

Brussels, 3 July 2026  
(OR. en)

10944/26

ECOFIN 872  
UEM 291  
SOC 420  
EMPL 227  
COMPET 822  
ENV 799  
EDUC 283  
ENER 431  
JAI 865  
GENDER 117  
JEUN 160  
SAN 508  
*ECB*  
*EIB*

**NOTE**

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From: General Secretariat of the Council  
To: Permanent Representatives Committee/Council

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Subject: COUNCIL EXPLANATORY NOTE Accompanying document to Council  
Recommendations to Member States under the European Semester 2026

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Delegations will find attached the final explanatory note accompanying Council Recommendations to Member States under the European Semester 2026.

## Explanatory note

### *Accompanying document to Council Recommendations to Member States under the European Semester*

Article 29 of Regulation 2024/1263 on the effective coordination of economic policies and on multilateral budgetary surveillance and repealing Council Regulation (EC) No 1466/97 states that *"The Council is expected to, as a rule, follow the recommendations and proposals of the Commission or publicly explain its position"*.

In respect of this "comply or explain rule" the Council hereby presents the following explanations to changes agreed to Commission Recommendations for Country-Specific Recommendations (CSRs) on Member States in the context of the 2026 European semester on which the Commission is in disagreement.

The Council has also agreed to a number of additions as well as factual or technical changes to recommendations with the full support of the Commission.

#### **Extract from country-specific recommendation 3 for Czechia**

##### *Commission text:*

Improve the supply of affordable and social housing by expanding the role of the public and non-profit sectors and encouraging more efficient use of existing housing through property and income tax reforms.

##### *Agreed text:*

Improve the supply of affordable and social housing by expanding the role of the public and non-profit sectors and encouraging more efficient use of existing housing ~~through property and income tax reforms.~~

Explanation:

The Council considers that tax measures should play mostly a complementary role to improve housing affordability, when this is influenced by other structural factors.

**Extract from country-specific recommendation 3 for Lithuania**

*Commission text:*

Improve access to finance for small and medium-sized enterprises, including by stimulating competition in financial services, enhancing capital market liquidity, encouraging greater participation in financial markets, and strengthen funded supplementary pension schemes.

*Agreed text:*

Improve access to finance for small and medium-sized enterprises, including by stimulating competition in financial services, enhancing capital market liquidity, encouraging greater participation in financial markets, ~~and strengthen funded supplementary pension schemes.~~

Explanation:

For Lithuania, the Council does not agree with recommending the strengthening of supplementary pension schemes to improve access to finance for SMEs, as they contributed very little to access to finance in this country and funnelled savings outside of the EU.

**Extract from country-specific recommendation 3 for Malta**

*Commission text:*

Strengthen research and innovation by increasing public R&D investment and stimulating private R&D investment through effective support schemes and stronger links between academia and business.

*Agreed text:*

**Continue sStrengthening** research and innovation by increasing public R&D investment and stimulating private R&D investment through effective support schemes and stronger links between academia and business.

Explanation:

The Council recognises Malta's increases in the R&D expenditure in nominal terms as reported by Eurostat.

#### **Extract from country-specific recommendation 4 for Spain**

*Commission text:*

Further develop the disaster financing framework.

*Agreed text:*

**~~Further develop the disaster financing framework.~~**

The Council does not consider it necessary to recommend Spain to further develop the disaster financing framework. The Council acknowledges the importance of closely monitoring Spain's disaster financing framework as outlined in recital 32 of the 2026 country-specific recommendation for Spain.

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