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Opinion of the European Economic and Social Committee

The EESC's recommendations on the reform and investment proposals formulated as part of the 2024-2025 European Semester cycle

(own-initiative opinion)

(C/2025/3194)

Rapporteurs: **Konstantinos DIAMANTOUROS**
Javier DOZ ORRIT
Luca JAHIER

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

The EU has to deal simultaneously with enormous geopolitical challenges in the field of foreign, security and defence policy, such as Russia's aggression against Ukraine, statements and actions of the new US administration in relation to trade, NATO, territorial ambitions and other areas, as well as ongoing conflicts in the Middle East. At the same time, the EU must significantly improve the productivity and competitiveness of its economy while achieving the objectives of the Green Deal and strengthening social cohesion through the European Pillar of Social Rights. Addressing these challenges requires strong political and civic support, active participation of organised civil society, good governance, greater unity and integration, and a consistent defence of democratic values and human rights, both within and beyond our borders. The EESC believes that the maximum possible financial resources - public and private, national and European - must be mobilised to achieve well-defined objectives in all these areas. This includes prioritising European public goods and strengthening all available budgetary and financial instruments, or creating new ones where necessary.

1.1. *The reform and investment measures in the Member States, particularly those based on the 2024 country-specific recommendations (CSRs)*

The EESC:

1.1.1. acknowledges that the relevance of the CSRs in addressing national challenges in Member States differs from one country to another, and calls on the European Commission to formulate more tailored recommendations concerning sound fiscal policies for financial stability, long-term sustainable growth and competitiveness, public spending on crucial public services, services of general interest, and social policies, as well as the digital and green transitions. The EESC also calls on governments to implement the proposed investments and reforms more effectively.

1.1.2. calls on the Commission and the Member States to increase systematic communication and awareness-raising around the Sustainable Development Goals (SDGs) in the CSRs when investment and reform proposals are translated into concrete actions and measures.

1.1.3. reiterates its call for a structured consultation process to be established at European level, with formalised consultation procedures that are more harmonised and transparent.

1.1.4. underlines that the Commission should continue its structural dialogue with the national social partners and civil society organisations (CSOs). The Commission should require Member States to provide a summary of consultations with stakeholders.

1.1.5. calls for the reformed partnership principle to be included in the European Semester ([1]).

1.2. ***The medium-term fiscal-structural plans and the new EU economic governance framework***

1.2.1. The EESC therefore calls on the Commission to develop clear and harmonised guidance in an EU regulation for Member States on how to involve stakeholders in a mandatory, systematic, structural and meaningful way. This guidance would enable a formal consultation process to be subsequently regulated at national level. The Commission should make the quality of stakeholder involvement a criterion for approving the national plan.

1.2.2. The method of the European Commission's evaluation of Member States' medium-term fiscal-structural plans should be further assessed, in particular concerning the compliance with the required new investments and reforms when Members States demand to prolong the adjustment period from four to seven years.

1.3. ***The implementation of the reforms and investments provided for in the national Recovery and Resilience Plans (RRPs)***

The EESC:

1.3.1. considers that the Recovery and Resilience Facility (RRF) is currently playing a key role in supporting investment and reforms. Nevertheless, several issues relating to the implementation of the Facility still need to be resolved before the instrument comes to an end.

1.3.2. calls for improved coordination, planning and resource allocation to overcome delays, and for streamlined processes. The Committee also calls on Member States to provide access to training for administrative staff and capacity-building to improve project management and administrative processes. In addition, the EESC ([2]) has stressed the need for better, timely and consistent information on the progress of the national RRPs.

([1]) European Social Fund support to social partners in the 2007-2013 period, Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy (OJ L 231, 30.6.2021, p. 159), EESC exploratory opinion Strengthening the results orientation of post-2027 cohesion policy – challenges, risks and opportunities (OJ C, C/2025/2018, 30.4.2025, ELI: http://data.europa.eu/eli/C/2025/2018/oj) and evaluation report Mid-term evaluation of the Recovery and Resilience Facility on the code of conduct and discussions with stakeholders at the conference of the CEMR and the publication of its document Top level decision – Local consequences: The European Semester explained on 2 December 2024.

([2]) EESC evaluation report *Mid-term evaluation of the Recovery and Resilience Facility*.

1.3.3. insists on the need for transparency on the final recipients of the funds and has called on the Commission and national governments to simplify procedures, reduce bureaucracy and provide support to ensure that the plans are executed in an effective and timely manner ([3]).

1.3.4. calls for the next RRF annual report to include a thematic analysis of the involvement of social partners, CSOs, national parliaments and local and regional authorities ([4]).

1.3.5. calls for the deadline for spending RRF funds to be extended, at least until the next multiannual financial framework (MFF) in 2028, if it becomes clear that a failure to extend it would lead to a loss of funds ([5]).

1.3.6. underlines the need to clarify the definition of milestones and targets and to guarantee the reliability of the information provided by Member States ([6]). The Committee stresses the need to focus more on the design of cross-border projects.

1.4. *Investment needs to meet current and future challenges*

1.4.1. The EESC considers that boosting the EU's financing capacity, as proposed by the Draghi report, would require much more than the existing fiscal space in each Member State, and the volume and structure of the current MFF. The ESSC reiterates the need to create a Strategic Investment Fund ([7]), equivalent in size to the RRF, prioritising the financing of European common goods and national investments in line with key European policy priorities. The newly created InvestAI initiative and the announced future Competitiveness Fund, as part of a stronger and more consistent MFF, represent progress in this area. At the same time, the EESC stresses the need to rapidly increase a massive mobilisation of private savings through the completion of the Capital Markets Union (recently renamed the 'Saving and Investment Union') and to increase the EIB's financial capacity.

1.5. *A revised and stronger European Semester*

1.5.1. The European Semester has become a solid and well-established instrument for the EU's economic governance and coordination with Member States, and is in the process of being developed further. The entry into force of the revised EU economic governance framework, the already announced links between the Competitiveness Coordination Tool and the Semester, the initial proposal of possible links with the Semester on the future spending of the next MFF, and at least part of the future Cohesion Fund, are all further signs of progress in this area. Like the cancellation of the 2025 Annual Sustainable Growth Strategy (ASGS) in December 2024, they all highlight the need for a thorough upgrade of this process.

1.5.2. The EESC calls on the Commission to urgently review the structure and timing of the Semester, with a view to ensuring future interconnections with the Competitiveness Coordination Tool, in the interests of transparency and to enable all actors involved (EU institutions, national governments, parliaments, local authorities, social partners and CSOs) to be ready to fully play their respective role in the European Semester process.

([3]) Court of Auditors – 2023 Commission Discharge: Hearing with Commissioners Valdis Dombrovskis and Paolo Gentiloni on the RRF (Committee on Budgetary Control – European Parliament – 12 November 2024)[1] European Parliament – The 100 largest recipients of Recovery and Resilience Facility.

([4]) In line with the opinion of the European Committee of the Regions ECON-VII/037 on the *Mid-term review of the post-COVID European recovery plan (Recovery and Resilience Facility)* (adopted in October 2024) (OJ C, C/2024/7057, 4.12.2024, ELI: http://data.europa.eu/eli/C/2024/7057/oj).

([5]) In line with the opinion of the European Committee of the Regions ECON-VII/037 on the *Mid-term review of the post-COVID European recovery plan (Recovery and Resilience Facility)* (adopted in October 2024) (OJ C, C/2024/7057, 4.12.2024, ELI: http://data.europa.eu/eli/C/2024/7057/oj).

([6]) Court of Auditors – 2023 Commission Discharge: Hearing with Commissioners Valdis Dombrovskis and Paolo Gentiloni on the RRF (Committee on Budgetary Control – European Parliament – 12 November 2024)[1] European Parliament The 100 largest recipients of Recovery and Resilience Facility.

([7]) Opinion of the European Economic and Social Committee – An EU investment fund for economic resilience and sustainable competitiveness (own-initiative opinion) (OJ C, C/2024/6862, 28.11.2024, ELI: http://data.europa.eu/eli/C/2024/6862/oj).

1.5.3. The EESC proposes that, as part of the European Semester, the European Commission should apply indicators inherent to the wellbeing economy approach in order to assess the state of each Member State, to provide a more comprehensive picture.

2. **Introduction**

2.1.1. This own-initiative opinion is part of a package, together with an information report, and follows on from the work of the EESC's European Semester Group (ESG): consulting national economic and social councils, social partners and CSOs from EU Member States on key topics of the European Semester. This opinion complements the information report, which collects the views of social partners and CSOs in the Member States on the national reform and investment proposals and their implementation (2024-2025 European Semester cycle) by including the EESC's policy recommendations, conclusions and policy proposals based on the results of the stakeholder consultation set out in the report.

2.1.2. Thanks to this exercise, the EESC is continuing its work on promoting a more participatory European Semester and economic governance framework, with greater ownership at national level and closer involvement of organised civil society (OCS). Broad participation supports evidence-based decision-making and democratic legitimacy and expands public support for transformative policies and systemic change.

3. **Background**

3.1.1. This own-initiative opinion focuses firstly on the Member States' reforms and investment measures, particularly those based on the 2024 CSRs and their implementation. As part of the 2024 European Semester Spring Package, the Commission proposed draft 2024 CSRs in June, which the Council adopted with minor changes in July 2024. These CSRs comprise: i) a recommendation on fiscal policy (CSR1); ii) a recommendation on the implementation of the RRF and of cohesion policy programmes ([8]) (CSR2); iii) recommendations CSR3 and CSR4, which cover further outstanding policy priorities or Member State specificities. About two thirds of the recommendations issued under CSR3 and CSR4 covered policies to strengthen the labour markets through education and investment in skills, promote the green transition and other energy-related policies and address outstanding competitiveness issues. Secondly, this own-initiative opinion concentrates on the medium-term fiscal-structural plans, the centrepiece of the new economic governance framework ([9]). In these plans, Member States are setting out their fiscal targets, priority reforms and investments ([10]), and measures to address any possible macroeconomic imbalances during a fiscal adjustment period.

3.1.2. In this regard, the EESC calls for permanent and structured procedures for consulting social partners and CSOs in the development of the national plans ([11]). Moreover, Article 11 of the Regulation on the new economic governance framework ([12]) encourages Member States to consult social partners, regional authorities, CSOs and other relevant national stakeholders when designing the plans, in accordance with national legal frameworks. For the 2025 European Semester Cycle, given the short timeframe for the preparation of the first set of national medium-term fiscal-structural plans, Member States could – but were not obliged to – conduct such consultations. They will have to consult national stakeholders for the development of all future plans, although no quality criteria for consultations have been established. Thirdly and finally, this own-initiative opinion scrutinises the progress made in the implementation of the reforms and investments provided for in the national RRPs ([13]).

([8]) Inforegio – New Cohesion Policy.

([9]) European Commission communication on the *2025 European Semester: bringing the new economic governance framework to life* (26 November 2024).

([10]) Reforms and investments meeting both the main challenges identified in the context of the European Semester and the EU's common priorities.

([11]) Opinion of the European Economic and Social Committee on the proposal for a Regulation of the European Parliament and of the Council on the effective coordination of economic policies and multilateral budgetary surveillance and repealing Council Regulation (EC) No 1466/97 (COM(2023) 240 final – 2023/0138 (COD)), the proposal for a Council Regulation amending Regulation (EC) No 1467/97 on speeding up and clarifying the implementation of the excessive deficit procedure (COM(2023) 241 final – 2023/0137 (CNS)) and the proposal for a Council Directive amending Directive 2011/85/EU on requirements for budgetary frameworks of the Member States (COM(2023) 242 final – 2023/0136 (NLE)) (OJ C, C/2023/880, 8.12.2023, ELI: http://data.europa.eu/eli/C/2023/880/oj).

([12]) Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 2024 on the effective coordination of economic policies and on multilateral budgetary surveillance and repealing Council Regulation (EC) No 1466/97 (OJ L, 2024/1263, 30.4.2024, ELI: http://data.europa.eu/eli/reg/2024/1263/oj).

([13]) Recovery and Resilience Facility – European Commission.

4. **General comments**

4.1. ***The reform and investment measures in the Member States, particularly those based on the 2024 CSRs, and the implementation of these measures***

4.1.1. The relevance of the CSRs in the Member States for addressing national challenges differs from one Member State to another, and the EESC calls on the Commission to pay particular attention to tailored recommendations concerning sound fiscal budget policies for financial stability and long-term growth, public spending, the sustainability of public services and services of general interest, better institutional coordination, improving social policies (especially in areas such as healthcare, skills development, inequalities and inclusion), as well as the digital and green transitions (in particular by integrating environmental objectives into public policies). There should also be a focus on taxation to support these reforms and transitions. The EESC calls for priority to be given to current economic challenges such as housing, social protection, the cost of living and energy costs, as well as structural issues undermining the EU's competitiveness, such as excessive regulation and lengthy permitting procedures. The EESC also calls on national governments to implement the investments and reforms proposed in these CSRs more effectively and systematically through long-term strategic planning.

4.1.2. The EESC observes differences between the Member States in how the SDGs are integrated into the CSRs, and calls on the Commission and the Member States to increase systematic communication and awareness-raising around these objectives when investment and reform proposals are translated into concrete actions and measures. This increased public understanding of the SDGs would create significant opportunities to ensure a holistic approach to sustainable development. The EESC underlines the need to reform the European Semester in order to better steer and support the implementation of EU goals and targets set, for instance, in the European Green Deal, the EPSR and the UN Pact for the Future adopted in September 2024 ([14]), and to boost the EU's current low level of competitiveness. The EESC agrees that comprehensive objectives and clear and ambitious targets for the implementation of the SDGs would allow an assessment, in the context of the European Semester, of whether existing policies and investments are effective and leading to progress in the right direction or whether further reforms and investments are needed that the process can then recommend ([15]). Therefore, the EESC also believes that there is a need to rethink the current gap analysis approach applied to the European Semester.

4.1.3. The overall aim of the consultation of social partners and CSOs is to make decisions on the direction of social and economic policy in the coming years. The topics discussed in the framework of the European Semester are, in general, those that are most relevant to OCS. On the one hand, national stakeholders can contribute their expertise and, on the other, they can also propose important measures. Currently, many mechanisms for participation, though they exist, lack real dialogue and often fail to follow up on issues raised, leading to frustration. The EESC reiterates its call for a structured consultation process to be legislated on at European level, with formalised consultation procedures that are more harmonised and transparent. The aim of this procedure is to ensure that the social partners and CSOs are involved in the decision-making process in a systematic, faster, more substantial and effective way. It should also ensure that stakeholders are consulted on how their input has been used and why decisions have been taken.

4.1.4. At the same time, the Commission should continue its structural dialogue with the national social partners and CSOs. The Commission should require Member States to provide a detailed summary of consultations with stakeholders. Finally, the EESC calls for the reformed partnership principle to be included in the European Semester ([16]).

([14]) https://www.un.org/en/summit-of-the-future/pact-for-the-future.

([15]) A European Agenda To Navigate Uncertain Times – How to steer the EU towards wellbeing for all now and in the future – MERGE (mergeproject.eu).

([16]) European Social Fund support to social partners in the 2007-2013 period, Regulation (EU) 2021/1060, EESC exploratory opinion Strengthening the results orientation of post-2027 cohesion policy – challenges, risks and opportunities (OJ C, C/2025/2018, 30.4.2025, ELI: http://data.europa.eu/eli/C/2025/2018/oj) and evaluation report Mid-term evaluation of the Recovery and Resilience Facility on the code of conduct and discussions with stakeholders at the conference of the CEMR and the publication of its document Top level decision – Local consequences: The European Semester explained on 2 December 2024.

4.2. ***The medium-term fiscal-structural plans and the new EU economic governance framework***

4.2.1. Regarding the content of the current plans, doubts persist overall as to whether the measures proposed are sufficient to meet the challenges facing Member States, such as the twin transition, innovation and sustainable competitiveness, as well as the geopolitical and structural challenges in terms of security and defence, strategic autonomy, demographics, energy, infrastructure, social protection, social cohesion and care services. In addition, the impact that the main conclusions of the Letta ([17]) and Draghi reports will have on the new Commission's work programme should, in the EESC's view, lead to the possibility of introducing changes to some of the content of national fiscal and structural plans, provided that the macroeconomic parameters guaranteeing the sustainability of public finances in the medium and long term are respected.

4.2.2. In spite of its call, namely for OCS representatives to have a guaranteed role in designing and implementing the economic, employment and social policies to be included in the medium-term fiscal-structural plans ([18]), the EESC observed that in many Member States stakeholders were not given access to the content of the national plan before it was submitted to the Commission or before the Commission sent its assessment of these plans. This is despite the fact that the plans provide the policy anchor for Member States' economic and fiscal policies, as well as priority reforms and investments for the next four to seven years. National stakeholders can contribute their expertise and can also propose appropriate measures that reflect the reality on the ground. The situation is all the more negative given that national ownership of the commitments made in the plans, which is one of the factors most likely to ensure their implementation, can only be achieved if the political and social players have been able to participate in drawing them up through formal consultation processes. This should be assured also in case of activation of the general escape clause.

4.2.3. The same stakeholders and the EESC therefore reiterate their call to the Commission to draw up an EU regulation on how to involve the social partners and CSOs in the European Semester process and the EU's economic governance framework. This regulation would define the basic principles and characteristics of the participation process that should be respected in the procedures of the Member States ([19]).

4.3. ***The implementation of the reforms and investments provided for in the national RRPs***

4.3.1. As to whether national governments will be able to absorb the RRF funds by 31 August 2026, many stakeholders have doubts whether they will be able to do so fully or correctly. There is a risk that the corresponding funds will be used inefficiently, to the detriment of the quality and effectiveness of the projects and operations carried out with RRF support. There is a risk that significant funds will be lost if governments do not step up implementation of the reforms and investments provided for in the RRPs. Although progress has been made in absorbing funds and implementing RRPs, there is still an urgent need to speed this up. This is due in particular to insufficient administrative capacity at national and local level, inefficiency, transparency issues, governance problems and a lack of planning and adequate resources in RRP implementation. Other reasons for delays in implementation have also been identified, such as lack of initiative from the private sector, unrealistic deadlines and fragmented coordination between government agencies, inability of small projects to raise sufficient funds, lack of resources and rigid deadlines leading to delays due to bureaucratic procedures, inadequate preparation of reforms, lack of consultation with stakeholders leading to insufficient preparation of reforms, the lack of timetables for project implementation, as well as delays due to lengthy preparation of legislative proposals and procurement procedures.

([17]) Enrico Letta – Much more than a market (April 2024).

([18]) Opinion of the European Economic and Social Committee on the proposal for a Regulation of the European Parliament and of the Council on the effective coordination of economic policies and multilateral budgetary surveillance and repealing Council Regulation (EC) No 1466/97 (COM(2023) 240 final – 2023/0138 (COD)), the proposal for a Council Regulation amending Regulation (EC) No 1467/97 on speeding up and clarifying the implementation of the excessive deficit procedure (COM(2023) 241 final – 2023/0137 (CNS)) and the proposal for a Council Directive amending Directive 2011/85/EU on requirements for budgetary frameworks of the Member States (COM(2023) 242 final – 2023/0136 (NLE)) (OJ C, C/2023/880, 8.12.2023, ELI: http://data.europa.eu/eli/C/2023/880/oj).

([19]) EESC opinions — *Reform and investment proposals and their implementation in the Member States – what is the opinion of organised civil society? (2023-2024 European Semester cycle*) (OJ C, C/2024/4054, 12.7.2024, ELI: http://data.europa.eu/eli/C/2024/4054/oj), *The EESC's recommendations for a solid reform of the European Semester* (OJ C 228, 29.6.2023, p. 1) and *New economic governance rules fit for the future* (OJ C, C/2023/880, 8.12.2023, ELI: http://data.europa.eu/eli/C/2023/880/oj).

4.3.2. It is therefore essential that all social and economic partners are consulted and listened to, and that full public information and adequate communication are provided. The EESC calls for improved coordination, planning and resource allocation to overcome delays, streamlined procedures including reduction of unnecessary documentation and adoption of digital solutions. The Committee also calls on Member States to provide access to training for administrative staff and capacity-building to improve project management and administrative processes. In addition, the EESC ([20]) has stressed the need for better, timely and consistent information on the progress of the national RRPs.

4.3.3. The EESC insists on the need for transparency on the final recipients of the funds and has called on the Commission and national governments to simplify procedures, reduce bureaucracy and provide support to ensure that plans are executed in an effective and timely manner. It calls for greater transparency in the future on the final recipients ([21]). Member States have published more than 100 top recipients and, in some cases, the top 10 are from the public sector ([22]). Greater transparency would make it possible to know the full list of RRP fund recipients. The Commission should change the definition, which is not in the regulation, but in the guidelines ([23]). The flow of RRF funds must be transparent and traceable to make sure these resources are used effectively. We should harmonise information when dealing with public money.

4.3.4. The EESC calls for the next RRF annual report to include a thematic analysis of the involvement of social partners, CSOs, national parliaments and local and regional authorities ([24]).

4.3.5. The Committee calls for an extension of the deadline for spending RRF funds if it becomes clear that a failure to extend it would lead to a loss of funds ([25]). There is a need for more flexibility in how national plans are implemented. There is a time lag between the negotiation of the MFF and the official end of the RRF. Ideally, the end of RRF should be aligned with the new MFF, which would give Member States more time to carry out the planned investments and reforms. In addition, the EESC has observed that in several Member States, OCS is in favour of using the RRF's performance-based approach for the MFF, and this approach would be an acceptable solution to the lack of progress made towards our common goals. It should, however, be accompanied by a guarantee of flexibility in how it is implemented and by binding rules, to ensure that Member States play by the rules, aiming for both attractiveness and enforceability. In any case, the EESC recommends avoiding unnecessary centralisation and additional burdens for all programmes, preserving the specific methodology that made the main EU programmes (such as the cohesion policy programmes) successful, and the partnership principle ensuring that relevant stakeholders were properly involved.

4.3.6. The EESC underlines the need to clarify the definition of milestones and targets, to better define the evaluation tools and metrics, and to guarantee the reliability of the information provided by Member States ([26]). The Committee stresses that we also need to focus more on the design of cross-border projects.

4.3.7. Finally, it insists that the RRF must be a success story. OCS highlights several lessons learned from the RRF that could be applied to other EU financial instruments. These lessons concern various subjects such as red tape and streamlined procedures, the involvement of national social partners and CSOs, the flexibility given to the implementation of the instrument, the need for better coordination, as well as the planning and monitoring of such an instrument.

([20]) Evaluation report *Mid-term evaluation of the Recovery and Resilience Facility*.

([21]) Court of Auditors – 2023 Commission Discharge: Hearing with Commissioners Valdis Dombrovskis and Paolo Gentiloni on the RRF (Committee on Budgetary Control – European Parliament – 12 November 2024)[1] European Parliament – The 100 largest recipients of Recovery and Resilience Facility.

([22]) European Parliament – The 100 largest recipients of Recovery and Resilience Facility funds.

([23]) Court of Auditors – Special report 13/2024 (September 2024): '**Recommendation 1 – Ensure a consistent application of the definition of "final recipient".** The Commission should ensure that Member States have a common understanding of what constitutes a "final recipient" and apply it consistently.'

([24]) In line with the opinion of the European Committee of the Regions ECON-VII/037 on the *Mid-term review of the post-COVID European recovery plan (Recovery and Resilience Facility)* (adopted in October 2024) (OJ C, C/2024/7057, 4.12.2024, ELI: http://data.europa.eu/eli/C/2024/7057/oj).

([25]) In line with the opinion of the European Committee of the Regions ECON-VII/037 on the *Mid-term review of the post-COVID European recovery plan (Recovery and Resilience Facility)* (adopted in October 2024) (OJ C, C/2024/7057, 4.12.2024, ELI: http://data.europa.eu/eli/C/2024/7057/oj).

([26]) Court of Auditors – 2023 Commission Discharge: Hearing with Commissioners Valdis Dombrovskis and Paolo Gentiloni on the RRF (Committee on Budgetary Control – European Parliament – 12 November 2024)[1] European Parliament – The 100 largest recipients of Recovery and Resilience Facility.

4.4. ***Investment needs to meet current and future challenges***

4.4.1. The EESC agrees with the analysis and conclusions of the Draghi report ([27]) on how the EU should meet the current multiple challenges ([28]) by putting an end to the severe under-investment in the European economy in recent decades and boosting sustainable competitiveness. However, this is all the more difficult to achieve as many Member States have to cut their public deficits and debt levels through the national fiscal and structural plans set out in the EU's new macroeconomic governance framework. The only way to make these objectives and policies compatible and to ensure that they are adequately financed is twofold. Firstly, we need to better coordinate national investments and reinforce these with European policy guidelines. This requires strengthening the European Semester and improving how it functions. Secondly, we need to boost the EU's financing capacity, with substantial restructuring and increases in the next MFF, while also considering the creation of a Strategic Investment Fund, giving priority to the financing of European common goods and national investments that reflect the main European political priorities. We should also increase the EIB financing capacity through a new enhanced version of the specific InvestEU programmes (such as the InvestAI initiative and the announced European Competitiveness Fund).

4.4.2. The contradiction between the need to cope simultaneously with a sharp increase in investment and the need to cut debt levels, without adversely affecting social cohesion policies, also requires action on tax revenues. In the EESC's view, European economic policy should include guidelines to promote adequate, fair and more coordinated taxation at EU level that helps promote economic growth, which in turn can translate into a sustainable increase in public revenues. Moreover, these tax guidelines should be tailored to each Member State, taking into account their economy's structure and tax system, as well as promoting the equal distribution of income and wealth.

4.4.3. The Draghi report pointed out that EU savings, which are 50 % higher than in the US, are not adequately channelled into investment. The action needed to complete the Capital Markets Union, by overcoming the obstacles that have been preventing this for so many years, can no longer be postponed. At the same time, the EU must review and adapt all policies that encourage and promote the channelling of capital towards the EU's priority investment objectives.

4.4.4. Coordinated national reforms and investment will also be a key component of the EU's new Competitiveness Compass. The Commission announced the creation of a new Competitiveness Coordination Tool to be applied alongside the measures taken by Member States to meet common competitiveness priorities. It states that the approach of combining reforms and investments in order to implement EU priorities at national level, introduced in the European Semester and NextGenerationEU, will be complemented with coordinated cross-border and EU-wide actions through a Competitiveness Coordination Tool. This tool will aim to align industrial and research policies and investments at the EU and the national levels, and will work in conjunction with a streamlined European Semester focused on reforms and investments for competitiveness at the national level. In addition, under the next MFF, the implementation of the Competitiveness Coordination Tool will be supported by a new Competitiveness Fund. The EESC calls for further clarification on how these tools interlink with the EU Semester, avoiding any further and unnecessary red tape.

Brussels, 30 April 2025.

The President
of the European Economic and Social Committee
Oliver RÖPKE

([27]) EU competitiveness: Looking ahead – European Commission.

([28]) The challenges of responding simultaneously to the need to increase the productivity and competitiveness of their economies, major geopolitical challenges, of applying the concept of open strategic autonomy to areas such as security and defence, industrial and trade policies, of making progress in meeting the objectives of the green and the digital transitions, of strengthening social cohesion and the implementation of the European Pillar of Social Rights (EPSR).