Eurogroup

Brussels, 15 July 2024

ecfin.cef.cpe(2024)5931079

Eurogroup Work programme until March 2025

The euro area economy has demonstrated remarkable resilience in the face of recent major economic shocks, thanks to a strong, coordinated, and timely policy response. As we move into the second half of 2024, economic conditions are showing signs of gradual improvement after a period of slowdown. Economic growth has rebounded in the first quarter of 2024, marking the end of a deceleration in the second half of 2023, supported by a strong labour market performance. Despite elevated wage pressure due to a tight labour market, inflation continues to decline as the impact of high energy prices fades and as a result of monetary policy measures. The EU fiscal stance is expected to turn contractionary in 2024 as called for by the Eurogroup, after a neutral stance in 2023. Amid an uncertain economic and geopolitical environment, the Eurogroup remains vigilant in monitoring economic and financial developments, addressing immediate issues while maintaining a focus on long-term challenges.

In this context, the Eurogroup will continue to coordinate and promote sound economic and fiscal policies, in alignment with the implementation of the new economic governance framework in the second half of 2024. Discussions will continue to focus on fostering a deeper and more competitive Economic and Monetary Union (EMU), enhancing its resilience and improving its capacity to withstand shocks.

In recent months, the Eurogroup has made significant headway in discussions regarding the Capital Markets Union, aimed at improving the integration and efficiency of capital markets across the EU. The single market for capital is essential for supporting investment, innovation and economic stability in the EU. Delivery on shared commitments is key and the Eurogroup will closely monitor progress. Additionally, the Eurogroup has advanced its competitiveness workstream, focusing on structural reforms and policies to boost productivity and economic dynamism within the euro area.

Ministers are committed to continuing their coordinated efforts on these challenges. The Eurogroup will remain vigilant to geoeconomic risks impacting the global economy and the potential implications for the international monetary order and financial system. Recognising that these risks also need to be effectively managed at the global level, the Eurogroup will seek to expand its international economic dialogue.

The Eurogroup will involve non-euro area Member States in discussions on matters of shared interests, seeking ways to fully realise the EU’s potential for achieving sustainable, long-term growth for its citizens. It will collaborate closely with EU institutions and the Council presidency to fulfil its policy objectives.

The Eurogroup’s priority policy areas

Until March 2025, the Eurogroup will continue its work on a number of priority policy areas:

Economic and fiscal policy coordination

The Eurogroup will continue to evaluate economic and financial developments while closely coordinating economic policies. The discussion on euro area recommendations and draft budgetary plans for 2025 in December will be pivotal in supporting a coherent policy mix across various economic and fiscal areas. These recommendations will guide Member States in aligning their fiscal strategies with common goals, promoting stability and growth.

As we enter the second half of 2024, the Eurogroup will continue to regularly monitor and discuss fiscal and other macroeconomic developments and imbalances in the euro area. The effective implementation of the new economic governance framework will play a crucial role in ensuring consistent fiscal policy implementation across the euro area, promoting sound and sustainable public finances, sustainable and inclusive growth and resilience through reforms and investments and prevent excessive deficits, while putting public debt on a downward path or maintaining it at prudent levels. To support short-term economic growth and boost long-term productivity, NextGenerationEU and RePowerEU remain pivotal instruments, together with the effective coordination of sound economic policies of the Member States.

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

The Eurogroup has advanced its competitiveness workstream and plans to finalise discussions in the second half of 2024. Since the start of the year, the Eurogroup has discussed many factors influencing the euro area's competitiveness, including energy costs, the impact of trade fragmentation, addressing the knowledge gap and industrial policy. The Eurogroup exchanged views on the nature of policies designed to boost competitiveness, both in the short- and long-term.

Since 2023, the Eurogroup has placed a strong political emphasis on moving forward with building a Capital Markets Union (CMU). In March 2024, the Eurogroup in inclusive format issued a comprehensive and ambitious statement that provides guidance on thirteen priority measures across three key areas – Architecture, Business and Citizens – for the next legislative term. These measures aim to promote the development of globally competitive, deep and liquid capital markets in each Member State and the EU as a whole. Following the endorsement of the identified measures by EU Leaders and their call supporting further progress on CMU, Ministers endorsed in May a high-level CMU roadmap to drive discussions forward. It envisages that for the remainder of 2024 and the beginning of 2025, the Eurogroup in inclusive format will follow-up on implementation of the statement, without prejudice to the work being carried out in the Council. At the November meeting, Ministers will report on and discuss national measures to deepen capital markets to identify best practices and needs for EU-wide action. Deputies have been mandated to assist in this, building on the relevant technical support structures and working closely with existing committees and EU institutions.

The Eurogroup will continue its commitment to strengthen the Banking Union. The ratification of the agreement amending the ESM Treaty is a priority. Progress on Banking Union aims to bolster the EMU's resilience against economic shocks, support the smooth transmission of monetary policy across the euro area, enhance the efficiency and competitiveness of the EU banking sector and promote financing of European corporates and SMEs.

The euro as an international and digital currency

Over the past decade, the global economy has become more fragmented with an increasing emphasis on regionalism and self-reliance. In this new landscape, it becomes crucial to enhance the resilience of the euro area through sound economic policies and a deeper and more complete Economic and Monetary Union (EMU). Over the course of the period covered by this work programme, the Eurogroup will continue to take stock of the international role of the euro and to regularly monitor exchange rate developments in preparation for international meetings. Regarding the digital euro project, the Eurogroup supports the continued efforts of all institutions involved and continues to provide political guidance on the topic alongside the on-going legislative work of the EU co-legislators and preparatory work within the Eurosystem. It also pledged to maintain its engagement on key political aspects of the digital euro project, while also considering international developments.

The Eurogroup will continue to monitor the plans and actions of non-euro area Member States regarding the adoption of the euro, offering support and guidance as needed. Additionally, it will continue to lead in coordinating the euro area's position in international fora, particularly within the G7 Finance Track.

Indicative Work Programme

The agenda for Eurogroup meetings until March 2025 reflects the Eurogroup's continued efforts on the outlined priorities.

Dialogue with international partners will be actively pursued, including through joint discussions when suitable. Occasionally, external experts may be invited to address Eurogroup meetings, offering insights on global macroeconomic trends or other pertinent topics, such as competitiveness and the Capital Markets Union.

The Eurogroup will also meet in inclusive format to discuss informally those issues that are predominantly of interest to the euro area but that are (or could be in the future) of interest to non-euro area member states, notably those which are mentioned in the Euro Summit rules of procedure (competitiveness and global architecture of the euro area).

Given the current heightened geopolitical risk environment, the Eurogroup remains prepared to confront new challenges as they arise. Therefore, this work plan is subject to change, with adaptability being crucial for promptly addressing unforeseen developments.

Proposed agenda of upcoming meetings

<u>Eurogroup on 13 September</u> **<u>[Budapest]</u>**

- Macroeconomic developments [including an exchange of views with the Chair of the ECON Committee of the European Parliament]
- (poss.) Digital euro: state of play

(*in inclusive format:*)

- (poss.) Euro area competitiveness: discussion towards finalizing the workstream

<u>Eurogroup on 7 October</u>

- Preparation of international meetings, including exchange rate developments
- ESM: state of play

(*in inclusive format:*)

- (poss.) Capital Markets Union – stocktake on follow-up of agreed initiatives, including measures to facilitate access for mid-sized companies in all participating Member States
- (poss.) Preparation of October Euro Summit

<u>Eurogroup on 4 November</u>

- Macroeconomic developments and policy coordination in the euro area, including a debrief from international meetings

(*in BU format:*)

- Banking Union update: including reporting on operational aspects
  - Twentieth hearing of the Chair of the Supervisory Board
  - Reporting on recent activities of the Single Resolution Board

(*in inclusive format:*)

- Euro area competitiveness: conclusion of the workstream
- (poss.) Capital Markets Union – Reporting by Member States on national initiatives to deepen capital markets, to identify best practices and to address remaining gaps

<u>Eurogroup on 9 December</u>

- Assessment of euro area Member States' Draft Budgetary Plans and of the euro area budgetary situation and prospects
- Euro Area Recommendations (EARs) for 2025
- (poss.) Functioning of the ERM II and state of play of convergence

(in inclusive format:)

- (poss.) Preparation of the December Euro Summit

<u>Eurogroup on [tbc] 20 January</u>

- 2025 Euro Area Recommendation
- (poss.) Digital euro: state of play

<u>Eurogroup on [tbc] 17 February</u>

- Macroeconomic developments and policy coordination in the euro area
- (poss.) Eurogroup work programme for Q2-2025

(*in inclusive format:*)

- (poss.) Capital Markets Union – Update by the Commission on their planning and proposals on CMU for the next legislative cycle

<u>Eurogroup on [tbc] 10 March</u>

- Macroeconomic and fiscal developments in the euro area

(*in inclusive format:*)

- (poss.) Preparation of the March Euro Summit
- (poss.) Capital Markets Union – Report on stocktaking of the performance of European capital markets and exchange of best practices to deepen capital markets

<u>PM, provisional agenda for the Eurogroup on 11 April</u>

- Preparation of international meetings: exchange rate and inflation developments

(in inclusive format:)

- (poss.) Central bank digital currencies, including an update on the digital euro