

SPRING 2012 REFORM BAROMETER – GERMANY

	Level			Rank			Gap		Areas of Action	
	2010	2011	Change	2010	2011	change	EU top 5	Gap ¹		
Pillar I	1 GDP per capita (Purchasing Power Parity- PPP)	28718	29999	4,5%	11	10	1	NL AT IE SE DK	-6%	
	2 GDP per capita (€ at 2000 prices)	28973	29820	2,9%	12	12	0	DK IE SE NL AT	-15%	
	3 Labour productivity per hour worked (PPP)	41,1	42,2	2,7%	8	8	0	NL BE FR IE DE	-6%	
	4 Labour productivity per person employed (PPP)	57896	59677	3,1%	16	16	0	IE BE AT FR NL	-14%	
	5 Private investment (excluding non residential, %GDP)	6,4	6,7	0,4	10	9	1	SK AT BE IT CZ	-1,7	
	6 Industrial activity (% total value added)	23,5	23,9	0,3	14	13	1	SK CZ IE RO HU	-6,6	
	7 R&D expenditure (% GDP) *	2,8	2,8	0,0	7	7	0	FI SE DK DE AT	-0,4	
	8 Operating surplus (% total value added)	41,4	40,0	-1,4	17	21	-4	BG GR RO LT IE	-15,1	
Pillar II	9 Current Account (% GDP)	5,8	5,1	-0,7	5	7	-2	SE DK NL LU DE	-0,6	
	10 Export market share (gain from 2000)	20,7	24,2	3,5	10	9	1	LT RO HU BG CZ	-38,9	
	11 Net export contribution to GDP	1,4	0,4	-1,0	9	20	-11	PT IE GR SK HU	-2,7	
	12 Relative yearly gain in global trade share (% total trade)	-0,06	0,00	0,1	15	7	8	EE LT LV BG CZ	-0,11	
	13 Relative unit labour cost (gain from 2000)	-16,6	-15,7	0,9	2	2	0	DE SE AT PL GR	-8,7	
	14 High-tech exports (% total exports) **	12,4	14,0	1,6	15	14	1	MT LU HU IE CY	-16,0	
Pillar III	15 Employment rate (% working age population)	71,1	72,0	0,9	11	10	1	AT NL LU DE CY	1,6	
	16 Employment rate 15-24 (% population 15-24)	46,2	47,2	1,0	9	8	1	NL DK AT DE UK	-6,2	
	17 Employment rate 55-64 (% population 55-64)	57,7	59,3	1,6	7	7	0	SE DE DK UK FI	-1,4	
	18 Annual hours worked (per capita)	1408	1413	0,4%	30	30	0	PL PT CZ GR HU	-29%	
	19 Labour participation (% working age population)	77,8	78,2	0,3	9	9	0	SE DK NL PT DE	-1,6	
	20 Working age population (as % total population)	65,8	65,8	-0,1	27	25	2	SK PL CY LT RO	0,9	
	21 Unemployment rate (% labour force)	7,3	6,7	-0,6	11	10	1	AT NL LU DK MT	1,3	
Pillar IV	22 Gross debt - general government (% GDP)	83,2	81,7	-1,5	23	21	2	EE BG LU RO SE	59,1	
	23 Net debt - general government (% GDP)*	-37,0	-39,4	-2,4	18	17	1	EE DK BG RO SE	-44,8	
	24 Government budget balance (% GDP)	-4,3	-1,3	2,9	12	8	4	HU SE EE LU FI	0,1	
	25 Primary balance (% GDP)	-1,8	1,1	2,9	13	5	8	HU SE DE EE IT	-1,3	
	26 Tax burden (% GDP)	39,5	40,3	0,0	24	24	0	BG LT LV RO SK	12,4	
	27 Highest marginal tax rate, individual rate (%)	45,0	45,0	0	21	20	1	BG CZ LT RO SK	40,4	
	28 Public investment (% total public expenditure)	3,7	3,9	0,1	30	30	0	RO PL BG LV LT	-11,0	
	29 Net foreign assets (% GDP) *	-15,2	-16,2	-1,0	5	6	-1	LU NL CY BE DE	59,5	
Pillar V	30 Net financial assets, households (% GDP) *	123,6	127,1	3,6	9	8	1	BE IT MT NL CY	-43,8	
	31 Net financial liabilities, non financial corporations (% GDP)*	-52,5	-58,7	-6,2	2	2	0	SK DE NL GR DK	-1,6	
	32 Regulatory tier 1 capital to risk weighted assets *	10,8	11,8	1,0	22	17	5	EE BE MT LU RO	-3,1	
	33 Non performing loans to total gross loans	3,3	N/A	N/A	12	N/A	N/A	FI LU SE AT BE	N/A	
	34 Loans to private sector (% GDP) *	106,1	101,7	-4,4	15	13	2	RO SK PL CZ LT	50,0	
	35 Bank liabilities (%GDP) *	N/A	N/A	N/A	N/A	N/A	N/A	RO SK PL LT BG	N/A	

Five best
 Lowest third

1. Percentage points, when not indicated otherwise

* 2009/ 2010 data
** 2008/ 2009 data

A methodological note can be found in the report or [here](#).

FOR REFORM IN 2012

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?	
			Yes	No
Priority 1	1	Regulatory barriers to entrepreneurship have to be reduced, but it is also necessary to prevent the introduction of new barriers (e. g. rigid woman ratio in executive committees and supervisory boards).	X	
Priority 2	16	Due to the debt-crisis within the Euro-Area, the consolidation of public expenditures must be given high priority. Germany is on a good way because of the implementation of the so called "debt-brake". But for example general government gross debt as % of GDP remains still on a high level.	X	
Priority 3	12	It is important to improve incentives to re-integrate job-seekers into the labour market, e. g. through higher allowances. In addition, a better utilization of the domestic workforce is necessary. At the same time, for demographic reasons, immigration of qualified employees has to be intensified.	X	
Priority 4	11	The German lawmaker has immediately to establish the legal basis for the principle of one firm - one collective agreement ("Tarifeinheit"). Otherwise, the collective bargaining system might destroy itself.	X	
Priority 5	18	As public expenditures need to be consolidated, more public investment can be achieved via public-private-partnership projects.	X	

Policy areas

1. Business Environment - Regulatory barriers to entrepreneurship
2. Business Dynamics - Start-up conditions
3. R&D and Innovation
4. ICT
5. Competition policy framework
6. Sector specific regulation (telecom, energy)
7. Market integration - Openness to trade and investment
8. Active labour market policies
9. Job protection
10. Labour supply measures for specific groups (older workers, women...)
11. Wage bargaining and wage-setting policies
12. Labour market mismatch and labour mobility
13. Making work-pay: interplay of tax and benefit system
14. Pension and health care reforms
15. Quality of fiscal institutions and budgetary framework
16. Consolidation of public expenditures
17. Public sector efficiency
18. Public investment
19. Tax reforms
20. Access to bond markets
21. Access to equity markets
22. Venture capital and SME financing instruments
23. Bank lending conditions
24. Long term investment instruments



REFORM PROGRESS IN 2011

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of		How do you assess reform progress over the past year? (1 for excellent progress; 5 for no progress) *	Rank	Are these priorities properly identified in the National Reform Programme submitted by your government in 2011?	
			Yes	No			Comments	Yes
Priority 1	18	Public investment as a percentage of GDP is relatively low in Germany (in an EU-wide comparison); public infrastructure (e. g. traffic infrastructure) has to be improved.	X		It is still necessary to improve the public infrastructure. As with regard to the European debt-crisis - the consolidation of public expenditures is crucial, it is necessary to mobilise more private capital (public-private-partnership).	3	Partly	
Priority 2	11	The German lawmaker has urgently to establish the legal basis for the principle of one firm - one collective agreement ("Tarifeinheit"). Otherwise, the collective bargaining system might destroy itself.	X		A year ago, the federal government promised to establish a legal basis for the principle of one firm - one collective agreement within a couple of month. This promise has not been fulfilled yet. Instead, the federal government no longer keeps its promise to reject any form of statutory minimum wage.	5		x
Priority 3	12	It is important to improve incentives to re-integrate job-seekers into the labour-market, e. g. through higher allowances. In addition, a better utilization of the domestic workforce is necessary. At the same time, for demographic reasons, immigration of qualified employees has to be intensified.	X		Supplementary earnings regulations for the basic financial security of jobseekers are insufficient. Improvements of incentives to work are small. Therefore, labour supply effects are not significant.	4	Partly	
Priority 4	3	It is still necessary to increase expenditures for research and development and to implement a R&D tax credit scheme. We have to create a positive climate for innovation within society and boost STEM-qualifications to improve the supply of skilled employees.	X		There has been some progress in the field of innovation. This shows the development of the latest "innovation indicator" of BDI and Deutsche Telekom Stiftung. A tax credit scheme has not been implemented yet. We still need to boost STEM-qualifications to improve the supply of skilled employees.	2	Partly	
Priority 5	6	It is crucial to develop energy and telecommunications nets (inter alia to achieve our goals concerning climate protection and to secure the basis for future (industrial) growth. With regard to the energy sector, it is - amongst other things - necessary to accelerate planning procedures.	X		With regard to the energy sector, the situation has completely changed because of the decision about the nuclear phase-out. Within this context we need inter alia substantial investment in energy nets and an objective and comprehensive monitoring of the energy turnaround. A secure and cost-efficient energy-supply is crucial for German industry.	3	Partly	

* Please see list of areas on page 2 "reform priorities for 2012"

* Rank of reform progress: 1. Excellent/ no further progress needed; 2. Satisfactory; 3. Mixed; 4. Unsatisfactory; 5. No progress

REFORM PROGRESS IN OVERALL POLICY AREAS 2011

	<i>Excellent</i>	<i>Satisfactory</i>	<i>Mixed</i>	<i>Unsatisfactory</i>	<i>No progress</i>
Productivity and investment		X			
International competitiveness		X			
Labour market			X		
Public finances			X		
Financial stability		X			

EUROPEAN SEMESTER

1. Do you believe the European Semester will bring a real change to policy coordination in Europe?

<i>Yes, absolutely</i>	<i>To a large extent</i>	<i>To some extent</i>	<i>Not enough</i>	<i>Not at all</i>
	X			

2. Basing your analysis on the National Reform Programme submitted by your government, would you consider that it reveals a greater commitment from your country to this process?

<i>Yes, absolutely</i>	<i>To a large extent</i>	<i>To some extent</i>	<i>Not enough</i>	<i>Not at all</i>
		X		

3. Do you believe the National Reform Programme submitted by your government properly reflects the key challenges in your county?

<i>Yes, absolutely</i>	<i>To a large extent</i>	<i>To some extent</i>	<i>Not enough</i>	<i>Not at all</i>
		X		

4. The Commission's country specific recommendations for your country are:

<i>Excessively complacent</i>	<i>Slightly too positive</i>	<i>Absolutely appropriate</i>	<i>Slightly too negative</i>	<i>Excessively harsh</i>
		X (appropriate)		

5. Are the country-specific recommendations being properly implemented?

<i>Yes, absolutely</i>	<i>To a large extent</i>	<i>To some extent</i>	<i>Not enough</i>	<i>Not at all</i>
			X	

6. Are commitments concerning the euro plus pact properly addressed by your government in the NRP?

<i>Yes, absolutely</i>	<i>To a large extent</i>	<i>To some extent</i>	<i>Not enough</i>	<i>Not at all</i>
	X			

7. Do you believe the Commission recommendations in this area to be appropriate?

<i>Yes, absolutely</i>	<i>To a large extent</i>	<i>To some extent</i>	<i>Not enough</i>	<i>Not at all</i>
	X			