Annex. The euro area chronicle

The Commission, the Economic and Financial Affairs Council and the Eurogroup regularly take decisions that affect how the Economic and Monetary Union works. To keep track of the most relevant decisions, the QREA documents major legal and institutional developments. This issue covers developments between end-June and end-September 2023.

So far, 17 euro area countries have submitted REPowerEU chapters to their Recovery and Resilience Plans (RRPs). Over the third quarter 2023, eleven euro area countries submitted a REPowerEU chapter. (88) The REPowerEU chapters include in particular measures to facilitate investment in renewable energy, like by streamlining and accelerating permitting procedures, measures to develop green financial products and to boost green skills in both the public and private sector. The investments that are planned in those chapters include measures to strengthen the national energy networks, to increase the energy efficiency of residential buildings, to boost sustainable mobility and expand renewable energy capacity. The Commission has already endorsed the modified RRPs for Portugal, Spain, the Netherlands and Slovenia; while the process of the modified plans of the other Member States is ongoing. The Council has, as a rule, four weeks to endorse the Commission's assessment.

About €162 billion have been disbursed under the RRF to euro area Member States until now. (89) In the meantime, Estonia, Greece, Croatia, France, Ireland, Slovenia, Germany, Slovakia, Belgium and Portugal, together with Italy, have made further payment requests. At the same time, disbursements to the Member States by the Commission under the RRF continued, with EUR 18.5 billion (EUR 10 billion in grants and EUR 8.5 billion in loans) transferred to Italy on 9 October. (90) Italy had submitted to the Commission the third request for payment under the RRF on 30 December 2022, including reforms – in areas such as competition law, the justice system, public and tax administration – and investments to foster the digital and green transition, and to improve support for research, innovation and education. On 28 July 2023, the Commission adopted a positive preliminary assessment of Italy's request. (91)

On 13 July 2023, the Eurogroup adopted a statement on the euro area fiscal stance for 2024. (92) In light of persistent inflation and higher borrowing costs, the Eurogroup considered that a strategy of determined, gradual and realistic fiscal consolidation is warranted. At the same time, implementing structural reforms as well as safeguarding and increasing investment, through public, private and EU financing sources – such as the RRF – remains an essential goal, in particular given common priorities such as the green and digital transitions and defence capabilities. On 16 June, the Council had agreed on differentiated fiscal recommendations to Member States for 2023 and 2024, and that, absent renewed energy price shocks, the euro area should wind down energy support measures as soon as possible in 2023 and 2024. The Eurogroup agreed to avoid permanent deficit-increasing measures, to facilitate lasting deficit and debt reduction, and to achieve the necessary overall restrictive fiscal stance in the euro area for 2024. The Eurogroup committed to continue to closely monitor economic and fiscal developments regularly and adjust the policy advice as needed, including adapting it to economic circumstances.

(88) Lithuania, the Netherlands, Austria, Slovenia, Belgium, Italy, Greece, Croatia, Cyprus, Latvia and Finland. Previously, Estonia, France, Malta, Slovakia, Portugal and Spain had submitted their revised RRPs between March and June 2023.
(89) Including prefinancing.
(90) https://ec.europa.eu/commission/presscorner/detail/en/mex_23_4842
(91) https://ec.europa.eu/commission/presscorner/detail/en/ip_23_4025
(92) https://www.consilium.europa.eu/en/press/press-releases/2023/07/13/eurogroup-statement-on-the-euro-area-fiscal-stance-for-2024/