

### SPRING 2014 REFORM BAROMETER - LUXEMBOURG

		Q1: the recommendation is:	Q2: implementation effort is:	Detailed comments
CSR 1	Preserve a sound fiscal position and remain at the medium-term objective so as to ensure the long-term sustainability of public finances, in particular by taking into account implicit liabilities related to ageing. Strengthen fiscal governance by adopting a medium-term budgetary framework covering the general government and including multi-annual expenditure ceilings, and by putting in place the independent monitoring of fiscal rules.	Extremely important	Mixed	There is a willingness to put in place a medium-term budgetary framework preserve a long-term sound fiscal position. However, no expenditure ceilings are foreseen.
CSR 2	Take measures to address the debt-bias in corporate taxation and extend the application of the standard VAT rate.	Contrary to Federation advise	No progress	
CSR 3	Curb age-related expenditure by making long-term care more cost effective, in particular through a stronger focus on prevention, rehabilitation and independent living, strengthening the recently adopted pension reform, taking additional measures to curb early retirement and increasing the effective retirement age by aligning retirement age or pension benefits to change in life expectancy.	Extremely important	Mixed	The Commission is right to point out that the recently adoption pension reform needs strengthening. We are awaiting proposals by the government in order to do so.
CSR 4	Beyond the current freeze, take further structural measures, in consultation with the social partners and in accordance with national practices, to reform the wage setting system, including wage indexation, to improve its responsiveness to productivity and sectoral developments and labour market conditions and foster competitiveness. Step-up efforts to diversify the structure of the economy, fostering private investment in research, notably by developing cooperation between public research and firms.	Extremely important	Unsatisfactory	Efforts to diversify the economy are well under way. On the wage indexation front, no progress so far.

CSR 5	Step up efforts to reduce youth unemployment by improving the design and monitoring of active labour market policies. Strengthen general and vocational education to better match young people's skills with labour demand, in particular for people with migrant background. Reinforce efforts to increase the participation rate of older workers, including by improving their employability through lifelong learning.	Extremely important	Unsatisfactory	Efforts to reform the education system have been announced. Nothing as yet on active labour market policies.
CSR 6	Step up measures to meet the target for reducing non-ETS greenhouse gas emissions, in particular by increasing taxation on energy products for transport.	Contrary to Federation advise	No progress	