



Eurogroup

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## **Eurogroup Work programme until March 2024**

The euro area economy has continued its strong recovery from the pandemic and has weathered the consequences of Russia's war of aggression against Ukraine, in particular the energy crisis. The economy entered 2023 on a healthier footing than previously expected, despite high inflation. Recent events in the international banking landscape confirmed that euro area financial institutions remain sound. As is the case in the wider international financial system, the ongoing normalisation of monetary policy presents challenges for the euro area's financial system, and we therefore need to remain vigilant and to closely monitor developments in the financial markets.

As we prepare to move beyond the application of the general escape clause of the Stability and Growth Pact, the Eurogroup will continue to play a role in its operation by continuing to closely coordinate fiscal policy. In this context, NextGenerationEU and RePowerEU are key instruments underpinning economic growth by fostering private investment and enhancing growth potential.

The Eurogroup will continue to lead the way in coordinating efforts to tackle economic challenges and addressing underlying long-term issues, such as enhancing euro area competitiveness and promoting the digital and green transitions. Members will continue discussions with a view to deepening the Economic and Monetary Union and strengthening its resilience, as well as improving its capacity to weather economic shocks, in particular with regard to the further development of the Banking Union and the Capital Markets Union.

The Eurogroup will involve non-euro area Member States in matters of common interest, working closely with the EU institutions and the Council presidency to achieve its policy priorities.

Throughout the first semester of 2023, the Eurogroup has maintained close and regular monitoring of economic and financial developments and has taken appropriate actions to address evolving challenges. The Eurogroup stands ready to continue to address urgent and unexpected issues that may arise along the way. While uncertainty remains high, notably in relation to geopolitical and inflation-related factors affecting the economic outlook, we are confident in our strength and in the ability of the euro area to navigate its way through these testing times.

### **The Eurogroup's priority policy areas**

In the period ahead, the Eurogroup will focus its work on a number of priority policy areas:

#### **Fiscal and economic policy coordination**

The EU fiscal and economic governance framework is an essential element for ensuring consistent policy implementation in the euro area. It is key to promoting the stability and robustness of our Economic and

Monetary Union, which supports the stability of the common currency and the resilience of the euro area economy. This is all the more relevant in the context of normalisation of monetary policy. In this regard, the Eurogroup will strive to attain a high level of coordination of fiscal policies to promote a consistent policy mix.

Member States have agreed that over 2023-2024 a more prudent fiscal policy should be pursued, avoiding broad-based fiscal stimulus to aggregate demand. This includes the progressive withdrawal of temporary energy support schemes, starting with the least targeted. The Eurogroup will continue the coordination of energy support measures ahead of next winter, mindful of the need to preserve a level playing field. The Eurogroup will hold regular discussions on the appropriate fiscal policy stance in the euro area, notably to help ensure sound public finances and support the achievement of the price stability target of monetary policy in a high inflation environment, while preserving financial stability and promoting sustainable and inclusive growth. A key milestone is the usual coordination in the context of draft budgetary plans that are to be submitted towards the end of the year. Looking ahead to March 2024, the Eurogroup is expected to discuss fiscal policy guidance for 2025.

Despite the slowdown in inflation in several countries and in the euro area as a whole over the past few months, inflation, and in particular core inflation, remains elevated, well above the ECB's target of 2% inflation over the medium term. Consequently, the Eurogroup will continue to monitor the evolution of the path for inflation, with a particular focus on inflation differentials among Member States; the possible impact on public finances; and on the potential persistence of uneven effects of the energy price shock throughout the euro area.

The Eurogroup will continue to deliver economic policy responses to effectively address economic challenges. An important step in this direction will be the discussion in December on the euro area recommendations for 2024. Moreover, the Eurogroup will continue to address structural matters relevant to the euro area through thematic discussions and identify shared views, where possible. For instance, we will address issues such as the impact of the energy crisis on terms of trade and will follow up on developments in euro area labour markets

The Eurogroup will continue to be involved in post-programme surveillance for Cyprus, Greece, Ireland, Portugal and Spain, working closely with the relevant institutions.

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

The Eurogroup is committed to continuing our efforts to enhance the architecture of EMU, in cooperation with the presidency of the Council and meeting in the appropriate format. The Eurogroup stands ready to continue to work further on all dimensions of this workstream, drawing lessons from the European response to COVID-19 and the energy crisis, such as the benefits of strong policy coordination in the euro area, and improving the resilience and the risk absorption capacity of the EMU in relation to future shocks.

A strong European financial architecture is instrumental in supporting innovation and job creation by mobilising sustained investment, which is also crucial to accelerating the green and digital transitions. Recent international developments in the banking sector are a reminder of the importance of completing the Banking Union. Ensuring a consistent, effective, and credible framework for managing banks in distress is a critical part of the Banking Union and was identified as a priority in the Eurogroup statement of June 2022. The Commission published a legislative proposal on crisis management and the deposit

insurance framework which was presented at the April 2023 Eurogroup and on which negotiations will continue among the co-legislators. The Eurogroup will continue to review the state of the Banking Union, ensuring progress continues to be made in line with the June 2022 statement, and identify in a consensual manner possible further measures with regard to the other outstanding elements to strengthen and complete the Banking Union. The Eurogroup also stands ready to continue monitoring developments in financial markets in order to learn from recent episodes of liquidity stress.

After focusing on coordinating the short-term response to multiple shocks over the last years, the Eurogroup will revert to the economic performance of the euro area and its position in the global economy in terms of productivity growth and reflect on the most effective means by which to enhance the external competitiveness of the euro area and long-term sustainable growth, while preserving the level playing field and the integrity of the single market.

In order to finance a greener, more digital, and more competitive future for the EU – particularly at a time when governments must reduce their borrowing – we need to create opportunities for greater use of private capital and untapped savings. Facilitating increased private sector and personal investment, broader and deeper capital and financial markets also have the potential to contribute to improving macroeconomic management in EMU, improving the transmission of monetary policy, and reinforcing the international role of the euro.

In response to the call from the Euro Summit of 24 March 2023 to step up collective efforts to take forward the Capital Markets Union, the Eurogroup, meeting in inclusive format, will develop a medium-term strategic vision for work towards the future of European capital and financial markets, in full respect of the legislative agenda currently under negotiation in the Council and the institutional prerogative of the Commission to put forward legislation. This will involve policymakers and market participants across the Union. The Eurogroup is firmly committed to progress on this work stream, assessing the performance of capital markets, gaps in the European framework with a view to identify concrete priorities for future work during the next legislative cycle from 2024.

### **The euro as a digital and international currency**

The Euro Summit in March 2021 concluded that exploratory work on the possible introduction of a digital euro should be taken forward and the ECB, in cooperation with the Commission, is currently carrying out an assessment in this regard. A properly designed digital euro has the potential to foster innovation, to strengthen the open strategic autonomy of the EU, and unlock major benefits for citizens, businesses, Member States, the internal market for payments and the overall functioning of our EMU. The Eurogroup supports the work carried out by the institutions on a digital euro.

After the launch of the exploratory work on the possible issuance of a digital euro, the Eurogroup held regular discussions on the major design issues and policy-related aspects of a digital euro in line with the advancement of the project and the preparation of the legislative proposal by the Commission and issued a statement in January 2023. The Eurogroup will return to this topic as appropriate as the project advances towards a decision on whether to proceed to the next project phase by end-2023 in which the ECB would develop and test the possible technical solutions and business arrangements necessary to provide a digital euro. If the ECB Governing Council were to decide to move to this phase, the Eurogroup will continue its regular engagement on the key political dimensions of the project as it progresses.

It is important to note that following the publication of the legislative proposal by the Commission, the co-legislation process by the European Parliament and the Council will begin and national parliaments will have their usual scrutiny function on the proposal. Euro area finance ministers, representing and articulating the views of the citizens of the euro area, will continue to play an active part in this process.

Since its introduction, the euro has become an important international currency. The Eurogroup will continue follow-up work on strengthening the international role of the euro. In the longer-term, making the euro area more robust by pursuing sound economic policies, deepening the EMU, completing the Banking Union, and establishing broader and deeper capital and financial markets, will further strengthen the euro's international role. The Eurogroup will continue its regular monitoring of exchange rate developments in 2023.

Monitoring of financial stability issues and developments in the global economic outlook will remain a core focus for the Eurogroup, notably through the preparation of international meetings, where appropriate. The Eurogroup will also continue to play an important role in coordinating the euro area's position in international forums, especially in the context of G7 meetings.

In the coming months, the Eurogroup will continue to 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.

### **Indicative Work Programme**

In order to facilitate the long-term planning of its activities, the horizon of the work programme of Eurogroup is extended for three more months. Agendas beyond the six-month horizon should be seen as indicative only.

The work programme for Eurogroup meetings until March 2024 builds on the priorities listed above. In particular, the Eurogroup (in its regular composition or in inclusive format, as appropriate) will continue monitoring the economic situation and policy response needed in the current context. Furthermore, the Eurogroup will prepare and follow up on Euro Summit meetings.

External guests may, on occasion, be invited to attend Eurogroup meetings to speak on international macroeconomic developments, matters related to this work programme or other pertinent topical themes. In this regard, the Eurogroup will continue its ongoing dialogue with key international partners, including by holding joint discussions as and when appropriate.

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. Particularly, the Eurogroup could come back to its work on the future of European capital and financial markets when needed. Flexibility is key for ensuring swift reactions to possible future unexpected developments.

## ***Proposed agenda of upcoming meetings***

### **Eurogroup on 13 July**

- Macroeconomic developments and policy coordination in the euro area
- Euro area fiscal stance
- International role of the euro – Stocktake
- (poss.) Digital euro – Stocktake on the advancement of the project
- *(in inclusive format)* The Future of European Capital and Financial Markets

### **Eurogroup on 15 September (Informal)**

#### *In inclusive format*

- Macroeconomic developments, including an exchange of views with the Chair of the ECON Committee of the European Parliament, and preparation of international meetings
- The Future of European Capital and Financial Markets: assessment of remaining barriers to the development and integration of EU capital markets

### **Eurogroup on 16 October**

- Euro area priorities in the Recovery and Resilience Plans and the implementation of the euro area recommendations: taking stock
- Debrief on international meetings
- (poss.) ESM: State of play
- (poss.) Digital euro – Stocktake on the advancement of the project
- *(in inclusive format)* (poss.) Capital Markets Union: assessment of remaining barriers to the development and integration of EU capital markets (cont.)

### **Eurogroup on 8 November**

- Macroeconomic and inflation developments and policy coordination in the euro area, including state of play on energy support measures
- Euro area competitiveness: state of play

- *(in BU format)* Banking Union update: including reporting on operational aspects.
  - Eighteenth hearing of the Chair of the Supervisory Board
  - Reporting on recent activities of the Single Resolution Board

### **Eurogroup on 7 December**

- Assessment of euro area Member States' Draft Budgetary Plans and of the euro area budgetary situation and prospects
- Euro Area Recommendations (EARs) for 2024
- Post-programme surveillance reports: Cyprus, Greece, Ireland, Portugal, Spain
- Eurogroup work programme for H1-2024
- *(in inclusive format)* (poss.) Preparation of the December Euro Summit

### ***Tentative agendas in the first quarter of 2024<sup>1</sup>***

#### **January 2024**

- Macroeconomic developments and policy coordination in the euro area
- 2024 Euro Area Recommendation
- IMF Article IV: mission to the euro area
- Euro area competitiveness: external sector developments, including high energy prices
- *(in inclusive format)* (poss.) The Future of European Capital and Financial Markets – priority areas for future work

#### **February 2024**

- (poss.) Thematic discussion: Follow-up discussion on euro area labour markets – developments and challenges ahead
- *(in inclusive format)* (poss.) The Future of European Capital and Financial Markets – priority areas for future work

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<sup>1</sup> The dates of the Eurogroup meetings in the first quarter of 2024 will be subject to the Council Presidency's calendar of meetings, which will not be known before the publication of this work programme.

**March 2024**

- Macroeconomic developments in the euro area and fiscal policy guidance for 2025
  - Preparation of international meetings – exchange rate developments
  - (poss.) Euro area competitiveness: trade fragmentation – drivers and impact on euro area trade performance
  - (*in inclusive format*) Preparation of the March Euro Summit
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