



Council of the
European Union

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OUTCOME OF PROCEEDINGS

From: General Secretariat of the Council

To: Delegations

No. prev. doc.: 5022/24

Subject: Annual Sustainable Growth Survey 2024
– Council conclusions (16 January 2024)

Delegations will find attached the Council conclusions on the Annual Sustainable Growth Survey 2024, approved by the Economic and Financial Affairs Council held on 16 January 2024.

ANNUAL SUSTAINABLE GROWTH SURVEY 2024

– Council conclusions –

The Council of the European Union:

1. **HIGHLIGHTS** that the EU economy remains resilient also thanks to a strong, coordinated, and timely policy response despite the slowdown in 2023. After the significant increase in energy prices, economic activity in the EU has weakened amid higher costs of living, subdued external demand and as the effect of tightening monetary policy works its way through the economy. **UNDERLINES** that the EU labour markets remain strong, with historically high participation rates and low unemployment rates, notwithstanding variation across Member States, regions, and population groups. **RECOGNISES** that, although uncertainty and downside risks to the economic outlook have increased in recent months, largely due to geopolitical tensions and their implications for the volatility of energy markets, a gradual recovery in growth is expected for 2024, supported by a still strong labour market and the continuing disinflationary process.
2. **BROADLY AGREES** with the challenges and economic priorities outlined in the Annual Sustainable Growth Survey 2024. **NOTES** the four dimensions of the competitive sustainability macroeconomic stability, environmental sustainability, productivity, and fairness. **UNDERLINES** the need to safeguard economic, fiscal, and financial stability, and to address all macroeconomic imbalances. **STRESSES** the importance of swift and coordinated policy actions for strengthening the competitiveness and resilience of the EU economy, with an emphasis on addressing the future challenges, notably in relation to the green and digital transition and the ageing population.

3. **UNDERLINES** that while policies should remain agile in view of the prevailing uncertainty, an overall restrictive fiscal policy stance in 2024 is appropriate to enhance public finance sustainability and in order to avoid fuelling inflationary pressures. **WELCOMES** that most Member States plan to wind down their energy support measures and **AGREES** that remaining emergency energy support measures should be phased out as soon as possible in 2024 and the related savings should be used to reduce government deficits. **STRESSES** that the fiscal policy strategy should be aimed at strengthening fiscal sustainability, rebuilding fiscal buffers, delivering higher sustainable growth and boosting EU resilience to future challenges. **WELCOMES** that public investment is expected to increase in the large majority of EU Member States making a significant contribution to reinforcing the EU's competitiveness, and **RECALLS** the importance of ensuring the effective absorption of Recovery and Resilience Facility and other EU funds. **UNDERLINES** the need to continue pursuing ambitious structural reforms and productive investment, including in common priorities, such as green and digital transition energy security, strengthening productivity and resilience, as well as defence capabilities, while preserving the Single Market as an essential element of the open strategic autonomy. **HIGHLIGHTS** the key role of private investment in that regard.
4. **RECOGNISES** the need to further improve framework conditions for boosting private investment and productivity. This includes reducing administrative burden and bottlenecks by enforcing existing rules and removing barriers, also at the regional and local level, developing the necessary skills for the green and digital transitions. **AGREES** that fostering a fair and business-friendly environment for small and medium-size enterprises is key to strengthening the single market. **ACKNOWLEDGES** that strengthening the EU net zero industry is essential for providing the technologies and components needed to deliver on the European Green Deal and that resilient and diversified supply chains are key for Europe's industry to remain competitive.

5. **HIGHLIGHTS** that a resilient financial sector is crucial as well as maintaining the flow of credit to the economy, including in challenging economic circumstances. **STRESSES** the importance of completing the Banking Union and the need of a sufficiently ambitious agenda for further developing the Capital Markets Union, as deep and integrated EU capital markets contribute to increasing the EU global competitiveness and promote the private sector contribution to the additional green and digital investment needs.
6. **HIGHLIGHTS** the importance of the use of the Recovery and Resilience Facility for enhancing the competitive sustainability of the EU. **CALLS** for the full and effective implementation of recovery and resilience plans until 2026, including the measures related to REPowerEU. **STRESSES** the importance of the implementation of country-specific recommendations in the context of the European Semester and **NOTES** the relevance of new or adjusted recommendations for addressing the latest policy challenges.
7. **NOTES** that the European Semester in 2024 will continue to be linked to the implementation of recovery and resilience plans and the need to ensure the complementarity of reforms and investments with other EU funding instruments. **UNDERLINES** the importance of the continued implementation of the Macroeconomic Imbalance Procedure for addressing macroeconomic imbalances. **CALLS** for keeping the European Semester primarily focused on economic, fiscal and employment policies, including on reform and investment challenges not addressed in the recovery and resilience plans, and avoiding overlaps across various surveillance work streams. **STRESSES** the key role of multilateral surveillance in the European Semester and **CALLS** for adequate timing of the spring package.
8. **UNDERLINES** the importance of a revised economic governance framework for enhancing economic policy coordination and **CALLS** for timely and coherent guidance for Member States.