

Non paper: priorities regarding the working program of the future Eurogroup Presidency

The Euro area has proved its stability and resilience despite challenging times. Yet, the mandate of the next Eurogroup President will start at a critical juncture, from both a macroeconomic and geopolitical standpoint. Therefore, the Eurogroup must rise to these new challenges by building on its strengths.

This non-paper, signed by France, Germany, Italy, the Netherlands and Spain aims at sharing ideas on how to strengthen the efficiency of the Eurogroup, in two main directions: first, by encouraging well-informed discussions on common priorities and by ensuring effective cooperation with the ECOFIN filière; second, by focusing the Eurogroup's work programme on issues that have the greatest impact on Euro area Member States through enhancing sound public finances, strengthening economic growth, promoting the single currency and supporting the competitiveness of the Monetary Union.

1. A Eurogroup agile enough to tackle strategic challenges for the Euro area

Since inception in 1997, the Eurogroup's strength has lied in its ability to provide for strategic discussions in an informal setting. This system has proven its worth in times of crisis, most recently during the COVID pandemic. Outside these times, the ability of the Eurogroup to provide impetus depends on its capacity to shape the future of the Euro area and the EU. Ensuring a well-functioning Eurogroup meeting in all circumstances should rely on four main principles:

1.1. Systematically prepare discussions at ministerial level within the Eurogroup working group

Eurogroup Ministers should be provided with **preparatory materials**. Preliminary discussions at EWG level should **clarify the objectives of each discussion** between Ministers and prepare materials **with adequate notice**. To ensure that orientations agreed in Eurogroup format are duly implemented, **follow-up discussions** should be anticipated in the work programme and, when relevant, be accompanied by detailed roadmaps (such as the CMU roadmap in 2024).

1.2. Avoid duplication of work with the ECOFIN filière

The risk of overlap between the Eurogroup and the ECOFIN works may occur and should be avoided. A **clear division of labour** should be established. The Eurogroup should primarily provide political impetus on euro area and single currency related issues throughout the entire political and legislative procedure. This informal format is also appropriate to provide the same impetus for EU-wide issues and strategies. It would be without prejudice to discussions on specific legislative texts (e.g., that would have been proposed to operationalise a wider strategy) in the ECOFIN, although, on an exceptional basis and in full support and coordination with the Council Presidency, the Eurogroup could provide political impetus in an effort to expedite negotiations. International issues (ex. G20, IMF-related) should be primarily addressed by the ECOFIN as long as they do not have a specific impact on the Euro area and on the euro.

1.3. Reduce the number of sessions in inclusive format

The *raison d'être* of the Eurogroup is to discuss issues related to the specific responsibilities shared by its members for the single currency. Therefore, the number of Euro area Member states-only meetings should prevail over the inclusive format. The inclusive format is particularly **relevant when discussing EU-wide issues and Euro zone issues that are related to the architecture of the EMU or likely to have knock-on effects on other Member states**.

1.4. Limit the number and/or length of sessions

Save for financial turmoil times, the Eurogroup meetings would be more impactful if they were dedicated to a limited number of items, with strong political implications. When circumstances do not warrant it, the Eurogroup could meet less frequently and/or in shorter sessions to allow for better preparation. Of course, in times of crisis, flexibility should be warranted.

2. A Eurogroup focusing on key strategic discussions (list of current priority topics, without prejudging additional topics or new priorities in the future)

2.1. Give impetus to the savings and investments union roadmap

To unlock private funding to finance investments and innovation for the future, **the Eurogroup in inclusive format must maintain the ambition of its CMU roadmap adopted in May 2024**. The Eurogroup should therefore have strategic discussions and give political impetus to this key issue. Although the Eurogroup may contribute to continued progress in this area by, for instance, committing to specific timelines in achieving agreements, discussions on specific legislative proposals, including those operationalising broader strategies, should remain in the ECOFIN remit.

On the banking side, the Eurogroup should aim to make progress on concrete Banking Union projects. However, being mindful of the 2022 statement, the Eurogroup should not reopen discussions on the banking union agenda until the CMDI review is completed. In the meantime, the Eurogroup should support the Commission's work on the competitiveness of the banking sector, especially when the level playing field is at stake (Basel III).

2.2. Promote innovation for the single currency

As the cornerstone of the Euro area, the single currency needs to be adapted to technological innovations to ensure the strategic autonomy and resilience of the European payments landscape. **The Eurogroup should therefore show political support to the collective efforts to advance the negotiations regarding the digital euro.** The Eurogroup can contribute specifically by providing high-level guidance on key issues when relevant.

The international role of the Euro and its use as a reserve currency should also be discussed within the Eurogroup

2.3. Strengthen the resilience of the Euro area

The strength of our monetary union depends on both the depth of its integration and sustainable and growth-friendly fiscal policies. The Eurogroup will also need to **continue discussing fiscal surveillance and fiscal stances** across Member States.

Strengthening the resilience of the Euro area also necessitates to closely monitor **exchange rates developments, in line with current work practices**, and discuss its exchange rate policy to stand ready to adapt to shocks.

2.4. Support the competitiveness of the euro area in a challenging global environment

In an increasingly tense geopolitical environment, strengthening the Euro zone's competitiveness vis-à-vis the rest of the world is vital. The Eurogroup should focus on **implementing necessary measures and structural reforms and investment to strengthen economic growth and enhance debt sustainability**. Finally, the Eurogroup is the appropriate forum to **identify policy areas where shifts in external conditions may weaken the Monetary Union** and have long-term consequences for fiscal sustainability, external positions, and the competitiveness of the Euro area altogether.