

Eurogroup statement on the draft budgetary plans for 2025

1. The euro area economy has shown remarkable resilience despite a challenging environment over recent years, reflecting a strong, coordinated and timely policy response. Economic growth is set to resume at a moderate pace, as positive employment growth and improving financing conditions support consumption and investment. Sound and well-coordinated policies have secured economic stability and helped to bring down inflation, which will foster recovery in real disposable incomes. However, geopolitical risks and policy uncertainty have increased. Distortive practices by some trading partners could weigh negatively on global trade and growth. Based on the Commission's autumn forecast for 2024-2026, we expect a gradual decline in the public deficit in the euro area and a slight increase in the public debt ratio, albeit remaining well below its 2020 peak.

2. We welcome the submission of the first medium term fiscal structural plans in line with the revised economic governance framework, as well as the submission of the draft budgetary plans for 2025, which represent the first concrete steps towards the new framework's effective implementation. We agree that draft budgetary plans remain a crucial element of fiscal policy coordination and will continue to contribute to the strength and cohesion of the euro area and the EU as a whole. Going forward, the draft budgetary plan process will be an important tool for multilateral fiscal surveillance and for annual monitoring of developments in net expenditure.

3. The Commission's assessment of the draft budgetary plans points to a slightly contractionary fiscal stance in 2025 in the euro area, driven by restraint in net current expenditure, coupled with continued growth in public investment. This is appropriate at the current juncture, in view of the high levels of deficit and debt in the euro area and the need to support the ongoing disinflationary process. We welcome that, in line with the new framework, a larger fiscal adjustment is planned by Member States with greater fiscal challenges. We also welcome that euro area public investment is projected to continue its upward trend, reflecting ongoing efforts to enhance investment, and a positive impact from European funds, notably through the Recovery and Resilience Facility. Investment remains essential for a competitive and resilient economy.

4. We take note of the Commission Opinions on the individual draft budgetary plans for 2025. The Eurogroup discussed varying degrees of risk regarding compliance with the fiscal recommendations. The Eurogroup welcomes the draft budgetary plans considered to be in line with the fiscal recommendations. We invite Member States with draft budgetary plans presenting risks to compliance based on the Commission assessment, to stand ready to take action as necessary depending on the nature of the risks and to deliver on fiscal commitments. We look forward to the submission of the pending medium-term plans and draft budgetary plans as soon as possible.

5. A shared currency entails shared responsibilities. The Eurogroup therefore underlines the importance of the effective implementation of the revised economic governance framework. The framework facilitates a strategy of gradual fiscal consolidation, while supporting investment and reforms, and promoting sustainable economic growth, thus improving fiscal sustainability across the euro area. As we outlined in the recent Eurogroup statement on competitiveness, we are committed to boosting the performance of our economy by increasing its productive capacity and enhancing its competitiveness through ambitious investment and well-calibrated structural reforms. The Eurogroup will continue to closely monitor economic and fiscal developments and reinforce its policy coordination.