



Local & Regional Europe
L'Europe locale & régionale



CEMR-EPSU JOINT STATEMENT ON THE ECONOMIC GOVERNANCE REVIEW

EPSU and CEMR: funding and investment in Local Regional Governments must be protected

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Europe's sectoral social dialogue partners for local and regional government unions are concerned about the review of the EU's economic governance rules.

The Council of European Municipalities and Regions (CEMR) and the European Federation of Public Service Trade Unions (EPSU) are concerned that the proposed reduction in public spending will negatively impact the essential services provided by local and regional governments.

The EU institutions are currently [reforming the EU economic governance framework](#). [Bruegel Institute calculations](#) indicate that several member states will have to reduce public spending in 2025 and in the coming years, often in the billions of euros, under this mandate.

This would not be the first time the EU sets indications to member states to reduce public spending. The effects of such measures have strongly impacted funding for local and regional governments and, therefore, their ability to provide quality services to citizens. Local governments are first responders to the immediate needs of citizens - they deliver services that allow all our communities to thrive. From public administration to housing and social services, from firefighters to waste collection: underfunding means jeopardising the delivery and quality of services to citizens.

Insufficient funding for local and regional governments exacerbates inequalities and disparities across regions and municipalities, as well as between rural and urban areas. Without adequate resources, local and regional authorities struggle to address pressing issues such as unemployment, labour and skills shortages, working conditions, social inclusion, and the digital and green transition.

Moreover, reductions in public spending hit women harder. Underfunding contributes to the persistence of the gender pay gap in the EU, given that the majority of workers in the sector are women on often low pay. In addition, women are more reliant on local public services.

Furthermore, local and regional governments ensure democracy and equal access for all citizens. With just two months until European elections, it is important to recall that underfunding local governments means underfunding our democracies.

We urge European policymakers to carefully assess the implications the economic governance framework reform will have on local and regional governments in the EU. The impact of these rules cannot hinder the ability of local and regional governments to fulfil their mandates and provide essential services to citizens. As sectoral social partners in local and regional governments, we are committed to continue supporting the implementation of the European Pillar of Social Rights towards a social Europe for all. This economic reform must not constrain this European ambition.

We expect economic governance rules that protect the funding and investment that Local and Regional Governments require to serve their communities with the services which Europe's citizens deserve.