digital currency

In a more fragmented global economy, enhancing the resilience of the euro area through sound economic policies and deepening EMU becomes even more of a priority. In 2024, the Eurogroup remains committed to overseeing the evolution of the global standing of the euro, as well as to continue its regular monitoring of exchange rate developments. In October 2023, the ECB's Governing Council decided to launch the next phase of the digital euro project, during which it will further explore and test the design aspects of a digital euro. The Eurogroup welcomed the ECB decision and is committed to continue playing an active role by providing a complementary political strategic anchor alongside the EU co-legislators and the preparatory work within the Eurosystem. For this purpose, in the course of the first semester of 2024, the Eurogroup will continue its regular engagement on the key political dimensions of the project as it progresses, also taking into account developments at international level.

The Eurogroup will monitor the plans and actions of non-euro area Member States relating to the introduction of the euro and will offer its support and guidance, as necessary.

It will also keep playing an important role in coordinating the euro area's position in international forums, especially in the context of the G7 Finance Track.

Indicative Work Programme

The work programme for Eurogroup meetings until July 2024 builds on the priorities listed above. In particular, the Eurogroup (in its regular composition or in inclusive format, as appropriate) will monitor the economic situation and policy response needed in the current context. Additionally, the Eurogroup will assist in the preparation and follow-up to the Euro Summit meetings.

The Eurogroup will engage in dialogues with key international partners, including by holding joint discussions as and when appropriate. External guests may on occasion be invited to attend Eurogroup meetings to speak on international macroeconomic developments or on matters related to other priorities, in particular growth and competitiveness.

Given the current uncertain environment, the Eurogroup stands ready to address new challenges that may arise, and therefore this work programme should be seen as indicative. Flexibility is key for ensuring swift reactions to possible future unexpected developments.

Proposed agenda of upcoming meetings

<u>Eurogroup on 15 January</u>

- IMF Article IV: mission to the euro area
- 2024 Euro Area Recommendation
- Euro area competitiveness: developments of energy prices in the euro area, impact on the euro area economy and policy responses
- Eurogroup work programme for I/2024
- ESM Treaty - stocktaking

<u>Eurogroup on 23 February</u>

- (poss.) Macroeconomic developments

In inclusive format

- Digital euro: state of play in the context of global Central Bank Digital Currencies
- Future of European Capital and Financial Markets

<u>Eurogroup on 11 March</u>

- Macroeconomic developments in the euro area and fiscal policy guidance for 2025
- Euro area competitiveness: trade fragmentation – drivers and impact on euro area trade performance

In inclusive format

- Future of European Capital and Financial Markets
- Preparation of the March Euro Summit

<u>Eurogroup on 11 April</u>

- Preparation of international meetings – exchange rate and inflation developments
- (poss.) Euro area competitiveness

<u>Eurogroup on 13 May</u>

- Macroeconomic developments and policy coordination in the euro area
- (poss.) Debrief from international meetings

In Banking Union format

- Reporting on Banking Union:
    - Nineteenth hearing on the Chair of the Supervisory Board
    - Reporting on recent activities of the Single Resolution Board

Eurogroup on 20 June

- Macroeconomic developments
- IMF Article IV review of euro area policies
- Stocktake on the digital euro
- Eurogroup work programme for II/2024
- (poss.) Euro area competitiveness

In inclusive format

- (poss.) Preparation of the June Euro Summit

Pm, provisional agenda for the Eurogroup in July

- Euro area fiscal stance
- Functioning of ERM II and state of play of convergence
- (poss.) International role of the euro – stocktaking