Council of the European Union

PRESS

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BACKGROUND BRIEF[1]
Brussels, 15 January 2024

Economic and Financial Affairs Council
Brussels, 16 January 2024

Chair: **Vincent Van Peteghem**, Deputy Prime Minister and Minister of Finance in charge of the fight against tax fraud

European Commission's representatives: Commission Vice-President **Valdis Dombrovskis**, Commissioner **Paolo Gentiloni,** Commissioner **Mairead McGuinness**

Starting time: 10:00

Press conferences:

- after the Eurogroup (Monday 15 January at +/- 18:00)
- after the Economic and Financial Affairs Council (Tuesday 16 January at +/- 12:00)

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The Belgian Presidency will present its **work programme** for the first semester of the year in the field of economic and financial affairs.

Taking work forward on the **European Semester 2024**, the Council will seek to approve conclusions on the alert mechanism report 2024 and the annual sustainable growth survey 2024. The Council will also aim to approve the 2024 recommendation on the economic policy of the euro area.

Ministers will take note of the state of play of the economic and financial impact of **Russia's aggression against Ukraine**.

Ministers will provide guidance for further work in view of the **G20 meeting of finance ministers and central bank governors** on 26-29 February 2024 in São Paulo, Brazil.

The Presidency will present the state of play of legislative proposals in the field of **financial services**.

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The **Eurogroup** will meet at 15:00 on Monday 15 January.

1 This note was drawn up under the responsibility of the press office.

The Eurogroup will discuss in regular format:

- International Monetary Fund (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 the first half of 2024
- Miscellaneous

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Eurogroup - meeting page

Economic and Financial Affairs Council - meeting page

Eurogroup - video coverage in broadcast quality (MPEG4) and photo gallery

Economic and Financial Affairs Council - video coverage in broadcast quality (MPEG4) and photo gallery

Press conferences and public events by video streaming

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Presidency work programme

The Belgian Presidency will present its work programme for the first semester of the year.

The Presidency will focus on finalising the Union's economic governance review, on continued financial support to Ukraine, and on legislation governing the Banking Union and the Capital Markets Union.

Moreover, the Presidency will work on narrowing the VAT gap, on EU own resources, on completing the mid-term review of the Multiannual Financial Framework (MFF), and on revising legislation related to the Customs Code as well as taxation rules for cross-border teleworking.

As the Belgian Presidency will straddle the close of one European parliamentary term and the start of another, it will work to finalise major outstanding files while also stimulating discussion on the economic state of the Union and its future.

Belgian Presidency programme

Indicative draft agendas for Council meetings under the Belgian Presidency (in French)

Russia's aggression against Ukraine

The Council will take note of the state of play of the economic and financial impact of Russia's aggression against Ukraine. Ministers will receive an update from the Commission on the economic and budgetary situation in Ukraine.

EU solidarity with Ukraine (background information)

EU response to Russia's invasion of Ukraine (background information)

European Semester

The Council will seek to approve conclusions on the annual sustainable growth survey 2024 and the alert mechanism report 2024. The Council will also aim to approve the 2024 recommendation on the economic policy of the euro area.

The Euro area recommendation is expected to be discussed by the Eurogroup on 15 January 2024, and approved by the ECOFIN Council on 16 January 2024. The text will then be transmitted to the European Council for discussion on 21-22 March 2024, and presented for subsequent adoption by the Council.

The 2024 exercise of the European Semester started on 21 November 2023 with the publication of the autumn package by the Commission. The elements of the package related to the European Semester are:

- The **Annual Sustainable Growth Survey** 2024, which outlines the economic and employment policy priorities for the EU for the coming 12 to 18 months. As has been the case since 2020, it is structured around four dimensions: environmental sustainability, productivity, fairness and macroeconomic stability. This year's Semester cycle will see a specific focus on the issue of competitiveness.

- The **Alert Mechanism Report** 2024 initiates the annual round of the macroeconomic imbalance procedure, the implementation of which is embedded in the European Semester. It also identifies the member states for which in-depth reviews should be undertaken to assess whether they are experiencing macroeconomic imbalances. This year's report concludes that in-depth reviews are warranted for 12 member states (compared to 17 in the previous European Semester cycle). These member states had all already been subject to an in-depth review in the previous annual cycle.
- The Commission's recommendation for a Council **recommendation on the economic policies of the euro area** member states, that would call on euro area member states to:
  - take action individually and collectively to adopt **coordinated prudent fiscal policies** and **wind down energy support measures**, with a view to enhancing public finances' sustainability and avoiding fuelling inflationary pressures
  - ensure high and sustained levels of **public investment** and promote **private** investment through the acceleration of the implementation of the RRF and cohesion policy programmes
  - regarding the **labour market**, take into account competitiveness dynamics when supporting wage developments. Addressing labour and skill shortages, including through upskilling and reskilling
  - in order to **preserve macro-financial stability**, monitor risks related to tightening financial conditions, and strive to complete the Banking Union
  - remove **obstacles to private investments**, deepen the **Capital Markets Union** and ensure that public support to strategic sectors remains targeted and does not create distortions in the level playing field of the Single Market
- The Commission's assessment of the 2024 **Draft Budgetary Plans** (DBPs), where the Commission is of the opinion that the DBPs of seven member states are in line with the Council Recommendations, whereas the DBPs of nine member states are not fully in line with the Council Recommendations and the DBPs of four member risk not being in line with the Council Recommendations.
- A proposal for a Joint Employment Report (JER). The JER is handled by the Council within its employment, social policy, health and consumer affairs (EPSCO) configuration.

Established in 2011, the European Semester enables EU member states to **coordinate their economic, fiscal and employment policies** throughout the year and address the economic challenges facing the EU.

The Commission assesses EU member states' national economic policies and budgetary strategies, based on national reform programmes and stability or convergence programmes prepared each year in April. On this basis, the Commission presents each country with a set of draft country-specific recommendations providing policy guidance on how to boost jobs and growth, while maintaining sound public finances.

The Council then adopts the country-specific recommendations and opinions. It provides explanations in cases where it does not follow those proposed by the Commission.

Draft Council conclusions on the Alert Mechanism Report 2024

Draft Council conclusions on the Annual Sustainable Growth Survey 2024

Draft Council recommendation on the economic policy of the euro area

Explanatory note - accompanying document to Council recommendation on the economic policy of the euro area 2024

European Commission 2024 autumn package

The European Semester explained (background information)

Timeline: the 2024 exercise (background information)

G20 meeting

Ministers will provide **guidance for further work** in view of the G20 meeting of finance ministers and central bank governors on 26-29 February 2024 in São Paulo, Brazil. The Council will mandate the Economic and Financial Committee to finalise the EU G20 Terms of Reference for this meeting.

G20 website (external link)

Financial services

The Presidency will present the state of play of current legislative proposals in the field of financial services. This is a recurrent item on the Council agenda.

Digital finance (background information)

Capital markets union (background information)