

Brussels, 1 July 2025
(OR. en)

9905/25

ECOFIN 712
UEM 246
SOC 381
EMPL 251
COMPET 491
ENV 474
EDUC 223
ENER 214
JAI 778
GENDER 93
JEUN 123
SAN 298
ECB
EIB

NOTE

From:	General Secretariat of the Council
To:	Delegations
Subject:	COUNCIL EXPLANATORY NOTE Accompanying document to Council Recommendations to Member States under the European Semester 2025

Delegations will find attached the final explanatory note accompanying Council Recommendations to Member States under the European Semester 2025.

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) to Member States in the context of the 2025 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 1 for Belgium

Commission text:

Make the long-term care system more cost-effective.

Agreed text:

Make the long-term care system more cost-effective **while keeping access to care and services affordable**.

Explanation:

In Recital 26 the text points out that ‘Available data suggest that the share of individuals who are independent or mildly dependent on care and living in residential care facilities was high in the Brussels Region and Wallonia. Moreover, the share of older people placed unnecessarily or at least prematurely in a residential care facility remains high, although it has been decreasing over the last decade. The federated government authorities have started reforms to make the use of the different care settings more cost-effective, particularly to avoid and delay unnecessary or premature use of residential care. These measures would need to be implemented through impactful actions, notably to achieve the cost-effectiveness of certain long-term care options such as institutional care, while keeping access to care and services affordable.’

Extract from country-specific recommendation 1 for Italy

Commission text:

Mitigate the effects of ageing on potential growth and fiscal sustainability, including by limiting the use of early-retirement schemes and by addressing demographic challenges, also attracting and retaining high quality workforce.

Agreed text:

Mitigate the effects of ageing on potential growth and fiscal sustainability, including by **further** limiting the use of early-retirement schemes and by addressing demographic challenges, also attracting and retaining high quality workforce.

Explanation:

The Council considered the efforts made by Italy, namely that eligibility criteria to early retirement scheme has been progressively restricted in the past two years. Italy recalled in its reasoning that by the 2025 Budget Law, workers who meet the requirements for early retirement by 31

December 2025 are incentivised to remain at work by waiving the payment of employers' social security contributions and be paid directly to the worker, which amount would not be considered taxable income. In addition, for public sector employees, the obligation to retire upon reaching the statutory age limit for early retirement has been abolished. The change is in line with amendment to recital 22.

Extract from country-specific recommendation 4 for Malta

Commission text:

Phase out fossil fuel subsidies, including emergency energy support measures.

Agreed text:

Phase out fossil fuel subsidies,~~including emergency energy support measures.~~

Explanation

Although the Council acknowledges that CSR4 focuses more in detail on energy policy, the Council has considered to delete the reference to the phasing out of emergency support measures under this CSR, since a similar reference can already be found in CSR1 for Malta with the following wording: *“Wind down the emergency energy support measures”*.

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 and participation in financial markets and through automatic enrolment in the second-pillar pension scheme.

Agreed text:

Improve access to finance for small and medium-sized enterprises including by stimulating competition in financial services and participation in financial markets **by facilitating the use of savings for investment** ~~and through automatic enrolment in the second-pillar pension scheme.~~

Explanation:

The Council agrees to recommend that Lithuania take action in 2025 and 2026 to improve access to finance for small and medium-sized enterprises. The Council agrees to recommend improving the access by stimulating competition in financial services and participation in financial markets. Stimulating participation in financial markets would involve facilitating the use of savings for investment, which does not exclude automatic enrolment in the second-pillar pension scheme. The Council notes the issues related to the planned changes to the second-pillar pension scheme as outlined in recital 26 of the 2025 country-specific recommendations to Lithuania.

Extract from country-specific recommendation 5 for Luxembourg

Commission text:

Improve the resilience of the health system by ensuring appropriate availability of health workers.
Accelerate reforms to improve the governance of the health system and e-health.

Agreed text:

Improve the resilience of the health system by **accelerating the reforms and** ensuring appropriate availability of health workers. [...]

Explanation:

The text of the recommendation was amended at Committee level to better reflect the division of competences between the Union and the Member States concerning the organisation of national health systems, including their governance. The Committee sought a compromise text to ensure compliance with Articles 121 and 148 TFEU, while fully respecting Member States' responsibility for defining their health policy and organising and delivering health services and medical care.

Extract from Recital 35 for Luxembourg

Commission text:

More efficient use of limited resources and better governance is a precondition to strengthen the resilience of the health system.

Agreed text:

More efficient use of limited resources **and accelerating the reforms are [...]** **preconditions** to strengthen the resilience of the health system.

Explanation:

The text of recital 35 was amended at Committee level to reflect the wording agreed in country-specific recommendation 5.