



## 2025 European Semester Spring Package sets out guidance to boost EU competitiveness

Brussels, 4 June 2025

The **2025 European Semester Spring Package** analyses the key economic and social challenges across the EU and offers policy guidance to Member States with the aim of strengthening competitiveness, prosperity and resilience. To that effect, it includes country-specific recommendations (CSRs), and promotes reforms and investments aligned with these EU priorities.

The policy guidance presented comes at a time of a particularly volatile trade and security environment. It is closely linked to the Competitiveness Compass, the Commission's five-year roadmap to boost the EU's resilience and global standing. Today's package also marks the first assessment of Member States' progress under the revised [economic governance framework](#) and their fiscal-structural plans. Amid rising security challenges, the national escape clause (NEC) under the Stability and Growth Pact is also drawn upon for the first time. The aim of the NEC is to facilitate the transition to higher levels of defence expenditure while safeguarding fiscal sustainability.

### Targeted recommendations to Member States

The 2025 country reports assess economic, employment and social developments in each Member State, in line with the priorities set out in the [Competitiveness Compass](#). Member States are encouraged to boost their competitiveness by closing the innovation gap, advancing decarbonisation in line with the Clean Industrial Deal, reducing excessive dependencies, increasing security and resilience, including by building up defence capabilities and promoting skills and quality jobs while ensuring social fairness.

To support competitiveness across all sectors, the Competitiveness Compass sets out [five horizontal enablers](#) that are also reflected in the country-specific recommendations, tailored to each Member State.

This year's country reports also take stock of the implementation of **recovery and resilience plans** (RRPs) and **Cohesion Policy programmes**. With the Recovery and Resilience Facility (RRF) ending in 2026, swift and targeted implementation is essential, with most Member States having to accelerate progress. In parallel, the Commission publishes today a Communication on the RRF towards 2026, to give guidance to Member States on a smooth and successful closure of the instrument. The Commission also seeks to accelerate cohesion policy delivery, focusing on strategic priorities from the mid-term review.

Taking on board the policy objectives of the EU, this year's CSRs provide guidance tailored to the specific needs of each Member State. They reflect the scale and urgency of required action, across three key areas: *(i)* fiscal policy, including reforms to increase the effectiveness of tax policy and public expenditures, *(ii)* implementation of RRP and cohesion policy programmes, and *(iii)* outstanding and/or newly emerging structural challenges, focusing on the Competitiveness Compass.

### Strengthening fiscal sustainability

The Spring 2025 European Semester package concludes the first full year of macroeconomic surveillance under the revised governance framework. It assesses Member States' progress in implementing their medium-term fiscal-structural plans submitted last autumn. The Commission evaluates compliance by comparing projected net expenditure growth with the ceilings set by the Council or outlined in the national plans.

This year's package underscores the flexibility of the revised framework to respond to unexpected challenges. Under the [ReArm Europe Plan/Readiness 2030](#) presented in March 2025, the Commission proposed activating the **national escape clause**, allowing Member States to temporarily exceed

maximum growth rates of net expenditure to boost defence spending. \*At the request of 15 Member States (Belgium, Bulgaria, Croatia, Czechia, Denmark, Estonia, Finland, Greece, Hungary, Latvia, Lithuania, Poland, Portugal, Slovakia and Slovenia), the Commission has today adopted recommendations to the Council for the activation of the national escape clause for the countries concerned.

### **Fiscal surveillance**

Regarding Member States under excessive deficit procedure (EDP), the Commission considers that for **France, Italy, Hungary, Malta, Poland and Slovakia** no further steps need to be taken under the EDP for these countries at this stage.

For **Belgium**, following the submission of its medium-term plan, the Commission has recommended a new corrective path, currently pending Council adoption. While Belgium's projected net expenditure growth in 2025 exceeds the ceiling of this recommendation, it remains within the flexibility provided by the national escape clause.

In contrast, **Romania**'s net expenditure growth is significantly above the ceiling set by its corrective path, posing clear risks to correcting its excessive deficit by 2030. The Commission is therefore recommending that the Council adopt a decision that establishes Romania has not taken effective action.

The Commission has also assessed progress on the implementation of medium-term plans of 18 Member States. 12 Member States (**Austria, Bulgaria, Croatia, Czechia, Denmark, Estonia, Finland, Greece, Latvia, Lithuania, Slovenia, Sweden**) are assessed to be compliant with the recommended maximum net expenditure growth, taking into account flexibility under the national escape clause, if relevant. **Portugal and Spain** are broadly compliant, with limited deviations from their recommended paths. However, for **Cyprus, Ireland, Luxembourg** and **the Netherlands**, the Commission sees a risk of deviation from the recommended maximum growth rates set by the Council.

The Commission also prepared a Report under **Article 126(3)** of the Treaty on the Functioning of the EU (TFEU) to assess compliance with the Treaty's deficit criterion for four Member States: **Austria, Finland, Latvia** and **Spain**. In light of the assessment contained in the report, opening of a deficit-based excessive deficit procedure is warranted for **Austria**. After considering the opinion of the Economic and Financial Committee, the Commission intends to propose to the Council to open deficit-based excessive deficit procedures for Austria and propose to the Council recommendations to put an end to the excessive deficit situation.

### **Assessing macroeconomic imbalances**

The Commission has assessed the existence of macroeconomic imbalances in the **10 Member States** selected for [in-depth reviews](#) under the [2025 Alert Mechanism Report](#). While economic developments over the past year have helped ease some imbalances in several Member States, rising uncertainty in shifting trade context is compounding risks.

**Estonia** is **not experiencing imbalances** as vulnerabilities relating to deteriorating price and cost competitiveness and house prices seem to be contained at present.

**Cyprus** is reclassified as experiencing '**no imbalances**', as vulnerabilities related to external and private debt are receding, partly due to strong economic growth, while government debt is being reduced thanks to continued budgetary surpluses.

**Germany** is also reclassified as experiencing '**no imbalances**' as vulnerabilities related to the large current account surplus have declined over the years, and significant policy progress has recently been announced.

**Hungary, Greece, Italy, the Netherlands, Slovakia**, and **Sweden** continue to **experience imbalances**, as their vulnerabilities remain overall relevant.

**Romania** continues to **experience excessive imbalances** as its fiscal and current account deficits widened and cost competitiveness deteriorated in 2024.

### **Employment guidelines and social convergence challenges**

As part of the 2025 European Semester, the Commission is proposing updated guidelines for Member

States' employment policies, aimed at promoting fairer and more inclusive labour markets. Building on the Employment Guidelines adopted in December 2024 –which address challenges like skills and labour shortages and the need for basic and digital skills in the age of artificial intelligence – the 2025 update maintains the core priorities while adapting to new geopolitical realities and initiatives such as the Union of Skills and the Competitiveness Compass.

In line with the Social Convergence Framework, now embedded in the revised economic governance framework, the Commission has conducted a two-stage analysis of employment, skills and social challenges in each Member State. The first-stage findings are presented in the [Joint Employment Report \(JER\) 2025](#), while the more in-depth [second-stage analysis](#) was published in April 2025 for ten Member States: Bulgaria, Croatia, Estonia, Greece, Hungary, Italy, Lithuania, Luxembourg, Romania, and Spain. Overall, the second-stage analysis identified challenges to upward social convergence for three Member States (Greece, Italy and Romania), taking into account the policy responses undertaken or planned by the Member States to address the identified risks. The findings from the analysis were also discussed with Member States in the [Employment Committee](#) and the [Social Protection Committee](#) in May, ahead of the adoption of the 2025 European Semester Spring Package.

### **For more information**

[Questions and answers on the 2025 European Semester Spring Package](#)

[2025 European Semester Spring package](#)

[Spring 2025 Economic Forecast](#)

[The European Semester](#)

[The Recovery and Resilience Facility](#)

[NextGenerationEU](#)

[Cohesion Policy](#)

[The REPowerEU Plan](#)

\*Updated on 05.06.25 at 08:21

IP/25/1388

Quote(s):

*"The European Semester is the basis of a more integrated approach of the members states' economic policies. This Commission is determined to deepen our integration of the single market and to coordinate the collective efforts for competitiveness. This year's recommendations are the continuity of our reform agenda and aim at emboldening member states in their strive for more innovation, more decarbonized industries and more strategic autonomy."*

Stéphane Séjourné, Executive Vice-President for Prosperity and Industrial Strategy - 04/06/2025

*"For the first time, and as part of the Union of Skills - this Semester package contains key recommendations on skills, quality jobs and social fairness to every single country. Education is critical to having a skilled labour force, and importantly it also reinforces healthy societies and functioning democracies. Secondly, the social convergence framework is an important element of the Semester - allowing us to work closely with Member States to better understand where reforms and investments are most needed, and how best we can support them - leveraging EU funding from the RRF and ESF+, which is crucial to maintaining strong social cohesion across Europe. Investment and reforms to support people need to continue as fundamental priorities at European level."*

Roxana Mînzatu, Executive Vice-President for Social Rights and Skills, Quality Jobs and Preparedness - 04/06/2025

*"This year's European Semester Spring Package comes at a time when the EU continues to face remarkably high global uncertainty, trade tensions and grave security threats. The priorities of this year's Spring Package can be summarised in two words: competitiveness and security. Indeed, this brings us back to the basics of the European project: peace and prosperity. While the main focus of the European Semester remains fiscal sustainability and macroeconomic stability, it is likewise a key mechanism to coordinate our common push for competitiveness, security, resilience and sustainable prosperity. I look forward to engaging with Member States to drive forward our common priorities on the basis of today's Spring Package."*

Valdis Dombrovskis, Commissioner for Economy and Productivity; Implementation and Simplification - 04/06/2025

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[Read-out of the weekly meeting of the von der Leyen Commission by Roxana Mînzatu, Executive Vice-President of the European Commission, and Valdis Dombrovskis, European Commissioner, on the 2025 Spring European Semester and the 2025 Convergence Report for Bulgaria](#)