

UNLOCKING POTENTIAL: SOCIAL AND CIRCULAR ECONOMY IN THE 2025 EUROPEAN SEMESTER



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EXECUTIVE SUMMARY

- The RREUSE 2025 European Semester Analysis evaluates the integration of social and circular economy measures within EU Member States' policy plans and European Commission recommendations, particularly following the 2024 EU fiscal reforms.
- The analysis reveals a decline in attention to both the social and circular economy in 2025 compared to 2024 (**Table 1**, pp. 3-4) and a significant drop from 2023 (**Chart 1**, p.3). Only 11 EU governments presented social economy reforms, and 16 included circular economy measures.
- While some Member States showed encouraging policies (e.g., Bulgaria, Czechia, Hungary, Latvia, Lithuania for social economy; Bulgaria, Cyprus, Finland, Latvia, Luxembourg, Portugal for reuse/repair-based circular economy), Ireland was unique in presenting policies that interlinked both aspects.
- The 2025 Country Specific Recommendations (CSRs) primarily advised Member States to improve labour market integration and training for underrepresented groups. Some countries were specifically recommended to promote municipal waste reuse. However, despite the 2023 Council Recommendation on social economy framework conditions, the CSRs did not explicitly mention supporting social economy organisations to address these challenges, continuing a trend of omission.
- RREUSE offers five key recommendations for EU and national policymakers:
 1. **Encourage inclusive labour markets through social economy measures:** Integrate social economy support into the Commission recommendations for improving training and job access.
 2. **Track progress on social economy framework conditions via the European Semester:** Utilise the Semester to monitor national implementation of the Council Recommendation on social economy framework conditions.
 3. **Place the EU Waste Hierarchy at the centre of policymaking:** Prioritise reuse and preparation for reuse, integrating social considerations for inclusive green job creation.
 4. **Guarantee adequate visibility of all EU policy priorities within the Semester:** Harmonise reporting structures in Annual Progress Reports and Medium-term Fiscal Structural Plans to enhance transparency and accountability beyond financial stability.
 5. **Strengthen civil dialogue in all phases of the European Semester:** Promote transparent engagement with national social economy actors, especially circular social enterprises, to achieve EU social and circular economy targets.

RREUSE is Europe's largest network of social enterprises active in the circular economy, with a focus on reuse, repair and recycling. Social enterprises in our network annually collect over one million tonnes of goods with the intention of reusing and providing work opportunities for people facing barriers in the mainstream labour market. RREUSE members create, on average, 70 inclusive, local jobs per 1,000 tonnes of goods they collect with the aim of giving them a second life through reuse.

1. INTRODUCTION

The European Semester (ES) is a multiannual process of policy coordination between the European Commission and EU Member States. Throughout the years, it has expanded to cover several policy areas, as well as coordinate instruments such as the post-COVID-19 Recovery and Resilience Facility (2021-2026). The Semester thus plays a crucial role in monitoring strategies such as the EU **Action Plans on the Pillar of Social Rights (2021)**¹, the **Social Economy (2021)**², and the **Circular Economy (2020)**³.

Following the 2024 fiscal reforms, Member States submitted **Annual Progress Reports** to follow up on the commitments made in their **Medium-term Fiscal Structural Plans**. Such reports aim to present progress on how their reforms and investments align with EU-level objectives and the recommendations in their **Country Specific Recommendations (CSRs)**.

RREUSE has conducted an annual analysis of the European Semester since 2018. The aim is to evaluate the integration of social and circular economy measures within the policy plans of EU Member States and the European Commission's recommendations. Each year, the analysis presents policy recommendations to EU and national decision-makers to harness the European Semester's potential for a stronger EU social and circular economy.

2. MEMBER STATES' 2025 PROGRESS REPORTS

Member States demonstrated varied approaches in the scope of their progress reports. For example, Ireland provided a comprehensive overview across policy areas, whereas France focused on public debt reduction and fiscal sustainability plans. This significant national discretion was further highlighted by the contrasting lengths of reports, with Italy's spanning 248 pages compared to Spain's 39-page document.

Regarding support for fostering the social economy, only 11 out of the 27 EU Member States illustrated how their reforms and investments involve social economy entities. This represents a slight decrease from 2024 (-2, **Table 1**, pp. 3-4) and a significant drop from 2023 (-11, **Chart 1**, p.3). The trend is contrary to the momentum generated by the **2023 Council Recommendation on developing social economy framework conditions** under **the EU Social Economy Action Plan**, as national governments are expected to adopt or adapt social economy strategies by the end of 2025.

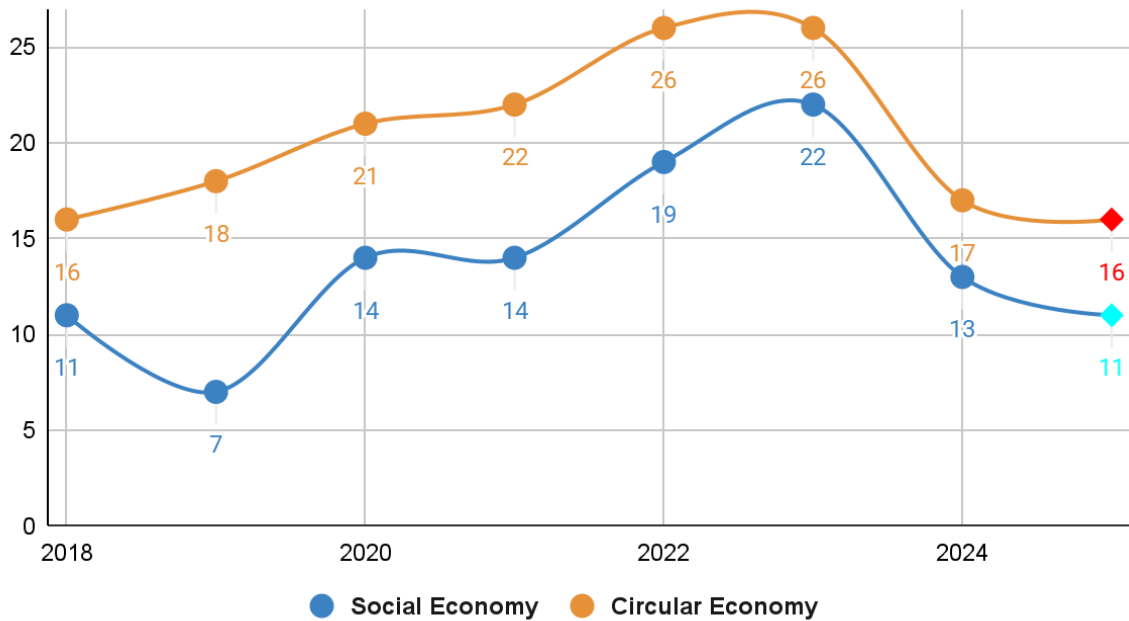
Similarly, 16 out of the EU27 Member States outlined initiatives for promoting product circularity, a slight decrease from 2024 (-1, **Table 1**), although a significant decline from 2023 (-10, **Chart 1**). Furthermore, the integration of circularity into waste and product management varies significantly among EU governments, with only 8 Member States mentioning policies for product reuse.

¹ European Commission (2021), The European Pillar of Social Rights Action Plan (Available [here](#)).

² European Commission (2021), Communication: Building an economy that works for people: an action plan for the social economy (Available [here](#)).

³ European Commission (2020), Communication: A new Circular Economy Action Plan For a cleaner and more competitive Europe (Available [here](#)).

Chart 1. Number of Supportive Plans (2018-2025)



The social economy measures' focus was primarily on harnessing the social economy's capacity to foster inclusive labour markets and bolster social services within communities. Notably, Ireland stood out as the sole Member State with a policy that integrated both social and circular economy dimensions.⁴ Conversely, national circular economy policies focused on a mix of digitalisation, environmental, and taxation measures to enhance infrastructure for reuse and preparation for reuse.

Table 1. Presence of measures for the social and circular economy in the 2024 & 2025 Annual Plans.

MEMBER STATES	2024		2025	
	SOCIAL ECONOMY	CIRCULAR ECONOMY	SOCIAL ECONOMY	CIRCULAR ECONOMY
AUSTRIA	✓*	✓	✗	✓
BELGIUM	✓	✗	✗	✓
BULGARIA	✓	✓	✓	✓
CROATIA	✗	✓	✗	✗
CYPRUS	✓*	✓	✗	✓
CZECHIA	✓	✗	✓	✗
DENMARK	✗	✓	✗	✓
ESTONIA	✗	✗	✗	✗

⁴ Ireland's 2025 Annual Progress Report (Available [here](#)).

MEMBER STATES	2024		2025	
	SOCIAL ECONOMY	CIRCULAR ECONOMY	SOCIAL ECONOMY	CIRCULAR ECONOMY
FINLAND	✘	✓	✘	✓
FRANCE	✘	✘	✘	✘
GERMANY	<i>Missed the Deadline</i>		✘**	✘**
GREECE	✓*	✓	✓*	✓
HUNGARY	✓	✓	✓	✓
IRELAND	✓*	✘	✓	✓
ITALY	✓	✓	✓	✓
LATVIA	✘	✓	✓	✓
LITHUANIA	✘	✘	✓	✘
LUXEMBOURG	✓*	✓	✘	✓
MALTA	✓	✓	✓*	✓
NETHERLANDS	✘	✓	✘	✘
POLAND	✓*	✘	✓	✘
PORTUGAL	✘	✓	✓	✓
ROMANIA	✘	✘	<i>Missed the Deadline</i>	
SLOVAKIA	✘	✓	✘	✓
SLOVENIA	✓*	✓	✘	✘
SPAIN	✘	✘	✘	✘
SWEDEN	✘	✓	✘	✓
TOTAL	13	17	11	16

*Measures that could support the development of the social economy but do not directly target it.

** Based on both Germany's 2025 Medium Term Fiscal Structural Plan & 2025 Annual Progress Report.

2.1 ENCOURAGING SOCIAL ECONOMY POLICIES ACROSS MEMBER STATES

Despite the decline in visibility of social economy policies compared to previous cycles, some EU Member States highlighted noteworthy policy examples:

- **Bulgaria** has established 18 social enterprise clusters, aiming to reach a total of 24 by the end of 2025, in its effort to boost cooperation among social economy entities. The government also aims to support the digitisation of 100 social enterprises by the same date.⁵
- **Czechia**'s newly approved Act on Integrative Social Enterprises aims to employ up to 10,000 individuals with specific needs through work integration social enterprises by 2030. This initiative is anticipated to yield a return on investment of approximately €41 million (Kč 1 billion) for the state budget.⁶
- **Hungary** plans to use the social economy's specialised employment programs to help Ukrainian refugees enter the labour market.⁷
- **Ireland**'s 2024-2027 Social Enterprise Policy includes integrated support for social enterprises focused on reuse and repair.⁸ This strategy aims to embed social enterprises within efforts to achieve Ireland's climate goals and facilitate their access to funding from the Circular Economy Innovation Grant Scheme.⁹ Since its launch in 2021, the Scheme has distributed approximately 1.8 million euros across various sectors, including textiles and construction.¹⁰
- **Latvia**'s 2023-2029 Active Employment Policy Actions aim to financially support 148 social enterprises in their work integration and skills development work for underrepresented and economically inactive groups. By the end of 2024, the programme awarded 28 grants for a total of around 1.6 million euros.¹¹
- Similarly, **Lithuania**'s Inclusive Labour Market Development Programme aims to boost employment through cooperatives and social enterprises.¹²

2.2 ENCOURAGING CIRCULAR ECONOMY POLICIES ACROSS MEMBER STATES

Some member States highlighted encouraging measures to promote a reuse and repair-based circular economy via environmental, taxation, and digitisation policies. For instance:

- **Bulgaria** plans to boost preparation for reuse and repair rates through infrastructural investments in separate collection centres, as outlined in its Environmental Programme.¹³
- **Cyprus** aims to establish 36 second-hand stores and two reuse centres throughout the country by 2029, as part of its Action Plan for the Enhancement of the Circular Economy.¹⁴
- To deter landfilling where reuse is an option, **Finland** will broaden its waste tax base in 2027 to include additional reusable items.¹⁵

⁵ Bulgaria's 2025 Annual Progress Report (Available [here](#)).

⁶ Czechia's 2025 Annual Progress Report (Available [here](#)).

⁷ Hungary's 2025 Annual Progress Report (Available [here](#)).

⁸ Ireland's 2025 Annual Progress Report (Available [here](#)).

⁹ Ireland's Trading for Impact: National Social Enterprise Policy 2024-2027 (Available [here](#)).

¹⁰ Ireland's Circular Economy Innovation Grant Scheme (Available [here](#)).

¹¹ Latvia's 2025 Annual Progress Report (Available [here](#)).

¹² Lithuania's 2025 Annual Progress Report (Available [here](#)).

¹³ Bulgaria's 2025 Annual Progress Report (Available [here](#)).

¹⁴ Cyprus' 2025 Annual Progress Report (Available [here](#)).

¹⁵ Finland's 2025 Annual Progress Report (Available [here](#)).

- In 2024, **Latvia** introduced a regulation to simplify the reuse of construction materials, a move aimed at promoting circularity within this highly polluting sector by reducing administrative hurdles.¹⁶
- Similarly, **Luxembourg** intends to enhance the reusability and repurposing of construction materials. This will be achieved by establishing a digital inventory to facilitate their identification and tracking.¹⁷
- **Portugal** aims to enhance resource efficiency and decrease greenhouse gas emissions by prioritising reuse in its current waste management policies.¹⁸

3. THE 2025 COUNTRY-SPECIFIC RECOMMENDATIONS

In each European Semester cycle, the European Commission publishes Country Specific Recommendations (CSRs) for each EU Member State. The CSRs identify key national challenges in implementing EU-level policy objectives, offering guidance for mitigation.

The 2025 Country Specific Recommendations heavily emphasised improving the integration of underrepresented groups into the labour market and/or in skills development for most Member States. This focus comes despite a significant emphasis on defence investments and debt reduction across the CSRs. The countries urged to make these improvements are: **Austria, Belgium, Bulgaria, Croatia, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Malta, the Netherlands, Poland, Romania, Slovakia, Slovenia, Spain, and Sweden.**¹⁹

Namely, the EU Commission recommended that **Belgium** strengthen the labour market participation of groups like persons with disabilities and older workers (CSR 5.2025). **Poland** is advised to foster inclusive green skills via non-formal learning (CSR 5.2025). **Romania** to strengthen the labour market participation of women and young people (CSR 5.2025) and reduce poverty and social exclusion, particularly for Roma (CSR 6.2025). The EC also calls on **Sweden** to improve the work integration of people from disadvantaged socio-economic and migrant backgrounds (CSR 4.2025).²⁰

The European Commission urged several countries—**Bulgaria, Cyprus, Denmark, Hungary, Ireland, Latvia, Lithuania, Portugal, and Slovakia**—to adopt more resource-efficient and sustainable waste

¹⁶ Latvia's 2025 Annual Progress Report (Available [here](#)).

¹⁷ Luxembourg's 2025 Annual Progress Report (Available [here](#)).

¹⁸ Portugal's 2025 Annual Progress Report (Available [here](#)).

¹⁹ The 2025 Country Specific Recommendations of Austria (CSR 5.2025, [here](#)), Belgium (CSR 5.2025, [here](#)), Bulgaria (CSR 5.2025, [here](#)), Croatia (CSR 5.2025, [here](#)), Czechia (CSR 6.2025, [here](#)), Denmark (CSR 5.2025, [here](#)), Estonia (CSR 5.2025, [here](#)), Finland (CSR 5.2025, [here](#)), France (CSR 5.2025, [here](#)), Germany (CSR 5.2025, [here](#)), Greece (CSR 5.2025, [here](#)), Hungary (CSR 5.2025 & CSR 6.2025, [here](#)), Ireland (CSR 6.2025, [here](#)), Italy (CSR 6.2025, [here](#)), Latvia (CSR 5.2025, [here](#)), Lithuania (CSR 5.2025 & CSR 6.2025, [here](#)), Malta (CSR 5.2025, [here](#)), Netherlands (CSR 5.2025, [here](#)), Poland (CSR 5.2025, [here](#)), Romania (CSR 5.2025 & CSR 6.2025, [here](#)), Slovakia (CSR 6.2025, [here](#)), Slovenia (CSR 5.2025, [here](#)), Spain (CSR 6.2025, [here](#)) and Sweden (CSR 4.2025, [here](#)).

²⁰ The 2025 Country Specific Recommendations of Belgium (CSR 5.2025, [here](#)), Poland (CSR 5.2025, [here](#)), Romania (CSR 5.2025 & CSR 6.2025, [here](#)) and Sweden (CSR 4.2025, [here](#))

management practices. **Denmark, Ireland, Portugal, and Slovakia** are specifically advised to promote municipal waste reuse. This recommendation holds particular significance for **Denmark**, which has the second-highest per-capita waste generation in the EU, and for **Portugal**, which has a circular material usage rate of 2.8% compared to the EU average of 11.8%, as pointed out by the European Commission.²¹

In addition, albeit in the preamble, **Estonia** is advised to implement new policies to boost its 33% rate for preparation for reuse and recycling, which falls short of the EU average of 49%. **Finland** is encouraged to adopt an ambitious circular economy strategy to increase its reuse rates. The EC also points out **Hungary's** insufficient focus on reuse, repair, and recycling within its national policy framework.²²

Despite the above recommendations, there is no mention of supporting the social and circular work of social economy organisations in the documents to mitigate the challenges above. The lack of any explicit reference to the social economy in the CSRs confirms previous Semester cycles trends, despite the current momentum generated by the **2023 Council Recommendation on developing social economy framework conditions**.²³

4. POLICY RECOMMENDATIONS

RREUSE has the following recommendations for EU and national policymakers to unlock the European Semester's potential for ambitious social, economic, and environmental policies:

1. Encourage inclusive labour markets through social economy measures.

The EU Commission should continue recommending better training and job access for underrepresented groups. However, the recommendations should outline support for the social economy among the policy examples, in line with the **2023 EU Council Recommendation on developing social economy framework conditions**.²⁴ National governments should respond to the Recommendation with ambition and leverage the Semester reporting to highlight policy advancements in the social economy.

2. Track progress on social economy framework conditions via the European Semester.

The European Semester should function as an additional tool to address any potential gaps in national implementation of the **Council Recommendation on social economy framework conditions**. This alignment should strengthen and ensure consistency with the 2027 and

²¹ The 2025 Country Specific Recommendations of Bulgaria (CSR 4.2025, [here](#)), Cyprus (CSR 4.2025, [here](#)), Denmark (CSR 4.2025, [here](#)), Hungary (CSR 4.2025, [here](#)), Ireland (CSR 5.2025, [here](#)), Latvia (CSR 4.2025, [here](#)), Portugal (CSR 4.2025, [here](#)) and Slovakia (CSR 5.2025, [here](#)).

²² The 2025 Country Specific Recommendations of Estonia ([here](#)), Finland ([here](#)), and Hungary ([here](#)).

²³ Council of the EU (2023), Council Recommendation on developing social economy framework conditions (Available [here](#)).

²⁴ Council of the EU (2023), Council Recommendation on developing social economy framework conditions (Available [here](#)).

2032 reporting efforts to the Council.²⁵

3. Place the EU Waste Hierarchy at the centre of policymaking.

Uphold strategic pressure for higher reuse and preparation reuse rates. However, promote their integration with social considerations to support inclusive green job creation and skill development, notably through the involvement of the social economy.²⁶ The **EU Waste Hierarchy** should guide circular economy policy design, including by calibrating reforms and investments to prioritise support to operations aligned with the most efficient resource use coupled with high social standards.²⁷

4. Guarantee adequate visibility of all EU policy priorities within the Semester.

Member States currently enjoy wide discretion in defining the level of detail of their reform and investment reports. The **Annual Progress Reports** and **Medium-term Fiscal-structural Plans'** diverging formats, lengths, and central themes risk concealing whether and how Member States are advancing on several key policy goals besides financial stability. Harmonising the reporting structure would benefit simplification efforts and enhance transparency and accountability for stakeholders.

5. Strengthen civil dialogue in all phases of the European Semester.

National Semester officers should facilitate consultative processes in a transparent and nonpartisan manner.²⁸ They should pay particular attention to engaging with national social economy actors, which often lack visibility and recognition despite the societal benefits of their activities. Namely, engagement with circular social enterprises can be crucial in meeting **EU circular economy goals**, the **2030 Social Headline Targets** and implementing core **European Pillar of Social Rights** principles, such as those to foster active support to employment, inclusion of people with disabilities, and access to essential services.²⁹

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²⁵ Council of the EU (2023), Council Recommendation on developing social economy framework conditions - Point 29 (Available [here](#)).

²⁶ RREUSE (2025), Advancing sustainable resource management with the Circular Economy Act (Available [here](#)).

²⁷ The waste hierarchy is a tool used in the evaluation of processes that protect the environment alongside resource and energy consumption from most favourable to least favourable actions. The EU Waste Hierarchy is enshrined in Article 4 of the EU Waste Framework Directive 2008/98/EC.

²⁸ Social Platform (2021), Social Platform guidance document to EU Member States on improving civil dialogue in the European Semester process (Available [here](#)).

²⁹ European Commission (2021), The European Pillar of Social Right Communication (Available [here](#)).