



EUROPEAN SEMESTER 2026

Spring Package, adopted by the Commission on 3 June 2026

40th ESG of the EESC, 30 June 2026

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2026 European Semester Spring Package Overview

ECONOMIC, SOCIAL AND EMPLOYMENT POLICY COORDINATION

- **Country reports** identifying Member States' main competitiveness challenges
- **Country-specific recommendations (CSR)** for reforms and investments

FISCAL POLICY COORDINATION

- **2026 Fiscal CSRs** (net expenditure path, defence, energy measures, MTFSP-related reforms/investments)
- **EDP Report under Art. 126(3) TFEU** (assessment to open excessive deficit procedure)
- **Other fiscal deliverables** (assessment of compliance (Chapeau), MTFSP of NL, closing MT's EDP)
- **Macroeconomic Imbalance Procedures** (7 in-depth reviews)
- Communication on **Post-Programme Surveillance Assessments** of Spring 2026

EMPLOYMENT POLICY COORDINATION

- Proposal for an update of the **guidelines for the employment policies** of the Member States

Chapeau Communication

2026 European Semester Spring Package Chapeau Communication

- Objectives: **Responding to emerging threats, ensuring macroeconomic stability, strengthening the EU's competitiveness**
- Focus on addressing the **energy crisis** and bolstering **economic security**
- **Competitiveness Compass** remains the guiding framework
- Some progress on the **implementation of 2025 CSRs**, comprehensive set of **2026 CSRs**
- Significant **progress achieved for CSR implementation through the Recovery and Resilience Facility (RRF)**
- Update on **surveillance under the Stability and Growth Pact** and decisions on **macroeconomic imbalances**
- Outcome of the analysis on **upward social convergence** in line with **the Social Convergence Framework**

2026 Country Reports and CSRs

Country Reports

- provide a thorough **analysis of economic, structural, employment, and social developments** within Member States
- identify key vulnerabilities, priority reforms, and challenges to competitiveness, **underpinning the 2026 CSRs**

Country-specific Recommendations

- build on the comprehensive **set of 2025 CSRs**
- focus on assessment of 2025 CSRs implementation
- contain **targeted amendments and new CSRs** based on:
 - new policy developments,
 - reinforced analytical basis (e.g. housing, territorial dimension, Single Market barriers)
- Thematic areas covered: RRP implementation, EU funds, EBR, competitiveness
- Expected date of Council adoption 10 July

Country Reports

Country Reports analytically underpin the 2026 country-specific recommendations (CSRs). They identify country-specific vulnerabilities and priority reform and investment challenges.

Section 1

Economic
developments and
key policy
challenges

Section 2

Innovation,
business
environment and
productivity

Section 3

Decarbonisation,
energy
affordability and
sustainability

Section 4

Skills, quality jobs
and social fairness

Section 5

Key findings

Annexes

19 thematic
sections providing
analytical
underpinning

Country-specific Recommendations

- **Fiscal surveillance**, defence and energy measures
- **RRF and Cohesion policy**: "Ensure continuity of reforms and investments implemented under the Recovery and Resilience Facility" together with recommendations reflecting the implementation pace of cohesion policy programmes
- **Eastern border regions**: "Address the unique socio-economic, security and civil preparedness challenges affecting regions on the EU's external eastern border"
- **Competitiveness**:
 - Innovation and access to finance
 - Digitalisation, simplification and institutional framework
 - Single market
 - Affordable clean energy transition and decarbonisation
 - Economic, social and territorial cohesion
 - Affordable housing
 - Skills, quality jobs, social fairness

Sustainable Development Goals (SDGs)

- As in previous cycles, **the Semester integrates SDGs policy objectives and CSRs** cover a broad range of SDGs
- The 2026 **Spring Package**:
 - **Eurostat** data updated in April 2026.
 - **Country Reports**: analysis in the narrative for all MS and dedicated **annex on progress made in the past five years**. References to relevant SDGs in **all other annexes**.
 - RRP Council Implementing Decisions include analysis on expected contribution to SDGs.
 - **Chapeau communication**: progress at EU level – significant progress in reducing inequalities (SDG 10), ensuring decent work and economic growth (SDG 8) and quality education (SDG 4), while facing deterioration on clean water and sanitation (SDG 6) and life on land (SDG 15).



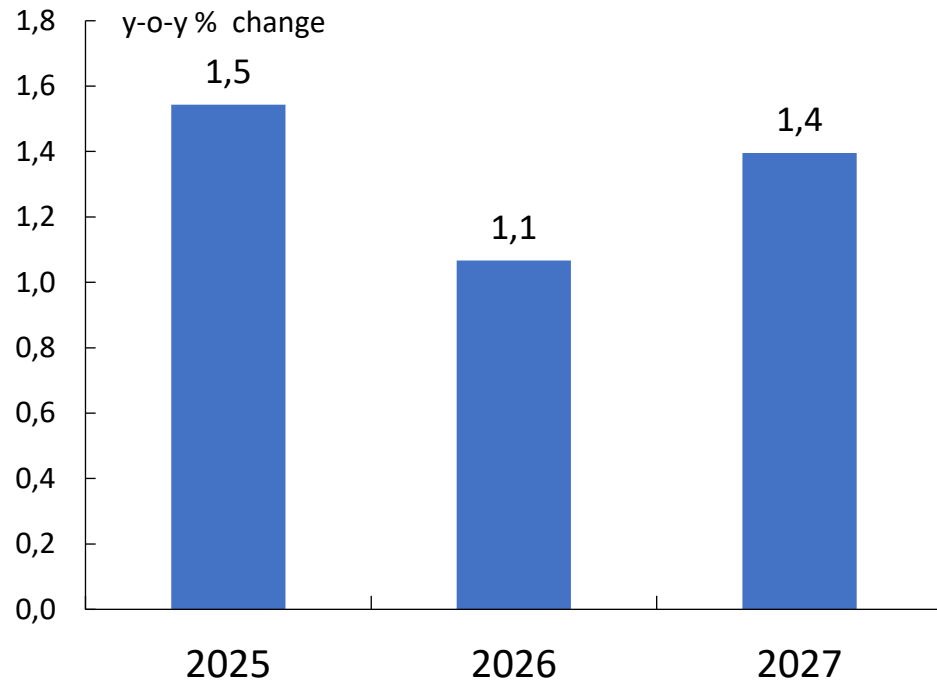


Fiscal Policy Coordination

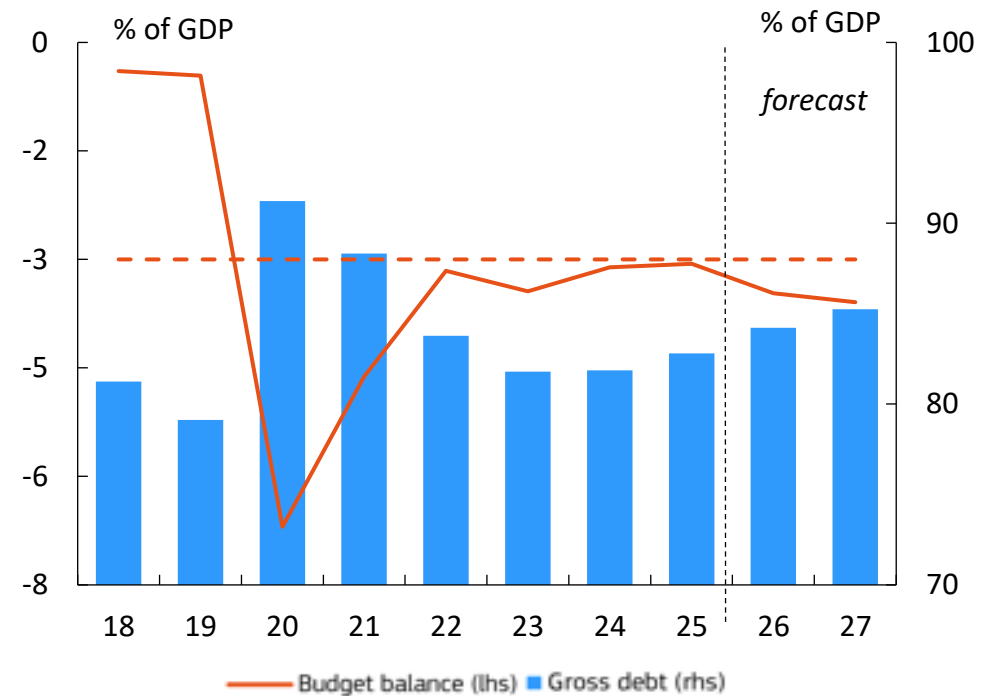


Context to fiscal surveillance in Spring 2026

EU real GDP growth



Government balance and gross debt - EU



Source: Commission 2026 Spring Forecast

Country-Specific Recommendation wrt. fiscal policy

- **Net expenditure requirements (all MS):** *“Adhere to the maximum growth rates of net expenditure recommended by the Council...”* , with variation in language depending on
 - Whether the Member State is under EDP (BE, FR, HU, MT, IT, AT, PL, RO, SK, FI)
 - whether national escape clause is activated
 - degree of compliance with the recommendation on net expenditure growth
- **Defence (all MS):** *“Reinforce defence spending and readiness while ensuring spending efficiency and gradually adapting the budget to sustain structurally higher defence spending. ”*
 - For EE, LV and SE *“Reinforce defence readiness”* without the reference to spending
- **Measures taken to mitigate the hike in energy prices (all MS):** need to ensure that they are temporary, targeted, preserve incentives for energy savings and their cost is compatible with commitments under the EU fiscal framework
- **Reforms and investments for extension (BE, DE, ES, FR, IT, AT, RO and FI):** *“Implement the set of reforms and investments underpinning the extended adjustment period as recommended by the Council”*
- **Fiscal-structural elements (Member-State specific)** E.g. pension sustainability and the efficiency of tax systems

Broadening the scope of the national escape clause for energy security

- **Scope of existing NEC for defence expanded in a limited manner.** Only measures introduced since February 2026, which strengthen the structural resilience of the European energy system and accelerate the transition away from fossil fuels will benefit from flexibility under EU fiscal rules.
- **Fiscal sustainability safeguards:**
 1. *Existing 1.5% of GDP cap for additional expenditure remains in place.*
 2. *Dedicated annual cap of 0.3% of GDP and cumulated cap of 0.6% of GDP.*
 3. *Flexibility will be available for 2026-2028.*
- Further details around the procedural and operational requirements will be set out in due time.

Macro-fiscal elements of the package

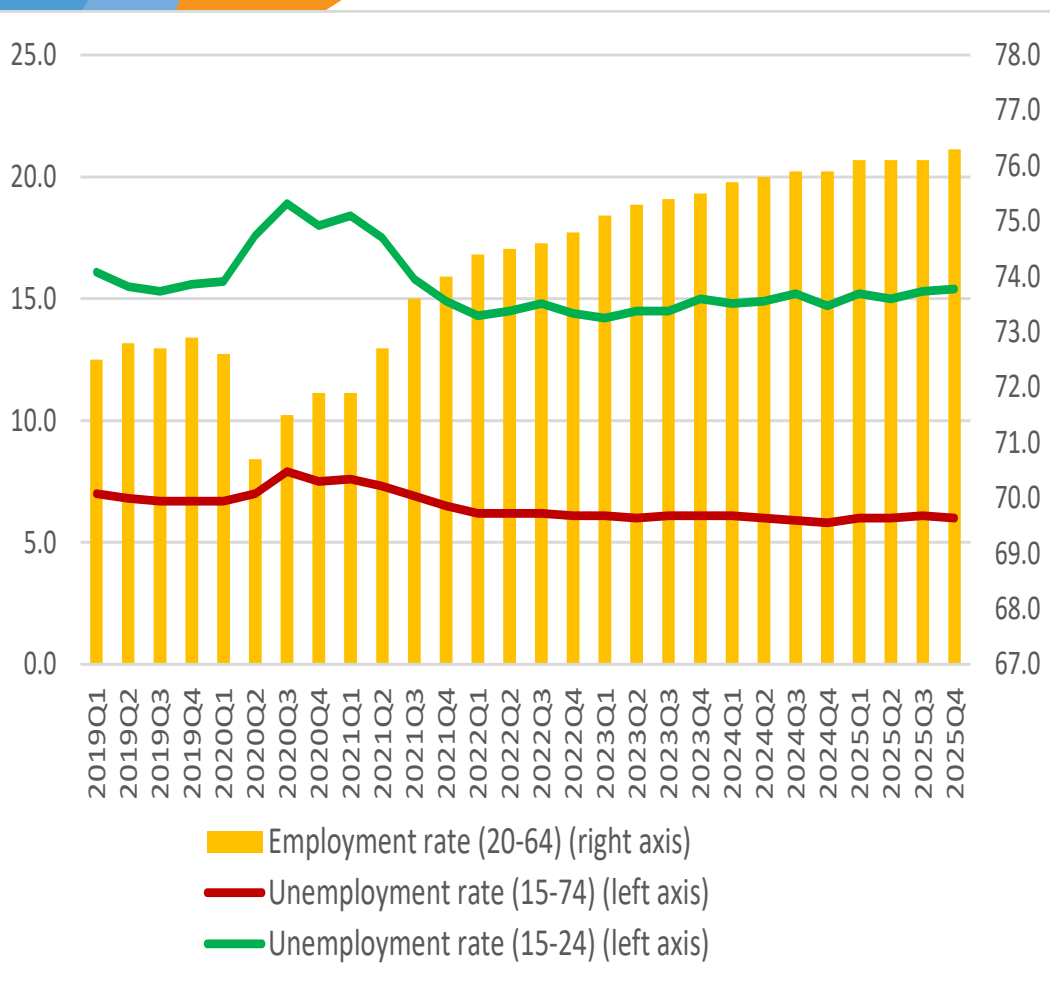
Macroeconomic imbalance procedure (MIP)

- **7 in-depth reviews** in this cycle (EL, HU, IT, NL, SE, SK, RO)
- **The Commission concludes that EL, NL and SE are no longer experiencing imbalances:**
 - **Greece:** vulnerabilities related to gov't and external debt have receded and banks' NPLs have declined
 - **Netherlands:** vulnerabilities related to high household debt, the housing market, and the large current account surplus have diminished
 - **Sweden:** the gravity of vulnerabilities related to the real estate market and high private debt has lessened
- **For HU, IT, SK, RO there is no change in imbalances classification:**
 - **HU, IT** and **SK** remain in "imbalances"; **RO** remains in "excessive imbalances"



Employment, Social and Skills Policies

EU labour market developments



Source: Eurostat, LFS (seasonally adjusted data)

Labour market stayed robust:

- **Employment rate** increased to 76.3% in Q4-2025 (from 75.9% in Q4-2024) ↑ by 7.6 pps since 2015
 - **Gender employment gap** at its lowest level (9.6 pps)
 - **Employment rate women** ↑ by 8.3 pps since 2015
- **Unemployment rate** remained **broadly stable** at 6.0% (vs 5.8% in Q4-2024) ↓ by 4.2 pps since 2015
 - **Youth unemployment** rose to 15.4% (up by 0.7 pps), **young NEET rate** still high at 11.0% ↓ by 7.5 pps and ↓ 4.6 pps since 2015

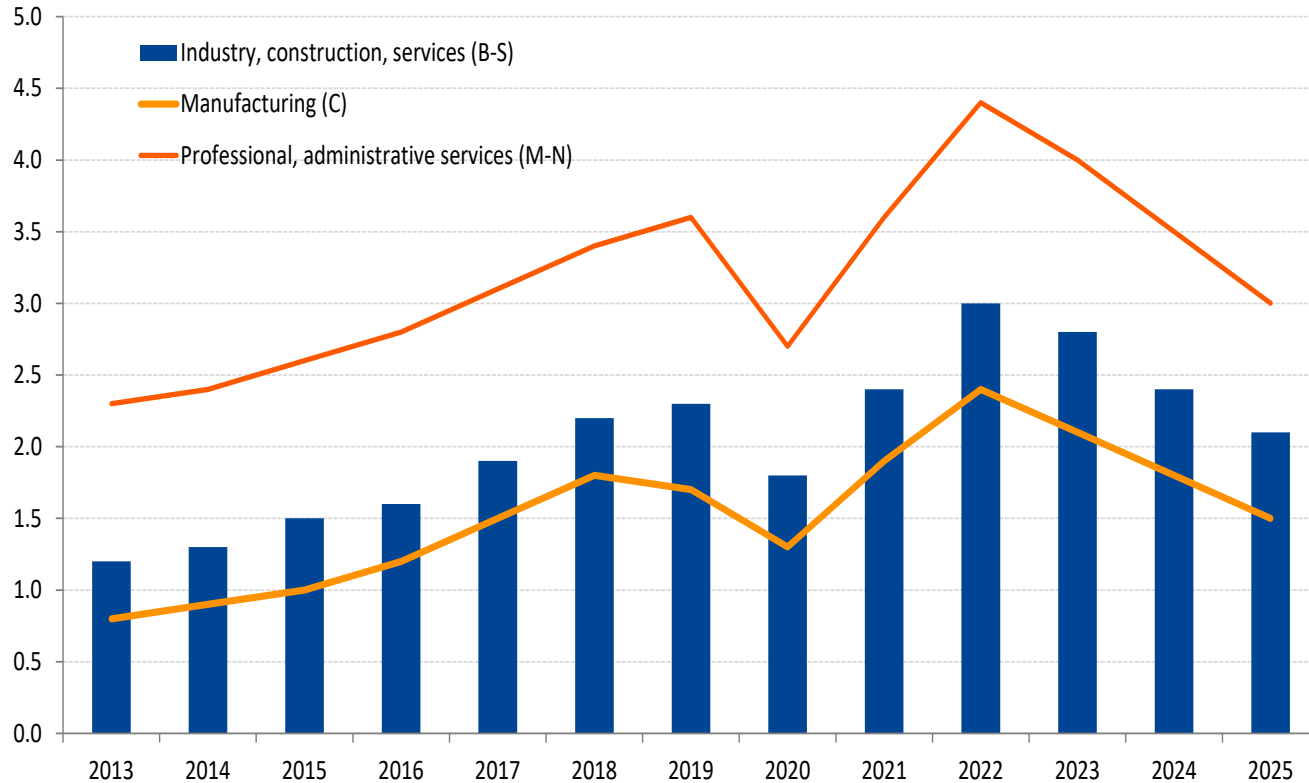
Employment growth is forecast to slow to 0.3% in 2026 and 0.4% in 2027.

Unemployment rate is expected to remain stable.



Labour and skills shortages

Job vacancy rates in the EU by economic activity



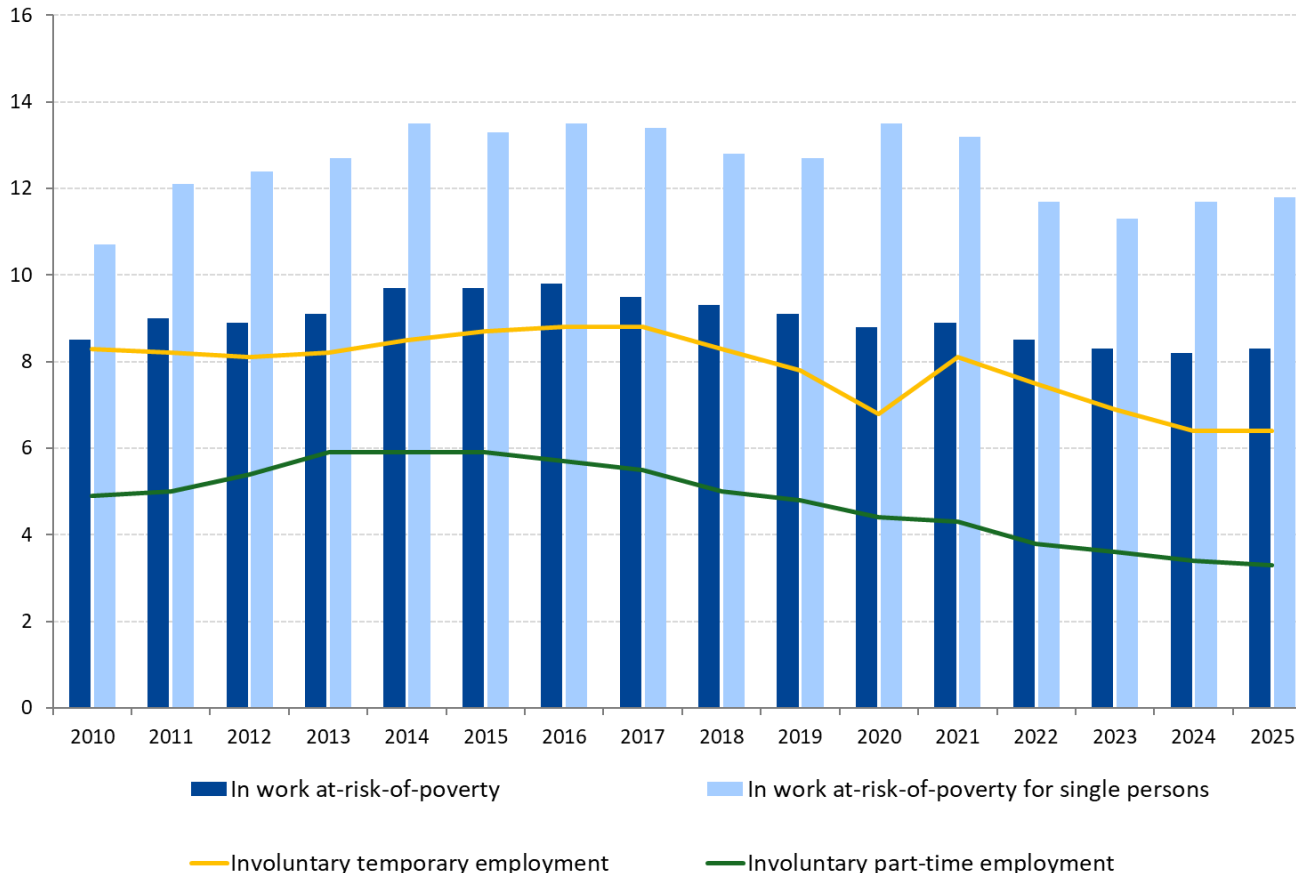
Source: Eurostat (annual data)

Labour market tightness easing but shortages persist

- **46% of medium-sized companies reported difficulties in finding skilled staff in the last 24 months**
 - Industrial sector most affected with 50%
 - 42 shortage occupations identified
- **In 2022, 39.5% of adults participated in learning (vs 60% headline target)**

A greater focus on job quality

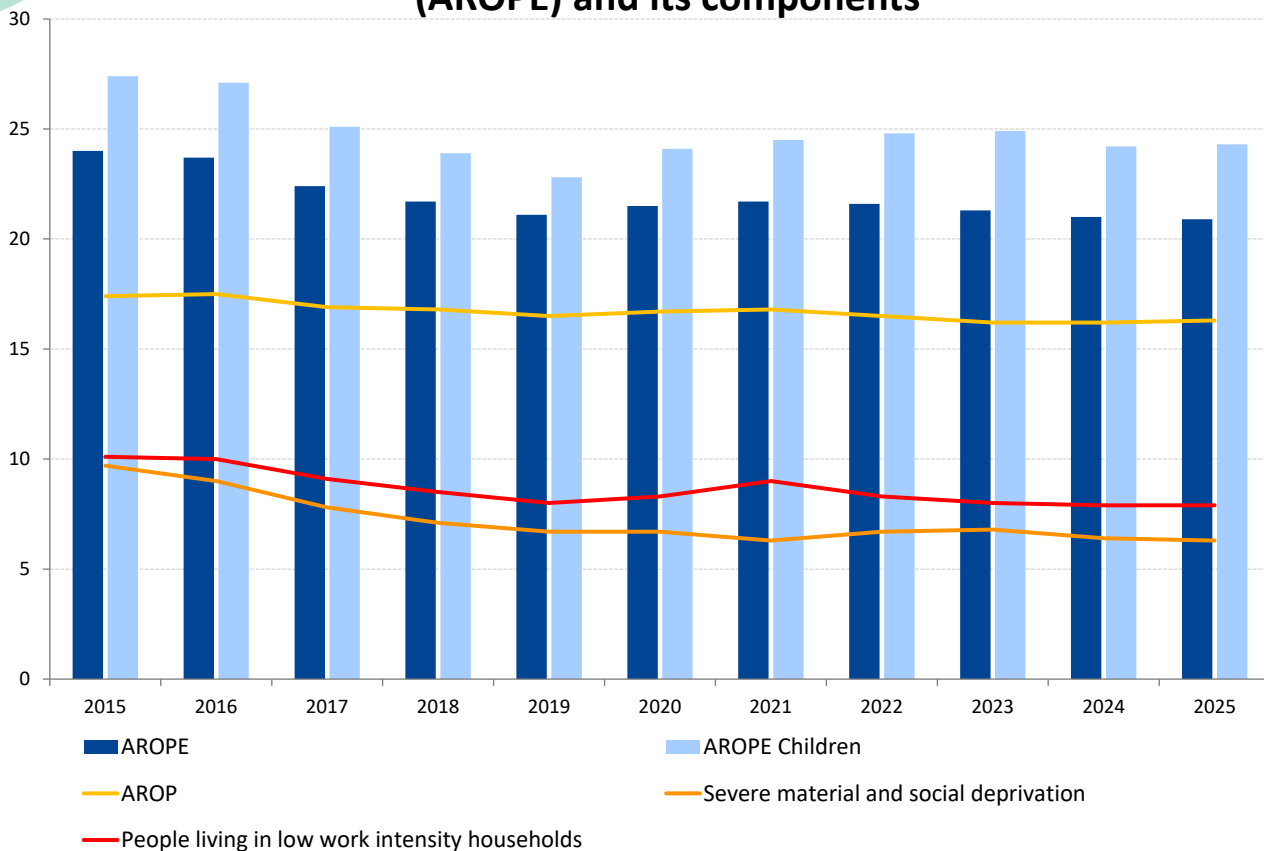
Selected main job quality indicators EU average
(adequate earnings and job security)



- In 2025, **1 in 12** workers in the EU experienced **poverty risks**
 - Workers on **part-time and temporary contracts** faced **higher poverty risks**
 - **1 in 2** of temporary employees are **involuntarily on a temporary contract**
 - **Almost 1 in 5** of part-time employees **working part-time involuntarily**
- **Involuntary part-time and temporary jobs** are still significantly **higher among women and the young**

Social outcomes broadly stable in 2025

At-risk-of-poverty or social exclusion rate (AROPE) and its components



- **AROPE rate** at 20.8% in 2025 (2024: 20.9%) but higher for certain groups
- Number of people **AROPE down by around 3.5 million** since 2019
- **Far from 2030 headline target** of 15 million less incl. 5 million children
- **Housing costs** are more than a third of the income of people at risk of poverty

Source: Eurostat, (% , annual data)

Employment, skills and social priorities in the 2026 Semester

2030 employment targets within reach.

More progress needed on the **2030 skills and poverty reduction targets**

- **Address skills and education challenges** in line with the Human Capital Recommendation (adopted in March by EPSCO)
- **Tackle labour and skills shortages**, including by strengthening ALMPs and supporting the labour market integration of underrepresented and vulnerable groups
- **Support social dialogue** and collective bargaining
- **Promote quality jobs.** Adequate earnings, secure contracts, safe working conditions, access to training and career progression
 - > Strengthened analysis in the Country Reports based on **Job Quality Monitoring Framework** agreed in the Employment Committee (EMCO)
- **Anti-Poverty Strategy** – social protection, access to services, availability of social housing and tackle housing exclusion

The logo for the European Semester, featuring a circular arrangement of overlapping colored segments in shades of pink, yellow, green, blue, and orange. The text "EUROPEAN SEMESTER" is written in white capital letters on a dark blue segment.

EUROPEAN
SEMESTER

Social Convergence Framework

Social Convergence Framework (SCF)

- **SCF** as integral part of the Semester entailing a **two-stage analysis** to assess risks and challenges to upward social convergence in Member States
- **First-stage analysis** in the Joint Employment Report (JER) 2026 for all 27 MS. Deeper analysis needed **for 9 MS**.
- **Second-stage analysis** in Commission SWD of 21 April 2026
 - 6 MS have overall challenges to upward social convergence
- **Multilateral country reviews** in the Employment and Social Protection Committees on 19-20 May – conclusions transmitted to **June EPSCO**
- **COM findings and conclusions** reflected in **Country Reports** and **CSRs**

The logo consists of several overlapping, semi-circular segments in various colors: pink, yellow, green, blue, and orange. The text 'EUROPEAN SEMESTER' is positioned in the upper left portion of the blue segment.

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Employment Guidelines

Employment Guidelines 2026

New elements on **job quality**, in line with Quality Jobs Roadmap and job quality monitoring framework of Employment Committee

Human Capital Recommendation reflected

Alignment with the messages on poverty and social inclusion from the **Anti-Poverty Strategy**

Reinforced wording on **housing and its affordability** in light of the challenges faced across EU countries

Next steps: COM proposal to be negotiated in **EMCO, SPC and SQWP**; Opinions by EP, EESC and CoR; **Council adoption** envisaged for October 2026



Thank you for your attention



Background slides

CSR2: RRP implementation, EU funds, EBR

RRF: "Ensure continuity of reforms and investments implemented under the Recovery and Resilience Facility"

All MSs, horizontal

Cohesion policy: Recommendations reflecting the implementation pace of cohesion programmes (good / moderate / slow)

All MSs, three groups

Eastern border regions: "Address the unique socio-economic, security and civil preparedness challenges affecting regions on the EU's external eastern border"

Further CSRs: Boosting competitiveness (1/2)

Innovation and access to finance

- e.g. boosting and targeting R&D investment; strengthening start-ups and scale-ups; improving access to innovation finance

Digitalisation, simplification and institutional framework

- e.g. simplifying regulatory frameworks; delivering simple and digital public services; ensuring an effective institutional framework; improve coordination across levels of government, including with a view to regions

Single market

- e.g. lowering Single Market barriers and reducing gold-plating

Further CSRs: Boosting competitiveness (2/2)

Affordable clean energy transition and decarbonisation

- e.g. improving energy affordability and security by scaling up clean energy and investing in energy infrastructure, grids, including cross-border, and storage

Economic, social and territorial cohesion

- e.g. reducing territorial disparities; improving local and regional administration; ensuring access to key services

Affordable housing

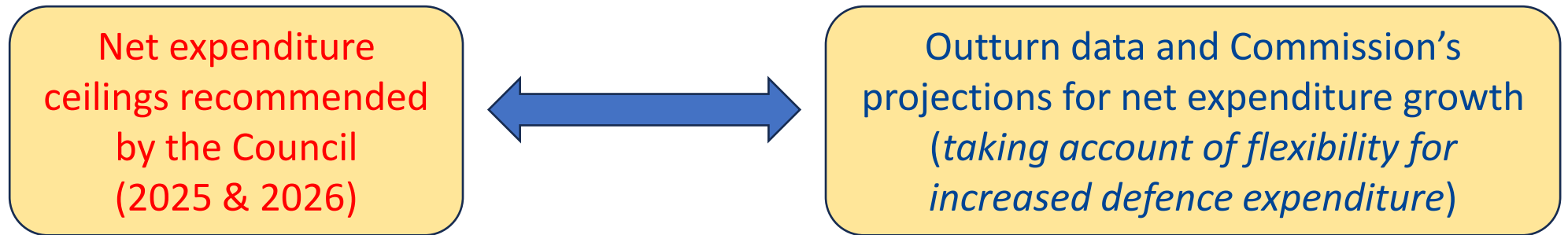
- e.g. simplifying rules and procedures; boosting construction, renovation, and rental programmes; repurposing underutilised stock; making taxation more effective

Skills, quality jobs, social fairness

- e.g. up- and reskilling to address labour and skills shortages; promoting quality employment; boosting social inclusion and reducing poverty

Fiscal assessment: general approach

(see Chapeau communication)



Thresholds:
0.3% of GDP in
annual terms
0.6% of GDP in
cumulated terms

- **within** the recommended ceilings → **'(projected) compliance'**
- **above** the recommended ceilings
 - **below** threshold → **'(at risk of) non-compliance'**
 - **above** threshold → **'(at risk of) material non-compliance'**

Fiscal assessment: country-specific findings (1/2)

Member States currently in EDP (BE, FR, HU, IT, MT, AT, PL, RO, SK, FI)

- **MT:** the Commission recommends to the Council to **abrogate the excessive deficit procedure**, as the general government deficit was **successfully** and **durably reduced** below 3% of GDP
- **For all other MSs: no stepping-up of EDP; procedures stay in abeyance**
 - **BE, AT, PL, RO, SK, FI:** **compliant** in 2025 and **projected compliant** 2026
 - **FR:** **compliant** in 2025. **Projected compliant** with the cumulative growth rate of net expenditure in 2026, although at risk of non-compliance with the annual growth rate in the same year (annual deviation of 0.1% of GDP)
 - **IT:** non-compliant in 2025 (annual deviation of 0.1% of GDP and cumulated deviation of less than 0.1% of GDP) and **projected compliant** in 2026
 - **HU:** **compliant** in 2025 and at risk of material non-compliance in 2026 (cumulated deviation of 1.9% of GDP after taking into account the NEC flexibility for defence)

Fiscal assessment: country-specific findings (2/2)

Member States currently NOT in EDP

- **CZ, DK, DE, EE, EL, LV:** **compliant** in 2025 and **projected compliant** in 2026
- **CY, PT:** close to balance or in surplus, therefore **compliant** in 2025 and **projected compliant** in 2026
- **IE:** close to balance or in surplus, therefore **compliant** in 2025. In 2026, **projected compliant**
- **ES:** **compliant** in 2025 and at risk of non-compliance in 2026
- **SE:** **compliant** in 2025. **Projected compliant** with the cumulative growth rate of net expenditure in 2026, although at risk of material non-compliance with the annual growth rate in the same year
- **LT, SI:** non-compliant in 2025 and at risk of material non-compliance in 2026
- **LU, NL:** materially non-compliant in 2025 and at risk of non-compliance in 2026
- **BG, HR:** materially non-compliant in 2025 and at risk of material non-compliance in 2026

EDP report under Art. 126(3) TFEU

General government balance, % of GDP

	Outturn	Spring 2026 Forecast	EDP
	2025 (w/o increase in defence expenditure)	2026 (w/o increase in defence expenditure)	
Bulgaria	-3.5% (2.9%)	-4.1% (-3.5%)	Warranted
Germany	-2.7%	-3.7% (-2.9%)	<u>Not</u> warranted
Estonia	-2.0%	-4.5% (-3.0%)	<u>Not</u> warranted
Latvia	-2.5%	-3.3% (-1.8%)	<u>Not</u> warranted
Slovenia	-2.5%	-3.3% (-2.8%)	<u>Not</u> warranted

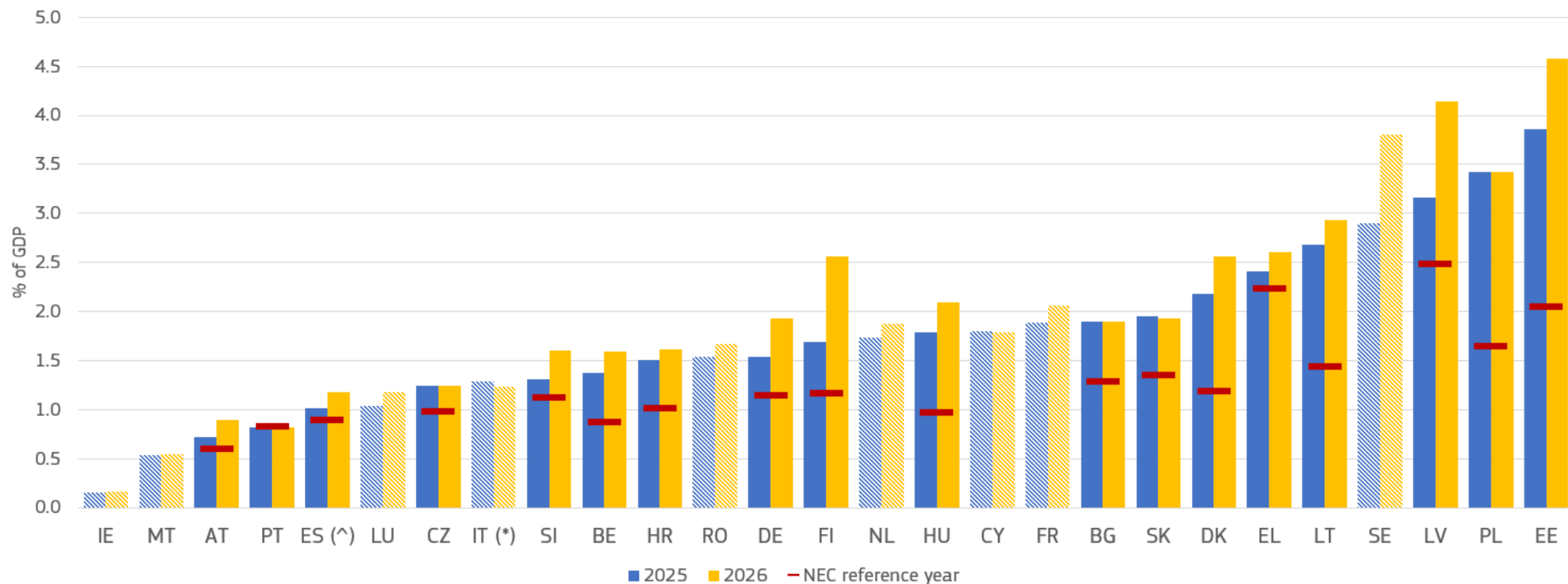
Next steps: Taking account of the Opinion of the Economic and Financial Committee on the report, the Commission intends to propose to the Council to open the EDP for **Bulgaria** in the coming weeks.

The assessment for the other cases will continue in autumn.



National escape clause (NEC) and defence spending

Nationally financed defence expenditure



Note: (^) ES requested the NEC. (*) For IT, total defence expenditure. Member States with a solid fill have the national escape clause activated. NEC reference year for EL, BG and ES is 2024, otherwise is 2021.

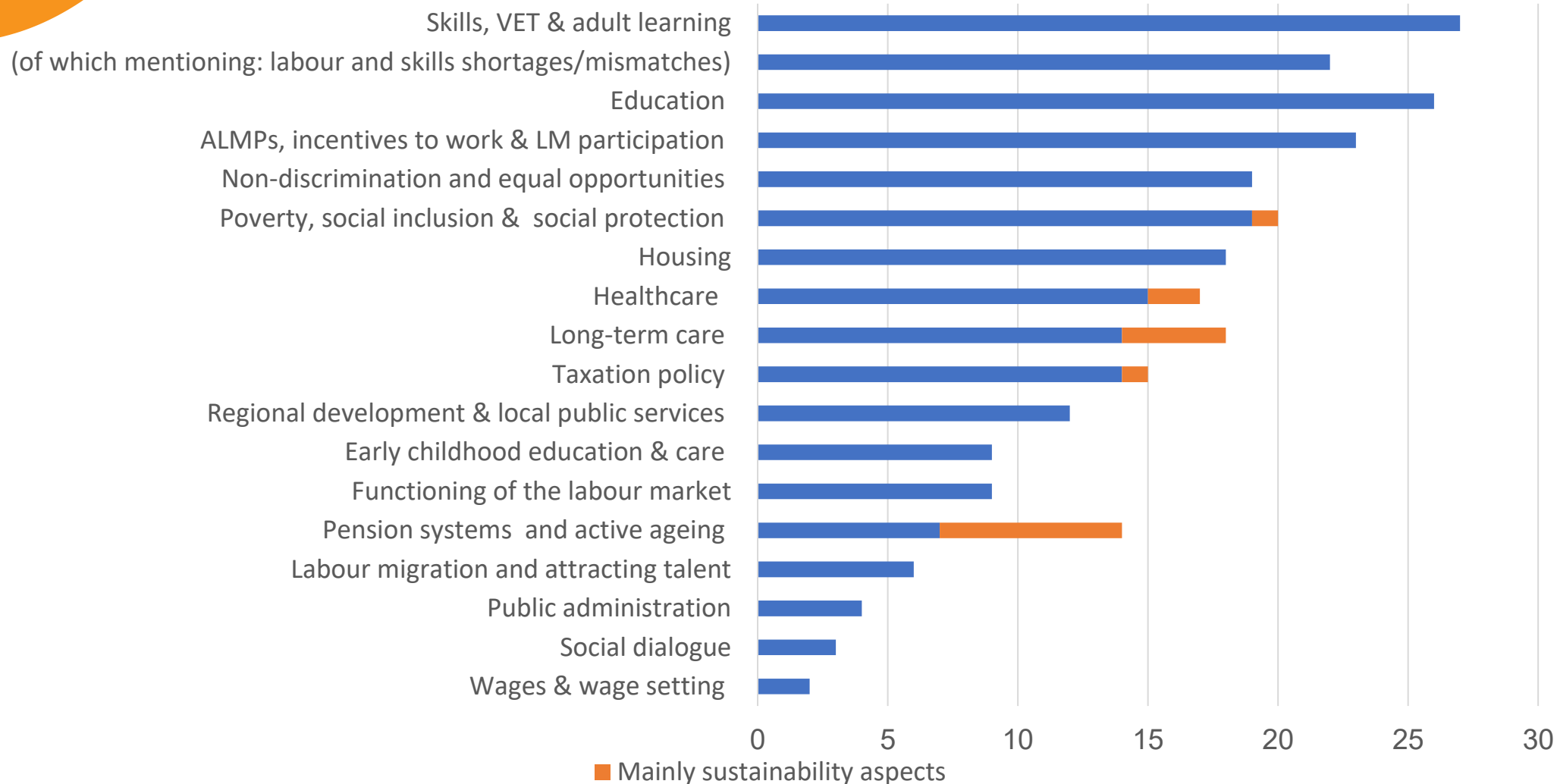
Source: Commission Spring 2026 Forecast (COFOG 02 classification).



EUROPEAN SEMESTER

Employment, skills and social priorities in the 2026 Semester

Number of Member States with CSRs per policy area



Final steps

Council stages

- **Preparation of the EU Council based on a note by the Presidency**
- **Work on the CSRs:**
 - **Joint EPC-EMCO/SCP discussions:** 18 June
 - **EPC discussions:** 23-24 June
 - **EFC-A:** 25/26 June
 - **EPSCO:** 29 June
 - **COREPER:** 8 July
 - **Council adoption** expected on 10 July ECOFIN