

## POSITION PAPER

### RREUSE COMMENTS ON THE EUROPEAN SEMESTER 2020

#### EXECUTIVE SUMMARY

The European Semester serves as the framework to coordinate macroeconomic policies across the European Union. Since 2018, RREUSE conducts an annual analysis of the European Semester, taking stock of how the National Reform Programmes (NRPs) and the Country Specific Recommendations (CSRs) consider circular and social economies.

The European Semester 2020 coincided with an unprecedented economic shock resulting from the COVID-19 pandemic prompting governments and the European Commission to focus their efforts on dealing with the socio-economic consequences caused by the crisis. Nevertheless, RREUSE is pleased that 21 Member States reference the importance of the circular economy and 14 of them address the social economy in their NRPs, with at least one country making the link between the two. While highlighting the circular economy as a viable pathway to recovery is promising, CSRs fell short in addressing structural inequalities amplified by the pandemic.

Hence, RREUSE put forward a list of recommendations to the Member States governments and the European Commission encouraging them to apply a holistic approach to the European Semester process, embracing environmental, social and economic dimensions.

*RREUSE is a non-profit network organisation representing social enterprises active in the circular economy, notably in re-use, repair and recycling. RREUSE currently has 30 members from 26 countries in Europe and the USA, federating a wider network of approximately 850 individual social enterprises. These organisations collectively handle 1 million tonnes of goods and materials annually through which they provide job and training opportunities to over 100,000 individuals, many of whom are at risk of social exclusion. RREUSE's mission is to ensure that policies, innovative partnerships and exchange of best practices promote and develop the role of social enterprise and local inclusive jobs in the circular economy.*

## INTRODUCTION

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Introduced in 2010, the European Semester<sup>1</sup> is a multi-annual exchange between the European Commission and Member States, providing a structure to coordinate macroeconomic policies across the European Union (EU). The goal of the European Semester is to ensure macroeconomic stability and economic growth, as well as promote social inclusion and the principles of the European Pillar of Social Rights. The European Semester 2020 coincided with an unprecedented economic shock resulting from the COVID-19 pandemic. This highlighted the importance of unified efforts to ensure economic recovery and apply a holistic approach to address economic, social and environmental dimensions.

## NATIONAL REFORM PROGRAMMES

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Each year, Member States put forward their NRPs<sup>2</sup> outlining the main policies aimed at boosting growth and jobs and countering microeconomic imbalances. Some sections of the NRPs are dedicated to responding to the way country-specific recommendations have been acknowledged and which measures have been considered to improve the situation.

Furthermore, Member States outline their efforts to combat poverty, social exclusion and environmental degradation. In light of this, social economy enterprises active in the field of re-use, repair and recycling are highly effective when it comes to resource efficiency and the integration of people at risk of socio-economic exclusion. RREUSE presents an annual<sup>3</sup> overview of the different NRPs (see the table below) to examine ways in which social enterprises address the circular and social economy as a means of tackling poverty and environmental degradation.

Country	Social Economy	Circular Economy
Austria	X	X
Belgium	√*	√
Bulgaria	√*	√
Croatia	X	X
Cyprus	√*	√
Czech Republic	√*	√
Denmark	X	X
Estonia	X	√
Finland	X	√
France	√	√
Germany	√	√
Greece	√	√

<sup>1</sup> European Commission (2020) the European Semester – available [here](#).

<sup>2</sup> European Commission (2020) National Reform Programmes/Stability Convergence Programmes – available [here](#).

<sup>3</sup> Please see RREUSE previous positions on the European Semester 2018 [here](#) and 2019 [here](#).

Hungary	X	✓
Ireland	✓*	✓
Italy	X	✓
Latvia	✓*	X
Lithuania	✓	✓
Luxembourg	X	X
Malta	X	✓
The Netherlands	X	✓
Poland	✓	✓
Portugal	X	✓
Romania	✓*	X
Slovakia	✓	✓
Slovenia	X	✓
Spain	✓	✓
Sweden	✓*	X
United Kingdom	X	✓* *
	*also the role of social enterprise	** only in relation to Scotland

Of the 27 Member States, 21 mention the importance of the circular economy, whereas only 14 mention the social economy (and even fewer the role of social enterprise) as a viable means of creating jobs and ensuring social inclusion. Very few Member States, including Ireland, make the link between the social and circular economies. Within the framework of Ireland's National Social Enterprise Policy (2019-2022), its NRP recognises the important role played by social enterprises to tackle challenges and "foster sustainable and socially inclusive economic growth."

Taking this into account, RREUSE believes that more can be done to ensure that growth and jobs creation have a strong regard for citizens' wellbeing and the environment. Therefore, RREUSE makes the following recommendations to national governments:

- o Ensure that environmental, social and economic dimensions equally underpin NRPs in terms of short-term and long-term policy goals.
- o Mainstream the link between social and circular economies in the NRPs in order to achieve environmental and social objectives.
- o Further enhance social dialogue, to involve social partners in policy design and implementation.
- o Continue raising awareness of the role of social economy and social enterprise.
- o Commit to plans fostering social enterprise initiatives and support green-circular skills, notably VET skills.

### **AN OVERVIEW of the 2020- 2021 COUNTRY SPECIFIC RECOMMENDATIONS**

At the end of each annual semester process, the Council of the EU publishes country-specific recommendations (CSRs)<sup>4</sup> – policy guidance to the Member States. For 2020, the country-specific recommendations focus both on the most immediate measures needed to tackle the dire socio-economic consequences of the pandemic and on the measures aimed at relaunching economic activity.

The 2020 CSRs encourage Member States to focus on a recovery strategy laying the foundations for green and digital transitions and paying increased attention to the circular economy. The CSRs address the circular economy's different aspects mainly depending on its development level in respective Member States. For example, in Hungary, Lithuania and Slovenia, the European Commission highlights that the circular economy remains at its initial development phase and encourages countries to step up their efforts to advance circular economy linked to waste management and recycling. Whereas in Cyprus, the Czech Republic, Estonia and Slovakia, recommendations emphasise the need for investment in the circular economy as an enabler to move towards a carbon-neutral economy and sustainable growth. Furthermore, RREUSE is pleased that the CSRs for Italy, Latvia and Portugal define the circular economy both in terms of its environmental impact and its job creation potential – an aspect too frequently overlooked or disregarded. Lastly, in the case of Ireland, recommendations also highlight the need for upskilling and reskilling within the framework of the circular economy to "meet the changing needs of the labour market." RREUSE also welcomes this reference as social enterprises active in the circular economy are well placed to deliver green and circular skills for the future economy.

While the CSRs address the circular dimension, however, they fall short in suggesting concrete measures to fight social exclusion and exacerbating inequalities. Despite shedding light on the social impact of the crisis and insisting on the need to strengthen workers' digital skills and social protection mechanisms, the CSRs (except for Slovenia) barely allude to long-term solutions regarding structural problems, such as the need to develop the social economy. With a crucial year ahead, RREUSE emphasises the importance of an economic agenda underpinned by social and circular economy principles. It believes that restarting growth should not take place at any cost and thus, puts forward the following recommendations to the European Commission:

- Apply a holistic approach to the European Semester by addressing economic, social and environmental policy dimensions.
- Ensure that the European Semester Process includes efforts to support circularity and the social economy as mandatory assessment criteria for the country-specific recommendations.
- Pay greater attention to the potential of social economy actors, such as social enterprises and their abilities to address climate and social challenges by enabling a sustainable and inclusive economic recovery and providing employment for vulnerable groups.

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<sup>4</sup> European Commission (2020) – Country Specific Recommendations – available [here](#).



- Increase avenues and availability of support for social enterprises within ESF+ and beyond, as a way to implement the European Pillar of Social Rights and the climate neutral economy before 2050.

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