



Workshop 1

Can we democratise the European economy
through the European Semester?

1 March 2023 | 13:30 – 15:00 | EESC - Brussels

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Organised by: SDG Watch Europe and the European Students' Union (ESU),
in cooperation with the EESC European Semester Group (ESG)

Report

The Workshop was moderated by **Ingeborg Niestroy**, **SDG Watch Europe** and **RIFS** (Research Institute for Sustainability), who introduced the topic of the Workshop and the panel, as well as the Horizon project REAL DEAL (www.realdeal.eu), which will conduct citizen and stakeholder deliberation on the European Semester, and the EESC opinion will be taken into account.

Javier Doz Orrit, President of the EESC's European Semester Group presented a new opinion that is currently in preparation on reforming and democratising the ES, to be adopted in April 2023. This opinion also relates to the EC communication on the reform of the macroeconomic governance framework, which was released in November. The EESC's forthcoming opinion addresses both the procedures and content of the economic framework. The main points are:

- Have the capacity to finance more European common goods like next generation EU or the industrial plan of the Green Deal
- Change the interval of the ES from 6 months/1 year to a 3-year cycle, while still updating and reviewing recommendations annually
- Have the necessary instruments to achieve objectives (like sanctions in the RRF)
- Establish a European rule that would require member states to have CSOs participation based on set criteria; renew the relevant indicators (economic, environmental, social) to establish a complete vision of the economy and social level.

The panel kicked off with **Vukašin Ostojić**, Policy Officer, Recovery and Resilience Task Force, Secretariat General of the European Commission.

He explained the procedure of the ES and which changes were introduced after Covid. Because of the establishment of the RRF there was a lot of overlap with the ES. National RRF plans had to address previous missed goals of prior ES country recommendations. ES plans now focus on addressing newly emerging challenges that are not covered in the RRF plans.

Involvement of CSOs and stakeholders takes place at two levels:

¹ Commission Communication [COM\(2022\) 583](https://eur-lex.europa.eu/eli/comm/communication/2022/583/1) from 09/11/2022; PR: [Building an economic governance framework \(europa.eu\)](https://ec.europa.eu/economy_finance/en/building-an-economic-governance-framework)

- At EU level CSOs are invited to participate in meetings of employment & social protection committees of the Commission with social partners,²
- At national level the Commission calls on member states to consult and engage civil society. ES offices in capitals are tasked to consult with CSOs and local partners.

He stated that the EC is aware that CSOs consider the current level of consultation and involvement of CSOs as insufficient.

Olivia Galgau, Policy Analyst - Economist, European Commission, DG ECFIN, focused on the ongoing reform process of the macroeconomic framework. She explained why reform was needed in the first place and which future role stakeholders and CSOs should have at national level to design the new national medium-term fiscal structural plans. The reasons for the reform were the high debt to GDP ratio of member countries, complex fiscal rules were difficult to implement and led to low national ownership which further reduced implementation. Fiscal adjustments in the past had also cut into public investment expenditure.

The reforms aim to strengthen debt sustainability while also promoting sustainable and inclusive growth in all member states.

Key element to achieve this is to increase the national ownership of this reformed macroeconomic framework. One way for this would be the integration of the common EU framework requirements into the national policy debates. A main point of the reform proposal is also an extended timeline of 4(+3) years per cycle. This bigger interval would allow member states a longer adjustment period for their fiscal adjustment path.

Matteo Vespa, President of the European Students' Union, focused on two main aspects:

1. The reform of the fiscal framework, and the inclusion of the ES's Country Specific Recommendations within the milestones and targets of the National Recovery and Resilience Plans allow the EU to start establishing a common framework of market-economic policies
2. The EU targets for the ES should be discussed with the European CSOs in the different sectoral levels e.g., education. Then, the discussion about their translation into national policies, which will lead to the Country Specific Recommendations, should also happen in the national parliaments and with the national CSOs. Such thorough involvement at the European and national level should be mandatory.

Julie Rosenkilde, Nyt Europa Director, Steering Group of SDG Watch Europe shed light on the missing meaningful integration of the SDGs in the ES. She also mentioned the Danish examples of good communication between the government and CSOs in the ES process. However, this working structure suffered a setback during Covid, as civil society was no longer involved in the RRF plans. CSOs could however be allies to the EC by helping push for national recommendation implementation.

A question in the subsequent **QA Session** was: *Which country is an example where CSOs are meaningful involved in the ES planning phase?* Answers included:

- It is difficult to get CSOs to engage in the ES, as it is perceived as abstract and European, not national. In Denmark CSOs are directly being asked by the government in consultation process what is best for the country specific recommendations (Julie).

² Employment Committee - Employment, Social Affairs & Inclusion, EMCO; Social Protection Committee - Employment, Social Affairs & Inclusion, SPC; European Commission (europa.eu).

- CSOs should get in touch with the ES officers at the Commission's representation in the capitals, signal perceived challenges and deliver their input for policy implementation of the country specific recommendations (Matteo).
- In the RRF plans participation has improved greatly over the last year; however, in most countries participation levels remain insufficient (Javier).

Luca Jahier, Vice-President of the European Semester Group of the EESC finally reflected on the panel. He stressed that work remains to be done, but the RRF showed how impactful enforcement and implementation can work. There is a necessity to have more involvement of national bodies, parliament, social partners and civil society. The longer timeline would allow countries to create a consensus on goals. These measures would lead to a greater national ownership which in turn makes it easier to adapt and implement plans. The EESC calls for clear rules to create a stable permanent structural mechanism of consultation and reporting. This is for the sake of democracy and transparency but also for a greater effectiveness of the process.

Recommendations

Recommendation 1

Levels: The European Semester is a mechanism where the EU and national level come together in an outstanding and dynamic way, - a collaborative type of 'real time' multi-level governance. Following this, civil society involvement should also be foreseen at both EU and national level. Also the subnational level is often useful to be involved.

Recommendation 2

When and Who: Participation of civil society will be highly valuable during the phase of analysis and policy proposals at EU level and also in the creation of the national reform programs. How the involvement is organised at national level will vary. In any case it needs to involve the entire spectrum of CSOs, who deal with overarching perspectives of sustainable economic development, as well as those concerned with larger reform measures. CSO involvement increases robustness of policy proposals and progress in debates on macroeconomic issues.

Recommendation 3

Why: CSOs may act as allies for reform programs, adding pressure on national governments to tackle country specific recommendations, which has shown to be often difficult or lagging. CSO involvement increases ownership and strengthened effectiveness of implementation. The participation of CSO and also the direct involvement of citizens through deliberation processes will enhance the democratic value. This will be useful both for individual reform topics and macroeconomic issues. Furthermore, the role of Parliaments could also be broadened to the more strategic level, as well as the collaboration between the national and the EU Parliaments be strengthened.

Recommendation 4

What is needed: It is needed to facilitate a greater engagement and understanding of CSOs with the European Semester. The Commission's European Semester officers in the member states are encouraged to be even more proactive. With its overarching character the Semester can be used by CSOs as an accelerator for the European Green Deal and the transformation towards sustainability.