



EUROPEAN ANTI POVERTY NETWORK

REPORT

COMPETITIVENESS OR SOCIAL JUSTICE: A CHOICE TO MAKE

REFRAMING THE 2025 SPRING
PACKAGE TO PRIORITISE
SOCIAL WELL-BEING IN THE EU

2025

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Competitiveness or social justice: a choice to make

Reframing the 2025 Spring Package to Prioritise Social Well-being in the EU

Introduction

2025 marks a pivotal transition year for the European Union, with the renewal of major strategic frameworks underway. Alongside the ongoing consultation on an **EU Anti-Poverty Strategy**, scheduled for adoption in 2026, the Union is set to review and update crucial initiatives such as the [European Pillar of Social Rights \(EPSR\)](#) Action Plan and its Union of Equality strategies. In her 2025 State of the European Union address, the Commission President also announced the EU's ambition to eradicate poverty by 2050¹. This year also brings the first proposal for the next [Multiannual Financial Framework \(MFF\)](#)², the EU's long-term budget.

However, this renewal phase risks entrenching a long-standing ideological shift in EU policymaking: the prioritisation of growth and competitiveness above all else, and thereby jeopardising social and equity imperatives³. The proposal confirms a trajectory focused on market performance and global positioning, with a **€2 trillion budget** that heavily prioritises competitiveness and defence, including a fivefold increase in defence funding and the creation of a new **€522 billion Competitiveness Fund**⁴.

The European Semester⁵ and the MFF reflect the framing set out in the Mario Draghi report on [The future of European competitiveness](#), which envisions Europe's future as a global economic actor propelled by productivity gains, cost reduction, and technological leadership. At the core of this vision is the dominant belief in **infinite growth in a world of finite resources**. Competitiveness becomes the mechanism to chase that growth model, through the lowering of production costs, downward pressure on labour, and accelerated decarbonisation, measured against models like the US and China, which are scarcely associated with strong labour rights or social protection systems.

What does this mean for Social Europe? The emerging model offers **little space for robust welfare systems or democratic control over economic decisions**. Instead, it signals a deepening of deregulation and a sidelining of equity-based policymaking. The additional layering of increased defence spending reinforces a securitised vision of Europe, where security is posited *as the main* sector for growth. This shift raises critical questions: *what kind of society is being built, who bears the cost of securitisation, and whose bodies will be mobilised to enforce this vision?*

¹ European Commission, "Speech by President von der Leyen at the European Parliament Plenary Session on the State of the Union," delivered at the European Parliament, Strasbourg, September 15, 2025, https://ec.europa.eu/commission/presscorner/detail/en/speech_25_2053

² Cf. Annex 1.

³ This trend is increasingly evident, not only in the [2025 Spring Package of the European Semester](#) published on 4 June 2025 but also in the European Commission proposal for the 2028–2034 MFF published on 16 July 2025.

⁴ European Commission. *EU Budget 2028–2034*. Accessed August 28, 2025. https://commission.europa.eu/strategy-and-policy/eu-budget/long-term-eu-budget/eu-budget-2028-2034_en.

⁵ Cf. Annex 2.

For more than a decade, EAPN has closely monitored the Semester, consistently highlighting its failure to place social rights and poverty eradication at the heart of its agenda. Instead, the Semester continues to prioritise macroeconomic stability, fiscal discipline, unequal productivity gains, and competitiveness over social justice, relegating it to a secondary concern or a stepping stone for the former.

The 2025 European Semester cycle exposes the **growing disconnect between the EU's stated headline targets under the EPSR and the macroeconomic and fiscal policies pursued**. Despite commitments to reduce the number of people at risk of poverty or social exclusion by at least **15 million by 2030** – including **5 million children** – progress remains deeply insufficient. In 2024, at least 93.3 million people in the EU (over 21% of the population) were still at risk of poverty or social exclusion, only 1.3 million fewer than in 2023⁶.

This bleak reality underlines the urgent need to rebalance the Semester, transforming it into a truly **Social Semester** that prioritises social justice. Unless the EU and its member-states fundamentally reorient their policies towards social investment and protection, the promise of a fairer, more inclusive Europe will remain beyond reach.

This position paper provides EAPN's analysis of the 2025 Spring Package published by the European Commission on 4 June 2025, making the case for greater prioritisation of social rights and poverty eradication within the European Semester. It is based on a detailed examination of the following documents:

- [2025 European Semester: Spring Package Communication](#)
- [2025 European Semester: Country Reports](#)
- [2025 European Semester: Country Specific Recommendations / Commission Recommendations](#)
- [2025 European Semester: Employment Guidelines](#)
- [2025 European Semester: Recommendations on activating the National Escape Clause](#)
- [2025 European Semester: Report under Article 126\(3\) of the Treaty on compliance with the deficit and debt criteria](#)
- [2025 European Semester: Excessive Deficit Procedure – Romania](#)
- [2025 European Semester: National medium-term fiscal structural plans \(endorsement of the plan of Lithuania\)](#)
- [2025 European Semester: Opinions on draft budgetary plans \(opinion on the draft budgetary plan of Belgium\)](#)

The irreconcilable trade-off of social progress for competitiveness

“To drive long-term prosperity and resilience, the EU is aligning its economic governance with a renewed focus on competitiveness. The Competitiveness Compass defines the Commission's priorities for the next five years... The European Semester is a key mechanism for delivering on these priorities.”

(European Commission, 2025 Spring Package)

⁶ “Eurostat Updated Poverty and Social Exclusion Statistics for the EU in May 2025.” Accessed August 28, 2025. <https://www.eapn.eu/eurostat-updated-poverty-and-social-exclusion-statistics-for-the-eu-in-may-2025/>.

At a time when at least **93.3 million people in the EU**⁷ are still at risk of poverty or social exclusion, the European Commission's 2025 Spring Package reveals a clear political prioritisation: **fiscal discipline and competitiveness trump social rights**. The renewed emphasis on competitiveness as an 'overarching objective' permeates the 2025 European Semester and the European Commission's July proposal for the 2028–2034 Multiannual Financial Framework (MFF). It is framed not only as an economic imperative but also as the cornerstone of Europe's future prosperity and resilience. This framing draws heavily from Mario Draghi's report, *The Future of European Competitiveness*⁸, which has become a key ideological reference for EU economic governance.

"Europe's fundamental values are prosperity, equity, freedom, peace, and democracy in a sustainable environment. The EU exists to ensure that Europeans can always benefit from these fundamental rights. [...] The only way to meet this challenge is to grow and become more productive, preserving our values of equity and social inclusion. And the only way to become more productive is for Europe to radically change."
— Draghi Report, 2024

This statement encapsulates the core assumption at the heart of current EU policy: **that social inclusion ultimately sustains, or even strengthens, market-driven growth and competitiveness, which in turn improves people's well-being**. Yet this assumption is deeply ideological, rooted in a neoliberal model, while reality calls for a more nuanced, critical analysis. Since the Second World War, the so-called 'trickle-down' economy and the invisible hand of the market have in fact been tempered by strong social policies and labour laws. This current economic trajectory is not inevitable but a political choice that determines *who benefits from growth and at what cost*.

The "radical change" proposed by Draghi rests on three main axes:

1. **Closing the innovation gap with the US and China**, particularly in advanced technologies and in decarbonisation.
2. **Decarbonisation as a growth opportunity**, dependant on competitiveness, to overcome the dependency on fossil resources.
3. **Security as a precondition for growth**, framing investment in defence and geopolitical resilience as essential for prosperity.

Each of these pillars now directly informs the 2025 Semester and its Country-Specific Recommendations (CSRs). In 2025, **all EU Member States were urged to "make optimal use of EU instruments, including the opportunities provided by InvestEU and the Strategic Technologies for Europe Platform, to improve competitiveness."** For instance, Poland is advised to strengthen competitiveness in "research and innovation, skills and education, and the

⁷ Eurostat. "People at Risk of Poverty or Social Exclusion (Custom Extraction)." Accessed August 28, 2025.

https://ec.europa.eu/eurostat/databrowser/view/ilc_peps01n_custom_16248875/bookmark/table?lang=en&bookmarkId=f324bf0e-5b63-446f-b243-94089a70015a&c=1744619026707&page=time:2024.

⁸ European Commission. *The Future of European Competitiveness: A Competitiveness Strategy for Europe*. Accessed August 28, 2025. https://commission.europa.eu/document/download/97e481fd-2dc3-412d-be4c-f152a8232961_en?filename=The%20future%20of%20European%20competitiveness%20_%20A%20competitiveness%20strategy%20for%20Europe.pdf.

clean transition”⁸; while Spain is urged to ⁹ EU funding to “boost competitiveness and growth,” in parallel with increased defence and energy transition spending¹⁰.

Social goals are consistently presented as a condition, to be delivered by the presumed trickle-down effect of market-led expansion, rather than pursued as priorities in their own right.

This shortfall is hardly surprising when placed alongside:

- **the normalisation of austerity** and the compression of public spending under fiscal rules¹¹;
- **the push for labour-market “flexibility”** in several CSRs (e.g., Belgium¹², Greece¹³, Hungary¹⁴), which undermines social protection and increases in-work poverty;
- **the strategic use of instruments like InvestEU** to enhance productivity and competitiveness without equivalent support for investing in care, housing, or social infrastructure¹⁵.

“Policies to strengthen competitiveness are key to give the EU economy a boost and promote sustainable prosperity.”

— *European Commission, 2025 Spring Package*

But whose prosperity? And at what cost?

For instance, regarding the emphasis on **technological competition with the US and China**, Draghi identifies it as the first and most urgent axis of competitiveness. However, this comparison fails to account for the **deep social costs** underpinning those models: deregulated labour markets where economic dynamism is achieved by externalising costs onto workers and communities, weak welfare systems, and minimal democratic oversight over economic decision-making. Importing such logics into the European context undermines social fairness by eroding social protection systems and deepening inequalities.

The second pillar, **decarbonisation as a growth driver**, is equally telling, as the liberal economy is always seeking new market shares and space for growth. The narrative positions climate action as an economic opportunity rather than a social and ecological necessity. Without a clear

¹⁰ Ibid

¹¹ European Commission. *Proposal COM(2025) 200 Final*. Accessed August 28, 2025. https://commission.europa.eu/document/download/5e1e7cfe-a9e0-47ad-aac9-e850e5739589_en?filename=COM_2025_200_1_EN_ACT_part1_v3.pdf.

¹² European Commission. *Proposal COM(2025) 201 Final*. Accessed August 28, 2025. https://commission.europa.eu/document/download/3fc66825-87e4-4ccd-98d1-8094997cf079_en?filename=COM_2025_201_1_EN_ACT_part1_v3.pdf.

¹³ European Commission. *Proposal COM(2025) 208 Final*. Accessed August 28, 2025. https://commission.europa.eu/document/download/85a2084c-36ee-4495-9258-bde3413aec8f_en?filename=COM_2025_208_1_EN_ACT_part1_v3.pdf.

¹⁴ European Commission. *Proposal COM(2025) 217 Final*. Accessed August 28, 2025. https://commission.europa.eu/document/download/60e352ef-04a5-45ba-8793-717029584168_en?filename=COM_2025_217_1_EN_ACT_part1_v3.pdf.

¹⁵ European Commission. *Proposal COM(2025) 200 Final*. Accessed August 28, 2025. https://commission.europa.eu/document/download/5e1e7cfe-a9e0-47ad-aac9-e850e5739589_en?filename=COM_2025_200_1_EN_ACT_part1_v3.pdf.

commitment to a just transition that centres affected workers, communities, and rights, the risk is that decarbonisation becomes yet another avenue for market expansion — **a tool to extract competitive advantage rather than deliver social and climate justice** where profits cannot be made.

Finally, Draghi's assertion that **"security is a precondition for sustainable growth"** is echoed in both the Semester and MFF proposals, where a dramatic increase in defence funding is justified as necessary to safeguard prosperity. Yet, this promise of prosperity is not guaranteed for all. Security and surveillance measures tend to disproportionately affect minorities. Military and technological industries are frequently deployed in ways that reinforce existing inequalities, particularly for ethnic minorities and migrants, thereby legitimising discriminatory practices, criminalisation, and violence¹⁶.

The contradiction is stark: **EU institutions invoke inclusion and justice rhetorically, while doubling down on fiscal orthodoxy, rearmament, and deregulation in practice.** In doing so, they promote a vision of prosperity defined by profit margins, not by people's rights or collective well-being. The current trajectory risks deepening inequality, weakening trust in the EU project, and further drifting from the Union's founding values, as enshrined in Article 2 of the Treaty on European Union:

"The Union is founded on the values of respect for human dignity, freedom, democracy, equality, the rule of law, and respect for human rights [...] in a society in which pluralism, non-discrimination, tolerance, justice, solidarity, and equality between women and men prevail."

Militarisation as a New Budgetary Priority and Its Social Trade-Offs

At the 2025 NATO Summit in The Hague, Allies committed to a historic escalation: **investing 5% of GDP annually in core defence requirements and related security spending by 2035**¹⁷. Of this, at least 3.5% of GDP will go to NATO-defined defence expenditure, with up to 1.5% for areas such as protecting critical infrastructure, defending networks, ensuring civil preparedness, and strengthening the defence industrial base¹⁸. Secretary-General Mark Rutte hailed the move as "a quantum leap in defence spending that will guarantee the freedom and security of our one billion people."

The EU is racing to match this ambition. The 2025 Spring Package delivers a clear message: **defence comes first.** Every Member State receives the same Country-Specific Recommendation (CSR):

"Reinforce overall defence spending and readiness in line with the European Council conclusions of 6 March 2025. Adhere to the maximum growth rates of net expenditure recommended by the Council on 21 January 2025, while making use of the allowance under the national escape clause for higher defence expenditure."

Under the revised EU fiscal framework, countries must keep their budget deficits below 3% of GDP and public debt under 60% of GDP, or risk sanctions under the Excessive Deficit Procedure (EDP)¹⁹. The Commission has carved out an exception: overspending on defence will be tolerated and even encouraged. Meanwhile, Member States investing "too much" in public services, decent wages for care workers, adequate minimum income schemes, or climate-resilient

¹⁶ PICUM. *Digital Technology, Policing and Migration: What Does It Mean for Undocumented Migrants?* Brussels: PICUM, 2022.

¹⁷ NATO. *NATO's Role in Collective Defence*. Accessed August 28, 2025.
https://www.nato.int/cps/en/natohq/topics_49198.html.

¹⁸ Ibid.

¹⁹ Cf. Annex 3.

infrastructure risk sanctions. This asymmetric treatment is not merely a technical matter; it reflects a dangerous new consensus: that **military power is a strategic necessity, while social and climate justice are luxuries.**

Where poverty is mentioned in CSRs, it is often framed as a matter of fiscal caution. For example: Estonia's CSR calls to "reduce the risk of poverty [...] while maintaining fiscal sustainability"²⁰. This is a recurring formulation that pits social investment against budget discipline rather than recognising it as a driver of resilience and cohesion.

The Mario Draghi report on [The future of European competitiveness](#) frames the acceleration of military investment as a geopolitical necessity: Europe faces conventional warfare on its Eastern border and hybrid threats across the continent, including cyberattacks, attacks on energy infrastructure, and interference in democratic processes. This is paralleled by the US pivot away from Europe due to the perceived threat of China, which reduces its willingness to guarantee Europe's security to the same extent as before. This implies that Europe must fill its own capability gaps without support from the US. **But two elements of this narrative deserve to be challenged.**

First, the idea that US attention is a precondition for Europe's security is an assumption that entrenches dependence rather than fostering genuine autonomy. It presents Washington's priorities as the baseline for European policy, even when they diverge from Europe's long-term interests and priorities as expressed by its citizens, leaving little room to define security in ways that address the structural drivers of instability.

Second, the claim that European defence spending has been "low" or "neglected" is misleading. In reality, military budgets have risen steadily since 2014²¹, with cumulative increases far outpacing those in social spending.

What is new is **the scale and speed of escalation**, driven by industrial policy goals such as boosting productivity, expanding the defence manufacturing base, and integrating defence into the growth agenda. In June 2024, the Commission estimated that an additional €500 billion will be needed over the next decade to rebuild capabilities, replenish stocks sent to Ukraine, and develop military innovation²². These are not 'catch-up' figures from a low baseline; they reflect **a deliberate prioritisation of military-industrial expansion** within Europe's fiscal and policy frameworks, entailing significant opportunity costs for social investment.

The MFF 2027-2034 proposal reflects this escalation, with **two of the four budgetary headings highlighting a key focus on security²³**. In contrast, fundamental rights, social rights, and poverty eradication are scarcely mentioned, or are framed merely as prerequisites for achieving security and economic goals, including social resilience as a source of competitiveness.

²⁰ European Commission. *Proposal COM(2025) 206 Final*. Accessed August 28, 2025.

https://commission.europa.eu/document/download/771b483b-1bd0-4b5c-8d6a-624a4fd11050_en?filename=COM_2025_206_1_EN_ACT_part1_v3.pdf.

²¹ Council of the EU. *Defence in Numbers*. Accessed August 28, 2025.

<https://www.consilium.europa.eu/en/policies/defence-numbers/>.

²² European Parliament Research Service. *Briefing: The EU Defence Package*. Brussels, 2024.

[https://www.europarl.europa.eu/RegData/etudes/BRIE/2024/762383/EPRS_BRI\(2024\)762383_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2024/762383/EPRS_BRI(2024)762383_EN.pdf).

²³ European Commission. *EU Budget 2028–2034*. Accessed August 28, 2025.

https://commission.europa.eu/strategy-and-policy/eu-budget/long-term-eu-budget/eu-budget-2028-2034_en.

Towards a Social, Green, and Democratic European Semester

How can we reframe the European Semester as an instrument for a social, green, and democratic Europe? This shift requires moving beyond macroeconomic coordination towards a framework that truly supports these goals, shifting the focus from fiscal targets to people's well-being and the fight against poverty.

A Political Choice for Poverty Eradication and Well-Being

Reframing the Semester begins by placing social rights and investment in people's well-being at its core. Poverty reduction should not be treated as a by-product of growth; **it must be recognised as a political choice that demands adequate social spending, stronger protection, and policies addressing structural and systemic inequalities.**

A central example is digitalisation. CSRs often highlight it as a driver of competitiveness. For instance, in **Italy**, the Commission recommends “*accelerat[ing] the digitalisation of businesses, in particular SMEs, and support[ing] the adoption of advanced digital technologies to boost productivity and competitiveness²⁴*”. For many people, the digitalisation of services deepens exclusion, creating new barriers to social benefits, employment, and essential services²⁵. In 2022, 7.6% of people at risk of poverty in the EU could not afford an internet connection²⁶. In 2023, only 56% of 16 to 74-year-olds in the EU had at least basic digital skills²⁷. By presenting digitalisation primarily as an economic tool, the Semester overlooks its role in widening divides and marginalising those already at risk of poverty.

What is digital poverty?

EAPN defines digital poverty as the inability to interact adequately with digital devices and spaces, due to a lack of skills, resources — such as electricity, smartphones, and laptops — or internet access.

The same narrow lens applies to other social rights. For example, in Bulgaria, Roma communities and people with disabilities are referenced only in terms of labour market activation, with no mention of discrimination, poor access to services, or material deprivation. This approach places responsibility for exclusion on individuals rather than tackling systemic barriers²⁷.

The green transition is similarly framed through the prism of competitiveness. Decarbonisation and the green transition are presented as a growth strategy, disconnected from the social realities of climate change. Without integrating a lens of social justice, vulnerable groups continue to be

²⁴ European Commission. *Proposal COM(2025) 212 Final*. Accessed August 28, 2025.

https://commission.europa.eu/document/download/9b4eda03-8bee-43fc-9011-0ef2586653ba_en?filename=COM_2025_212_1_EN_ACT_part1_v4.pdf.

²⁵ European Anti-Poverty Network. *EAPN Conference Report 2024*. Accessed August 28, 2025.

https://www.eapn.eu/wp-content/uploads/2024/08/eapn-643004_Event-5952.pdf.

²⁶ European Commission. *Access to Essential Services: Key Challenges for the Most Vulnerable*. June 28, 2023. https://employment-social-affairs.ec.europa.eu/news/access-essential-services-key-challenges-most-vulnerable-report-2023-06-28_en.

²⁷ European Commission. *Proposal COM(2025) 202 Final*. Accessed August 28, 2025.

https://commission.europa.eu/document/download/7c4a6dd6-e086-41fa-aab0-7b6be0cd5b40_en?filename=COM_2025_202_1_EN_ACT_part1_v4.pdf.

excluded and further disadvantaged by climate policies, despite being the least responsible for the crisis²⁸. Access to clean and affordable energy must be treated as a right, not an afterthought.

These gaps expose systemic weaknesses in the Semester's governance:

- **Social rights are not mainstreamed** across the cycle. Unlike macroeconomic priorities, they lack dedicated tools, proper monitoring, and real political weight.
- **No social impact assessment** accompanies fiscal recommendations, even when measures risk undermining access to essential services. This reflects an economic orthodoxy that assumes fiscal discipline will automatically foster growth, despite limited evidence and growing social costs.
- Despite **the 2020 and 2023 Semester Communications, which explicitly recognise the importance of civil society participation in policymaking**²⁹, civil society, including people experiencing poverty, report having little real influence on national reform programmes or the Semester process.

A European Semester for a democratic and fair Europe

The Draghi Report presents the United States and China as key benchmarks for Europe's competitiveness³⁰. Yet neither offers a viable model for a fair and democratic Europe. The US relies on labour market deregulation and limited welfare provision, creating deep inequalities. China's economic success is tied to a securitised and authoritarian model that comes at the expense of democracy and fundamental freedoms. If the European Union uses these countries as reference points without questioning the social and democratic costs, **it risks aligning Europe with models fundamentally at odds with its own values**. Across Europe, the securitisation of society is not only diverting resources away from social investment but also **undermining democratic rights and justice**. Research shows that securitisation tends to reduce civil liberties, particularly when minorities or migrants are framed as 'threats' and subsequently excluded from rights, services, and full participation in society³¹.

All of this matters at a time when public trust in EU institutions is weakening. Low voter turnout in recent EU parliamentary elections and growing scepticism towards the EU's technocratic approach show that citizens do not feel included in shaping its economic and social priorities³². **Despite the 2020 and 2023 Semester Communications, which explicitly recognise**³³, the Semester, in its current form, exemplify this gap: decisions with profound social impacts are made without meaningful participation of civil society or people experiencing poverty, at national

²⁸ Alliance for a Just Transition. *A Vision for a Just Transition*. February 2025.

<https://alliancejusttransition.eu/wp-content/uploads/2025/02/Vision-Just-Transition-final-EN-09FEB2025.pdf>.

²⁹ Council of the EU. *Council Recommendation (EU) 2023/2836*. Accessed August 28, 2025. <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32023H2836>.

³⁰ European Commission. *The Future of European Competitiveness: A Competitiveness Strategy for Europe*. Accessed August 28, 2025. https://commission.europa.eu/document/download/97e481fd-2dc3-412d-be4c-f152a8232961_en?filename=The%20future%20of%20European%20competitiveness%20_%20A%20competitiveness%20strategy%20for%20Europe.pdf.

³¹ DOI. "KZOZ4150." Accessed August 28, 2025. <https://doi.org/10.51870/KZOZ4150>.

³² European Policy Centre. *A European Agenda to Navigate Uncertain Times*. 2024. https://epc-web-s3.s3.amazonaws.com/content/A_European_Agenda_To_Navigate_Uncertain_Times_v1_2024.pdf.

³³ Council of the EU. *Council Recommendation (EU) 2023/2836*. Accessed August 28, 2025. <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32023H2836>.

and EU levels. A Semester that truly responds to the needs of Europeans must also be informed and shaped by them through structured dialogue, funding, and real participation across all stages of the cycle. A socially fair and democratic Europe is one that advances social rights for all, starting with those most at risk of being left behind.

Recommendations:

Rebalance Economic Governance to Prioritise Social Rights

- **Turn the European Semester into a Social Semester**, with social and environmental objectives at its centre, ensuring that economic and fiscal policies serve the goal of poverty eradication rather than overriding it.
- **Embed the European Pillar of Social Rights (EPSR) targets into the core of the European Semester** by **making poverty eradication a binding objective** of economic coordination, not a stepping stone for growth.
- **Ensure coherence between the Semester, the EPSR Action Plan, and the upcoming EU Anti-Poverty Strategy**, with specific, measurable targets and robust monitoring indicators, beyond the current social scoreboard.
- **Require social distributional impact assessments³⁴** of all Country-Specific Recommendations (CSRs), especially those related to budget cuts, deregulation, or digitalisation.
- **Ensure all Member States receive minimum income-related CSRs** based on the 2023 Council Recommendation on Adequate Minimum Income. Encourage Member States to reform their tax systems to ensure sustainable funding for adequate minimum income schemes (MIS), for instance, through the European Semester Country-Specific Recommendations (CSRs).

Redesign Fiscal Rules to Enable Social Welfare

- **Include social spending (e.g., healthcare, education, housing, social protection)** in the definition of 'productive investment'.
- **Make the ambitious political decision to exclude social and green investments from the 3% deficit-to-GDP ratio outlined by the Stability and Growth Pact and the Excessive Deficit Procedure**, allowing greater fiscal space for social and green investment, not just defence spending.

Address Digital Poverty as a Structural Barrier

- **Prioritise public service accessibility** (in-person access to welfare services) to ensure digitalisation does not exclude the most marginalised.
- **Integrate digital poverty indicators** into the European Semester and ensure digitalisation policies include safeguards for those at risk of exclusion and discrimination.

³⁴ European Commission, "Distributional Impact Assessment," Directorate-General for Employment, Social Affairs and Inclusion, accessed September 18, 2025, https://employment-social-affairs.ec.europa.eu/policies-and-activities/social-protection-social-inclusion/addressing-poverty-and-supporting-social-inclusion/access-essential-services/distributional-impact-assessment_en#:~:text=Distributional%20Impact%20Assessment%20is%20an,various%20groups%20of%20the%20population.

- **Develop digital literacy initiatives in the MFF post-2027**, promoting digital skills and prioritising access to affordable internet and devices for the most marginalised.
- **Enforce a memorandum on the use of AI and data-driven welfare policies** to fully assess their implications and the potential risks of surveillance, control, and discrimination against people experiencing poverty and vulnerable groups³⁵.

Reframe the Green and Digital Transitions as Socially *Just* Transitions

- **Ensure all CSRs on climate and digital policy include social dimensions**, such as affordability, job creation for vulnerable groups, and targeted support for affected communities.
- **Develop Just Transition Plans for all Member States**, not only coal-dependent regions, with ringfenced funding for social mitigation measures.
- **Mainstream the principle of ‘leave no one behind’** in climate, digital, and competitiveness-related reforms.

Shift From Market-Driven Narratives to Rights-Based Approaches

- **Put democracy, transparency, and accountability at the centre of the Semester.**
- **Implement the 2020 Semester Communication that explicitly recognises the importance of civil society participation in policymaking** at every stage of the European Semester Process, with concrete follow-up on their input and recommendations.
- **Provide EU-level guidance and funding for participatory processes**, ensuring the inclusion of people experiencing poverty in economic and social policy design.
- **Replace competitiveness as the overarching objective** of the Semester with a more balanced framework focused on *well-being, equality, and sustainability*.

Conclusion

The 2025 Spring Package exposes a worrying imbalance: competitiveness and defence have become the guiding principles of EU economic governance, while social rights and equality remain sidelined — if not sacrificed.

A different path is possible. The Semester must be transformed into a genuine Social Semester, where economic coordination serves the goal of well-being, equality, and sustainability. Fiscal rules must be redesigned to recognise social investment as essential rather than optional, and the governance process must open up to meaningful civil society participation.

If the EU is serious about its commitment to eradicate poverty by 2050, it must be prepared to address poverty in all its dimensions.

If the EU is to remain a project rooted in dignity, equality, and democracy, it must resist the temptation to sacrifice social progress for short-term competitiveness and wealth for the few.

³⁵ European Anti-Poverty Network (EAPN), *An Exploratory Study on the Use of Digital Tools by People Experiencing Poverty*, August 6, 2024, <https://www.eapn.eu/an-exploratory-study-on-the-use-of-digital-tools-by-people-experiencing-poverty/>

Instead, it must embrace a vision of prosperity defined not by profit margins but by the well-being of its people. The choice between competitiveness and social justice is neither technical nor inevitable — it is profoundly political. It is time for the Union to choose justice.

Annex 1:

What is the Multiannual Financial Framework of the European Union?

The **Multiannual Financial Framework (MFF)³⁶ of the European Union (EU)**, also called the financial perspective, is a seven-year framework regulating the EU's annual budget. Proposed by the European Commission, it is laid down in a unanimously adopted Council Regulation with the consent of the European Parliament. The financial framework sets the maximum level of spending in the EU budget each year for broad policy areas ('headings') and fixes an overall annual ceiling on payment and commitment appropriations.

Annex 2:

What is the European Semester?

The European Semester is an annual process that coordinates the EU's economic, environmental, and social policies. During the Semester, EU Member States align their budgetary and economic strategies with the objectives and rules agreed at EU level.

The Semester timetable **follows a recurring cycle:**

- **Autumn Package (November–December)³⁷:** The European Commission sets out its economic and social priorities for the upcoming year, launching the Semester cycle.
- **Spring Package (May–June)³⁸:** Based on the **National Reform Programmes (NRPs)** and **Stability or Convergence Programmes (SCPs)** submitted by Member States, the Commission publishes:
 - **Country Reports**, which assess the economic and social situation in each country, including their reform efforts.
 - **Country-Specific Recommendations (CSRs)**, which offer tailored policy guidance to each member state.

³⁶ European Parliament. *Multiannual Financial Framework. Fact Sheets on the European Union*. Accessed August 28, 2025. <https://www.europarl.europa.eu/factsheets/en/sheet/29/multiannual-financial-framework>.

³⁷ European Commission. *European Semester Autumn Package*. Accessed August 28, 2025. https://commission.europa.eu/business-economy-euro/european-semester/european-semester-timeline/european-semester-autumn-package_en.

³⁸ European Commission. *European Semester Spring Package*. Accessed August 28, 2025. https://commission.europa.eu/business-economy-euro/european-semester/european-semester-timeline/european-semester-spring-package_en.

The European Semester is a mandatory governance tool for coordinating and monitoring the implementation of social and economic policies across the EU. Member States are obliged to implement the CSRs or provide clear justification for non-compliance.

For EAPN, ensuring that the Semester delivers **strong, binding, and socially ambitious CSRs** is a key advocacy priority. The **Social Scoreboard**, as the main monitoring instrument for the EPSR, must be used more effectively to hold governments accountable and trigger corrective recommendations where social progress is lacking.

Annex 3:

What is the Excessive Deficit Procedure?

The Excessive Deficit Procedure (EDP) is a mechanism aiming to limit national deficits and debt levels under the Stability and Growth Pact (SGP). It requires Member States to keep their budget deficit below 3% of GDP and public debt below 60% of GDP. Failure to comply can result in fines, placing states in an even more challenging budgetary situation.