

SPRING 2014 REFORM BAROMETER - LITHUANIA

		Q1: the recommendation is:	Q2: implementation effort is:	Detailed comments
CSR 1	Ensure growth friendly fiscal consolidation and implement the budgetary strategy as planned, pursuing a structural adjustment effort that will enable Lithuania to reach the medium-term objective. Priorities growth-enhancing expenditure. Strengthen the fiscal framework, in particular by introducing enforceable and binding expenditure ceilings in the medium-term budgetary framework. Review the tax system and consider increasing those taxes that are most detrimental to growth, such as recurrent property and environmental taxation, including introducing car taxation, while continuing to reinforce tax compliance	Important	Important	Budget deficit is gradually declining, but remains the highest among the Baltic states. Tax revenue from excise duties is not satisfactory and lower than expected and is lagging behind other tax revenues. Proposals of new taxes (car taxation, increase in excise duties on alcohol) contradict to the principle of stability of taxation system, although can be in part considered to be business friendly. In addition to this, neighbouring countries with significantly lower excise base would push Lithuanian shadow economy up.
CSR 2	Adopt and implement legislation on a comprehensive pension system reform. Align the statutory retirement age with life expectancy, restrict access to early retirement, establish clear rules for the indexation of pensions, and promote the use of complementary savings schemes while ensuring implementation of ongoing reforms. 7 Under Article 9(2) of Council Regulation (EC) No 1466/97. EN 6 EN Underpin pension reform with measures that promote the employability of older workers.	Important	Important	Pension system is no the direction target of LPK assessment. However, the reform needs to be made since the debt of Lithuanian social security system is unsustainable.
CSR 3	Tackle high unemployment amongst low-skilled and long-term by refocusing resources on active labour market policies while improving their coverage and efficiency. Improve the employability of young people, for example through a Youth Guarantee, enhance the implementation and effectiveness of apprenticeship schemes, and address persistent skill mismatches. Review the appropriateness of labour legislation with regard to flexible contract agreements, dismissal provisions and flexible working time arrangements, in consultation with social partners.	Important	Important	LPK fully supports everything related to increasing labour flexibility. Labour regulation remains strict; no significant changes have been made. Long-term unemployment remains high - the result of high unemployment trap and skills mismatch. We welcome all youth guarantees initiative. However, the key to solving long-term and youth unemployment is investment into new and fundamental jobs, especially in manufacturing.
CSR 4	Implement concrete targeted measures to reduce poverty and social exclusion. Strengthen the links between the cash social assistance reform and activation measures	Important	Important	Various forms of support for poverty on Lithuania are coordinated not well enough. As a result, this makes it unsatisfactory and not economically beneficial for some unemployed to join the labour market.
CSR 5	Complete the implementation of the reform of the State-Owned Enterprises, in particular to ensure separation of ownership and regulatory functions, and closely monitor compliance with the requirements of the reform	Helpful	Helpful	The need to support some social initiatives needs to be outlined from performance of some state-owned enterprises. There are non-commercial liabilities directed at some state-owned companies.

CSR 6	Step up measures to improve the energy efficiency of buildings, including through removing disincentives and rapid implementation of the holding fund. Promote competition in energy networks by improving interconnectivity with other Member States for both electricity and gas.	Important	Important	The new renovation model is generally accepted, though the progress of renovation must be better.
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