

Brussels, 16 September 2015

President of the European Commission
Mr Jean-Claude JUNCKER

Dear Commission President Juncker,

Re: Annual Growth Survey 2016 – crucial to bring Europe 2020 back on track

As the **European Semester Alliance**, a **broad coalition bringing together 18 major EU civil society organisations (CSOs) and trade unions**, representing thousands of member organisations at EU, national, regional and local level, we are writing to you to express our concern about the direction your Commission has taken when it adopted the Country Specific Recommendations for 2015. We urge you to address this and turn the 2016 AGS into a first step towards a European Semester that is democratic, social, sustainable and inclusive.

Using the European Semester purely as an instrument to ensure macro-economic and monetary stability will not help you bring the EU closer to its citizens. Only by using the Semester to support a reform agenda that helps the EU become more democratic, social, sustainable and inclusive and make progress towards the related Europe 2020 targets will you have a chance to close the gap with EU citizens. An explicit commitment to effective stakeholder engagement for both the Commission and Member States will also reinforce ownership and accountability.

In the current climate, in which women and men across Europe are becoming increasingly sceptical of Europe's leadership in solving Europe's many crises and challenges in a responsible manner that restores the balance between economic, social and environmental policies, the time has come to give hope. This means to draw lessons from the recent past, to renew the founding values of the EU in accordance with Article 3 of the Treaties and to meet your promise for a democratic, social and sustainable Europe. This is particularly the case regarding your priority to develop a deeper and fairer Economic and Monetary Union by making governance in this area more democratically legitimate and apply social impact assessments to reform programmes.

Five years have passed since the 'fiscal consolidation' approach was first introduced through the European Semester. As CSOs and Trade Unions, confronted by the social and environmental realities faced daily by various age and population groups and service providers we represent, **we assert that austerity is not working**. Rather it is transferring costs to society as a whole which will have disastrous human, social and environmental/climate mitigation impacts that will take decades to reverse, as well as preventing a sustainable and inclusive economic recovery that can benefit all.

We believe a prosperous European Union has the means at its disposal to change its direction and to invest in the well-being of all.

In the following pages, we outline our proposals for a democratic, social, inclusive and sustainable Europe. We would like to ask you the following specific questions:

As the Semester should be **democratic**, is the European Commission willing to introduce Guidelines for stakeholder dialogue in order to homogenise and improve the quality of civil society participation across Member States?

As regards the **social dimension** of the Semester is the European Commission willing to promote social impact assessments as a key tool to ensure that budgetary consolidation and economic growth strategies do not undermine social priorities?

As regards the **inclusive dimension** of the Semester is the European Commission willing to reinforce the Poverty Target by urging member states to ambitiously commit to targets and actions that result in the target of lifting at least 20 million persons out of poverty? What initiatives will the Commission take that will concretely result in less people experiencing or at risk of poverty by 2020?

As regards the **environmental dimension** of the European Semester, how will you ensure that all Member States will be asked to shift taxation from labour to environmental pollution and resource consumption and align macro-economic reform with measures to address Europe's over consumption of resources such as raw materials or freshwater, whilst guarding against negative social impact?

A specific commitment from the European Commission to support the active participation of civil society organisations in the Semester process is essential. We would very much welcome a meeting with you to discuss our and your concrete proposals to make the European Semester more democratic, social, inclusive and sustainable.

We trust that you will give your utmost attention to our concerns.

Yours sincerely,

The European Semester Alliance

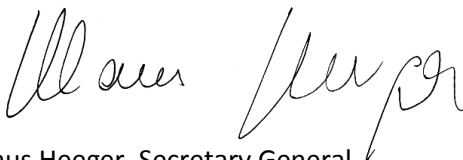


Anne-Sophie Parent, Secretary General

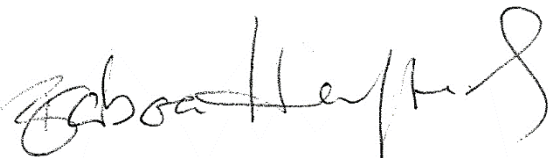


Secretary General, Jorge Nunõ Mayer




Klaus Heeger, Secretary General




Barbara Helfferich, Director

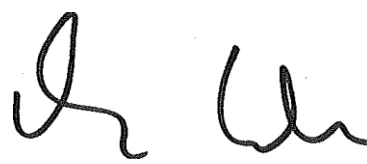



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James Nix, Director



A handwritten signature in blue ink, appearing to read 'Patrick ALIX', written on a white background.

Patrick ALIX , Secretary General



A handwritten signature in purple ink, appearing to read 'Sorcha Edwards', written on a light yellow background.

Sorcha Edwards, Secretary General



A handwritten signature in black ink, appearing to read 'Michele LeVoy', written on a white background.

Michele LeVoy, Director

cc: European Commissioners Dobrovskis, Timmermans, Thyssen, Katainen, Jurova, Moscovici, Arias Canete, Sefcovic
European Commission Secretary General Alexander Italianer
European Parliament President Martin Schulz

The European Semester Alliance – Proposals for the Annual Growth Survey 2016 to bring Europe 2020 back on track

We call for a:

Democratic Europe, that transpires the inherent values of democracy, transparency and inclusiveness.

The European Semester is currently a closed process between the European Commission and the Member States, overly dominated by Ministries focusing on macro-economic and fiscal consolidation to the detriment of an inclusive and sustainable Europe, which is eroding confidence at every level of governance.

The failure to engage civil society, including social, environmental, gender/ equality organisations meaningfully in the Semester process, at national and European level (NRPs, CSRs) and democratically elected national parliaments as well as the European Parliament, is fuelling a confidence deficit, mistrust and a lack of legitimacy. This must be addressed.

We call on you to ensure, through the AGS, a key voice to civil society and trade unions, as well as national and EU Parliaments in the Semester process by developing EU Guidelines on structured dialogue with all stakeholders in the Semester process, and people with direct experience of poverty. To this end, it is necessary to **increase financial and logistical** support – to support active participation of less well-resourced actors in the Semester process, to ensure that CSO contributions are annexed to the National Reform Programmes (NRP), and to develop indicators on participation that are monitored yearly to ensure the **quality** of engagement.

The future of Europe depends on addressing the democratic deficit.

Social Europe, that puts people first

The European Semester must be refocused on a balanced Europe 2020 agenda to promote smart, sustainable and inclusive growth as the driver for equality, including gender equality. The Semester is currently overly focused on economic governance and austerity. It must affirm its commitment to Europe 2020 goals and targets to deliver long-term sustainable development and social justice based on fundamental rights. Europe's main focus must always be on people.

We stress the urgency for guidance in the AGS to ensure stable, **quality employment** across the life cycle and to strengthen personalised, **integrated Active Inclusion** approaches which go beyond Activation alone and avoid negative conditionality (supporting tailored support through inclusive labour markets, access to quality services and adequate minimum income).

The AGS must place a robust emphasis on addressing the unacceptable rising levels of **poverty and social exclusion** in Europe. It must send strong messages to the Member States to strengthen social investment and ensure universal access to adequate universal social protection systems across the life cycle; increase the ambition and scope of the poverty targets requiring common use of the EU indicators through an overarching integrated strategy including thematic strategies for all at-risk groups including the immigrant population; ensure affordable access to quality services – particularly Housing and addressing Homelessness, support for persons with disabilities, Health and Long-term Care; invest in children and youth with the implementation of the Investing in Children Recommendation including social Investment in early childhood and specialist support for early school leavers.

Inclusive/ Equal Europe, that is rooted in an enabling macroeconomic environment which is rights based and pursues social and environmental objectives.

Rising inequalities, including gender inequalities, require that economic and social policies work hand-in-hand. **Macroeconomic and well-designed social policies can enhance inclusive growth**, by creating an enabling environment in which the priorities of macroeconomic policies is investment in human beings on a rights based approach. The EU is well equipped to provide such orientation, namely through the European Charter of Fundamental Rights, social and gender impact assessments which should be carried out in advance to ensure that the European Semester architecture is promoting a rights-based approach particularly through the macroeconomic framework.

Addressing inequalities also requires robust measures and targets to close **gender gaps** in employment, pay, pensions, life-long earnings and paid statutory leave for both women and men to reconcile work and family life. Closing these gaps will bring generate subsequent increases in taxation and social security contributions, which are indispensable and good for the public purse.

Sustainable Europe that seriously tackles climate change and resource efficiency

The 2015 “streamlining approach” of the European Semester led to environmental and climate inaction which locks Europe further into fossil fuel dependence, failing to tackle reliance on imported energy in the process. It’s hard to imagine a more retrograde step in the year of crunch climate change talks in November in Paris.

Europe 2020 established **two explicit targets on climate change and resource efficiency**. Both these targets must be explicitly promoted and monitored through the European Semester.

This can be achieved in the most cost-efficient way by **shifting the tax burden** from labour to other tax bases, such as environmental taxes and reforming environmentally harmful subsidies, whilst guarding against negative social impact and promoting **more progressive taxation** to share the tax burden more fairly, thus, enhancing inclusive and sustainable growth.

Natural resources underpin our economy and our quality of life. Continuing our current patterns of resource use is a very costly option for the European society. Therefore, we are calling for a comprehensive resource efficiency indicator within the review of Europe 2020, aiming at decoupling economic growth from resource use and its environmental and health impact. By not shifting tax from labour on to pollution, or promoting more progressive taxation, the Commission's inaction has left a disproportionate tax burden on households that are less well-off and taxpayers as a whole.

The Semester progress could be a key tool to achieve the transition to a circular economy. All Member States should re-orient their economies, noting the multiple benefits this will have for quality jobs, energy security, health and environment.

Investing in decentralised energy production, renewable fuels and increased energy efficiency in housing and other buildings, will not only expand the tax base but will also provide redistributive measures that increase quality job creation, productivity and aggregate demand. However, it is worrying that energy as one of the key economic sectors is taken off the European Semester into the Energy Union without any consensus on the implementation of a whole new and largely unknown scheme.

It is crucial to carry out an **ex-ante social and gender impact assessment** on all proposals of **sustainable and inclusive tax/subsidy and investment reform**.

The Semester Alliance



The *EU Alliance for a democratic, social and sustainable European Semester* or (*Semester Alliance*) is a broad coalition bringing together 18 major European civil-society organisations and trade unions, representing thousands of member organisations on the ground at European, national and local levels in the European Union.

The Semester Alliance aims to support progress towards a more democratic, social and sustainable Europe 2020 Strategy, through strengthening civil dialogue engagement in the European Semester at national and EU levels.

The Alliance – A voice to be heard and followed

<http://semesteralliance.net>

#semesteralliance

Enabling civil-society to participate in the shaping of EU policies and to contribute to progress on the Targets of the Europe 2020 Strategy concerns us all!