FOR A SUSTAINABLE ECONOMY AND SOCIAL PROGRESS

TRADE UNION INPUTS FOR THE EUROPEAN SEMESTER 2025

Contents

FLAGSHIP DEMANDS SEMESTER 2025

1. KEY MESSAGES

The reformed Stability and Growth Pact will result in an EU economy short of resources for investment and social expenditure. The 2024 country specific recommendations, and 7 countries under the Excessive Deficit Procedure, confirm the ETUC concerns that the 2025 cycle of the European Semester will strongly limit the expenditure capacity of member states. *Investments and current expenditure in social policies will be affected negatively.*

The EU Semester will likely perpetuate a social gap if the labour-related challenges identified in the Social Convergence Framework are not addressed in the Mid-Term Fiscal Structural Plans (MTFSPs). Employment performance metrics, often limited to assessing the employment rate, are frequently used to hide evident problems afflicting European workers and their families, with some social emergencies concerning just transition measures, loss of purchasing power of wages, inadequacy of social protection systems, raising discriminations and unstable and unclear performances of access to pension and inadequate pension income. *If the MTFSP will not have solid social components, the Semester 2025 will underestimate social risks and will not be able make the link between social challenges and economic, environmental and geopolitical risks.*

The ETUC and its members collected priorities for the next Semester and in particular for the MTFSPs. **It's becomes evident that the DSA methodology, including its Cost of Ageing methodology, is unable to take into account the actual sustainability challenges that the EU has to urgently address.** This exercise demonstrates that the economic governance of the EU needs a sustainable economic and social convergence model that is totally different from the one envisaged in the reformed SGP and a new one is proposed in this document. For instance, European trade unions decided to introduce common demands on *social investments and tax reforms that should be at the core of next EU semester cycles*.

The investment strategy should better reflect social and environmental requirements, today is excessively focuses on Open Strategic Autonomy and security. Looking at the conclusions of the Semester 2024, the industrial policy will be strongly focused on Strategic Technologies for Europe Platform (STEP) and decarbonising the EU productive system. This strategy appears to be unbalanced, excessively focused on the defence industry (which would reflect the post-election message of the main EU institutions); whereas investments in greening the industrial base, increasing the GDP rate of manufacturing, development and uptake of new technologies, *green transition and social infrastructures and essential services will be either underfinanced or in the remit of private economic players*.

This is particularly true for Public Employment Services, which were already severely weakened by the financial cuts implemented as an effective and damaging response to the 2008 crisis. Strengthening these services is crucial for reaching vulnerable groups who are furthest away from the labour market and providing them with effective solutions. *The EU Semester 2025 should better balance investment areas to fulfil all dimensions of sustainable and fair economic development of the EU*.

Diversification of the funding sources of the massive investment effort is unclear and too much is left to the uncertainty of capital markets. It is time to introduce an EU-financed

instrument for investments and stabilisation of social expenditure. The request to review tax systems is addressed to almost all member states even if the ultimate objective of such tax reforms is unclear. In the ETUC's view, *increasing tax revenues of member states* (see also the box below for further proposals) *is for support to investment and fight inequalities*, so reflecting a holistic approach to sustainability as envisaged in the SDGs of the UN2030 Agenda.

Mere coordination of national budgets cannot guarantee investment levels for the common objectives, if not supported by an EU-financed facility for investment. The ETUC welcomes the proposal of President Von Der Leyen to establish *an EU investment fund*. This shouldn't be limited to Important Projects of Common European Interest (IPCEI), it *should be proportionate to the investment effort needed to achieve common EU priorities in the green and social area*.

Social dialogue presents some challenges, we should not repeat the mistake of the RRF where the poor involvement of social partners created a bottleneck in the spending flows. The level of collective bargaining coverage is not improving and the implementation of directive 2022/2041 has been delayed. Despite evidence that collective agreements are an added value in adapting the workplace, preserving jobs and anticipating change, there is still resistance to reinforcing collective bargaining structures as an asset for the whole EU economy. *As a matter of fact, national governments are short-sighted in their reluctance to involve social partners in the drafting of their multiannual plans, which are strongly transformative and competitiveness-oriented and therefore in large part falling under the scope of collective bargaining.*

In the light of such urgent challenges the ETUC proposals for the next EU semester will be organised in 3 blocks.

Block 1: Anti-austerity measures. **Workers will not pay the bill for austerity again. The ETUC stresses that fairness and well-being in our society start from full employment and good working conditions that ensure dignified lives for workers and their families.** As we have learned from the past, excessively strict fiscal rules come along with measures that penalise workers and their families. This formula badly experimented in the 2010s, is ineffective for fiscal convergence, and detrimental for workers. It also creates excessive pressure on social protection systems (for instance pensions) without any material benefit for increasing investment levels. These shortcomings were widely analysed during the reform of the EU's economic governance, and huge pressure was exercised from progressive forces and trade unions to make Porto's targets on employment, education/training and poverty, relevant into the reformed SGP. They now have to be made mandatory through the MTFSP and the multilateral surveillance in the EU Semester. *The ETUC is proposing country-by-*

country measures that avoid austerity (= cuts in social expenses and investments) and avoid a dangerous spiral of economic stagnation and increasing inequalities that would strongly undermine the EU integration, including its internal market.

While the cost-of-living crisis is still eroding purchasing power, governments are waiving measures that protect workers (and SMEs) against energy and food costs and accessibility to fundamental services. Considering the long-term nature of the challenges that are at the root causes of the crisis (climate change, demography, geopolitical tensions, etc.), *the ETUC was expecting measures that consolidate social expenditure and upgrade social protection systems in order to make them fitting for the future.*

In its proposals for reforms and policy making, the ETUC raises the attention on the fact that **stable and durable peace in the EU will greatly depend on progress and upward convergence of working and living conditions of all Europeans**. Priorities for reforms should be driven by the European Pillar of Social rights and its Action Plan (integrated with the conclusions of Valduchesse and La Hulpe), while tracking progress through the Social scoreboard. In 2025, the ETUC will propose a renewed Index for sustainable growth and social progress (#EU_SDG8i) to monitor the impact of the EU Semester on decent work and job creation.

Block 2: Investments for sustainability. **The ETUC will propose policy options to increase levels of public investments in areas that better match environmental and social objectives, especially job-creation.** The soft benchmark in the preventive part of the SGP regulation– keeping public investment at least as at pre-COVID levels – is manifestly inadequate. The benchmark for the years to come should be above that of 4% of GDP recorded at the peak of the RRF implementation and fiscal flexibility granted in the post-covid period with the indicator of net fixed capital formation in positive terrain in all EU Member States. The capacity of new disruptive technologies to pursue green objectives while creating quality jobs should be explored.

ETUC also advocates for the EU-financing of cross-border social infrastructures on the SURE model and the creation of fiscal space for social investments in the framework of the coordination of the fiscal policies in the EU Semester (see dedicated box below). Such investment effort can be measured with some SDG indicators that better reflect job creation in sustainable investment such as access to clean waters, access to affordable and clean energy, industrial innovation and material and immaterial infrastructures, smart and sustainable cities, climate change, and preservation of on land and sea natural resources. It should drive private investments **to move total investments from 22% to 27% of GDP (as outlined in the in Draghi Report)**. *An ETUC key demand is the creation of an EU-financed investment fund that will take knowledge from the RRF for its financing but that would improve the spending capacity and governance to better pursue EU common goods and infrastructures and framed in clear social conditionalities*.

The ETUC proposal for MTFSPs and its critical opinion of the current economic governance framework still holds in the light of the Draghi Report. The Draghi report sets a valuable list of priorities to reinforce the industrial capacity of the EU, however it refrains from critiquing the SGP for creating a disincentive for government to invest (reiterating past mistakes) and totally neglects the employment policy that is an inseparable component of credible industrial and competitiveness policy. The Draghi report disregards the relevance of quality public services and infrastructures and the need to adequately finance them. The report also omits the design of measures for just transitions, the consequence of a lack of such measures is manifested in the massive layoffs in consequent to shut down of industrial factories. *A progressive/ genuine employment policy is needed to develop skills and increase workforce. Collective bargaining is crucial to ensure that productivity growth is allocated to wages and investments*.

Block 3: Trade union involvement and social dialogue in the EU Semester. At the time of the drafting of this document, end August 2024, Governments did not open a public dialogue on MTFSPs. With few exceptions such in Latvia where a genuine and constructive dialogue between the national government and the trade union is inspiring the drafting of the MTFSP. *The ETUC, SGI Europe and SMEUnited have asked the formulation of a rule book for social partners consultation in the EU Semester.*

Little relevance was given to fiscal trajectories sent to member states and to the opening of excessive deficit procedure for 7 member states, representing all together about one third of the EU GDP. Setting the deadline for submission of national plans on the 20th of September, the risk is that countries will submit their 4-year strategy for investment and reforms without any open, inclusive and consensus-based dialogue with key stakeholders, including social partners. As the experience of the RRF shows, bottlenecks and instability may materialise in the implementation of national plans, with repeated revisiting of their main components. Such instability will add to a poor specification of social objectives as both the new Stability and growth Pact and the CSRs 2024 are very vague in this regard.

2. ECONOMIC OUTLOOK

Global instability makes it unwise to rely on international growth. After the initial post-pandemic rebound, global GDP growth is expected to become moderate in the coming years (around +3.2%) with the EU contributing less than other regions to global growth. However, growth is not weighted by its social and environmental impact. While China is responsible for 30% of CO2 emissions with US being the second emitter, India is increasing its total emissions. The EU has seen a steady decline in emissions due to strong climate policies and a significant shift toward renewable energy. *The rush for global competitiveness risks to draw the EU into economic development models that are harmful for the environment and (as we will see below) for labour standards.*

The investment outlook rewards the frontrunner of advanced and disruptive technologies, but public investments will decide the winners. Economists predict that the rush for new technologies can bring a strong competitive advantage to those with access to clean and renewable energy sources and economies whose SMEs will take up new technologies faster than others. Public investments drive change. Western Countries are supposed to have an opportunity there thanks to greater expenditure capacity and greater autonomy in deciding their monetary policies. The *EU restrictive fiscal policies will have a bitter taste of a lost opportunity to create jobs by investing in a clean and technologically advanced industrial base.*

To restore Europe's competitiveness, effective industrial support is essential. The collapse of the EU solar panel industry due to aggressive dumping from China is a stark reminder of how vital Europe's industry is. The same could happen for wind and steel if we do not act. A strategic and comprehensive approach, incorporating robust trade and industrial policies, is vital for revitalising and securing Europe's manufacturing sector. China, India, and the United States are significantly increasing their renewables capacity[1]. China's subsidies are double that of the EU relative to GDP[2], distorting the market and allowing them to dominate key net-zero technologies. These global competitors have enacted plans to secure a skilled workforce for the years to come, as seen in the requirements for apprenticeships in the United States with the Inflation Reduction Act. The EU has failed to make meaningful social conditionalities a reality[3].

Technological progress will change the labour markets and increase cross-border spill-over effects. Digitalisation is radically transforming the world of work. Artificial intelligence alone is supposed to impact 82% of clerical support workers (admin work, data entering, fling and storage of info, client support, bookkeeping, etc.), and 1 out of 4 are at risk of being replaced by AI machines. One hundred million of workers will be somehow affected. How and how much they will be affected depends on the penetration of new technologies, which is strictly linked to investments. Countries with more investment capacity (public and private or both) have an advantage. For instance, 300 billion dollars are spent a year on technology to enhance computing capacity that is strictly functional to the uptake of new technologies and, therefore, impacts the quality and quantity of jobs. This will also have a huge impact on labour mobility (which may or may not imply physical movement of people) and connections among labour markets worldwide[4].

[1] Executive summary – Renewables 2022 – Analysis - IEA
[2] Die gewünschte Seite wurde nicht gefunden (vbw-bayern.de)
[3] Ensure Social Conditionalities in NZIA Implementation Act for Skills.pdf (etuc.org)
[4] (data from the ILO Report Mind the Divide, 2024

Labour-related trends globally also bring challenges to the EU labour market. Low unemployment rates are brought as an example of the resilience of a flexible labour market. However, it hides major factors of risk: labour market participation remains generally low, employment gaps are above 10%, and informal work involves more than 2,000 million people worldwide. Women are averagely in a vulnerable position. Migration flows appear increasingly out of control and driven by climate and geopolitical factors rather than economic and right-based governance. The *availability of cheap or under-protected work on the global market, with declining multilateral governance, sets a challenge for the European social model*[5].

About 20% of the workforce is employed in green-driven occupations, but employment perspectives in greening economies are not always rosy – i.e. occupations that the net-zero transition will positively impact. An OECD analysis says that green-driven occupations are a heterogenous group of jobs: new and emerging occupations are typically high-skill jobs (i.e. managers, professionals and technicians) and employ highly educated workers in urban areas, while the other green-driven occupations employ many more low-educated workers in rural areas. High-skill green-driven jobs usually pay higher than average wages. However, low-skill green-driven jobs tend to have worse job quality than other low-skilled jobs, suggesting that, currently, they may be a relatively unattractive option for low-skilled workers. These dynamics will likely belong to most of the EU Countries.

In a nutshell, the international outlook is a source of concern and uncertainty rather than opportunities. Big risks come from geopolitical tensions, the results of elections in the EU, uncoordinated monetary policies, volatility of emerging economies, high public debts, and non-managed people movements. Opportunities may come from emerging markets, technological change, and investment in people and their skills, including a well-managed migration/asylum policy in the EU.

3. INTERNAL CHALLENGES

In the aftermath of the EU Elections, the narrative depicting the current geopolitical instability as a major risk is gaining prominence. It increases demand for the EU to be a security provider. **The ETUC has often warned that 'security' is not only the defence industry and market. Security is also made of unity and cohesive societies and encompasses income security, social cohesion, health, and environmental protection.** Such multidimensional features of 'security' can be drawn from EU programmes that are relevant to the European Semester, such as the OSA, the Green Deal, the Economic Security, the Digital Decade Agenda, EPSR and its action plan. (see also EESC opinion). To have a balanced policy mix in the reformed EU Semester the ETUC deems the following challenges as urgent.

The EU economy is experiencing very slow growth (+1.4 for the EU and 1.2% in the EA in 2024?), with leading EU economies below 1%. While ECB inflation targets seem to be finally at hand, productivity is lagging, becoming an obstacle to meeting some of the EU strategic objectives, such as resilience, reconstitution of supply chains, and creating a solid industrial base in the EU (our interpretation of ECB data). The ETUC has always called for an EU monetary policy that would better support the investment effort needed at the EU level, including just transition and job

[5] ILO Employment Outlook. 2024

creation; *this should come from a stronger coordination between fiscal measures, macroeconomic policies and ECB decisions*.

To keep pace with global competitors, the EU must boost investment to catch up with two decades of modest public investments and prepare for the future. The EU fiscal stance will be contractionary in 2024 and 2025, primarily because of the reformed SGP, narrowing fiscal space for investments and social expenditure. The economic stimulus, which was more than 10% of GDP in the three post/covid years, will be negative in 2024/25. The RRF and the Green Deal boosted public investment with positive economic effects on employment and growth. A lesson that was not retained during the reform of the SGP. A recent ETUC NEF Report now means that under the recently adopted fiscal rules, green and social investment needs are taken into account, and just three MS would be left with the fiscal capacity to meet the EU's investment targets[6]. The EU investment strategy to remain competitive worldwide would need a quasi-federal budget to be implemented, in which an EU-financed investment facility works together with an enhanced coordination of national budgets for common strategic objectives (as proposed in CSRs 2024 for the STEP).

The private sector does not meet expectations on investment levels, and the EU industrial system is suffering. A Eurostat[2] study published in January found that month-on-month industrial production in the EU decreased by 0.2% in November last year, the third consecutive monthly decrease. Year-on-year industrial output was also down 5.8% in November after declining by 5.4% in October. High energy prices, interest rates, weak domestic demand and strong international competition pushed down industrial production in the European Union (IEA March 2024). These figures are a canary in a coal mine: the most prominent affected are the long-term investments in buildings and equipment. Reliable, cheap and clean energy is vital to power the industry and its transformation, yet the vast potential for solar and wind power in our region is not being realised[3]. *While public finances alone cannot bear the burden of financing such a massive investment effort, it is also true that public investments are needed to finance essential services and infrastructures and stimulate or orientate private investments*. Private investment levels remain disappointing if compared with the quantity or resources made available by public budgets to support and guarantee risks of investments and shelter market failures.

New green jobs are worse than those they are replacing. These jobs need to be more appealing. As a recent Commission Economy Discussion Paper states, heavily polluting "brown jobs" are often highly unionised and relatively well-protected and well-remunerated relative to their skills requirements[4]. This is not the case for "green" jobs. In Europe, from 2019-2022, the sectors that had the most problems finding workers were those that employed higher shares of relatively more vulnerable workers[5]. The Commission's research indicates a need for one million more renewable energy workers in the next six years to meet our REPowerEU targets[3]. Cedefop reports that 46% of the adult population, approximately 128 million adults in Europe, needs upskilling and reskilling. In Germany, the largest solar market in Europe, a shortage of 5 million

[6] Study: Fiscal rules stop new schools and hospitals | ETUC
[2] Eurostat Industrial Production Down (europa.eu)
[4] The Possible Implications of the Green Transition for the Labour Market (europa.eu)
[5] Labour shortages-turning away from bad jobs_2023.pdf (etui.org)
[3] Pact for Skills: Launch of large-scale renewable energy skills partnership (europa.eu)

workers is predicted by 2030, with 60% of German electrical contractors in the sector currently having vacancies[7]. *There is no STEP and OSA without the workers to implement it*.

We must always emphasise the cost of inaction later over action now – financially and socially. The EC estimates that failing to adapt to climate change could result in annual costs ranging up to €250 billion by 2050. Endless data shows it is financially and socially more manageable to address climate and transition issues now before it is too late. The costs and human impacts of a changing climate are large and growing. Climate-related extreme events have risen between 1980 and 2022, causing 220,000 deaths and EUR 650 billion in economic losses in the EU, of which about EUR 170 billion over the past five years only[8].

The European Court of Auditors states that the EU has committed to less than 10% of the total investment required to achieve the 2030 climate target[6]. An estimated investment of €1.5 trillion annually is needed for a 90% emissions cut by 2040[7]. *Existing restrictions on borrowing within the EU limit the fiscal flexibility of Member States, hindering their ability to create new jobs and meet green spending needs*

FOCUS 1: EU Semester and regional gaps in climate action

This box draws attention to the fact that a just transition is not happening, especially in Central and Eastern European Countries, which sets an urgent challenge to social convergence.

Country-specific recommendations miss the huge gaps between member states. If the EU is doing well for Europe's renewables as a whole, the transition is not happening at the scale we need in CEE Member States. The EU industrial policy strategy must account for regional disparities and come up with concrete solutions for addressing intra-EU cleavages. Germany and France account for almost 80% of state aid approved under the new state aid rules[13].

Our citizens face some of the highest energy poverty rates. Between 2010 and 2021, Co2 emissions in Central and Eastern Europe reduced at half the rate of the overall EU over the same period[1]. The most comprehensive tracker of clean tech manufacturing and deployment in Europe shows that today, in practically every sector, from solar to heat pumps, our countries are being left behind[2]. Reliable, cheap and clean energy is vital to power the industry and its transformation, yet our region's vast potential for solar and wind power is not realised[3].

50% of the EU's coal consumption comes from the CEE Member States[4] , yet the means to fully support the transition is lacking. By 2030, 160,000 direct jobs in the coal sector could be lost[5]. The indirect jobs affected often amount to triple the number of the direct jobs affected, as companies from the supply chain or the services industry cannot thrive without well-paid workers, themselves consumers. The funding and legislation so far provided to address the scale of this challenge is vastly insufficient. For example, in May 2021 Polish mining unions signed a Social Plan for workers in the hard coal sector where they agreed to phase out hard coal production by 2049. Yet, the Polish government has not notified the Commission about state aid that this would imply, and the 83,000 workers still remain uncertain about their future.

CEE states are being hampered by an imbalance of financial and administrative capacity to transition their industries. Relatively weak administrative capacity at the local level is also a

[7] Solar skills shortage threatens EU targets | Reuters
[8] eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52024DC0063
[6] Special report 18/2023: EU climate and energy targets | European Court of Auditors (europa.eu)
[7] EU must invest about €1.5tn a year to meet net zero targets, says Brussels (ft.com)

leading cause of the structural problem of insufficiently high absorption of EU funds[9]. In Bulgaria, €100 million of potential EU funding for the coal transition was missed at the end of 2022 because the government could not submit the required documentation on time[10]. Out of 184 demonstrators of technologies for climate neutrality in energy-intensive industries financed via the EU, only 11 are being implemented in the CEE Member States[11]. The implications of this challenge are vast, as until 2027, CEE countries will have to absorb EU funding that amounts to up to 8% of GDP.[12]

The EU fiscal rules remain a significant barrier to transition. Under the recently adopted rules, not one of the 11 CEE countries can spend enough to meet social and green investment needs[14]. Basic infrastructure such as energy grids and transport networks, upon which industry, households and the climate transition rely, requires huge up-front investment.

Such lessons should be further investigated and transformed into policy action during the EU Semester 2025

- *Introduced in 2016, flexibility in the SGP had a marginal but positive impact on investments, while the activation of the escape clause ensured a quick rebound of the EU economy.*
- *An EU-financed investment programme has been able to keep public investment above 3% of GDP during economic turbulence.*
- *Public investment exercises drive private investment up under certain conditions,*
- *The work on sustainable finance shows that the regulatory framework is relevant to orientate investment and capital formation.*

Investment can only lead to sustainable growth and social progress by investing in people and making beneficiaries of public resources to clear social conditionality. Proactive planning is needed at the company and skills level, with proper EU, national and regional observatories to monitor needs.

It is in the interests of our countries to deliver on Just Transition. The call for a directive related to a just transition was made by the representatives of 45 million European workers at the European Trade Union Confederation Congress in May 2023[6]. It has been further supported by the European Parliament's resolution from November on job creation[7] and the European Economic and Social Committee (EESC) Opinion published in December of last year at the request of the current Belgian Presidency[8] of the Council of the EU. When we give vast amounts of taxpayers' money to private industry, we should ensure they create quality jobs that make this collective investment worthwhile. This is what is meant by 'social conditionalities'. This must be central in VDL's recent announcement to reform the Public Procurement Directive.

Social conditionalities should also be applied to investments and subsidies reinforcing the EU industrial basis. IndustriAll is widely documenting the impact of industrial restructuring and consequent dramatic layoffs despite meaningful public resources made available to the manufacturing sector. Social conditionalities should also guarantee that the private companies accessing the funds have no recent unfair redundancies or violations of workers' rights, that they recognise trade unions, and that they have no previous record of trade union busting or abuses.

Despite low unemployment aggregate data, the employment situation in Europe presents persisting shortcomings. As of mid-2024, the overall unemployment rate in the EU stands at around 5.9%. This is a slight decrease from previous years, reflecting the region's gradual recovery from the economic disruptions caused by the COVID-19 pandemic. The labour force participation rate across the EU is about 73%, with **women** participating at slightly lower rates than men, though the **gender gap** is narrowing. However, Porto's target of 78% employment by 2030 can be reached, but it would need a more robust employment policy to combine with industrial, competitiveness and trade policies.

The vast preference for **precarious work i**n Europe is the consequence of two decades of ideological reforms, which have increased precarity and are now widely affecting jobs in the new and gig economy. Temporary contracts, part-time work, and bogus self-employment are key forms of precarious work.

Platform workers represent a significant portion of the European workforce, adding 28.3 million in 2022—comparable to 29 million employed in manufacturing. The impact assessment of the legislative file prepared by the European Commission projected this number to grow rapidly, reaching 43 million by 2025, a 52% increase over three years. The expansion is expected to extend beyond traditional sectors, such as delivery and basic janitorial services, to include more complex fields, such as healthcare and specialised services.

The situation of young people in the labour market has remained critical over the last decade. The impact of the COVID-19 pandemic led to the loss of jobs, primarily by young people in the service sectors, such as tourism, hospitality, and services, and affected many young people negatively. Policies adopted to tackle the economic and social consequences of the COVID-19 pandemic were not explicitly aimed at young people and young workers but rather at the workers and general population. Similarly, NRRP (pillar 6) were often downscaled, and minimal targeted approach to precarious jobs or young people was documented.

Youth employment and quality of work among youngsters stays as a challenge. Youth unemployment is expanding. Targeted initiatives to support a transition from education to employment are needed together with intervention to limit precarious and undeclared jobs. The traineeship package has the ambition to deliver on this goal if the binding part (a Directive) is ambitious and will effectively improve the quality of traineeships that are way too often replacing entry-level jobs, opening the spiral of precarity for young workers.

The EU semester should support groups of workers impacted by transitions. Labour market polarisation, in which the super skilled workers risk playing a take-all position while less qualified jobs tend to disappear or be under-remunerated. The risk is that it is not predictable what jobs will be made obsolete by the fast-progressing technologies. However, technologies will let us predict a wider use of remote work and demand for flexibility in the execution of labour performances. Expanding remote workers will also result in a greater number of cross—border employment relationships and faster integration of labour markets. Net-zero economy will also produce heavy transitions (loss of income or jobs) for 1 out of 3 of the 7% working population in exposed industry sectors (OECD data). Such trends should be better monitored, and impacted workers should be appropriately protected.

ECB preaches about risks of an upward spiral in wages, but real wages often remain below 2019 levels. In Belgium, Spain, Germany, Estonia, Norway, Denmark, Finland, Italy, Czech, and Sweden, wage earners are worse off than in the pre-covid period (OECD data). Semester 2025 should monitor inflation dynamics and their impact on wage levels, and quantify losses in purchasing power of workers, on top of what was already lost, notwithstanding a generally positive trend of nominal wages. While statutory minimum wages have been driven upward by nominal increases, real wages risk staying in negative terrain in countries like Spain, Italy or

Greece and flat in France. Positive trends in Poland do not indicate effective wage formation because wages have increased much less than productivity boosted by over-the-average Direct Foreign Investment. Eastern countries are those whose salaries did not catch up with inflation and inequalities are high, and in particular, Hungary and Czechia are making use of the EU directive to hinder workers' position. (Bulgaria, Croatia, Czechia, Estonia, Ireland, Lithuania, Spain and Slovakia are catching up with setting minimum wages to the average/median wage benchmark

EU Semester 2025 should show that record-high profit levels can well absorb wage increases. It should analyse why wages do not respond to macroeconomic factors that would instead predict a wage rise. Factors like labour and skill shortages, inflation dynamics, and under-performance of specific economic sectors can surely play a role, but the national situation matters. Next, national plans and EU Semester must monitor wages, watching the movement of real wages, wage convergence at the regional level, collective bargaining coverage, in-work poverty, compliance of statutory minimum wages with minimum requirements of the EU Directive, and the gender pay gap.

The EU is grappling with an ageing population, which challenges labour supply and social security systems. Countries are increasingly focusing on policies to extend working lives and integrate older workers into the labour market, driven by country-specific recommendations and the influence of the Ageing Report on the dynamics of the SGP. It is reflected in limited or no progress at all in the fight against poverty and social exclusion. *The ETUC asks that the EU Semester 2025 engage MSs in a closer analysis of the adequacy of pension systems, long-term care and health systems in order to avoid the fiscal trajectories of member states could force cuts to social expenditure that will directly affect the dignity of elderly people.* The ETUC asks that fiscal benchmarks be set in relationship with well-being and dignified life indicators of ageing of people such as poverty among 65+, unmet medical needs, years in good health, hospital beds for 1000 people, out-of-pocket money spent for long-term care

Poverty remains a challenge with systemic risks on the EU economy, as of 2024, around 21.7% of the EU population is at risk of poverty or social exclusion. 6.3% of the EU population experiences severe material deprivation, meaning they lack basic necessities like heating, a washing machine, or the ability to afford a one-week annual holiday, which is unacceptable for considering the overall EU standards of living. About 8.5% of the population lives in low work-intensity households, where working-age members are employed less than 20% of their total work potential. Children are among the most vulnerable to poverty in Europe, with a child poverty rate of around 24%. Regional disparities are dramatic as in Romania, Bulgaria, and Greece, whose economic conditions are generally weaker.

Approximately 18% of the elderly population in the EU is at risk of poverty or social exclusion. This group includes those over 65, many of whom rely on pensions that may be insufficient to meet their needs. The poverty rate among non-EU migrants is over 40%, compared to around 16% for native-born Europeans. The situation in the European labour market is dire for people with disabilities, with an employment rate of 51.3% compared to 74.6% for the general population. Women and young people with disabilities face even lower employment rates. Moreover, the quality of employment opportunities is often precarious, and this group encounters discriminatory practices when accessing and maintaining employment. There is a need for deeper reflection on the difficulties of fighting poverty. *Fighting poverty is a high objective of the SDGs and European Pillar of Social Rights, two programmes that are considered overarching in the EU strategy*.

Public Employment Services play a crucial role in fostering effective active labour market policies, particularly in integrating society's most vulnerable groups into the labour market. These include refugees, women, migrant and seasonal workers, persons with disabilities, the Roma, and young NEETs. To address these challenges, Member States should undertake specific active labour market policies with the full involvement of social partners. These policies should encompass counselling, mediation, subsidised employment opportunities, and other mechanisms facilitating job transitions.

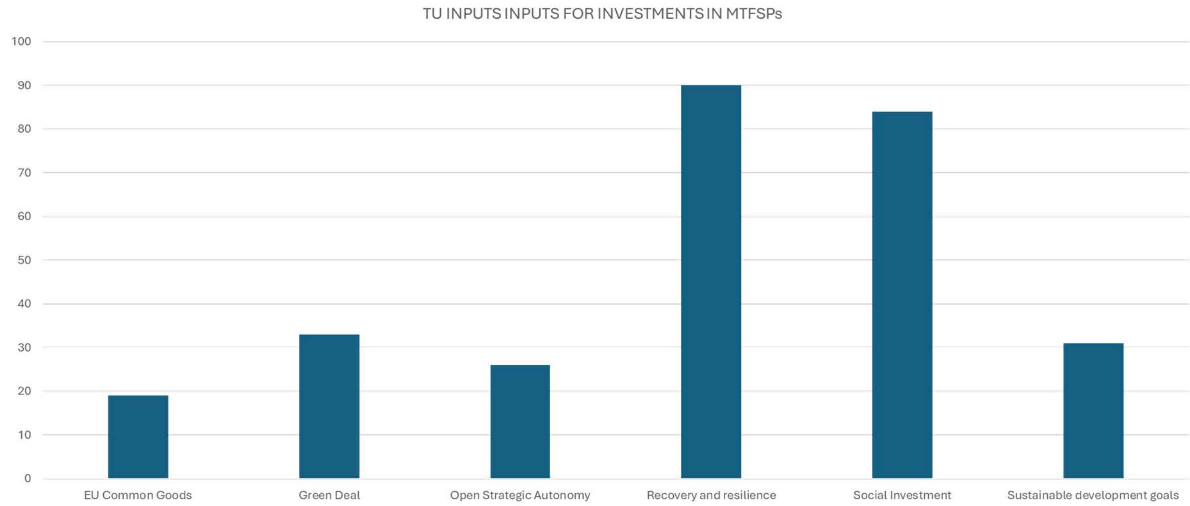
4. DRIVERS OF CHANGE: TRADE UNION INPUTS FOR THE MID-TERM FISCAL STRUCTURAL PLANS 2025-2029

Methodology. The ETUC has asked its members to identify priorities for investment and reforms that are needed and urgent for their own country. Since the reformed EU Semester will be sensitive to EU programmes which set common objectives in the field of the Green Deal, Open strategic Autonomy, Economic Security, and European Pillar Of Social Rights. With the support of a search tool elaborated by the ETUC (in the framework of a EU-financed project activity), the ETUC members have selected country-specific priorities that, at the same time, represent workers' demands and satisfy EU programmes relevant to the EU Semester. This chapter analyses the most frequent options chosen by ETUC members and, therefore, identifies policy drivers which are systemic for the EU economy at large. Country-specific inputs are accessible though Annex II.

SUSTAINABLE INVESTMENT

4.1 The ETUC members' inputs prove that trade unions see a clear synergy between the Green and Social Agenda, looking at the digital transformation as an amplifier (booster) of the success of green and social investments.

4.2 Member states have agreed that social investment has to be promoted and a fiscal space should be found in the national budgets to finance those social investments, which can potentially bring fiscal benefits in the future as a precondition of sustainable and inclusive growth. According to the ETUC members, identifying priorities for MTFSPs, social investment in the wider category of sustainable investments lay on three pillars: i. investing in well-educated, skilled workers, ii. inclusive labour markets, and iii. social inclusion.



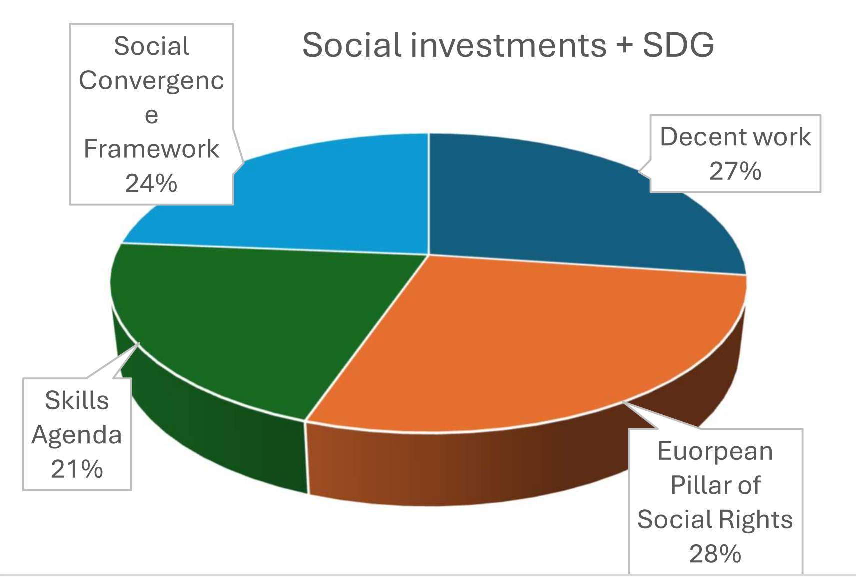
The figure above shows that trade unions attach great relevance to the work done by the Belgian Presidency on social investments and would like to see expenditure in skills, inclusive labour market, and inclusion and poverty treated as an investment for the purpose of the SGP. The concept of sustainability in trade union inputs can be drawn by the combined selections of investment priorities from the Green Deal and SDG, particularly Goal 8, thus designing an investment strategy fully endorsing a just transition approach. More specifically, trade unions see the Social Convergence framework, SDG8-decent work, the European Pillar of Social Rights and the Skill Agenda as the most promising policy frameworks for sustainable investments. The Fit for 55 policy framework is the most relevant in terms of industrial policies. Trade unions also show a clear understanding that common goods may be better developed through IPCEI or similar programmes (advanced manufacturing, mobility and transport, health and life science, emerging technologies, digital transformations, critical infrastructures) that should be adequately EU-financed.

While the trade unions attach great value to the work started with the RRF, the most appreciated components of NRRPs that are also less financed, such as Employment support and Jobs, Equality, Adult Learning and Health Care, and modernisation and empowerment of public services. The proposal is to reinforce them in MTFSPs, following country-specific proposals advanced by the ETUC members.

FOCUS 2: Social Investment: an ETUC definition.

Skills and education.

The ETUC members consider investment in **skills** to be a heavily financed priority (64 responses, of which 26 are the top priority). Resources should be allocated towards skill development and lifelong learning opportunities to equip individuals with the necessary competencies for the evolving labour market. Requests for investment in skills are often associated to specific investments in digital skills.



Trade unions put a stronger emphasis on inclusivity to address inequalities and ensure equal access to **education** for all students, including those with **disabilities** and from disadvantaged backgrounds, and to ensure that everyone has access to quality education and training throughout their lives. This might include funding for adult education programs, literacy initiatives, and support for learners with special needs. This could involve financing education and training programs, apprenticeships, and upskilling initiatives for a modern economy or career advancements. ETUCE highlights the need to invest in the education system and its accessibility and quality as a strategic asset for the EU as a whole, with funding for early childhood education, vocational training, lifelong learning programs, and initiatives to address educational disparities among different groups.

The EU tends to identify barriers in accessing quality training in family responsibilities, financial barriers, but also courses not being flexible or diverse enough to adjust to learners' needs and a lack of transport for people in rural areas. This is also true. However, collective agreements play significant role in removing barriers related to work organisation, and employment relationships which configure a right to receive training. It shows the urgent need of a EU legislation that introduces minimum floor of a right to receive training as part of the employment relationship.

In conclusion, education and skill development are considered the crossroads between sustainable and social investments for a just transition. They should be well-financed and prioritised in MTFSPs, and monitored through the EU Semester, which would also give higher relevance to Porto's target on education and skills.

Job creation and inclusive labour market

Job creation and labour market policies, including gender equality and opportunities, are seen as the second pillar of sustainable investments and a component of the social investment category (38 responses and 17 times among top priorities). Investment in initiatives to promote **job creation**, particularly in sectors with high growth potential such as green economy, digitalisation, and healthcare, should be well financed and prioritised. Specific country needs set the accent on **active labour market policies**, gender policies for non-discrimination and equal opportunities. They are a priority in several EU programmes and should be well incorporated in the MTFSPs and monitored through Porto's targets on employment and decent work indicators of SDGs, complementing the Social Scoreboard of the EU.

It should be noted that 50 times responses included policy options that are directly connected with **inclusiveness**, which in most cases refer to employed people. Access to quality traineeships and youth policies based on equal opportunities and protection for young workers who enter the labour market or the workplace have been given high relevance. It may also cover investment for access to finance and market of SMEs or general access to public services and healthcare systems or more, in general, to address territorial disparities or promote regional cohesion.

Poverty and social exclusion

The ETUC members consider that investments in people at higher risk of **social exclusion** are particularly needed (29 responses, 16 of which give it a very high priority). The ETUC members would like their national plans to reflect the EU programmes that promote policies and services that support active ageing, promote independent living, and ensure quality long-term care for elderly citizens. This might include funding for age-friendly environments, community care services, and caregiver support programs. While poverty reduction remains a frequent priority, each country can be more focused on housing and homelessness or investment in childcare and family support services or long-term care and long-term care services.

In conclusion, about investments against **poverty** and for social inclusion, the ETUC members would like to see in national plans the availability of resources for a more robust social protection system as part of social investment. Also, Porto's target against poverty and indicators of SDG1, combined with the scoreboard that supports the implementation of recommendations on access to social protection, as a comprehensive set of indicators to monitor progress under this policy area in the EU semester.

When European trade unions make frequent reference to governance and regulatory tools such as social dialogue and collective bargaining, they identify a policy area in which they can make a difference. If properly involved, social partners can help design an agenda and implement measures that run an agenda based on social and green investment boosted by the development and uptake of digital solutions and automation. **Social dialogue is vital for an investment strategy that reinforces the EU industrial basis, especially manufacturing**. It enhances job creation with a fairer distribution of resources and opportunities among workers and all players in the market, such as SMEs and social economy players. All this is within the capability of social partners when they have the means to perform sound, autonomous and inclusive industrial relation practices. In countries where IR systems are poorly developed, investments in capacity building for social partners should be classified as social investment.

Industrial policy

Regarding industry policy, the trade union movement confirms an extensive favour for the Green Deal. TU favours climate related policies and that this shows the urgency of investments for a climate just transition which is yet mere words. This must be considered when national plans are assessed. Also, the three pillars of social investments, with a strong accent on inclusiveness, can be read as a natural complement of the transformative nature of the Green Deal, which requires material and well-financed just transition policies.

It is clear that Green Deal investments are a priority (54 responses with 15 top priorities). Here, the message is clear. Trade unions would like to see investment in green and inclusive economic growth, including renewable energy projects, sustainable agriculture practices, and circular economy initiatives frontloaded. When we go country-specific, the demands can be more focused with a larger preference for climate-related interventions (including carbon capture and storage), circular economy and waste management (14 responses), energy efficiency and infrastructures and decarbonisation. Specific sectors may be targeted, such as greening the transport sector. Countries may also need to invest better and faster in clean waters, sanitation

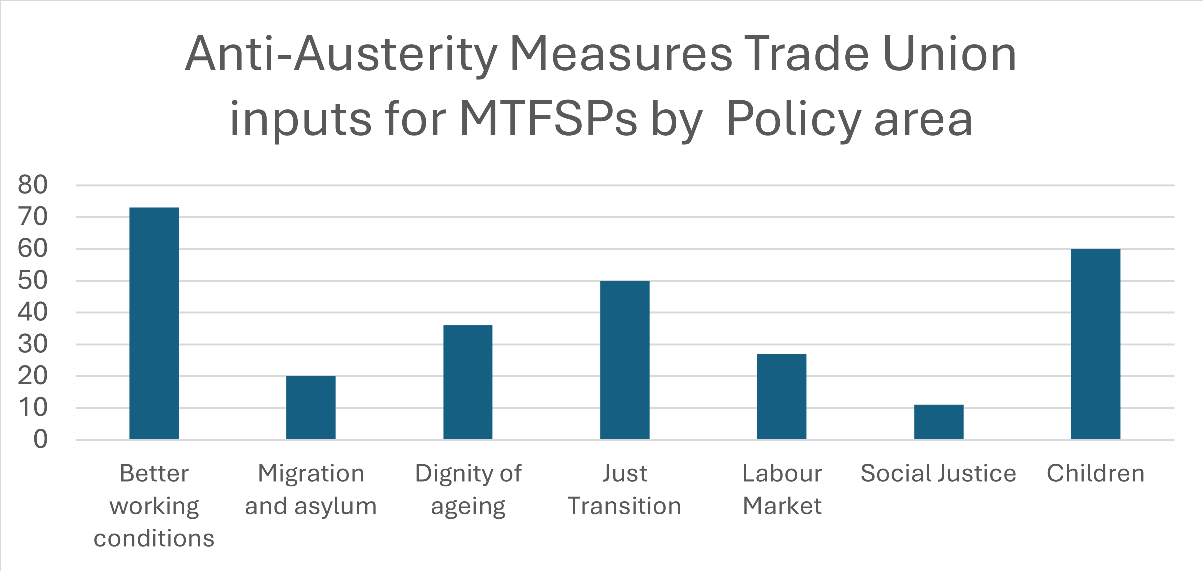
or food production. Governance, reinforced administrative capacities and resilience are also associated with implementing green investment.

The investments related to open strategic autonomy and security are less relevant but still present in the TU proposals. Here, significant attractiveness comes from the ambition of investing in advanced manufacturing technologies such as 3D printing, advanced materials, and smart factories can help improve productivity, competitiveness, and sustainability across various sectors. In this regard, the EU Semester and the national plans are seen as a way to project the EU industry toward more productive and modern forms of production that introduce better chances to improve working conditions instead of rushing for rearmament or building a fortress Europe. It is also demonstrated by the higher attention that trade unions pay to everything that is digital or the uptake of new technologies.

Investing in emerging technologies such as artificial intelligence, quantum computing, and advanced robotics is a priority to maintain the EU's competitiveness in the global market. These technologies have the potential to revolutionise various industries and drive economic growth. ETUC members have 63 times selected investment priorities that directly refer to digitalisation or are part of the technological advancement or taking up of new technologies. Thirty-five responses identified priorities that directly apply to digitalisation for the uptake of digital technologies, and supporting the digital transformation of industries and society is a key priority. This includes investment in digital infrastructure, connectivity, cybersecurity, and initiatives to promote digital skills and literacy. Seventeen responses focus on priorities related to education, knowledge and research for innovation and scientific advancement. Fewer times (21 responses), they appear among the top priorities (investments to be better financed and frontloaded), showing a clear order of intervention in which digitalisation should be at the service of an inclusive, fair and sustainable economy. In this regard, we should note that some unions have identified regulatory framework, public/private partnership and digitalisation of public services as important drives of change, and this should reflected in national plans.

ANTI-AUSTERITY MEASURES

5.1 Austerity materialises in the form of squeezed resources in national budgets for adequate social protection systems, quality public services, properly staffed administrations, and decent working conditions for employees in the public sector. Beyond the financial and fiscal aspects, austerity often comes along with an attempt to reduce labour costs to compensate businesses for the reduced public leverage on the economy; It penalises workers with lower wages, fewer protections and greater flexibility in the unilateral remit of employers and poorer social protection performances.



European trade unions see greater risks that the EU Semester would hit workers' interest in several policy areas. Therefore, they tend to counterbalance austerity with requests for policy intervention in the policy area such as better working conditions, childhood, just transition, dignity of ageing, migration and asylum. Labour market and social justice are less frequent, but, a more granular analysis, presents several overlapping with other main policy areas.

Fairness of the EU economy is mainly defined through social justice, whose main policy drivers are the European Pillar of Social Rights, cohesion policies, distributional impact framework, gender equality and taxation. Trade union inputs for MTFSPs will shape the concept of **dignity of ageing,** which can be defined through pensions, minimum income, long-term care, health and measures that directly address demographic change. At the same time, proposals in the **working conditions** area strongly focus on wage and collective bargaining and the effectiveness of labour law and legislative framework at large. The **just transition** concept is connotated mainly by measures against energy poverty, fair industrial transitions, green transitions, and more, in general, labour transitions.

If such policy reforms have to be introduced in a logic of upward convergence of working and living conditions, **trade union inputs show the fallacy of the Debt Sustainability Analysis Framework and, in particular, of the Cost of Ageing methodology.** The DSA should be urgently revised also because such policy priorities suggested by ETUC members are "investment enablers", and failing to implement them would hinder the investment offensive that the EU is longing for.

The ETUC wants to shed light on the CSRs recommending member states to reform their taxation systems. However, to achieve economic performances that are environmentally sustainable and socially fair, taxation systems should be pro investments, reward sustainable economic activities and ensure a fair redistribution of wealth.

FOCUS 3: TRADE UNIONS AND PROPOSALS ON TAX REFORMS IN THE EU SEMESTER AND MTFSPs

5.5 The European trade movement showed a common interest in advocating fairer wealth distribution and more progressive taxation schemes as tools to fight inequality and bring about social justice. We have identified as main loopholes in the current taxation setting

- Non-progressive taxation systems that, in proportion, treat rich people better than poor.

- That overcharge wage earners for the incapacity to tax capital or develop a new tax basis

- Absence of tax system that accurately excessive wealth accumulation, property concentrations and disproportionate capital gains.

Selecting priorities for the MTFSP ETUC members have selected 14 items related to tax reform (42 times ETUC members select correlated items on social protection systems). Preference goes for adaptation of taxation systems given the challenges arising from the transition towards climate neutrality, notably by shifting the tax burden away from labour and reducing the tax wedge for low and middle-income groups towards other sources contributing to climate and environmental objectives, preventing and mitigating regressive impacts, preserving the progressive character of direct taxation and safeguarding the financing of adequate social protection and investment measures, especially those targeted towards the green transition.

ETUC members consider that fair and just taxation systems are essential to support the transition to a green economy. This includes measures such as carbon pricing, eco-taxes, and incentives for environmentally friendly practices. The EU aims to ensure that the burden of these measures is distributed fairly across society. One organisation considers it urgent to address carbon pricing and revenue redistribution, implementing carbon pricing mechanisms, such as carbon taxes or emissions trading systems, to incentivise emission reductions and generate revenue for climate-related initiatives. Ensuring that the revenue from carbon pricing is used to support vulnerable groups and finance the transition to a low-carbon economy.

In conclusion, trade unions see the EU Semester as a process which creates evidence of areas in which the EU can provide a socially added value in the approximation of or establishing minimum requirements for national tax systems. Trade union asks that EU level coordination may ensure that:

- Tax systems are progressive and more redistributive, and the tax pressure on wage earners or families depending on wage earners is mitigated, and tax policies support and incentivise collective bargaining;

- The whole tax mix increases government revenues to finance social expenditure for just transition and social protection for an ageing population.

- Tax frauds and avoidance are banned, especially fighting undeclared economy, corruption and tax evasion; that tax bases are preserved and cooperation at the EU level is established to avoid the volatility of non-labour related tax basis

- Bias on investment is removed while ensuring that polluting assets and activities are taxed more than those contributing to green objectives

Such policy mix should move some key indicators. As indicative list or performance-oriented indicators, fiscal and policy measures in the national plans should be linked to these indicators:

positive impact on increase of government expenditure in social protection and investments; reduced inequalities in income distribution; reduced poverty and increased labour market participation; increasing investments aligned with green and climate change objectives; number of workers covered by collective agreements (note, it is not an exhaustive list of impact indicators).

The pro-austerity features of the SGP push the ETUC members to safeguard **social protection** systems and advance explicit requests to introduce measures that tackle poverty, reinforce social protection systems and reduce inequalities (42 hits and 30 times a top priority). Access to social protection should ensure access to adequate social protection systems, including unemployment benefits, healthcare, and pensions, for all citizens. The latter is probably driven by the Recommendation on access to social protection, which also includes a set of indicators the EU has proposed while the ETUC monitors the SociAll activities (ETUC SociAll – Social Protection for all)

Special attention is given to promoting **active inclusion** measures that support the integration of disadvantaged groups, including migrants, refugees, and people with disabilities, into society and the labour market. Measures should encompass counselling, mediation, subsidised employment opportunities, and other mechanisms facilitating job transitions. Social inclusion can closely correlate with reducing poverty when groups are disproportionately affected by socioeconomic disadvantage or exclusion. This could involve expanding access to education, healthcare, housing, and other essential services. On this basis, different policy options can be more appropriate in specific countries, such as quality healthcare, access to essential services, improving minimum income levels, and addressing regional disparities. It is important that MTFSPs align with EU programmes as suggested by ETUC members and afford enough resources to achieve the objectives. Progresses can be measured through the country-specific performance under SDG 1 and 10 and the progress toward Porto's target on poverty, in addition to the social scoreboard.

Wage levels, **wage formation and collective bargaining** are at the forefront of the trade union demands (25 hits and 19 times as top priority). National plans should introduce measures that guarantee fair and decent wages and provide a decent living standard for workers and their families. This may involve strengthening labour regulations, enforcing minimum wage standards, and promoting collective bargaining agreements. It may also imply supporting, where appropriate, collective bargaining and workers' representation to negotiate fair terms and conditions of employment with specific interventions that promote the full involvement of social partners in the design and implementation of transition pathways for industrial ecosystems.

Such strong attention on wage formation is also because an increasing number of Member States are embarking on improving minimum wages relative to average or median wages, thereby increasing the 'fairness' dimension. National plans should provide evidence of whether such measures ensure a 'decent standard of living' as an additional dimension in the assessment of adequacy. Adopting **the Directive (EU) 2022/2041 on adequate minimum wages in the European Union** marked a milestone to a more social Europe. Ensuring that workers in the Union earn adequate minimum wages is essential to guarantee adequate working and living conditions and to build fair and resilient economies and societies, as set out by Principle 6 of the European Pillar of Social Rights.

The ETUC stresses the close interconnection between the proper transposition across the EU and the need of the millions of people struggling to heat their homes and feed their families (as we have seen above, it is a major concern of trade unions when the reformed SGP will impose cuts to government expenditure). Not only by ensuring procedures to set and update the adequacy of statutory minimum wages but also by promoting collective bargaining on wage setting as the best solution to achieving genuinely fair wages and better working conditions for all. However, the **Directive's real significance depends on its use by national actors and its effective transposition into national law.** Against this background and with the transposition deadline fast approaching (15th of November 2024), trade unions are surprised and regret that in some countries, the transposition of Directive on AMW is being misused by governments to reduce the general level of protection currently provided to workers.

This may also take the form of measures addressing wage inequality and **precarious work**. It means implementing the EU acquis addressing wage inequality and precarious work by promoting decent work opportunities, including stable employment contracts, social protection coverage, and access to training and career advancement. This can be measured by measures which combat undeclared work, improve enforcement of labour regulations, and support the transition to formal employment.

While labour market infrastructure and efficiency are considered mostly a matter of social investments, reforms are identified to improve the position of specific groups in the labour market. **Gender**-sensitive policies are confirmed as a priority with specific emphasis on **work-life balance** (hits), often coming along with correlated policies such as access to child care, school and education, long-term care services and access to essential services at large. **Active ageing** appears eight times and six times as a top priority. Five times, the ETUC members consider people with **disabilities** needing specific measures to ensure their access to education and the labour market and protection in the workplace. Three times, they made urgent to end gender-based violence. In general, an economy that is fair and sustainable should have the capacity to detect, define and intervene in favour of specific groups with fragilities and more likely subject to discrimination or violence, especially in the workplace.

ETUC members are aware that austerity can materialise through the weakening of the labour-related legislation, tolerating non-compliance with **labour law** or delaying any form of modernisation or updating of workers' rights. Measures reflecting this concern appear 30 times in the selected ETUC priorities for MTFSP and 22 times as urgent matters. Adaptation of labour law and compliance with the existing acquis are the most frequent urgent issues at a national level. Respect and actual enforcement of fundamental rights and non-discriminatory framework or protection against dismissals are urgent in some countries.

This category also includes demands to ensure adequate statutory minimum wages and enforcement/compliance measures concerning specific aspects such as non-discrimination, abuses and preventive measures in the field of occupational safety and health. 8 times, ETUC members urge intervention in fields related to the health and safety of workers. It has to be absolutely followed up in the MTFSPs. While law-making is not pertinent to the EU Semester, it is important that through a structured dialogue with trade unions, the EU Semester is informed on if and how working conditions deteriorate and how such trends may impact economic, social and environmental sustainability of national economies. The Social Convergence Framework may fit for purpose.

Frequent items concern reform measures to mitigate transition or resilience policies in some specific sectors (20 hits). Coherently with the investment chapter, **just-transition**-related reforms in climate-related transformation, immediately followed by the impact of digitalisation on the economy, are the most requested measures in MTFSPn. Development of health services and their fair access also appear in trade union demands.

TRADE UNION INVOLVEMENT

The ETUC asks that the EU Semester 2025implements the demands of European Social partners (ETUC, SGI Europe and SMEUnited) as in the joint statement Of European Social Partners Calling For A Factual And Material Involvement Of Social Partners In The Economic Governance And The Eu Semester and hereby summarised.

The European social partners, in order to give material applications to the provisions in articles 9, 20, 26 and 38bis of the Regulation, invites the European Commission and the Council of the EU to take the necessary steps to ensure that meaningful and appropriate involvement of the European-level social partners is set in a European rulebook and that such rulebook ensures:

Timely, meaningful and appropriate involvement of national social partners in the definition of national medium-term fiscal-structural plans is necessary to ensure the long-term sustainability of fiscal trajectories while preserving investments and social progress.

The European-level social partners can give their view, separately or jointly, on the methodology used by the European Commission when assessing the plausibility of whether the projected general government debt ratio of a Member State is on a downward path or remains at a prudent level within the framework of the Debt Sustainability Analysis

The appropriate deadline referred to in article 36.1.(c) of the Regulation has to be meant in a way that requires national governments to convene national social partners at the earliest convenient time and not later than the 30th of July, starting a dialogue whose end is attained one week before the submission of the plan. If a member state agrees with the European Commission the extension of the deadline to submit a plan, consultation with social partners is extended accordingly.

The European-level social partners should be consulted at the milestones of the European Semester and, namely, in a timely, meaningful and appropriate way in preparation of the ASGS and of the Joint Employment Report and Euro Area Recommendations (month of September).

In the framework of the Social Convergence Framework, European-level social partners and their national members in countries that are subject to a second phase analysis are consulted (preferably in March) in proper time to express their views on the existence of social imbalances and possible remedies.

When national social partners decide, on a voluntary basis, to submit a joint statement advancing remedies to social challenges identified in the SCF in the form of country-specific recommendations, the European Commission will consider including such proposals in the set of country-specific recommendations submitted to the Council of the EU at the end of the European Semester cycle of the same year.

The national members of the EU Social partners are consulted in the month of March/April on progress reports of national medium-term fiscal-structural plans, on possible corrections to such plans and on the drafting of country specific recommendations.

The European Fiscal Board will include two observer members of whom one is proposed by the ETUC and one by BusinessEurope, SMEunited and SGI Europe. Observer members proposed by social partners are appointed according to COMMISSION DECISION (EU) 2015/1937 of 21 October 2015, establishing an independent advisory European Fiscal Board and enjoy the same rights of another member except Article 3.5 (remuneration) and article 4 (independence) for the wording "or from any other public or private body".

National independent fiscal institution, consider the opinion of national social partners in accordance with national practices and rules.

ANNEX 1: EMPLOYMENT GUIDELINES 2024. ETUC COMMENTS.

ETUC COMMENTS on the Proposal for Guidelines on the Employment Policies of the Member States

i. Changes in the Employment Guidelines are heading in the right direction. However, ETUC regrets the continued narrative on labour shortages and how they can be addressed through mobility for workers and talent throughout the document. Positively, there are also references to quality jobs. Upward convergence and quality jobs are central to the proposal, with strong support for engaging social partners in the design of active labour market policies.
ii. We also welcome the attention given to the impact of the war on the European labour market and the situation of Ukrainian refugees in the EU, with a request to engage with social partners. As a Member State on the pathway to European membership, Ukraine should also adhere to social partnerships with trade unions and employers.
iii. Seeing the narrative on labour market reforms in line with the new fiscal rules is concerning. However, references to quality jobs and the involvement of social partners are also included.
iv. We regret the very scarce proposals regarding workers with disabilities, which is unfortunate because nothing is mentioned about the employment package and its products under the Strategy for the Rights of Persons with Disabilities.

v. Guideline 5:
vi. Throughout the document, there are references to the need to provide for a business ecosystem capable of creating quality jobs. This is, of course, to be welcomed; however, there are systematic references to eliminating the barriers that businesses face in hiring people, without getting into any detail or, in some sections, particularly giving leeway to companies on tax and social security obligations. Specific references are made to shifting taxes away from labour, not considering the necessary and fair contributions to society that companies should undertake.
vii. It is welcomed that Member States are called to contribute to strengthening resilience in light of potential economic shocks, with specific reference to short-time work schemes such as those put forth to cope with the COVID-19 pandemic.
viii. Wage developments enabling decent standards of living are called for under Employment Guideline 5. However, these are related to productivity developments, and no reference is made to inflation and the cost of living.

ix. Guideline 6:

x. Action is requested to address the challenges of the teaching profession, which is a welcomed reference, yet one wonders why only this sector is referenced under this guideline. Measures are requested to enhance the attractiveness of the profession, yet the term "attractiveness" is vague and has no legal precedent in the European social acquis. Instead, clear references should enumerate all elements appertaining to quality jobs.

xi. Similarly, references are made to the need for Member States to provide quality traineeships, eluding any mention of paid internships and apprenticeships.

xii. Not surprisingly, the employment guidelines echo the demands of the European action plan on labour shortages, looking at migration from a market-oriented perspective around the idea of "talent" and filling untapped potentials, rather than a human-rights approach. References are made to preventing exploitative working conditions, while the imperative to align the working conditions with those regulated by national legislation and collective agreements is not evoked.

xiii. The guidelines recommend support for unemployed people. ETUC, however, remains critical of the proposed ceiling of 18 months, as the scarring effect on the lives of unemployed people after such a long period of being detached from the labour market is significant.

xiv. It is good that references are made to workers with disabilities. However, it is concerning that no mention is made of the employment package enshrined in the European Strategy for the Rights of Persons with Disabilities.

xv. <u>Guideline 7</u>

xvi. There is a concerning narrative about making employment protection rules dependent on "a suitable environment for recruitment and the necessary flexibility for employers to adapt swiftly to changes in the economic context."

xvii. While the need to provide employment opportunities for workers through digital labour platforms is mentioned, the Directive on providing working conditions in platform work is not transposed and enforced.

xviii. Regarding support for Public Employment Services, we disagree with relying on private employment services. Member States should also be called to fund public employment services, not solely through EU funds.

xix. It is good to see a call to strengthen the labour inspectorate on enforcing working conditions in digital labour platforms and new forms of employment. However, it should be reminded that the labour inspectorate currently faces limitations due to cuts and restrictions of powers since the 2009 crisis.

xx. Member States are invited to take into account the relevant experience of civil society organisations in employment and social issues. This practice should be without prejudice to the full respect to the competences and autonomy of social partners as well as their right to negotiate and conclude collective agreements.

xxi. <u>Guideline 8</u> includes a strong narrative on the fight against discriminatory practices in the labour market and public services, which is welcomed.

ANNEX 2: TRADE UNOIN INPUTS FOR MID-TERM FISCAL-STRUCTURAL PLANS (MTFSP) 2024.

To unleash the potential of EU programmes to achieve upward convergence of working and living conditions, ETUC affiliated organisations have explored EU programmes and identified hundreds of policy options (divided in investment and reforms) in order to select those that better respond to country-specific challenges and should, thus, be urgently matched with investment and reforms in Mid-Term Fiscal-Structural Plans.

REPORTED COORDINATED AND EDITED BY ETUC BASED ON INPUTS RECEIVED FROM ETUC AFFILIATED ORGANISATIONS.

INTERMEDIATE REPORT – 31 JULY 2024

Tuslo survey (etuc.org)

	ÖGB	Link
	CSC-ACV	Link
	SAK	Link
	CFDT	Link
	DGB	Link
	UIL	Link
	LBAS	Link
	Lithuanian Trade Union Confederation	Link
	Chambre des salariés du Luxembourg (CSL)	Link
	NSZZ « Solidarność »	Link
	OPZZ	Link
	CGTP-IN	Link
	BNS	Link
	KOZ	Link
SLOVENIA	ZSSS	Link
	CCOO	Link
Sweden	SACO	Link
	ETUCE	Link
	INDUSTRIALL	Link

ANNEX 3 –

ETUCE contribution to the ETUC position on the ASGS 2025 - ETUCE – The trade union federation and European social partner for education in Europe

ETUCE advocates for an economic and social governance model that prioritises full employment, upward convergence of living and working conditions, and high-quality public services and education.

In the 2024 Spring Package, the Commission placed significant emphasis on education, underlining its critical role in various Country Reports and Country Specific Recommendations addressed to all Member States. This renewed focus on education was a positive step. However, the Commission's acknowledgment of education remains limited to its role in enhancing labour market activation and skills development.

The Commission Communication indeed stated, "improving educational outcomes and skills development is essential for the EU's productivity and competitiveness," thus neglecting the pedagogical function of quality and inclusive education. Similarly, particular attention was given to higher education only in the context of its relevance to labour market needs, aligning educational outcomes with economic demands. The focus on education as merely a tool for labour market activation ignores the essential need to address the professional and working conditions of teachers, who are the backbone of the educational system.

The medium-term fiscal-structural plans, in line with the reformed Stability and Growth Pact, will set the trajectory for net expenditure growth and fiscal prudence, impacting investment capacities in education. It is imperative to ensure these plans do not compromise the quality and accessibility of education or the working conditions of education personnel.

ETUCE calls on the European Commission to integrate its analysis into the forthcoming Annual Sustainable Growth Survey (ASGS) and the Autumn Package by framing education within its broader role as a key service to foster pedagogical development, social inclusion, and economic convergence.

The next ASGS should not overlook the specific needs and issues that currently characterise the education sector: the decreasing attractiveness of the teaching profession, widespread teacher shortages, and demands for more and better investments in reskilling and upskilling professionals in education.

ETUCE therefore looks for the ASGS to take into consideration the urgent need for investments to address the deteriorating working conditions of teachers and education personnel across Member States. Professional well-being and good working conditions are crucial for sustaining high-quality education systems.

To this end, ETUCE also calls on the European Commission to engage with sectoral social partners, in line with EU Treaties, in the development of the announced EU Teachers Agenda, which is intended to help improve teachers' working conditions, training, and career prospects.

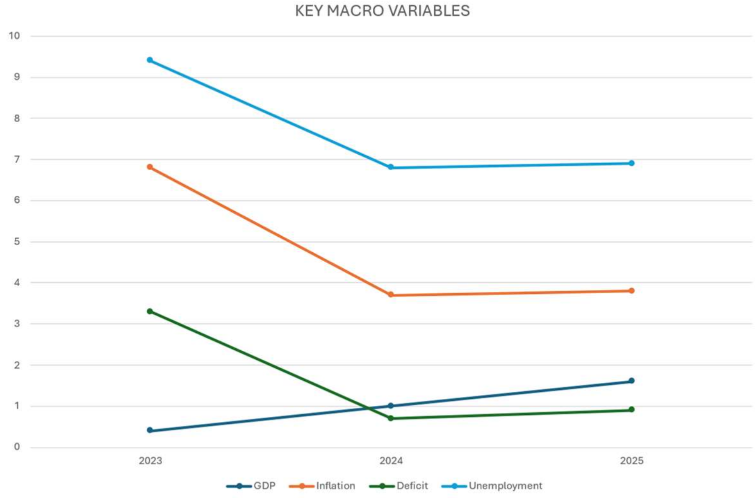
The achievement of full digital literacy for all teachers, students, and citizens remains compelling. Public funding for continuous training for teachers and other education personnel, updated equipment, and the provision of digital services for teaching and learning is to be prioritised as a public responsibility.

However, it is crucial to recognise that education is not a commodity, and therefore the role of private AI system operators and EdTech companies in education has to be limited and regulated. Their uncontrolled involvement risks undermining the existing national definitions of education as a public good and a human right. In particular, digitalisation in education appears to be one of the main drivers of the ongoing trend of privatisation in the education sector, allowing an increasing number of private actors to access the education system and thus fostering the commodification of the sector.

ANNEX 3: STATISTICAL ANNEX

KEY MACRO VARIABLES EU

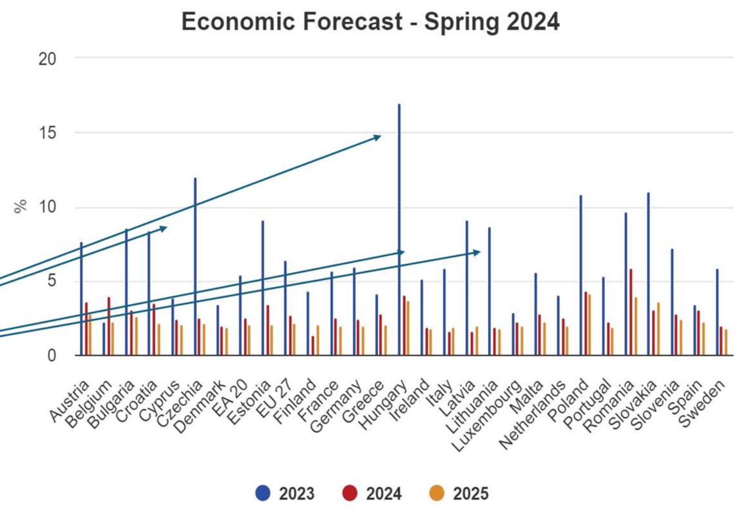
- Par 3.2



INFLATION

Par 3.2

Inflation peaks that should be reflected in people's income 2024 and 2025 (wages, pensions, benefits, etc.)

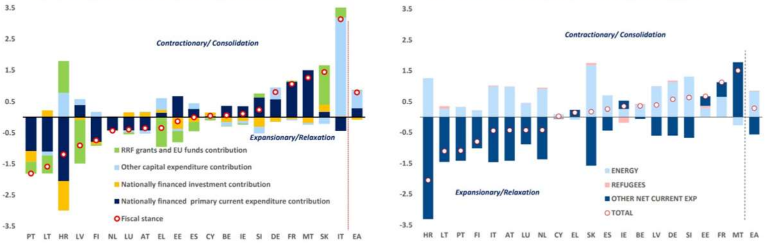


NET EXPENDITURE AND DRIVERS

- Par 3.3

Graph 5: **Fiscal stance in euro area Member States in 2024 (% of GDP)**

a) Fiscal stance and components b) Drivers of net current expenditure

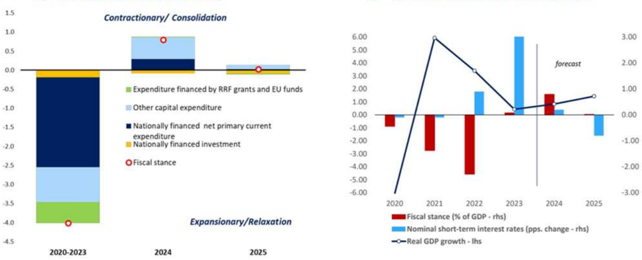


Source: European Commission 2024 spring forecast.

FISCAL STANCE 2020 >> 25

Graph 3: **Euro area fiscal stance and short-term interest rates**

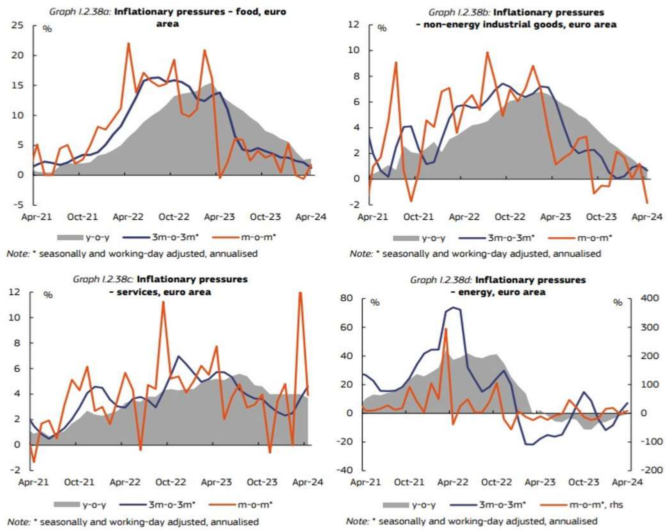
a) EA fiscal stance (% of GDP) b) EA fiscal stance and interest rates



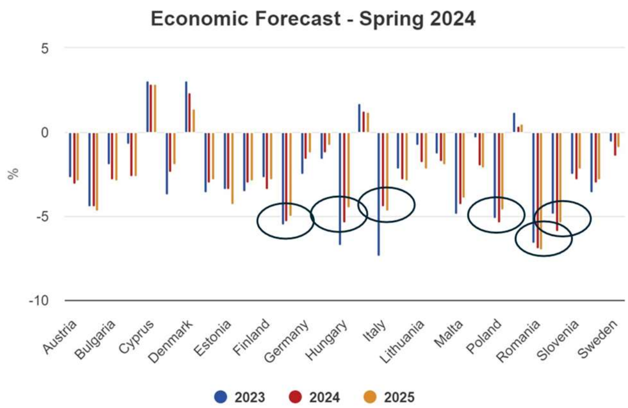
Note: in panel a) the fiscal stance for 2020-2023 is cumulative; in panel b) the fiscal stance profile in 2020-2023 does not include the temporary impact of COVID-19 emergency measures.
Source: European Commission 2024 spring forecast.

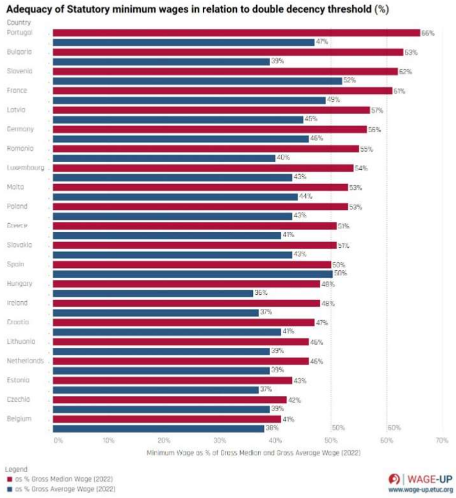
INFLATION – BY SECTORS

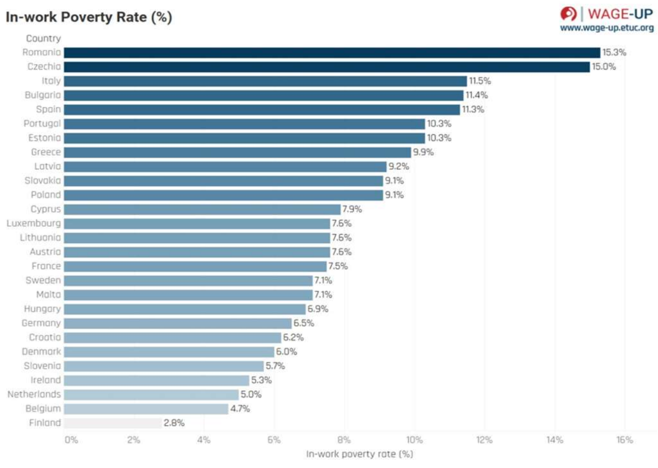
- Par 3.2

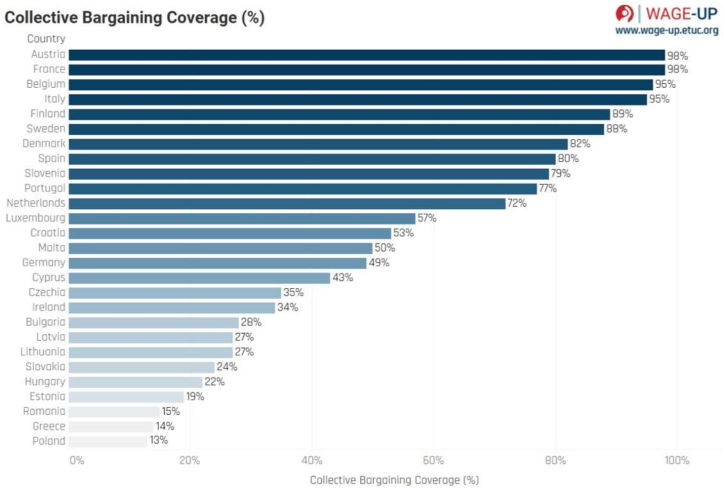


BUDGET BALANCE

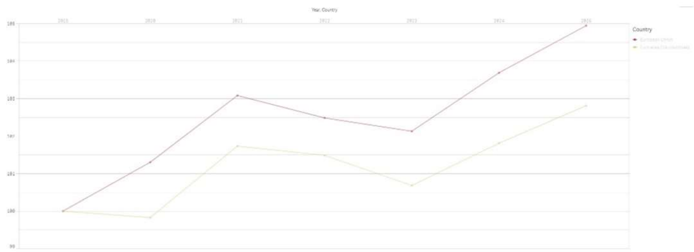



Adequacy of Statutory minimum wages in relation to double decency threshold (%)
Country
Portugal 66% 47%
Bulgaria 63% 39%
Slovenia 62% 52%
France 61% 49%
Latvia 57% 45%
Germany 56% 46%
Romania 55% 40%
Luxembourg 54% 43%
Malta 53% 44%
Poland 53% 43%
Greece 51% 41%
Slovakia 51% 43%
Spain 50% 50%
Hungary 48% 36%
Ireland 48% 37%
Croatia 47% 41%
Lithuania 46% 39%
Netherlands 46% 39%
Estonia 43% 37%
Czechia 42% 39%
Belgium 41% 38%
0% 10% 20% 30% 40% 50% 60% 70%
Minimum Wage as % of Gross Median and Gross Average Wage (2022)
Legend
as % Gross Median Wage (2022)
as % Gross Average Wage (2022)
WAGE-UP
www.wage-up.etuc.org

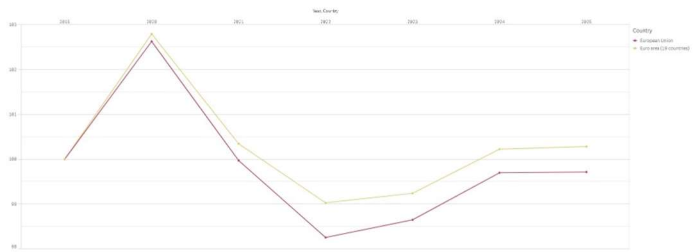

In-work Poverty Rate (%)
WAGE-UP
www.wage-up.etuc.org
Country
Romania 15.3%
Czechia 15.0%
Italy 11.5%
Bulgaria 11.4%
Spain 11.3%
Portugal 10.3%
Estonia 10.3%
Greece 9.9%
Latvia 9.2%
Slovakia 9.1%
Poland 9.1%
Cyprus 7.9%
Luxembourg 7.6%
Lithuania 7.6%
Austria 7.6%
France 7.5%
Sweden 7.1%
Malta 7.1%
Hungary 6.9%
Germany 6.5%
Croatia 6.2%
Denmark 6.0%
Slovenia 5.7%
Ireland 5.3%
Netherlands 5.0%
Belgium 4.7%
Finland 2.8%
0% 2% 4% 6% 8% 10% 12% 14% 16%
In-work poverty rate (%)



WAGE PRESSURE OR WAGE DEPRESSION? (REF. YEAR 2015)

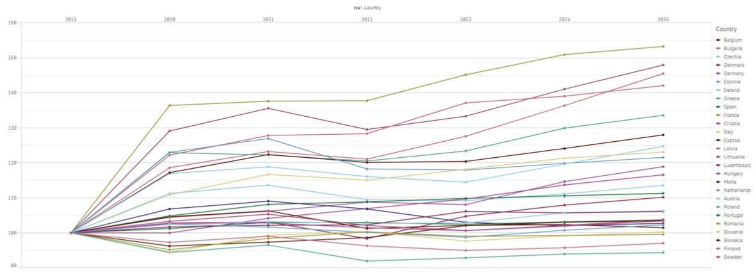


Real compensation per employee, total economy - ameco

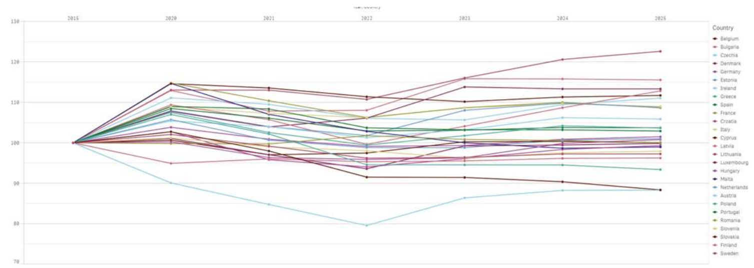


Real unit labour costs - ameco

WAGE PRESSURE OR WAGE DEPRESSION? (REF. YEAR 2015)

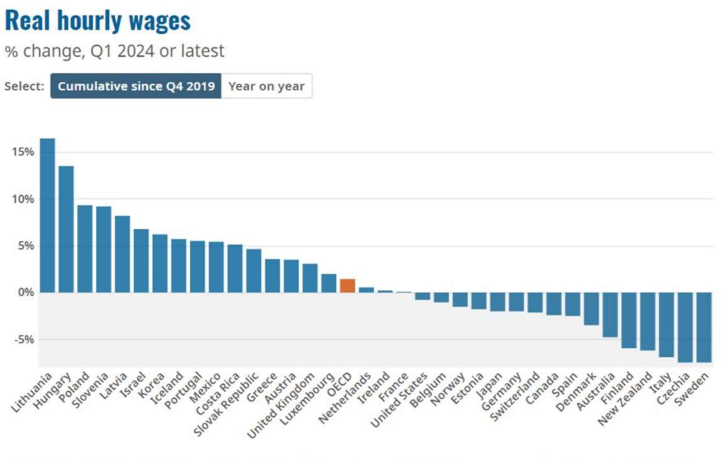


Real compensation per employee, total economy - ameco



Real unit labour costs - ameco

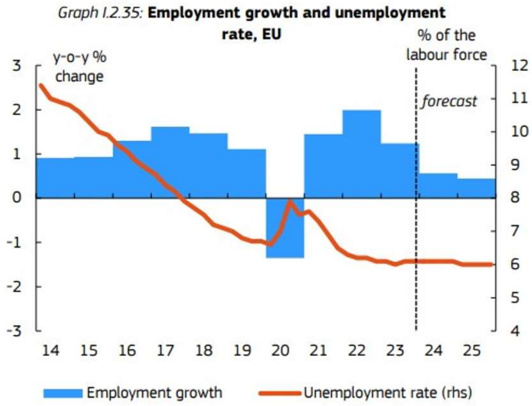
OECD: Real wages often remain below 2019 levels

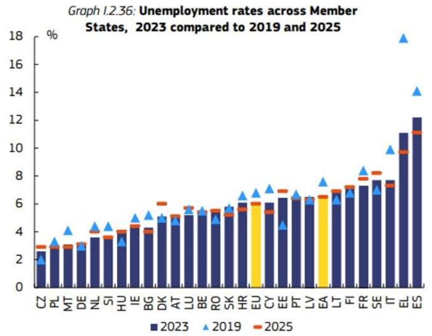


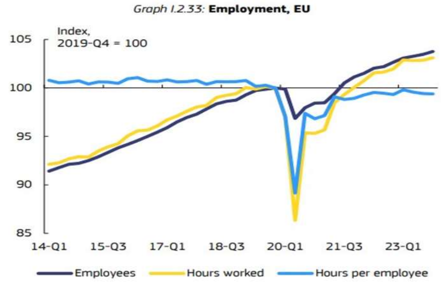
Note: OECD is the unweighted average of 35 OECD countries (not including Chile, Colombia, and Türkiye). The year-on-year percentage change in real wages refers to Q3 2023 for Israel, and Q4 2023 for Canada, Costa Rica, Japan, Korea, Mexico and New Zealand. The cumulative percentage change in real wages since Q4 2019 refers to Q3 2019-Q3 2023 for Israel, and Q4 2019-Q4 2023 for Canada, Costa Rica, Japan, Korea, Mexico and New Zealand. • Source: OECD (2024), OECD Employment Outlook 2024 (Figure 1.9).

Par 3.22

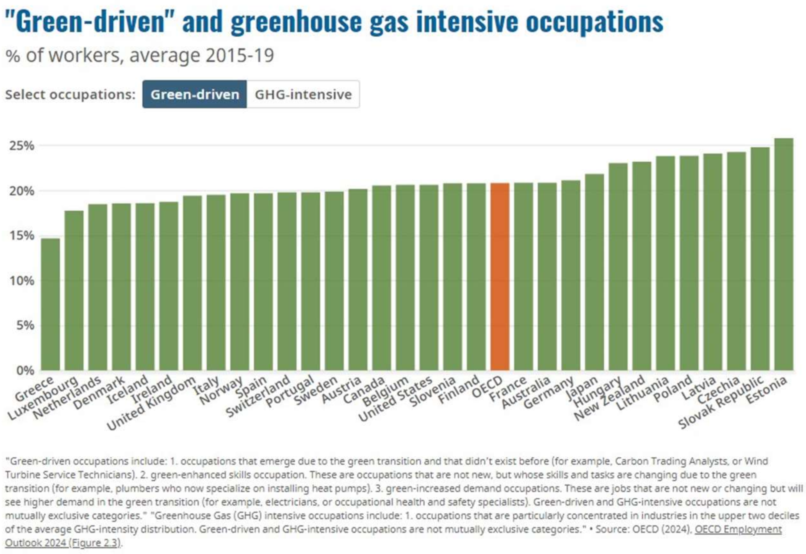
Employment vs. unemployment – national gaps







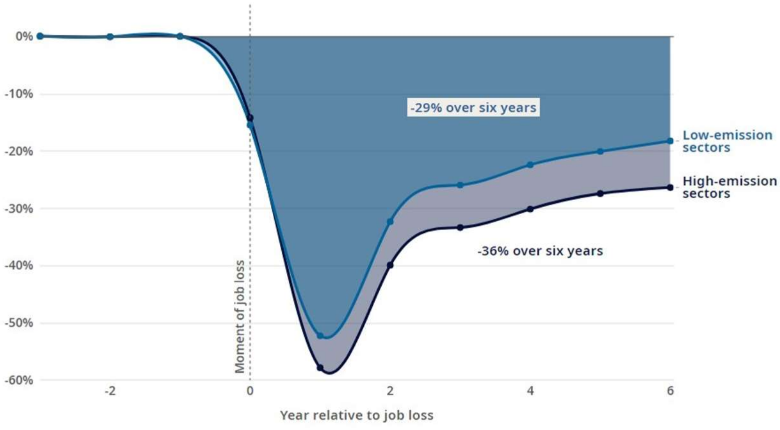
Par 3.17



Par 3.5

Earnings losses of displaced workers in differing emission sectors

% difference in annual earnings compared to non-displaced workers



Source: OECD (2024), OECD Employment Outlook 2024 (Figure 3.6).

Par 3.21

Figure 2: Potential exposure to automation by global sub-region

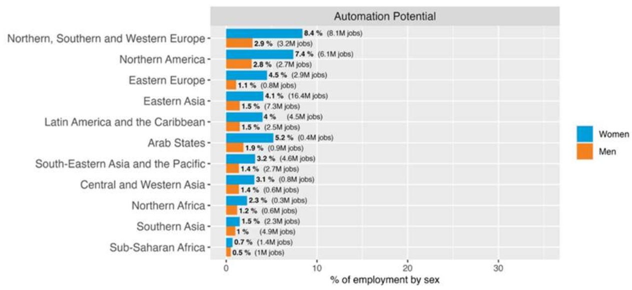


Figure 3: Potential exposure to augmentation by global sub-region

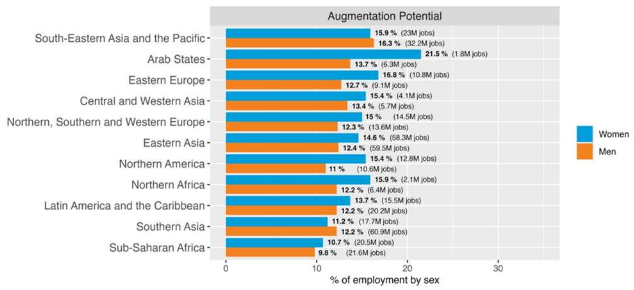
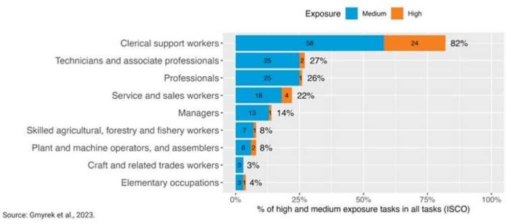


Figure 1: Tasks with medium and high-level exposure to generative AI technology by major occupational group (ISCO 1-digit)



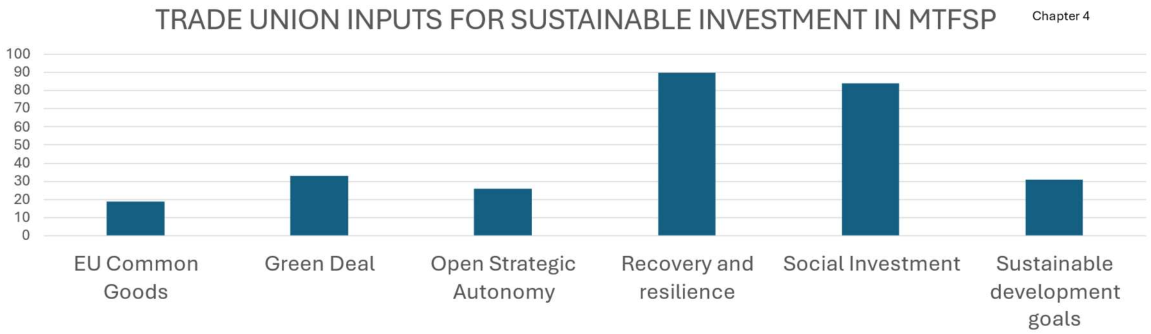
Source: Gmyrek et al., 2023.

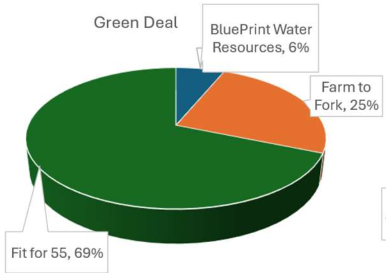
DRIVERS OF CHANGE

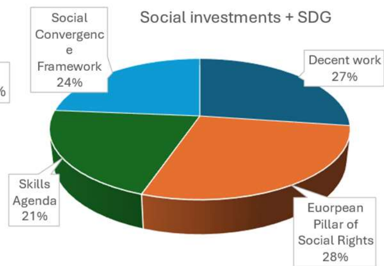
Methodology– ETUC members pick up from about 700 policy options of specific/sector programmes that implement the policy areas relevant to the EU Semester

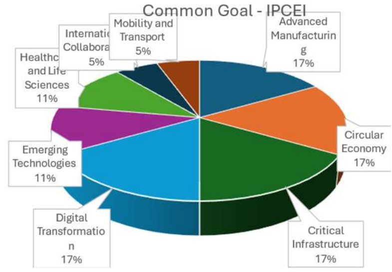
Green deal, Open strategic Autonomy, Economic Security, Digital Agenda and European Pillar Of Social Rights

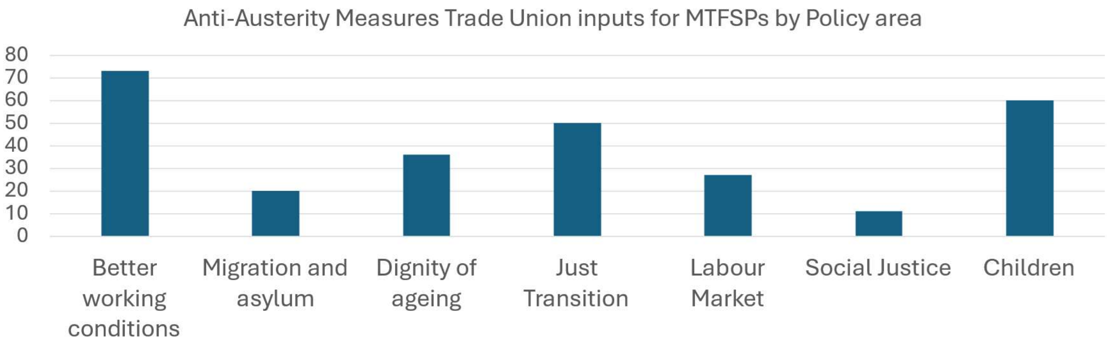
16 COUNTRIES + 2 ETUF AND 25 ORGANISATIONS

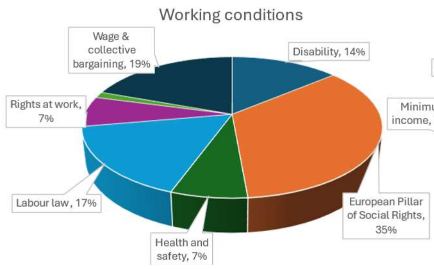


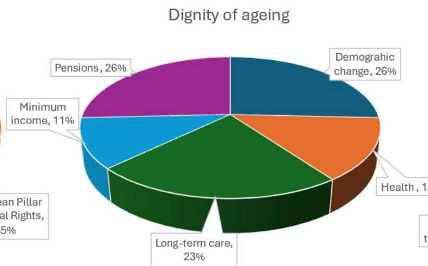


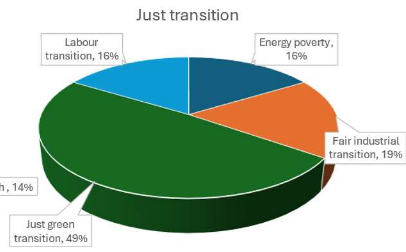




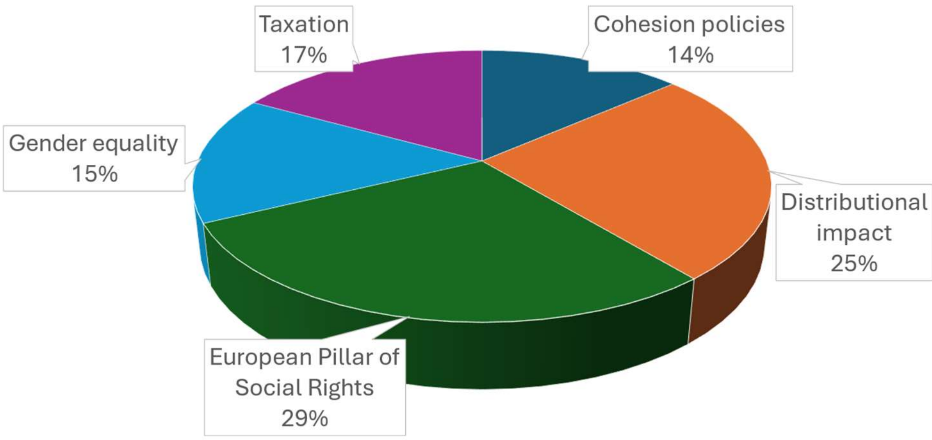




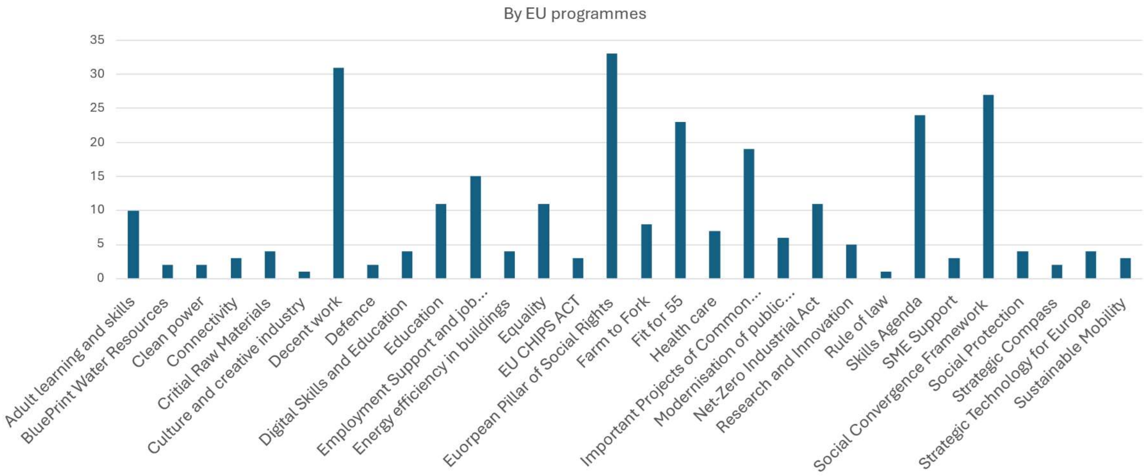




SOCIAL JUSTICE



TRADE UNION INPUTS FOR SUSTAINABLE INVESTMENT IN MTFSP



TRADE UNION INPUTS FROM RRF TO BE FOLLOWED UP IN MTFSP