



Opinion of the European Economic and Social Committee
Additional considerations on the way forward for the European Semester 2025

(own-initiative opinion)

(C/2026/10)

Rapporteur: **Javier DOZ ORRIT**

Advisor	Olivier Cédric VAUZELLE (to the rapporteur)
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1. Conclusions and recommendations

1.1. The European Economic and Social Committee (EESC) is concerned about the existence of multiple factors that are involved in – and sources of – instability and geopolitical risk, in particular those that threaten peace, democracy and respect for human rights, but also those – such as the trade war – that have an impact on growth and inflation, the security of supply chains and access to critical raw materials.

1.2. The Spring Forecast has lowered the already weak growth projections for the EU and the Eurozone, making it easier for inflation to reach the monetary objectives. The EESC is concerned that investment trends, both public and private, are far from contributing to any significant reduction in the large investment deficit accumulated by the European economies, or to moving closer to the targets set out in the Draghi Report.

1.3. The EESC endorses the two main policy priorities outlined in the 2025 European Semester Spring Package – namely strengthening competitiveness and enhancing defence capabilities – and it supports the main objective of implementing national recovery and resilience plan (NRRP) investment and reforms by 2026. It also considers that the specific recommendations of a general nature are usually appropriate. However, it regrets that strengthening social cohesion was not defined as a key political priority.

1.4. The EESC believes that once inflation has been brought under control, the time will have come to develop a moderately expansionary monetary policy that encourages investment and, at the same time, takes advantage of the weak dollar to strengthen the role of the euro as a global reserve currency, through the following three measures: introducing the digital euro; utilising the stock of debt which, while financing investment policy, makes it attractive to trade on the markets; and urgently completing the Banking Union and the Capital Markets Union.

1.5. The EESC considers that it would be necessary for the post-2027 Multiannual Financial Framework (MFF) to amount to the equivalent of 2 % of EU GDP in order to achieve the investment objectives for: reducing the competitiveness gap; boosting research and technological innovation; securing the green and digital just transitions; strengthening social cohesion and compliance with the European Pillar of Social Rights; fostering strategic autonomy in foreign, security and defence policy; and strengthening European industry through policies and measures that facilitate investment, in order to attract internal and external capital.

1.6. The EESC believes it is necessary to adopt a set of measures to strengthen investment between now and 2028, inter alia: ensuring the implementation of all Recovery and Resilience Facility (RRF) funds with the new targets and, if necessary, deploying unused funds for new investment programmes in European public goods; creating a European Fund for Strategic Investments; strengthening the EIB's lending capacity to expand InvestEU; and exploring the possibility of using European Stability Mechanism funds.

1.7. The EESC reiterates its concern about delays in revising the current debt sustainability analysis model (DSA), as this may unduly sacrifice social spending in favour of other spending, at a time when Member States have to reach unchanged deficit targets. This situation could be exacerbated by the ReArmEU Plan allowing Member States to increase their public deficit by up to 1,5 % of GDP to finance extra defence spending.

1.8. The EESC agrees with the general principle behind the Omnibus I and II legislative packages to clarify and simplify European legislation and reduce unnecessary administrative burdens on companies, in particular SMEs, but it is concerned that some of the provisions may lead to weaker sustainable finance legislation and therefore jeopardise achievement of the objectives of the Green Deal and its Action Plan. It stresses that the main instrument for increasing productivity and boosting competitiveness is investment, particularly in research, development and innovation (R&D&I), training and good business organisation.

1.9. The EESC reiterates its call for permanent, structured involvement of the social partners and civil society organisations in the various stages of the European Semester process. It urges the Commission, European Parliament and Council to launch institutional dialogue with the EESC and the Committee of the Regions in order to examine the kind of measures that should be taken to ensure such civil society involvement, as well as that of national parliaments and local and regional authorities.

2. General comments

2.1. A new factor has been added to the risks and difficulties of the geopolitical framework already identified by the EESC at the beginning of the year ⁽¹⁾: the launch of new policies under Donald Trump's second term as US President. The trade war has, unilaterally and in violation of WTO rules, unleashed: a disregard for a rules-based international order and multilateral institutions; displays of hostility towards the European Union and its values; and support for political choices that question the EU's values. All this has introduced serious new uncertainties and risks into an already very complex geopolitical situation. These risks affect security and defence, trade and the economy, political relations and supranational institutions and – ultimately – freedom, democracy and human rights. The deteriorating situation regarding the latter three elements worldwide has been highlighted by all the independent institutions that monitor them.

2.2. The crisis in the international order and institutions established following World War II – the United Nations (UN) and associated institutions – has been growing over the past three years. It has been manifest in the wars of aggression launched in violation of the UN's foundational principles, international law and international treaties. Violations of international and humanitarian law are evident in Ukraine and Gaza. Restoring these laws is essential in any peace scenario and for rebuilding the political and economic stability that is indispensable for development and human well-being. For this reason, the EESC strongly supports both the Ukrainian government's request to the Russian government to establish an immediate ceasefire to allow peace talks to take place, and the recent request by 25 democratic nations in Europe, America and Asia demanding that Israel end the war and the suffering of the civilian population in Gaza and allow all the food and medical aid it needs to enter the territory.

⁽¹⁾ Opinion of the European Economic and Social Committee – Communication from the Commission to the European Parliament, the Council, the European Central Bank, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank: 2025 European Semester – Autumn package (COM(2024) 700 final) (OJ C, C/2025/2019, 30.4.2025, ELI: <http://data.europa.eu/eli/C/2025/2019/oj>).

2.3. Although it is too early to determine what the economic consequences and impact of the White House's policy decisions will be, partly due to their erratic nature, at the moment it is worth highlighting a decrease in growth in the US and a tendency towards devaluation of the dollar and upward inflation. Moreover, the growth outlook for global trade and the economy has been revised downwards by both the WTO (forecasting a 0,2 % drop in world trade instead of the previously expected 3 % growth) ⁽²⁾ and the IMF (predicting a 0.5 percentage-point decline in global GDP growth, with a 0.9 percentage-point reduction in growth for the US) ⁽³⁾. All this emphasises the difficulty of making accurate predictions in an unpredictable and volatile situation.

2.4. Factors that always need to be taken into account when devising policy are risks to supply chains, security of supply and component prices. These risks are driven by the consequences of the trade war and the intense competition to secure supplies and even to control strategic raw material supplies for the sectors with the greatest capacity for technological innovation and for sectors and products of the green economy.

2.5. The G7 summit and finance ministers' meetings in June decided to exempt US multinational companies with a turnover of more than EUR 750 million from the 15 % corporate minimum tax for all US multinationals established under the OECD's Pillar 2 ('Global Anti-Base Erosion Model Rules') agreement, which had been signed by 147 countries from 2021. This concession was made after the Trump administration threatened 'tax revenge' against foreign investors in the USA; the measures entailed in this 'tax revenge' were in the end removed from the US budget bill following that G7 decision. The EESC considers the G7 decision creates a very favourable situation for US multinationals with adverse consequences on tax fairness, promoting a totally unequal environment for business.

3. Spring Economic Forecast and Spring Package 2025 ⁽⁴⁾

3.1. Based on a reasonable concern about the difficulty of making accurate forecasts at a particularly volatile time in global geo-politics and the global economy, the European Commission is revising its forecasts downwards from the already limited expectations formulated in the Autumn Forecast. For 2025 and 2026, the GDP growth projections for both the EU and the Eurozone have been lowered. Similarly, inflation forecasts have also been revised slightly downwards for both regions, with the expectation that they will meet the targets set by conventional monetary policy.

3.2. Growth forecasts for overall investment, both public and private, have also been revised for the upcoming years, indicating there will be a slight increase, but not enough to offset the previous year's fall in growth. A slight acceleration in investment growth in 2026 is expected, although precise forecasts are difficult to make, particularly regarding potential increases in defence spending. Public investment as a percentage of GDP is expected to remain steady, and public deficit targets are unchanged. The forecast for gross fixed capital formation has also been slightly reduced. Additionally, public debt ratios are projected to rise gradually over the next few years.

3.3. The Country-Specific Recommendations (CSRs) focus on two priority areas: enhancing defence capabilities and strengthening competitiveness, and on one objective: implementing NextGenerationEU national recovery and resilience plans (NRRPs), investment and reforms to ensure they are completed by the target date of 2026. The CSRs also call for increasing investment in R&D, facilitating public and private financing, improving the effectiveness of innovation support, improving access to finance, simplifying administrative and regulatory procedures, addressing skills shortages, and modernising infrastructure and social systems to respond to growing global challenges and boost sustainable growth.

⁽²⁾ https://www.wto.org/spanish/res_s/publications_s/trade_outlook25_s.htm.

⁽³⁾ <https://www.imf.org/en/Publications/WEO/Issues/2025/04/22/world-economic-outlook-april-2025>.

⁽⁴⁾ Spring Economic Forecast 2025 and 2025 European Semester: Spring package.

4. General comments

4.1. Since the EESC adopted its opinion on the 2025 European Semester Autumn Package ^(⁹), there have been many geopolitical and geo-economic developments – particularly in the first half of 2025 – which warrant the drafting of this opinion containing additional considerations. These events and trends have affected, or have the potential to affect, key macroeconomic indicators, world trade, investment, access to critical raw materials and the security of supply chains. Moreover, current wars – and the risk of new wars – have a potentially more serious destabilising effect, in addition to the human tragedy they entail.

4.2. The risks and uncertainties of the geopolitical situation and those arising from the uncertain outcome of the trade war unleashed by the US government are having a negative impact on business investment decisions in Europe and around the world. However, a clear and firm EU policy that combines the promotion of strategic autonomy in foreign, security and defence policy with a European industrial policy serving the objectives of the just green and digital transitions, along with specific investment facilitation policies and measures, would attract domestic and foreign capital – some of which could come from sources refusing to invest in the US – for productive investment, including in the social economy sector, which plays a key role in fostering inclusive growth and resilience. In the EESC's view, it is now more necessary than ever for the EU to convey an image of security, consistency, strength and capacity for action, based on the soundness of its policies.

4.3. Forecasts indicate that inflation targets that are in keeping with monetary policy objectives will be reached in 2025 and that inflation might even fall below these targets in 2026, particularly in the euro area. Given persistently weak growth, the EESC believes that there should be a possibility to end restrictive monetary policy and move to a moderately expansionary one to help boost growth.

4.4. The other major challenge for monetary policy is to ensure that the euro strengthens its role as the world's reserve currency, at a time when the dollar is showing significant weakness and variability in value as a result of the Trump administration's policies. The EESC believes that, in order to achieve this, in addition to consistent, predictable monetary and fiscal policies, it will be necessary to: a) complete the Banking Union and Capital Markets Union without further delay, as proposed in the Draghi and Letta reports and as the EESC has called for in its opinions over the last few years; b) utilise the stock of common debt, in euros, always remaining within the limits of sustainability, which would at the same time help meet public and private investment needs, through the wide range of instruments available to the EU, to promote the development of the euro as a reserve currency; and c) proceed with implementation of the digital euro.

4.5. In the coming years, the EU will be faced with a series of objectives and economic, security and social challenges, which will require significant investment to close the investment gap of recent decades. This gap is a key factor behind the EU's weakness in growth and the decline in its productivity and competitiveness, particularly in the most technologically advanced sectors of the European economy. Investment measures should include a major effort to mobilise private finance for venture capital to address a growing innovation gap.

4.6. The Draghi report puts the additional annual investment needs of European economies – public and private, national and European – at EUR 830 billion in order to meet the objectives of: fair transitions, both green and digital; R&D and innovation investment, particularly in AI, to reduce the gap in the most advanced technologies between the EU and its most direct competitors (the USA and China); stronger security and defence; and implementation of the European Pillar of Social Rights – including all the associated policies supporting employment and inclusion of vulnerable groups such as people with disabilities – and cohesion policies. The EESC calls on the EU institutions to put in place the necessary plans to implement the main conclusions of the Draghi Report.

⁽⁹⁾ Opinion of the European Economic and Social Committee – Communication from the Commission to the European Parliament, the Council, the European Central Bank, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank: 2025 European Semester – Autumn package (COM(2024) 700 final) (OJ C, C/2025/2019, 30.4.2025, ELI: <http://data.europa.eu/eli/C/2025/2019/oj>).

4.7. The EESC considers that, in order to meet the major challenges and new spending requirements facing the EU, the post-2027 MFF should at least maintain the purchasing power of the current MFF and NextGenerationEU funds combined, which means that it should reach 2 % of EU GDP, as recommended in the EESC opinion ⁽⁶⁾. The EESC also proposes that the next MFF pay particular attention to the identification and provision of European public goods.

4.8. However, it also feels that it is not possible to wait until 2028 to start financing priority European investment programmes. The EESC therefore recommends that the Commission:

- act to ensure that the full resources of the Recovery and Resilience Facility (RRF) and NRRPs are implemented: by redirecting investments and helping national governments complete implementation, where necessary; by extending the implementation period of the funds up to 2028, where this is the only option for implementing key programmes and projects; and, if necessary, by using the remaining funds for new investment programmes in European public goods proposed by the European Commission.
- create a European Fund for Strategic Investment, financed in a mixed way – contributions from Member States, new own resources and the issuance of common European debt – as proposed in the EESC opinion ⁽⁷⁾, to fund strategic European programmes in areas such as AI, renewable energy, energy interconnections, critical minerals and raw materials, high-level research programmes, priority training programmes, etc.;
- strengthen the EIB's lending capacity and expand InvestEU to finance investment in the above-mentioned priority areas of investment;
- reinforce the financing capacity of the European Defence Fund to boost the European defence industry;
- explore the possibility of using European Stability Mechanism funds to finance European and Member States' investment projects.

4.9. A recent communication ⁽⁸⁾ from the European Commission confirmed that the deadline for payment disbursements under the RRF for an NRRP project is 31 December 2026. The EESC welcomes the range of alternatives proposed for using resources: extension of existing projects; reduction of oversubscribed schemes; splitting of NRRP projects to continue with national or other EU funds; creation of financial and grant instruments; transfers to InvestEU; capital contributions to National Promotional Banks and Institutions (NPBI), and contributions to the European Defence Industry Programme (EDIP) and to EU programmes for satellite communications. However, it is not clear that all of these will achieve the desired aims, and it is difficult for Member States to accelerate the implementation of current plans, as well as, in parallel, preparing alternatives, in little more than a year. It must be acknowledged that it is difficult to implement such schemes, which require proper design, the involvement of organised civil society and the guarantees inherent in the use of public funds. The EESC has already pointed out the inequalities between Member States in terms of capacity to manage such investments – both administrative and those arising from differences in the business and institutional fabric. Taking all these circumstances into account, the EESC proposes that organised civil society be actively involved in the review of the implementation of the NRRPs at the end of this year, in order to promote their more effective and appropriate implementation, and technical assistance where necessary. If, after taking all measures to facilitate implementation, funds remain unused, the EESC proposes that the Commission use them to finance European common goods programmes.

4.10. The promotion of strategic autonomy in industrial, trade, and security and defence policies must, in the EESC's view, be an essential and permanent concern of EU governance. There must also be close coordination between those policies and the expansion of our strategic autonomy; moreover, the transition towards the development of common European policies in the industrial and security and defence fields (already the case in commercial policy) must be initiated

⁽⁶⁾ Opinion of the European Economic and Social Committee – Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee, the Committee of the Regions – The road to the next multiannual financial framework (COM(2025) 46 final) (OJ C, C/2025/3202, 2.7.2025, ELI: <http://data.europa.eu/eli/C/2025/3202/oj>).

⁽⁷⁾ An EU investment fund for economic resilience and sustainable competitiveness (OJ C, C/2024/6862, 28.11.2024, ELI: <http://data.europa.eu/eli/C/2024/6862/oj>).

⁽⁸⁾ NextGenerationEU – The Road to 2026, COM(2025) 310 final.

through close coordination between those policies and, where appropriate, the use of the enhanced cooperation procedure. Today, economic security in sensitive areas such as guaranteed access to raw materials and to essential and critical resources, as well as the security of supply chains, depends on the existence of an effective trade policy and effective security and defence policies that are common or closely coordinated.

4.11. Defence spending and investment are on the increase in Europe and the world over. The fact that this is happening at a time when democratic values, human rights and international law are being undermined by many countries and powers, and when the multilateral institutions of the UN system are being attacked and eroded, is a serious cause for concern. The EESC is of the opinion that the EU, through a common or closely coordinated foreign policy, has – now more than ever – a leading role to play in the quest for peace and for a just world order that promotes widespread welfare, democracy and human rights. However, this approach must be framed as part of a strategy for peace centred on the primacy of diplomacy and non-aggression. This is not in contradiction with the fact that the EESC is also advocating increased investment in European security and defence as part of a common or closely coordinated policy. In the EESC's view, the need to strengthen Europe's defence capabilities should be based on strengthening the European defence industry and closely coordinating the armed forces of the Member States within the framework of NATO. The EESC is therefore disappointed that this approach has not been used as the basis for the ReArmEU and Security Action for Europe (SAFE) proposals, programmes which merely provide for European borrowing and allow national borrowing – by activating the safeguard clauses of the SGP – enabling European countries to purchase arms and ammunition without even defining a precise plan of requirements or common objectives, or setting European preference as a condition.

4.12. Involvement of the social partners and civil society organisations in the European Semester, in its national phases, is not guaranteed, let alone through structured or permanent consultation processes, something which the EESC has called for repeatedly⁽⁹⁾. The national structural and fiscal plans of the new European macroeconomic governance framework were adopted with very little information and almost no involvement of organised civil society: it was argued that deadlines were tight and could not be put back, meaning there was no time for consultation. This should not be repeated in the European Semester. The EESC agrees that it is important to involve national parliaments and local and regional institutions in European economic governance and it supports the recent resolution of the Committee of the Regions⁽¹⁰⁾ (CoR) on this issue. The EESC calls on the Commission, the European Parliament and the Council to launch institutional dialogue on the topic, involving both the EESC and the CoR, to study the types of measures that should be adopted to ensure the participation that the EESC is calling for, which would undoubtedly have a positive impact on a sense of national ownership of the measures to be adopted in the framework of the European Semester.

5. Specific comments

5.1. The Omnibus I and II legislative packages address the simplification of sustainable finance legislation, in particular the rules governing disclosure of sustainable finance information and corporate due diligence on sustainable finance. The main reason for this is the contribution that reducing the administrative burden on companies can make to increasing competitiveness. The EESC agrees with the general principle of clarifying and simplifying European legislation and reducing any unnecessary administrative burden on businesses, particularly SMEs, provided that this does not mean removing the requirements needed to meet the objectives of the Green Deal and its Action Plan or weakening legislation on sustainable finance. In addition, SMEs should receive help from the competent authorities to comply with their obligations in this respect. At the same time, the EESC would draw attention to the fact that legislative simplification alone cannot be viewed as the main lever for boosting competitiveness. It must first be accompanied by measures that boost properly targeted investments, as referred to in this opinion, which are instruments for boosting productivity and competitiveness.

⁽⁹⁾ The EESC's recommendations for a solid reform of the European Semester (OJ C 228, 29.6.2023, p. 1), *The point of view of organised civil society in the EU Member States on national reform and investment proposals and their implementation (2024-2025 European Semester cycle)*, The EESC's recommendations on the reform and investment proposals formulated as part of the 2024-2025 European Semester cycle (OJ C, C/2025/3194, 2.7.2025, ELI: <http://data.europa.eu/eli/C/2025/3194/oj>).

⁽¹⁰⁾ Resolution in view of the next MFF (RESOL-VIII/005), Committee of the Regions.

5.2. The EESC reiterates its concern ⁽¹¹⁾ about the delay in revising the current Debt Sustainability Analysis (DSA) model. The latest Debt Sustainability Monitor (DSM) ⁽¹²⁾ rates the debt sustainability situation in two Member States as high risk in the short term, in eleven Member States as high risk in the medium term, and in four Member States as high risk in the long term. However, this analysis was carried out before it was proposed under ReArmEU that Member States increase their defence spending by borrowing from the EU, at the same time authorising them to apply the SGP safeguard clause, allowing an additional public deficit of up to 1,5 % of GDP for borrowing on the bond markets. Therefore, the concern the EESC expressed at the time of the reform of the macroeconomic governance framework – that use of the current DSA model would mean sacrificing social spending to boost spending in other areas to achieve the unchanged deficit and debt targets – has grown, as Member States are now faced with a significant increase in defence spending.

5.3. Equally important is the revision of the excessive deficit criteria, especially after the Commission authorised Member States to apply the Stability and Growth Pact (SGP) safeguard clause, up to 1,5 % of GDP, to borrow for defence spending. The EESC also considers that the Macroeconomic Imbalance Monitoring indices used by the Commission are obsolete. If we add to this the fact that the final implementation of the NRRPs and the start of national fiscal and structural plans overlap with the CSRs of the ordinary cycle, that the establishment of links between the Competitiveness Coordination Tool and the Semester has been announced, and that there is a proposal on possible links with the Semester for the expenditure of the next MFF, at least for part of the future Cohesion Fund, it must be concluded that there is an urgent need to review the EU's economic governance framework, i.e. the European Semester. The social partners and civil society organisations must be consulted in this review. The EESC should be a privileged partner in this process.

5.4. The EESC stresses that the Semester process should also focus on social criteria, improvements to living standards, and growing inequalities, and on key issues such as the housing crisis and the decline in collective bargaining. The EU institutions need to highlight quality of life as a central concern, beyond the fulfilment of technical and economic criteria.

Brussels, 18 September 2025.

The President
of the European Economic and Social Committee
Oliver RÖPKE

⁽¹¹⁾ OJ C, C/2023/880, 8.12.2023, ELI: <http://data.europa.eu/eli/C/2023/880/oj>.

⁽¹²⁾ Debt Sustainability Monitor 2024, European Commission, March 2025.