



ASSESSMENT OF INDIVIDUAL COUNTRY RECOMMENDATIONS BY EACH MEMBER FEDERATION

Q1: For each country specific recommendation Member Federations were asked to answer whether it is 1: extremely important; 2: Important; 3: Helpful (but not a priority); 4: Irrelevant; 5: Contrary to federation's advice;

Q2: For each recommendation, Member Federations were asked to answer whether government's efforts to implement it were: 1: Excellent, 2: Satisfactory; 3: Mixed; 4: Unsatisfactory; 5: no progress observed.

N.B.: Federations in countries under financial assistance commented on recommendations made by the Troika in Economic Adjustment Programmes; Non EU countries commented on recommendations made by the OECD

SPRING 2014 REFORM BAROMETER - AUSTRIA

		Q1: the recommendation is:	Q2: implementation effort is:	Detailed comments
CSR 1	Implement the budget for the year 2013 as envisaged so as to correct the excessive deficit in a sustainable manner and achieve the structural adjustment effort specified in the Council recommendations under the Excessive Deficit Procedure. After correction of the excessive deficit, pursue the structural adjustment effort at an appropriate pace so as to reach the MTO by 2015. Streamline fiscal relations between layers of government, for example simplifying the organisational setting and aligning spending and funding responsibilities.	Extremely important	Mixed	
CSR 2	Bring forward the harmonisation of pensionable age for men and women, link the statutory retirement age to life expectancy, implement and monitor the recent reforms restricting access to early retirement and improve older workers' employability in order to raise the effective retirement age and the employment rate of older workers.	Extremely important	Unsatisfactory	
CSR 3	Take new measures to increase the labour market participation of women, namely by further improving child care and long-term care services and address the high gender pay and pension gaps. Fully use the labour market potential of people with a migrant background by improving the recognition of their qualifications and their education outcomes. Reduce the effective tax and social security burden on labour for low-income earners in a budget-neutral way by relying more on other sources of taxation less detrimental to growth, such as recurrent property taxes.	Important	Mixed	
CSR 4	Effectively implement the recent reforms of the health care system to make sure that the expected cost efficiency gains materialise. Develop a financially sustainable model for the provision of long-term care and put a stronger focus on prevention, rehabilitation and independent living.	Important	Unsatisfactory	
CSR 5	Improve educational outcomes, in particular of disadvantaged young people, including by enhancing early childhood education and reducing the negative effects of early tracking. Further improve strategic planning in higher education and enhance measures to reduce drop-outs.	Important	Unsatisfactory	

CSR 6	Further strengthen the powers and resources of the federal competition authority and monitor the implementation of the competition law reform. Remove excessive barriers for service providers. This includes reviewing whether existing restrictions on entry and conduct in regulated professions are justified by general interest and fostering competition notably in the railway sector.	Important	Mixed	
CSR 7	With a view to maintaining financial stability continue to closely oversee the nationalised and partly nationalised banks and speed up their restructuring	Important	Unsatisfactory	

SPRING 2014 REFORM BAROMETER - BELGIUM

		Q1: the recommendation is:	Q2: implementation effort is:	Detailed comments
CSR 1	<p>Adopt additional measures to achieve the structural adjustment effort specified in the Council Decision to give notice to correct the excessive deficit by 2013 and to enhance the sustainability and credibility of the consolidation. A durable correction of the fiscal imbalances requires the credible implementation of ambitious structural reforms which would increase the adjustment capacity and boost potential growth. After the correction of the excessive deficit, pursue the structural adjustment at an appropriate pace so as to reach the medium-term objective by 2016 and ensure that the high debt ratio is put on a firm downward path. To this end, present growth-friendly structural measures for 2014 by 15 October 2013 which ensure a sustainable correction of the excessive deficit and sufficient progress towards its medium-term objective. Ensure that the adjustment path is balanced over time or even front-loaded. Adopt explicit coordination arrangements to ensure that budgetary targets are binding at federal level and sub-federal levels within a medium-term planning perspective including through the prompt adoption of a rule on the general government budget balance/surplus that complies with the requirements of the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union and to increase the transparency of burden sharing and accountability across government layers.</p>	Extremely important	Mixed	<p>The Belgian government should put more emphasis on reducing expenditures (e.g. through more efficient government spending (establishing a global (including all government levels) efficiency pact)). A large part of the fiscal consolidation effort was realized through increasing taxes, in particular on enterprises (e.g. increased corporate tax base) and capital (e.g. raised taxes on dividends). Of all taxes, raising taxes on enterprises is proven to be most growth unfriendly.</p>
CSR 2	<p>Step up efforts to close the gap between the effective and statutory retirement age, including by pursuing the on-going reforms to reduce the early-exit possibilities. Underpin reforms of the old-age social security systems with employment-support measures and labour-market reforms conducive to active ageing. Increase the effective retirement age by aligning retirement age or pension benefits to changes in life expectancy. Continue to improve the cost-efficiency of public spending on long term institutional care.</p>	Extremely important	Mixed	<p>The Belgian government took some measures to raise the effective retirement age. Access conditions including age and career have been tightened. But there are still many exemptions (at sector level and for certain groups of workers). Additional measures have to be taken to ensure the financial sustainability of pensions.</p>

CSR 3	To restore competitiveness, pursue the on-going efforts to reform the wage setting system, including wage indexation; in particular, by taking structural measures, in consultation with the social partners and in accordance with national practice, to ensure that wage setting is responsive to productivity developments, reflects sub regional and local differences in productivity and labour market conditions, and provides automatic corrections when wage evolution undermines cost-competitiveness.	Extremely important	Mixed	Pact on competitiveness is a first step, but this is not the demanded competitiveness shock. A reform of the wage indexation system (strengthening of the Law of 96) is needed such that wage growth is in line with productivity growth.
CSR 4	Present concrete and time-specific structural measures to improve competition in the services sector, by removing barriers in retail and excessive restrictions in professional services and improve the provision of mobile broadband. Continue to improve the functioning of the energy sector by reducing distribution costs and monitoring retail prices, strengthen the independence of the regulators in the energy, telecoms and the transport sectors (railway, airport). Remove remaining regulatory barriers in the postal sector.	Important	Mixed	The Belgian government has raised a new institution to improve the competition in the service sectors. The merits of this new institution should be evaluated after a period of time. Regarding energy, Belgium still lacks a clear vision on energy. For business, security of supply at a competitive price must be key elements in this vision.
CSR 5	Establish concrete and time-specific proposals for shifting taxes from labour to less growth-distortive tax bases, notably by exploring the potential of environmental taxes, for example on diesel, heating fuels and the taxation of the private use of company cars. Simplify the tax system by reducing tax expenditures in income taxation, increasing VAT efficiency and improving tax compliance by closing existing loopholes.	Important	Unsatisfactory	Belgium still has the highest taxes on labour in Europe. However taxes are also high on consumption on capital. First of all, efficiency gains should therefore make it possible to lower the overall tax burden. Secondly, a tax shift may not hamper economic growth and should therefore be accompanied by simplification and more fiscal certainty.
CSR 6	Further reduce disincentives to work by ensuring effective enforcement of job-search requirements and personalised job search assistance for all unemployed. Take measures to increase interregional labour mobility. Simplify and reinforce coherence between employment incentives, activation policies, labour matching, education, lifelong learning and vocational training policies for older people and youth. Develop comprehensive social-inclusion and labour market strategies for people with a migrant background.	Extremely important	Unsatisfactory	Some disincentives to work have been reduced, especially for youngsters getting on the labour market. Supervision and monitoring of unemployed people became a bit more severe. However, as long as unemployment allowances stay unlimited in time, unemployment traps remain too important. Regarding activation policies, the new statute on blue and white collar workers, provides for outplacement, when workers are dismissed with a notice period of 30 weeks or more. Furthermore, More preventive work has to be done to tackle the real causes of non-inclusion of certain population groups (e.g. migrants). Regarding 50+, incentives to use older workers have been put in place, but effect is poor as long as early retirement schemes continue to exist. Regarding Life Long learning, , there is a tendency to impose linear training obligations without verifying the link with real needs.
CSR 7	Take concrete measures and agree a clear division of efforts between the federal and regional authorities to ensure progress towards reaching the targets for reducing greenhouse gas emissions from non-ETS activities, in particular from transport and buildings.	Important	Unsatisfactory	More effort is needed for better coordination between public authorities in charge of mobility and environment.

SPRING 2014 REFORM BAROMETER - BULGARIA

		Q1: the recommendation is:	Q2: implementation effort is:	Detailed comments
CSR 1	Preserve a sound fiscal position by ensuring compliance with the medium-term objective and pursue a growth-friendly fiscal policy as envisaged in the convergence programme. Implement a comprehensive tax strategy to strengthen all aspects of the tax law and collection procedures with a view to increase revenue, notably by improving tax collection, tackling the shadow economy and reducing compliance costs. Establish an independent institution to monitor fiscal policy and provide analysis and advice.	Helpful (but not a priority)	Satisfactory	
CSR 2	Phase out early retirement options, introduce the same statutory retirement age for men and women and implement active labour market policies that enable older workers to stay longer in the labour market. Tighten the eligibility criteria and controls for the allocation of invalidity pensions to effectively limit abuse.	Important	unsatisfactory	
CSR 3	Accelerate the national Youth Employment Initiative, for example through a Youth Guarantee. Further strengthen the capacity of the Employment Agency with a view to providing effective counselling to jobseekers and develop capacity for identifying and matching skill needs. Enhance active labour-market policies, in particular concerning national employment schemes. Undertake a review of the minimum thresholds for social security contributions to ensure that the system does not price the low-skilled out of the labour market. Ensure concrete delivery of the National Strategies on Poverty and Roma integration. Improve the accessibility and effectiveness of social transfers and services, in particular for children and older people.	Extremely important	Mixed	

CSR 4	Adopt the School Education Act and pursue the reform of higher education, in particular through better aligning outcomes to labour-market needs and strengthening cooperation between education, research and business. Improve access to inclusive education for disadvantaged children, in particular Roma. Ensure effective access to healthcare and improve the pricing of healthcare services by linking hospitals' financing to outcomes and developing out-patient care.	Extremely important	Mixed	
CSR 5	Take further steps to improve the business environment, by cutting red tape, implementing an e-government strategy and implementing the legislation on late payments. Improve the quality and independence of the judicial system and fight corruption more effectively. Improve the access to finance for SMEs and start-ups.	Extremely important	Mixed	
CSR 6	Accelerate the absorption of EU funds. Ensure sound implementation of public-procurement legislation by extending ex-ante control by the Public Procurement Agency to prevent irregularities.	Important	Satisfactory	
CSR 7	Strengthen the independence of national regulatory authorities and the administrative capacity in particular in the energy and transport sectors, as well as for waste and water management. Remove market barriers, quotas, territorial restrictions and regulated prices and complete the market design by setting up a transparent wholesale market for electricity and natural gas. Accelerate electricity and gas interconnector projects and enhance the capacity to cope with disruptions. Step up efforts to improve energy efficiency.	Extremely important	Mixed	

SPRING 2014 REFORM BAROMETER - CZECH REPUBLIC

		Q1: the recommendation is:	Q2: implementation effort is:	Detailed comments
CSR 1	<p>Implement as envisaged the budget for the year 2013 so as to correct the excessive deficit in 2013 in a sustainable manner and achieve the structural adjustment effort specified in the Council recommendations under the EDP. For the year 2014 and beyond, reinforce and rigorously implement the budgetary strategy, supported by sufficiently specified measures, to ensure an adequate fiscal effort to make sufficient progress towards the medium-term objective. Prioritise growth-enhancing expenditure including committing on time remaining projects co-financed with EU funds under the current financial framework.</p>	Important	Mixed	<p>This recommendation is important but not very helpful as such. We know that fiscal stability is one of the key issues being reflected in prices on financial markets, public sector stability or in sustainability of existing systems. Yes, fiscal consolidation is needed to some extent and we support lowering public deficits. Nonetheless, the wording (formulation) "rigorously implement the budgetary strategy" is not quite appropriate with regard to the need for (and absence of) systemic nature of austerity measures within a more complex economic policy. The recommendation to prioritize growth-enhancing expenditure is insufficient, because it is possible to agree with it in general, but looking for particular steps is questionable and problematic. What we miss is a link to an overall economic policy with a clear vision and direction, we miss stability of proposals, long term view on business environment and investment/economic activity when suggesting and implementing concrete measures. Some measures (like decreasing investment expenditures) only create "internal debt" for the future. Some measure may discourage from investing and doing business. There is very often a short term view when talking about "growth" - just expressed by one year GDP and not by GDP potential and stable sustainable growth. We asked government to fully utilize EU funds but we find its effort as insufficient when there will be some idle money. We as well welcome the Government's approach refraining from the original purpose of "more drastic" decrease and achievement of a balanced budget in 2016 towards, more taking into consideration of the effects on the economy – while maintaining the deficit under 3 % of GDP. In 2013 the goal of lower ratio of public deficit to GDP will be met and in this respect the effort of government was successful (but it is only a "simplified" view).</p>

CSR 2	Reduce the high level of taxation on labour by shifting taxation to areas less detrimental to growth, such as recurrent taxes on housing and vehicle circulation taxes. Further reduce discrepancies in the tax treatment of employees and the self-employed. Improve tax compliance and reduce compliance costs by establishing the Single Collection Point and harmonising the tax bases for personal income tax and social and health contributions.	Important	Mixed	The SP supports reduction of taxation on labour. The social contributions and taxation on labour make the Czech Republic in international benchmarking relatively expensive. In the matter of the Single Collection Point the SP continues to emphasize certain doubts concerning the system – whether it will work in time and in an effective way, whether the Government will manage proper implementation and whether the administrative burden on firms will really be lowered. Generally the SP does not contradict the recommendation to shift taxation to areas less detrimental to growth but, again, looking for particular steps is questionable. In general whatever increase in taxation decreases at least the purchasing power of the domestic entities and attractiveness of the territory. It is possible to admit that the property/housing taxes do not belong to the highest ones according to the international benchmarking. Moreover we lack concrete recommendation regarding the fight against tax evasion/tax collection. Better tax collection (due to lower tax evasion) might be one of the important tools how to secure fiscal stability without further tax increasing and securing more equal business environment. Further it is necessary to stress the necessity of the tax system stability (incessant changes and excessive complexity and proposals for changes of the tax laws) or other concrete recommendations (efficient tax collection) with the goals to support priority aims. In this context the SP supports the 22 May 2013 European Council conclusions and subsequent provisions to the Action Plan to strengthen the fight against tax fraud and tax evasion.
CSR 3	Increase the effective retirement age by aligning retirement age or pension benefits to changes in life expectancy, and review the indexation mechanism. Accompany the increase in retirement age with measures promoting employability of older workers and reduce early exit pathways. In particular, remove the public subsidy for the pre-retirement scheme. Take measures to significantly improve cost-effectiveness of healthcare expenditure, in particular for hospital care.	Important	Mixed	The recommendation on pension systems is sensitive for all Member States. It is an area exclusively under the responsibility of individual countries. The Czech Republic has already done many steps (including legislation) for sustainability of the pension system. Nevertheless, the European Commission again reproached the Czech Republic for low attractiveness of the second pillar for young people. This still persists. To further increase (and accelerate the pace of) the statutory retirement age and to link it properly to the life expectancy, the next steps must be based on national consensus and political will. The SP supports the Government in their objection to the criticism of so called pre-retirement scheme where the Commission misunderstood the principle of the scheme based on the unanimous social partners 'joint agreement.
CSR 4	Take additional efforts to strengthen the efficiency and effectiveness of the public employment service. Increase significantly the availability of inclusive childcare facilities with a focus on children up to three years old, and the participation of Roma children, notably by adopting and implementing the law on provision of childcare services and strengthening the capacities of both public and private childcare services.	Helpful	Mixed	The SP repeatedly supports the Commission's recommendations for preschool childcare facilities and their accessibility. This way parents, especially mothers, will integrate into the labour market earlier and match their work and private lives. The newly adopted Law of a Children Group is a welcomed, but not sufficient measure. The SP puts emphasis on the role and quality of the preschool facilities, because it finds them to be a part of pre-school education. In 2011 adopted Labour Office reform was a right step to ensure an inclusive labour market for all, nevertheless it would need time to asses a real impact on the labour market.

CSR 5	Ensure implementation of the anti-corruption strategy for 2013-2014. Adopt a Public Servants Act that should ensure a stable, efficient and professional state administration service. Improve the management of EU funds in view of the 2014-2020 programming period. Strengthen the capacity for implementation of public tenders at local and regional level.	Extremely important	Unsatisfactory	In January 2013 the Czech Government adopted the Anti-corruption Strategy for 2013-2014, but its implementation is not sufficient. The Public Procurement Act has been adopted, but its quality is not satisfactory. SP welcomed the Government effort to speed adoption of the Public Servants Act. Nevertheless the act is of a very low quality, approaching ex ante condition for the European structural funds, rather than guaranteeing an efficient and stable public administration.
CSR 6	Establish a comprehensive evaluation framework in compulsory education and take targeted measures to support schools that rank low in educational outcomes. Adopt measures to enhance accreditation and funding of higher education. Increase the share of performance-based funding of research institutions.	Important	Unsatisfactory	The SP supports peer reviews (nationwide testing) of the outcomes of primary schools and at the same time agrees that it must be supplemented with efficient help to schools with poor results. Beyond the recommendations the SP notes that it is necessary to link the evaluation of the 5th – 9th grades to the entrance examination to the secondary schools (GCSE branches of study in the first place) in terms of both terms and processes. The SP also lacks an appeal to implement elements of the dual learning (co-operative models) into the vocational education, including tax advantages/concessions for employers investing in education (Amendment to the Taxation Law was adopted by the Parliament of the Czech Republic and entered in force on 1th January 2014). In the area of universities the SP would like rather to support a higher (not only formal) participation of employers in the steering and decisive bodies on the universities, increase scope of the work-based practice within employers and coefficients of preferential treatment of funding of universities. Regarding the European Commission’s recommendation on science, research and innovations, the SP agrees and calls for higher volume of funds for applied (company) research. We consider this recommendation as important and the effort of our government is unsatisfactory. The SP supports increase the share of performance-based funding because it increases efficiency and brings greater applicability of the results. This is related to the development of excellent institutes and termination of the "weak" institutes.
CSR 7	Drawing on the on-going review, proceed with a reform of regulated professions, by reducing or eliminating entry barriers and reserves of activities where they are unjustified. Take further measures to improve energy efficiency in the buildings and industry sectors.	Helpful	Unsatisfactory	The SP agrees that the Czech Republic has a high number of regulated professions (highly over the EU average). In the context of the review of the directive on recognition of professional qualifications the Czech Republic however adopted measures to reduce the number of regulated professions. The SP supports this effort in relation to the implementation of the provisions adopted within the Single Market Act I. b) We consider the recommendation to improve energy efficiency in building and industry sectors as appropriate and important, but, however, the Czech Government makes a mistake in concentration of most sources in energy efficiency of buildings – too much money will be spent, too low energy savings will be reached. So we assess the reform effort of our government regarding this recommendation as unsatisfactory.

Note: There is a new government forming these days and there might be some changes next year (they may have and have some different opinions on some proposals of the current/former government). We do not know specific proposals of a new government. There is a new “coalition contract” including priorities and goals

SPRING 2014 REFORM BAROMETER - DENMARK

		Q1: the recommendation is:	Q2: implementation effort is:	Detailed comments
CSR 1	Implement the budgetary strategy in 2013 as envisaged, so as to ensure the correction of the excessive deficit by 2013. Furthermore, implement the budgetary strategy for 2014 and beyond to ensure an adequate fiscal effort to remain at the medium-term objective.	Important	Satisfactory	The Budget Law with 4-year budget-ceilings combined with sanctions in case of overspending is a very good system ensuring budget discipline.
CSR 2	Take further steps to improve the employability of people at the margins of the labour market, including people with a migrant background, the long-term unemployed and low-skilled workers. Improve the quality of vocational training to reduce drop-out rates and increase the number of apprenticeships. Implement the reform of primary and lower secondary education, in order to raise attainment levels and to improve the cost-effectiveness of the education system.	Extremely important	Unsatisfactory	The financial incentives for people who are outside the labour market to take a job are still too low. A reform of vocational training has been announced (but not yet decided) with a number of good initiatives, but more needs to be done.
CSR 3	Continue efforts to remove obstacles to competition in the services sector including in the retail and construction sectors and enhance effectiveness in the provision of public services.	Extremely important	Mixed	New initiatives have been announced in this area. The Government will follow up on the recommendations from the Productivity-commission. The challenge is big as productivity growth in the service sector is low compared to other sectors and service sectors abroad.

SPRING 2014 REFORM BAROMETER - ESTONIA

		Q1: the recommen dation is:	Q2: implementati on effort is:	Detailed comments
CSR 1	Pursue a growth-friendly fiscal policy and preserve a sound fiscal position as envisaged, ensuring compliance with the medium-term budgetary objective over the programme horizon.	Important	Satisfactory	
CSR 2	Improve incentives to work by making the various existing social-benefit systems more consistent and by increasing the flexibility and targeting of benefit allocation.	Extremely important	Satisfactory	
CSR 3	Continue efforts to improve the labour-market relevance of education and training systems, including by further involving social partners and implementing targeted measures to address youth unemployment.	Important	Mixed	
CSR 4	Improve energy efficiency, in particular in buildings and transport, and strengthen environmental incentives concerning vehicles and waste.	Important	Satisfactory	
CSR 5	Better balance local government revenue against devolved responsibilities.	Helpful	Mixed	

SPRING 2014 REFORM BAROMETER - FINLAND

		Q1: the recommendation is:	Q2: implementation effort is:	Detailed comments
CSR 1	Pursue a growth-friendly fiscal policy and preserve a sound fiscal position as envisaged, ensuring compliance with the MTO over the programme horizon. Continue to carry out annual assessments of the size of the ageing-related sustainability gap and adjust public revenue and expenditure in accordance with long-term objectives and needs. Ensure the cost-effectiveness and sustainability of long-term care and put a stronger focus on prevention, rehabilitation and independent living.	Extremely important	Mixed	In autumn 2013 the Finnish Government presented an outline for a broad structural policy reform programme to bridge the sustainability gap. Mainly due to an ageing population the size of the gap in Finland is 5-6 % of GDP. The programme aims to reduce municipalities' tasks, increase the productivity of social services and health care, extend working careers, decrease structural unemployment and increase the output potential of the economy. If the programme can be executed thoroughly, it will shrink the sustainability gap considerably. Unfortunately the government has so far taken very little detailed policy actions to implement it.
CSR 2	Ensure effective implementation of the on-going administrative reforms concerning the municipal structure, in order to deliver productivity gains and cost savings in the provision of public services, including social and healthcare services	Extremely important	Unsatisfactory	The government has been able to provide only limited action to decrease the number of municipalities, since the municipalities are very independent by Finnish constitution. Also the government has not been successful in improving the productivity of healthcare and social services.
CSR 3	Take further steps to increase the employment rate of older workers, including by improving their employability and reducing early exit pathways, increasing the effective retirement age by aligning retirement age or pension benefits to changes in life expectancy. Implement and monitor closely the impact of on-going measures to improve the labour-market position of young people and the long-term unemployed, with a particular focus on the development of job-relevant skills.	Important	Mixed	The Ministry of Finance published in autumn 2013 a report on pension policy. The actions regarding old age retirement age will be taken in 2017 by the next government. A possible alignment of retirement age with changes in life expectancy will then be decided. In 2013 Finnish government and labour market organizations negotiated minor changes to reduce early exit pathways.
CSR 4	Continue efforts to enhance competition in product and service markets, especially in the retail sector, by implementing the new programme on promoting healthy competition.	important	Mixed	Our government has been active in enhancing competitive neutrality between public and private entities, which is very important. On the contrary, the government has made a lot of questionable and disadvantageous new regulation on private sector.
CSR 5	Boost Finland's capacity to deliver innovative products, services and high-growth companies in a rapidly changing environment, and continue diversification of the industry; continue to improve the overall energy efficiency in the economy. In the current low-growth environment, support the alignment of real wage and productivity developments whilst fully respecting the role of social partners and in line with national practices.	Helpful	Mixed	Finland's expenditure, both publicly and privately funded, on research and development (R&D) has been declining recently. Finland has a large energy-intensive industry but when economic and geographical conditions are taken into account, the Finnish economy is already very energy efficient.

SPRING 2014 REFORM BAROMETER - FRANCE

		Q1: the recommendation is:	Q2: implementation effort is:	Detailed comments
CSR 1	<p>Reinforce and pursue the budgetary strategy in 2013. Enhance the credibility of the adjustment by specifying by autumn 2013 and implementing the necessary measures for the year 2014 and beyond to ensure a correction of the excessive deficit in a sustainable manner by 2015 at the latest and the achievement of the structural adjustment effort specified in the Council recommendations under the EDP. Use all windfall gains for deficit reduction. A durable correction of the fiscal imbalances requires a credible implementation of ambitious structural reforms to increase the adjustment capacity and boost growth and employment. Maintain a growth-friendly fiscal consolidation course and further increase the efficiency of public expenditure, in particular by proceeding as planned with a review of spending categories across all sub-sectors of general government. Take action through the forthcoming decentralisation law to achieve better synergies and savings between central and local government levels. After the correction of the excessive deficit, pursue the structural adjustment effort at an adequate pace so as to reach the MTO by 2016. Take measures by the end of 2013 to bring the pension system into balance in a sustainable manner no later than 2020, for example by adapting indexation rules, by increasing the full-pension contribution period, by further increasing the effective retirement age by aligning retirement age or pension benefits to changes in life expectancy and by reviewing special schemes, while avoiding an increase in employers' social contributions, and increase the cost-effectiveness of healthcare expenditure, including in the areas of pharmaceutical spending.</p>	Extremely important	Unsatisfactory	Even though public expenses have slowed down, they are still increasing in value and public deficit has been reduced mostly by increasing taxes.

CSR 2	Ensure that the reduction in the labour cost resulting from the 'credit d'impôt compétitivité et emploi' yields the planned amount and that no other measure will offset its effect. Take further action to lower the cost of labour, in particular through further measures to reduce employers' social-security contributions, in association with social partners. Ensure that developments in the minimum wage are supportive of competitiveness and job creation, taking into account the existence of wage support schemes and social contribution exemptions.	Extremely important	Mixed	Some progress with the implementation of CICE credit tax but it's far from being enough
CSR 3	Take further measures to improve the business environment and develop the innovation and export capacity of firms, in particular SMEs and enterprises of intermediate size. In particular, launch the announced simplification initiative of the regulatory framework, and improve the framework conditions for innovation, by enhancing technology transfer and the commercial exploitation of research, including through a reorientation of the competitiveness poles.	Important	Mixed	Progress has been made but was slow in 2013 regarding simplification. Measures were taken to stimulate innovation, but some others were very damageable for business climate
CSR 4	Take action to enhance competition in services; remove unjustified restrictions in the access to and exercise of professional services, notably regarding legal form, shareholding structure, quotas and territorial restrictions; take action to simplify authorisation for the opening of trade outlets and to remove the ban of sales at a loss; remove regulated gas and electricity tariffs for non-household customers and strengthen interconnection capacity with neighbouring countries; in the railway sector, open domestic passenger transport to competition.	Helpful	No progress	It needs to be done but not on the top of the list
CSR 5	Pursue efforts to simplify the tax system and improve its efficiency, while ensuring continuity of tax rules over time. Take additional measures to remove the debt bias in corporate taxation. Step up efforts to reduce and streamline personal and corporate income tax expenditures while reducing statutory rates; bring reduced VAT rates closer to the standard rate and remove inefficient reduced rates. Take further measures shifting the tax burden from labour to environmental taxation or consumption.	Helpful	No progress	There is an urgent need not only to simplify tax system but to reduce drastically companies taxation

SPRING 2014 REFORM BAROMETER - GERMANY

		Q1: the recommendation is:	Q2: implementation effort is:	Detailed comments
CSR 1	<p>Preserve a sound fiscal position as envisaged which ensures compliance with the medium-term objective over the programme horizon. Pursue a growth-friendly fiscal policy through additional efforts to enhance the cost-effectiveness of public spending on healthcare and long-term care through better integration of care delivery and a stronger focus on prevention and rehabilitation and independent living. Improve the efficiency of the tax system, in particular by broadening the VAT base and by reassessing the municipal real estate tax base; use the available scope for increased and more efficient growth-enhancing spending on education and research at all levels of government. Complete the implementation of the debt brake in a consistent manner across all Länder, ensuring that monitoring procedures and correction mechanisms are timely and relevant.</p>	Helpful	Unsatisfactory	<p>The recommendation to preserve a sound fiscal position without strengthening the competitive position of the German industries is not sound. The recommendations by the Commission to pursue a growth-friendly fiscal policy by broadening the VAT base is not helpful without adjusting competition distortions and without reducing the overall tax burden by considering a compensation for fiscal drag. Further reforms of the tax system to simplify taxation and to limit distortions of the competition of German Industries should be recommended by the Commission. The coalition agreement of the CDU, CSU and SPD of 27 November 2013 as the relevant plan for any reforms in Germany the next four years does not pursue any reforms in these directions. The agreement is limited to small adjustments and the development on IT-processes. When it comes to the efficiency of federal fiscal policy the coalition treaty is also unsatisfactory. Even though the Federal Government officially declares that meeting the debt brake requirements and "Maastricht"-criteria are main goals, the treaty contains excess expenditures of at least 23 billion Euros.</p>
CSR 2	<p>Sustain conditions that enable wage growth to support domestic demand. To this purpose, reduce high taxes and social security contributions, especially for low-wage earners and raise the educational achievement of disadvantaged people. Maintain appropriate activation and integration measures, especially for the long-term unemployed. Facilitate the transition from non-standard employment such as mini-jobs into more sustainable forms of employment. Take measures to improve incentives to work and the employability of workers, in particular for second earners and low-skilled, also with a view to improving their income. To this end, remove disincentives for second earners and further increase the availability of fulltime childcare facilities and all-day schools.</p>	Important	Mixed	<p>Reduction of taxes and social security contributions will increase employment. Employment effects on domestic demand exceed wage growth effects by more than 100%.; reduction of long-term unemployment and integration of low skilled persons is a major challenge of German labour market policy; the CSR failed to recognize flexible forms of employment as one of the key factors of the positive labour market development. Effort of government: no reduction of taxes etc.; discussion about disincentives for second earners goes on without result; Government plans overregulation of flexible employment. Social security contribution rates need to be reduced wherever it is possible. It is the contributor's money and must not be alienated. Low contribution rates help to avoid additional expenditures that are not fundable in the long run. Mini-jobs are a vital element of flexibility and a necessary valve on the over-regulated German labour market. Employees and employers both benefit from this option for students, retirees, pupils and spouses to earn a bit extra or activate unemployed and integrate low-skilled people.</p>

CSR 3	<p>Improve the coordination of the energy policy with neighbouring countries and keep the overall costs of transforming the energy system to a minimum, in particular by further reviewing the cost-effectiveness of energy policy instruments designed to achieve the renewable energy targets and by continuing efforts to accelerate the expansion of the national and cross-border electricity and gas networks.</p>	Extremely important	Unsatisfactory	<p>The coalition agreement of the new government is too little ambitious in terms of energy reform.</p>
CSR 4	<p>Take measures to further stimulate competition in the services sectors, including certain crafts — in the construction sector in particular — and professional services to boost domestic sources of growth. Take urgent action to significantly increase the value of public contracts open to procurement. Adopt and implement the announced legislative reform to improve the enforcement of competition law regarding competition restrictions. Remove planning restrictions which unduly restrict new entries in the retail sector. Take further measures to eliminate the remaining barriers to competition in the railway markets. Pursue efforts for consolidation in the banking sector, including by improving the governance framework.</p>	Helpful	Mixed	<p>The demand for public procurement to be openly advertised is to be welcomed in principle. With a view to the concrete demand of the Commission, more in depth analysis seems necessary, also taking into account the specifics of the federal structure in Germany. The principle of market openness is a high priority within public procurement in Germany. German public procurement markets are - in comparison to certain other EU-member states – no “closed shop”.</p>

SPRING 2014 REFORM BAROMETER - GREECE

<i>Policy recommendations under economic adjustment programmes</i>		Q1: the recommendation is:	Q2: implementation effort is:	Detailed comments
1	A steady increase in the primary surplus towards the targets of 3.0% of GDP in 2015 and 4.5% of GDP by 2016, which would improve the debt dynamics	Important	Satisfactory	Achievement of a primary surplus is a milestone, but given the policy mistakes made in the past it has come at an unnecessary high cost and with less security for the future than an alternative policy mix could have achieved.
2	Significant efforts are needed to make the recently created semi-autonomous revenue administration fully operational and improve its effectiveness.	Important	Satisfactory	Some achievements should not be underestimated while the same applies also to the remaining challenges. Especially, tax laws remain of very poor quality and a drive to root out corruption remains very less vigorous than, for example, the drive against tax evasion - in spite of the critical implications corruption has both on tax evasion and the undermining of the rule of law.
3	Financial sector: A determined and effective implementation of the privatisation programme is necessary. The recapitalisation of the four core banks has been completed.	Important	Unsatisfactory	Restoring financing conditions to the private sector that will mark a significant improvement with respect to the current conditions that, by all accounts, constitute an all-encompassing systemic failure requires more than replenishing (with a long delay) the losses suffered by Greek banks through the PSI. The current strategy of waiting for these extreme circumstances to gradually peter out by themselves will probably be quoted in the future as an example on how not to handle such cases. The current strategy has had as a result that important reforms in the business environment and labour markets have not been able to lead to the positive results they could have secured if somehow normal financing conditions were prevailing in the private sector. This entails grave risks especially for the labour market, as explained in point 6 and 7, and it is disappointing that neither the government nor the Troika acknowledge sufficiently these risks and promote an comprehensive and appropriate strategy to deal with the challenges at hand.

4	Greece needs to step up efforts on its export strategy that facilitates trade, simplifies customs operations and strengthens its trade and investment promotion capacity.	Important	Unsatisfactory	The emphasis given on smaller exporters may miss the key role of larger exporters, whose competitiveness is currently undermined by the high cost of money and energy. The larger exporters are among the few companies that have the ability to respond quickly to increased demand, and as parts of ecosystems are able to provide liquidity to supplying SME communities which could also respond to increased demand from abroad, especially since their relation with larger companies implies that they already have the quality control systems in place that are needed to access demanding export markets. Very recent changes in the pricing of energy for industrial consumers may help to alleviate some of these concerns. In addition, a number of initiatives to streamline existing processes and that are related to the facilitation of exports and the operations of customs are being implemented. Still, the speed at which that is happening is slow, especially when taking into account that these initiatives have been agreed on a long time ago. In addition the implemented actions lack a momentum to introduce more substantial changes that amount to a broader redesign of the current administrative structure and that goes beyond streamlining some processes within the existing, often outdated, structures.
5	Further progress was made in monitoring and correcting public expenditure, by improving Public Financial Management (PFM), but weaknesses remain and more reforms are needed.	Extremely important	Unsatisfactory	The unevenness of the balance between the, more vigorous, drive to increase revenue (either through new taxes or through more efficient battling of tax evasion) and the, less vigorous, drive to reduce waste and excess expenditure remains one of the weakest points of the policy mix, and has not be addressed to a satisfactory degree up to now.
6	Acceleration and broadening of product market reforms is needed.	Extremely important	Unsatisfactory	The other weak point of the implemented policy mix and it has also not been addressed to a satisfactory degree up to now. While by now a useful mass of related reforms has been amassed, the poor assessment of the government's efforts follows from the fact that many of these reforms are recent and the long delay in their implementation labels them "too little too late" implying that much increased zeal is still needed with respect to reforms in this area. The need to create through these reforms job opportunities that will prevent the large pool of unemployed from losing their employability should only cement the determination to acknowledge that "time is of the essence" and to quickly advance this reform agenda.
7	Fighting unemployment continues to be a top priority. Greece has implemented ambitious labour market reforms and it is now vital to advance on the four pillars of the employment action plan: public works programme; internships for the young ("voucher scheme"); reform of the Public Employment Service (OAED); and strengthening vocational education and apprenticeships. Greece is seeking ways to improve the social safety net within the current budgetary envelope such as including the development of unemployment assistance for the long-term unemployed and the creation by January 2014 of a guaranteed minimum income scheme (on a pilot basis).	Extremely important	Unsatisfactory	Greek efforts must focus on combating youth unemployment by implementing specific measures on job creation. Greece had a serious problem with respect to the quality of the education system and its link with the job market even before the crisis. These problems have been aggravated during the past years, rather than being resolved to a sufficient degree. The danger that new unemployed, which are well in excess of 10% of the country's population, will become long term unemployed and ultimately unemployable should add a sense of urgency that appears to be missing.

SPRING 2014 REFORM BAROMETER - HUNGARY

		Q1: the recommen dation is:	Q2: implementati on effort is:	Detailed comments
CSR 1	Public finances	Extremely important	Mixed	Although the Excessive Deficit Procedure was abrogated, the public debt is still very high. MGYOSZ-Business Hungary considers this fact as one of the biggest objection of growth and competitiveness, in line with CSR 1, a more growth-friendly fiscal policy is desirable.
CSR 2	Financial sector	Important	Mixed	MGYOSZ-Business Hungary's opinion is in line with the statement of the CSR. At the same time, on all issues mentioned here, a more intensive conciliation is necessary with the representatives of the banking and business sector.
CSR 3	Growth and competitiveness	Extremely important	Unsatisfactory	MGYOSZ-Business Hungary fully agrees with the statements of csr 3. Regarding the business environment the unpredictable legislation is the most important objective.
CSR 4	Employment and social policies	Extremely important	Mixed	Treatment of youth unemployment and the reform of education (either public education, or the LLL schemes) is the key of labour market competitiveness. MGYOSZ-Business Hungary does not agree with cutting the unemployment benefit in this difficult labour market situation. (Crucial point, because the cut of the insurance based unemployment benefit happened without proper consultation with the social partners.)

SPRING 2014 REFORM BAROMETER - IRELAND

<i>Policy recommendations under economic adjustment programmes</i>		Q1: the recommendation is:	Q2: implementation effort is:	Detailed comments
CSR 1	Fiscal consolidation progress	Extremely important	Excellent/no further progress needed	Fiscal consolidation is ahead of targets
CSR 2	Preliminary balance sheet assessment of state supported banks	Important	Satisfactory	State supported banks unlikely to have further capital requirements from Exchequer
CSR 3	Analysis of forward looking operating profit in state supported banks	Important	Satisfactory	Further analysis of profitability required and issue loss-making tracker mortgages still to be addressed
CSR 4	Review of progress in addressing mortgage arrears	Important	Satisfactory	Mortgage arrears showing signs of stabilisation - stronger than expected asset price recovery likely to form significant part of solution

SPRING 2014 REFORM BAROMETER - ITALY

		Q1: the recommendation is:	Q2: implementation effort is:	Detailed comments
CSR 1	Ensure that the deficit remains below 3% of GDP in 2013, by fully implementing the adopted measures. Pursue the structural adjustment at an appropriate pace and through growth-friendly fiscal consolidation so as to achieve and maintain the MTO as from 2014. Achieve the planned structural primary surpluses in order to put the very high debt-to-GDP ratio on a steadily declining path. Continue pursuing a durable improvement of the efficiency and quality of public expenditure by fully implementing the measures adopted in 2012 and taking the effort forward through regular in depth spending reviews at all levels of government.	Helpful (but not a priority)	Excellent/no further progress needed	Public finance consolidation must be pursued keeping in mind that growth is, however, the priority
CSR 2	Ensure timely implementation of on-going reforms by swiftly adopting the necessary enacting legislation, following it up with concrete delivery at all levels of government and with all relevant stakeholders, and monitoring impact. Reinforce the efficiency of public administration and improve coordination between layers of government. Simplify the administrative and regulatory framework for citizens and business and reduce the duration of case-handling and the high levels of litigation in civil justice, including by fostering out-of-court settlement procedures. Strengthen the legal framework for the repression of corruption, including by revising the rules governing limitation periods. Adopt structural measures to improve the management of EU funds in the southern regions with regard to the 2014-2020 programming period.	Extremely important	Unsatisfactory	
CSR 3	Extend good corporate governance practices to the whole banking sector conducive to higher efficiency and profitability to support the flow of credit to productive activities. Take forward the on-going work as regards asset-quality screening across the banking sector and facilitate the resolution of non-performing loans on banks' balance sheets. Promote further the development of capital markets to diversify and enhance firms' access to finance, especially into equity, and in turn foster their innovation capacity and growth.	Important	Mixed	

CSR 4	Ensure the effective implementation of the labour market and wage setting reforms to allow better alignment of wages to productivity. Take further action to foster labour market participation, especially of women and young people, for example through a Youth Guarantee. Strengthen vocational education and training, ensure more efficient public employment services and improve career and counselling services for tertiary students. Reduce financial disincentives for second earners to work and improve the provision of care, especially child- and long-term care, and out-of-school services. Step up efforts to prevent early school leaving. Improve school quality and outcomes, also by enhancing teachers' professional development and diversifying career development. Ensure effectiveness of social transfers, notably through better targeting of benefits, especially for low-income households with children.	Important	Satisfactory	
CSR 5	Shift the tax burden from labour and capital to consumption, property and the environment in a budgetary neutral manner. To this purpose, review the scope of VAT exemptions and reduced rates and of direct tax expenditures, and reform the cadastral system to align the tax base of recurrent immovable property to market values. Pursue the fight against tax evasion, improve tax compliance and take decisive steps against the shadow economy and undeclared work.	Extremely important	Unsatisfactory	
CSR 6	Ensure the proper implementation of the measures aiming at market opening in the services sector. Remove remaining restrictions in professional services and foster market access for instance in the provision of local public services where the use of public procurement should be advanced (instead of direct concessions). Pursue deployment of the measures taken to improve market access conditions in network industries, in particular by setting- up the Transport Authority as a priority. Upgrade infrastructure capacity with focus on energy interconnections, intermodal transport and high-speed broadband in telecommunications, also with a view to tackling the North-South disparities.	Important	Mixed	

SPRING 2014 REFORM BAROMETER - LATVIA

		Q1: the recommendation is:	Q2: implementation effort is:	Detailed comments
CSR 1	Reinforce the budgetary strategy to ensure that the deviation from the MTO only reflects the incremental impact of the systemic pension reform. Within this strategy, reduce taxation of low-income earners by shifting taxation to areas such as excise duties, recurrent property taxes and/or environmental taxes. Maintain efforts to improve tax compliance and combat the shadow economy. Continue strengthening the fiscal framework through effective implementation of the Fiscal Discipline Law and multi-annual budgeting.	Extremely important	Mixed	
CSR 2	Tackle long-term and youth unemployment by increasing coverage and effectiveness of active labour market policies and targeted social services. Improve the employability of young people, for example through a Youth Guarantee, establish comprehensive career guidance, implement reforms in the field of vocational education and training, and improve the quality and accessibility of apprenticeships.	Extremely important	Satisfactory	
CSR 3	Tackle high rates of poverty by reforming social assistance for better coverage, by improving benefit adequacy and strengthening activation measures for benefit recipients. Reinforce the delivery mechanisms to effectively reduce child poverty.	Important	Satisfactory	
CSR 4	Implement the planned reforms of higher education concerning, in particular, the establishment of a quality-rewarding financing model, reform of the accreditation system, consolidation of the institutions and promotion of internationalization. Take further steps to modernise research institutions based on the on-going independent assessment.	Extremely important	Unsatisfactory	

CSR 5	Continue improving energy efficiency, especially of residential buildings and district heating networks; provide incentives for reducing energy costs and shift consumption towards energy-efficient products. Improve connectivity with EU energy networks and take steps towards liberalisation of the natural gas market, including provision of clear rules for third-party access to storage capacities	Helpful	Mixed	
CSR 6	Complete pending reforms to improve the efficiency and quality of the judiciary and reduce the backlog and length of proceedings, including as regards insolvency. Put in place a comprehensive human resources policy and take steps to implement the mediation laws and streamline the arbitration court system.	Important	Mixed	

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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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	

SPRING 2014 REFORM BAROMETER - NETHERLANDS

		Q1: the recommendation is:	Q2: implementation effort is:	Detailed comments
CSR 1	Reinforce and implement the budgetary strategy, supported by sufficiently specified measures, for the year 2014 and beyond to ensure a timely correction of the excessive deficit by 2014 in a sustainable manner and achieve the structural adjustment effort specified in the Council recommendations under the EDP. Protect expenditure in areas directly relevant for growth such as education, innovation and research. After the correction of the excessive deficit, pursue the structural adjustment effort that will enable the Netherlands reaching the medium-term objective by 2015.	Important	Satisfactory	6 billion (1% GDP) of austerity measures have been taken. Taxes on consumption and companies have been raised too much in order to correct the budgetary deficit. It is necessary to keep cutting spending instead of raising taxes
CSR 2	Step up efforts to gradually reform the housing market by accelerating the planned reduction in mortgage interest tax deductibility and by providing for a more market oriented pricing mechanism in the rental market, and by further relating rents to household income in the social housing sector. Refocus social housing corporations to support households most in need.	Extremely important	Satisfactory	Recovery comes gradually. The policy changes have created stability on the housing market.
CSR 3	Adjust the second pension pillar, in consultation with social partners, to ensure an appropriate intra- and inter-generational division of costs and risks. Underpin the gradual increase of the statutory retirement age with measures to increase the employability of older workers. Implement the planned reform of the long-term care system to ensure its cost-effectiveness and complement it with further measures to contain the increase in costs, with a view to ensure sustainability.	Important	Mixed	Social Partners did agree on a reform of the second pillar pension system including an increase of the retirement age. This agreement requires a change in legislation. A legislative proposal is currently discussed between the Cabinet and political parties in order to get support in Parliament. In principle, support is given to a reform of the long-term care system to ensure cost-effectiveness and sustainability. However, we firmly object to the current proposal resulting in high costs for employers. Long term care must not be paid for by employers.
CSR 4	Take further measures to enhance participation in the labour market, particularly of people at the margin of the labour market. Continue to reduce tax disincentives on labour, including by a faster phasing-out of transferable tax credits for second income earners. Foster labour market transitions and address labour market rigidities, including by accelerating the reform of employment protection legislation and the unemployment benefit system.	Extremely important	Satisfactory	We fully support this CSR and work is done to realize these recommendations. We have reached a Social Agreement concerning an increase of the labour participation of disabled persons (removing a legal quota system), shortening the length of the statutory unemployment benefits, and simplifying EPL. This Social Agreement also needs legislative changes and that is work in progress.

SPRING 2014 REFORM BAROMETER - POLAND

		Q1: the recommendation is:	Q2: implementation effort is:	Detailed comments
CSR 1	To ensure a timely correction of the excessive deficit by 2014 in a sustainable manner and the achievement of the fiscal effort specified in the Council recommendations under the EDP. After the correction of the excessive deficit, pursue the structural adjustment effort that will enable Poland reaching the medium term objective by 2016. With a view to improving the quality of public finances minimize cuts in growth-enhancing investment, reassess expenditure policies improving the targeting of social policies and increasing the cost effectiveness and efficiency of spending in the healthcare sector. Improve tax compliance, in particular by increasing the efficiency of the tax administration.	Important	Unsatisfactory	The Government based its policy on the changes in the pension system (i.e. transferring over 50% of the employees' capital located in the open pension funds – the second pillar - to the state pension fund managed by <i>Zakład Ubezpieczeń Społecznych</i> , ZUS). It is a rather short-term approach to improve public finances. It implies that the government has chosen to acquire significant, corresponding to approx. 15% of public debt, increase in income, but have not introduced any initiatives aimed at reducing budget spending.
CSR 2	Ensure the enactment of a permanent expenditure rule in 2013 consistent with the rules of the European System of Accounts. Take measures to strengthen annual and medium-term budgetary coordination mechanisms among different levels of government.	Important	Unsatisfactory	The government is preparing regulation on new rules on permanent expenditure. Assessed as mixed as work in progress and no tangible results are available at the moment.
CSR 3a	Strengthen efforts to reduce youth unemployment, for example through a Youth Guarantee, increase the availability of apprenticeships and work-based learning, strengthen cooperation between schools and employers and improve the quality of teaching. Adopt the proposed life-long learning strategy.	Important	Unsatisfactory	The Government presented the proposal to reduce the youth unemployment in January 2014. This proposal includes: favourable conditions for renting flats, access to capital to start a business, tax credit and 'vacation' for social security contribution requirement (6 months for the newly set up businesses). Assessed as mixed as – in our opinion- lacking long-term measures aimed at job creation that would increase youth employment rate. What lacks is the development of work-based education and mechanisms that would ensure better matching of qualifications gained at school with labour market needs. Life-long learning strategy has not been implemented yet.
CSR 3b	Combat in-work poverty and labour market segmentation through better transition from fixed-term to permanent employment and by reducing the excessive use of civil law contracts.	Contrary to Federation advice	Unsatisfactory	We do not agree with this recommendation and the government proposals to limit the incidence of fixed-term employment and civil law contracts. It is necessary - prior requiring the reduction of fixed-term employment and civil law contracts - to change the Labour Code to introduce more flexible employment options. Combating in-work poverty requires reduction in tax-wedge on labour for low paid jobs and facilitation of employment for the potential households' second earners.

CSR 4a	Continue efforts to increase female labour market participation, in particular by investing in affordable quality childcare and pre-school education, by ensuring stable funding and qualified staff.	Important	Mixed	Investing in affordable quality childcare and pre-school education - partly done.
CSR 4b	With a view to improving sectorial labour mobility, take permanent steps to reform the farmers' social security scheme KRUS. Phase out the special pension system for miners with a view to integrating them into the general scheme.	Important	No progress	The farmers' social security scheme (KRUS) and the special pension system for miners - no reforms and would not start in the nearest 2 years (due to upcoming municipal, parliamentary/presidential elections).
CSR 4c	Underpin the general pension reform with measures promoting the employability of older workers to raise exit ages from the labour market.	Important	Mixed	Multiple initiatives have been introduced to promote employment of older workers and maintaining older workers in employment.
CSR 5	Take additional measures to ensure an innovation-friendly business environment by strengthening the links between research, innovation and industrial policy, by further developing revolving instruments and tax incentives and by better targeting existing instruments to the different stages of the innovation cycle.	Extremely important	Unsatisfactory	The Government innovation policy is based on the structural funds only. We assess it as a very short- sighted approach. The government tends not to accept any changes in the tax system, which could support firms' investments in R&D and innovation (public deficit problems). At the same time initiatives have been introduced to stimulate business-university or business-laboratory/research institute partnerships for innovation. The criterion of transfer potential to industry has been introduced in call for tenders/grants.
CSR 6	Renew and extend energy generation capacity and improve efficiency in the whole energy chain. Speed up and extend the development of the electricity grid, including cross-border interconnections, and eliminate obstacles in electricity cross border exchange. Reinforce competition in the gas sector by phasing out regulated prices. Strengthen the role and resources of the railway market regulator and ensure effective implementation of railway investment projects without further delay. Accelerate efforts to increase broadband coverage. Improve waste and water management.	Important	Unsatisfactory	Nothing has been done - in energy sector, in railway investments. The waste management regulation (2013) has not been implemented effectively.
CSR 7	Take further steps to improve the business environment by simplifying contract enforcement and requirements for construction permits and by reducing tax compliance costs. Adopt and implement the planned liberalisation of access to professional services.	Extremely important	Unsatisfactory	The liberalisation of access to the professional services partly implemented. The requirements for construction permits - better, but still to take too much time.

SPRING 2014 REFORM BAROMETER - PORTUGAL

<i>Policy recommendations under economic adjustment programmes</i>		Q1: the recommendation is:	Q2: implementation effort is:	Detailed comments
1	Reduce the Government deficit to 5.5 per cent of GDP in 2013, 4 per cent of GDP in 2014 and 2.5 per cent of GDP in 2015 by means of high-quality permanent measures and minimizing the impact of consolidation on vulnerable groups.	Contrary to Federation advise	Mixed	After a fiscal consolidation based in the increasing of taxes and temporary or one off measures in 2013, the budget for 2014 contains austerity measures amounting to 2.3% of GDP, mainly on the expenditure side. From our point of view, this pace of consolidation is excessively violent. We fear that the recessive effects of those additional measures will impair the confirmation and strengthening of the still modest signs of economic recovery and employment recently registered.
2	Growth-friendly tax policy will be pursued through, among others, a comprehensive reform of corporate taxation to promote investment and competitiveness.	Important	Mixed	The reform of corporate taxation has been conceived in a positive way and approved, but it contains some points that deserved our negative appreciation and the pace of the reduction of taxes it's too slow.
3	Preserve financial sector stability; maintain liquidity and support a balanced and orderly deleveraging in the banking sector; ensure adequate financing and working capital for the productive sectors (...) complete the corporate and household insolvency frameworks and smoothen their implementation.	Extremely important	Unsatisfactory	Financial sector stability was achieved but no sufficient measures were adopted to ensure adequate financing and working capital for the productive sectors.
4	Improve the efficiency of the public administration by eliminating redundancies, simplifying procedures and reorganising services.	Extremely important	Unsatisfactory	Some progress has been done in this sense (broad orientations for a State Reform have been presented), but the long-time awaited reform of the state and public administration is still far from being clearly defined.
5	The stock of [public] domestic arrears will be significantly reduced by the end of the programme period.	Important	Unsatisfactory	Controlling public domestic arrears remains challenging, particularly in the health sector. Despite efforts to apply the commitment control law, slippages in the health sector are causing a net accumulation of arrears in SOE hospitals.
6	Revise the unemployment insurance system to reduce the risk of long-term unemployment while strengthening social safety nets;	Important	Mixed	The Law n. º 51/2013, of 24 July (amending budget) foresees a 6% cut in the amount of unemployment benefits that exceed 419€. This measure has a positive and a negative effect. It is positive in a way that such reduction can have a relevant impact on active job search. However it is also negative, because it constrains even more the termination of labour contracts by mutual agreement with access to unemployment benefits, which has led and still leads inevitably to collective redundancies, with all its associated social tensions.

7	Reform employment protection legislation to tackle labour market segmentation, foster job creation, and ease the transition of workers across occupations, firms, and sectors;	Important	Satisfactory	In this matter we highlight the Law 76/2013, of 7th November, that, with the aim to protect employment, establishes a system of extraordinary renewal of fixed-term contracts. This measure was defended and demanded by CIP.
8	Ease working time arrangements to contain employment fluctuations over the cycle, better accommodate differences in work patterns across sectors and firms, and enhance firms' competitiveness;	Important	Satisfactory	The positive effects of the Law 23/2012, 25 of June, which proceeds to the third revision of the Labour Code, were visible in 2013. Among the changes, we highlight the establishment of an individual or group "bank of hours", the changing the rest period scheme, among others.
9	Promote labour cost developments consistent with job creation and enhanced competitiveness;	Important	Unsatisfactory	Some of the positive measures provided by the Law 23/2012, 25 of June, namely concerning the rules on the payment of overtime work and holidays vis-à-vis collective bargaining regulations, were declared unconstitutional by the Constitutional Court.
10	Address early school leaving and improve the quality of secondary education and vocational education and training, with a view to raising the quality of human capital and facilitate labour market matching.	Important	Mixed	Despite political intentions publicly assumed and the development of some measures, there is still a need to implement new measures to reinforce the link between education/vocational training and employability.
11	Reduce excess rents and ensure sustainability of the national electricity system	Important	Unsatisfactory	Rent-reducing measures to eliminate the tariff debt by 2020 and ensure the sustainability of the system were implemented but appear to be still insufficient.
12	Improve the governance model of the ports system with the objective to enhance the competitiveness and the efficiency of ports	Important	Mixed	Policy decisions are urgently required to ensure that efficiency gains and cost-savings are passed on to port customers and that the port operation concession holders respect minimum performance criteria as provided for in the 5+1 Plan presented last year.
13	Improve the functioning of the judicial system, which is essential for the proper and fair functioning of the economy.	Extremely important	Satisfactory	Progresses have been done, but results are not yet clear.
14	Reduce administrative burdens on companies, namely licensing framework	Extremely important	Unsatisfactory	Some progresses have been done, but most legal reforms envisaged to ease licensing requirements to businesses are behind schedule.

SPRING 2014 REFORM BAROMETER - SLOVENIA

		Q1: the recommen dation is:	Q2: implementati on effort is:	Detailed comments
CSR 1	For the year 2013 and beyond, implement and reinforce the budgetary strategy, supported by sufficiently specified structural measures, to ensure the correction of the excessive deficit by 2015 in a sustainable manner and the improvement of the structural balance specified in the Council recommendation under the EDP. After the correction of the excessive deficit, pursue a structural adjustment effort that will enable Slovenia to reach the MTO which should be set in line with the Stability and Growth Pact by 2017. Durable correction of the fiscal imbalances requires the implementation of ambitious structural reforms, which would increase the adjustment capacity of the economy and boost potential growth and employment. Safeguard growth-friendly spending, adopt measures to improve tax compliance and implement measures on the expenditure side underpinned by systematic reviews of public expenditure at all government levels. To improve the credibility of consolidation, complete the adoption of a general government budget balance/surplus rule in structural terms, make the medium-term budgetary framework binding, encompassing and transparent, and strengthen the role of independent bodies monitoring fiscal policy by end 2013. Take measures to gradually reduce the contingent liabilities of the state.	Extremely important	Unsatisfactory	The majority of fiscal consolidation in 2013 was based on raising public finance revenues (e.g. VAT increase), which is not in accordance with National Reform Programme. There have been no structural reforms adopted by the new government and November 2013 deadline for general government budget balance/surplus adoption in structural terms has been missed. In order to improve tax compliance (combat shadow economy) the government has introduced an information system for cashiers and higher financial penalties.
CSR 2	Strengthen the long-term sustainability of the pension system beyond 2020 by further adjusting all relevant parameters, including through linking the statutory retirement age to gains in life expectancy, while preserving the adequacy of pensions. Contain age-related expenditure on long-term care and improve access to services by refocusing care provision from institutional to home care, sharpening targeting of benefits, and reinforcing prevention to reduce disability/ dependency.	Helpful	Mixed	The last pension reform stabilises pension expenditure only until 2020 and pension expenditure is projected to increase well above the EU average after that. The government has established a working group to consider options for further reform. Longer term sustainability pressures also stem from the projected increase of demand for long-term care and related expenditure, in light of ageing population. In May 2013 the government issued plans for strengthening the community based long-term care and the adoption of a new Act on long-term care is foreseen in the first half of 2014..

CSR 3	Ensure that wage developments, including the minimum wage, support competitiveness and job creation. Monitor closely the effects of the recent labour market reform and if necessary identify the areas where further action is needed to foster job creation and tackle segmentation, including through the regulation for student work. Take further measures to increase employment of young tertiary graduates, older persons and the low-skilled by focusing resources on tailor-made active labour market policy measures while improving their effectiveness. Address the skills mismatch by improving the attractiveness of the relevant vocational education and training programmes and by further developing cooperation with the relevant stakeholders in assessing labour market needs.	Important	Mixed	Regarding labour market reforms, a working group has been created and tasked with reporting on the implementation and impact of the March 2013 reform by March 2014. A new student work regulation is under preparation aiming to preserve flexibility while introducing social security contributions to reduce distortions, flanked by measures in the education sector to limit access to student status. A new student regulation is expected to be adopted by the end of March 2014. Rather limited actions have been implemented to address skills mismatches. Slovenia prepared and implemented some new tailor-made Active labour market policy measures, whose effectiveness will need to be closely monitored.
CSR 4	Take the necessary steps, with input from European partners, to contract an independent external adviser in June 2013 to conduct a system-wide bank asset quality review. Complete this exercise in 2013, with faster progress in the cases of the two banks already subject to the state aid procedure, to accelerate their balance sheet repair. Stand ready to provide additional capital should the asset transfer or asset quality review reveal additional shortfalls. All measures, including objective assessments of capital needs, transfer of assets to Bank Asset Management Company, asset protection scheme, operational implementation of the restructuring measures should be implemented in full compliance with state aid rules in case state aid is involved. In parallel, develop by March 2014 and implement a comprehensive sector strategy to ensure arms-length management of reformed banks and to substantially improve governance, risk management and profitability in the sector, including through consolidation where appropriate. Swiftly proceed with preparations for the announced privatisation of NKBM and establish, by September 2013, an ambitious timetable for the divestment of direct and indirect state shareholdings of banks.	Extremely important	Satisfactory	A system-wide bank asset quality review has been conducted by an external adviser and has revealed an almost 5 billion EUR capital shortfall in 10 largest Slovenian banks. In mid-December 2013 government has recapitalised 5 state-owned banks and initiated a transfer of assets from two largest Slovenian banks to Bank Asset Management Company, all in accordance with state aid rules. Government has also announced that it plans to keep a controlling stake in the largest Slovenian bank.
CSR 5	Review the bank regulatory framework by end 2013, and based on this review, strengthen supervisory capacity, transparency and statistical disclosure.	Helpful	Unsatisfactory	The national reform programme does not describe any additional steps to strengthen bank supervision. However, the Slovenian authorities have made first steps to review their framework for bank regulation by end-2013 and to strengthen supervisory capacity, transparency and statistical disclosure
CSR 6	Accelerate the reform of regulated services, including a significant reduction of entry barriers. Improve the business environment, including through ensuring the independence of and providing sufficient and autonomous financing to the Competition Protection Agency.	Important	Unsatisfactory	The 2012 inter-ministerial process to streamline Slovenia's numerous regulated professions has not advanced since May 2013. The newly independent Competition Protection Agency has been strengthened with additional staff but the agency suffers from limited financial resources which are compounded by budget cuts planned for 2014.
CSR 7	Build on previous efforts to further reduce the length of judicial proceedings at first instance in litigious civil and commercial cases and the number of pending cases, in particular enforcement cases.	Important	Unsatisfactory	Data reported by Supreme Court appear to confirm that certain positive trends in judicial efficiency have continued, however, according to Doing Business 2014 Slovenia remains one of the worst countries in the world in terms of the length of judicial proceedings for resolving a commercial lawsuit.

CSR 8	<p>As part of the planned strategy of the government, to be completed by September 2013, classify core and non-core state assets according to economic criteria, with a view to divesting non-core assets. Make the Slovenia Sovereign Holding (SSH) fully operational in a timely manner, and transfer both ownership and management of all stakes to the SSH, potentially excluding those that are on the list for immediate full privatisation. Ensure professional management of the SSH from the outset, potentially including international expertise, and a clearly defined arms' length relationship with the companies involved. For core stakes, develop sector-specific strategies to improve profitability and corporate governance. Introduce an obligatory and publicly available register of management and supervisory board appointments in state-owned enterprises with requirements for disclosure of interests. Ensure that the regulatory framework facilitates divestment of non-core state assets and that administrative hurdles are minimised.</p>	Important	Unsatisfactory	<p>The Ministry of Finance has prepared a new draft law in September establishing the Slovenia Sovereign Holding, which is envisaged as a vehicle for consolidating the state's indirect ownership stakes and facilitating privatisation of non-core assets. This draft does not propose a transfer of ownership but only a transfer of management of all stakes to SSH. Moreover, the September 2013 deadline for classifying state-owned assets has been missed.</p>
CSR 9	<p>Identify and start to work on removing all existing legal and administrative impediments to sustainable restructuring of over-indebted/undercapitalised but viable companies through market-based solutions. In this context, take measures to ensure sufficient private burden sharing, to increase private investment, including foreign direct investment, and to achieve efficiency gains in troubled companies as part of the restructuring process. Adopt the necessary legal framework for out-of-court restructuring by September 2013, ensuring that it is coherent with the existing provisions on insolvency and provides incentives for both creditors and shareholders to reach out-of-court restructuring agreements. Improve the enforcement of corporate insolvency procedures and in-court settlements, including swiftly resolving pending court cases related to bankruptcy procedures, in order to maximise recovery value and to facilitate the timely and efficient resolution of non-performing loans.</p>	Extremely important	Unsatisfactory	<p>An expert working group was formed in mid-September to incorporate out of-court restructuring within the insolvency code and new amendments to the insolvency law were adopted by the government in late November 2013 but the September 2013 deadline as outlined in the CSRs has been missed. Moreover our assessment is that the new amendments do not resolve the existing problems and that the whole law is overly complicated.</p>

SPRING 2014 REFORM BAROMETER - SPAIN

		Q1: the recommendation is:	Q2: implementation effort is:	Detailed comments
CSR 1	Deliver the structural fiscal effort as required by the Council recommendation under the EDP to ensure correction of the excessive deficit by 2016. To this end, implement the measures adopted in the 2013 budget plans at all levels of government, reinforce the medium-term budgetary strategy with sufficiently specified structural measures for the years 2014-16. A durable correction of the fiscal imbalances is predicated upon the credible implementation of ambitious structural reforms which would increase the adjustment capacity and boost potential growth and employment. After achieving the correction of the excessive deficit, pursue the structural adjustment at an appropriate pace so as to reach the medium term objective by 2018.	Extremely important	Mixed	
CSR 2	Conduct a systematic review of the tax system by March 2014. Consider further limiting tax expenditure in direct taxation, explore the scope to further limit the application of the reduced VAT rates and take additional steps in environmental taxation, notably as regards excise duties and fuel taxes. Take further measures to address the debt bias in corporate taxation. Intensify the fight against the shadow economy and undeclared work,	Extremely important	No progress Draft reform foreseen in Spring 2014	
CSR 3	Implement the financial sector programme for the recapitalisation of the financial institutions, including the measures promoting non-bank intermediation adopted in November 2012.	Important	Satisfactory	
CSR 4	Finalise the evaluation of the 2012 labour market reform covering the full range of its objectives and measures by July 2013, and present amendments, if necessary, by September 2013. Adopt the 2013 national Employment Plan by July 2013 and enact swiftly a result-oriented reform of active labour market policies, including by strengthening the targeting and efficiency of guidance. Reinforce and modernise public employment services to ensure effective individualised assistance to the unemployed according to their profiles and training needs. Reinforce the effectiveness of re-skilling training programmes for older and low-skilled workers. Fully operationalize the Single Job Portal and speed up the implementation of public-private cooperation in placement services to ensure its effective application already in 2013.	Extremely important	Mixed	

CSR 5	Implement and monitor closely the effectiveness of the measures to fight youth unemployment set out in the Youth Entrepreneurship and Employment Strategy 2013-2016, for example through a Youth Guarantee. Continue with efforts to increase the labour market relevance of education and training, to reduce early school leaving and to enhance life-long learning, namely by expanding the application of dual vocational training beyond the current pilot phase and by introducing a comprehensive monitoring system of pupils' performance by the end of 2013.	Extremely important	Mixed	
CSR 6	Adopt and implement the necessary measures to reduce the number of people at risk of poverty and/or social exclusion by reinforcing active labour market policies to improve employability of people further away from the labour market and by improving the targeting and increasing efficiency and effectiveness of support measures including quality family support services.	Important	Unsatisfactory	
CSR 7	Urgently adopt and implement the draft Law on Market Unity and speed up all complementary actions needed for its swift implementation. Ensure the effectiveness, autonomy and independence of the newly created regulatory authority. By the end of 2013, adopt and implement the Law on professional associations and services, so as to remove any unjustified restriction to the access and exercise of professional activities, and the Law on Entrepreneurship. Regroup and concentrate support schemes for the internationalisation of firms. Reduce the number and shorten licensing procedures, including for industrial activities, and spread the use of the "express licence" approach to activities other than retail. Review insolvency frameworks for companies and individuals, including through limiting personal liability of entrepreneurs and easing second chances for failed businesses. Remove unjustifiable restrictions to the establishment of large-scale retail premises. By March 2014, review the effectiveness of the regulatory framework to support the development of the housing rental market.	Extremely important	Satisfactory	
CSR 8	Tackle the electricity tariff deficit by adopting and implementing a structural reform of the electricity sector by the end of 2013. Intensify efforts to complete the electricity and gas interconnections with neighbouring countries. Reduce the contingent liability for public finances stemming from unprofitable transport infrastructure. Set up an independent observatory to inform the assessment of future major infrastructure projects. Take measures to ensure effective competition in freight and passenger rail services.	Extremely important	Unsatisfactory	
CSR 9	Adopt in line with the presented timetable the reform of the local administration and define by October 2013 a plan to enhance the efficiency of the overall public administration. Adopt and implement the on-going reforms to enhance the efficiency of the judicial system.	Important	Mixed	

SPRING 2014 REFORM BAROMETER - SWEDEN

		Q1: the recommendation is:	Q2: implementation effort is:	Detailed comments
CSR 1	Implement the measures necessary to pursue a growth-friendly fiscal policy and preserve a sound fiscal position ensuring compliance with the medium-term objective over the programme horizon.	Important	Mixed	The Swedish government has a goal to have a surplus in the public finances, which is a good thing. However, the confederation of Swedish enterprises argues that balance is enough and argues that the total taxation should be cut.
CSR 2	Continue addressing risks related to private debt by reducing the debt bias in housing taxation by phasing out tax deductibility of interest payments on mortgages or/and increasing property taxes. Take further measures to foster prudent lending by measures promoting amortisation of mortgages. Further reduce the debt-bias in corporate taxation.	Important	Mixed	We share the concern for the high private debt. It would be advantageous to lower both the capital income tax and interest rate deductions (which are linked).
CSR 3	Improve the efficiency of the housing market by continued reforms of the rent setting system and strengthening the freedom of contract between individual tenants and landlords. Promote increased competition in the construction sector and review the planning, zoning and approval processes with the aim of increasing transparency, shortening lead times and reducing entry barriers for construction companies.	Helpful	Mixed	General reforms which make the rental market more market oriented.
CSR 4	Reinforce efforts to improve the labour-market integration of low-skilled young people and people with a migrant background by stronger and better targeted measures to improve their employability and the labour demand for these groups. Step up efforts to facilitate the transition from school to work, including via a wider use of work-based learning, apprenticeships and other forms of contracts combining employment and education. Complete the Youth Guarantee to better cover young people not in education or training. Complete and draw conclusions from the review of the effectiveness of the current reduced VAT rate for restaurants and catering services in support of job creation.	Important	Mixed	Increased labour market demand for low-skilled and youths can be achieved by reducing or not continue to raising minimum wages.

SPRING 2014 REFORM BAROMETER - UNITED KINGDOM

		Q1: the recommendation is:	Q2: implementation effort is:	Detailed comments
CSR 1	Implement a reinforced budgetary strategy, supported by sufficiently specified measures, for the year 2013-14 and beyond. Ensure the correction of the excessive deficit in a sustainable manner by 2014/15, and the achievement of the fiscal effort specified in the Council recommendations under the EDP and set the high public debt ratio on a sustained downward path. A durable correction of the fiscal imbalances requires the credible implementation of ambitious structural reforms which would increase the adjustment capacity and boost potential growth. Pursue a differentiated, growth-friendly approach to fiscal tightening, including through prioritising timely capital expenditure with high economic returns and through a balanced approach to the composition of consolidation measures and promoting medium and long-term fiscal sustainability. In order to raise revenue, make greater use of the standard rate of VAT.	Contrary to federation advise	Satisfactory	We agree with the EC that the government should aim to balance the budget and reduce public debt as a proportion of GDP in the medium term. However, the CBI does not regard the commission’s recommendation that the UK’s excessive deficit be corrected (reduced to 3% of GDP) by 2014-15 as appropriate. The UK is forecast to run a budget deficit of 6% in 2013-14, to reduce the deficit by 3% of GDP in a single year would entail a fiscal tightening which would be highly damaging to the economic recovery. The current government fiscal plan has market credibility and the CBI regards UK fiscal policy is appropriate. We agree that the consolidation could be made more growth friendly through prioritising capital spending.
CSR 2	Take further action to increase housing supply, including through further liberalisation of spatial planning laws and an efficient operation of the planning system. Ensure that housing policy, including the Help to Buy scheme does not encourage excessive and imprudent mortgage lending; and promote greater supply to avoid higher house prices.. Pursue reforms including to land and property taxation to reduce distortions and promote timely residential construction. Take steps to improve the functioning of rental markets, in particular by making longer rental terms more attractive to both tenants and landlords.	Important	Mixed	The government has made some planning reforms in favour of development however given the scale of the housing shortage more substantial supply side reform is required.

CSR 3	Building on the Youth Contract, step up measures to address youth unemployment, for example through a Youth Guarantee. Increase the quality and duration of apprenticeships, simplify the system of qualifications and strengthen the engagement of employers, particularly in the provision of advanced and intermediate technical skills. Reduce the number of young people aged 18-24 who have very poor basic skills, including through effectively implementing the Traineeships programme.	Extremely important	Satisfactory	We agree that the government's youth active labour market policies need to be strengthened given that youth unemployment is still around 20%. This is an important priority to ensure that young workers can make a meaningful contribution to the economy. We strongly welcomed the government's exemption of under 21 workers from employer NI, this should be a useful demand side measure, however more action is required on the supply side.
CSR 4	Enhance efforts to support low-income households and reduce child poverty by ensuring that the Universal Credit and other welfare reforms deliver a fair tax-benefit system with clearer work incentives and support services. Accelerate the implementation of planned measures to reduce the costs of childcare and improve its quality and availability.	Important	Mixed	We agree that the Universal Credit's introduction is necessary in order to create a tax-benefit system where work always pays. The government's timetable for delivery of Universal Credit has slipped, while this is disappointing, it is complex reform and therefore important it is properly implemented. The fiscal situation limits the extent to which additional government spending can be used to improve provision of childcare or improve its quality.
CSR 5	Take further steps to improve the availability of bank and non-bank financing to the corporate sector, while ensuring that the measures primarily target viable companies, especially SMEs. Reduce barriers to entry in the banking sector, lower switching costs and facilitate the emergence of challenger banks through a divestiture of banking assets. Effectively implement the Financial Policy Committee's recommendations on prudent assessment of bank capital requirements and on addressing identified capital shortfalls.	Extremely important	Satisfactory	We agree with the EC recommendations in this area. A more competitive banking sector can better serve its customers this includes both SMEs and the retail customer base. The government is in the process of divesting branches of the nationalised banks and has also implemented faster account switching to promote competition.
CSR 6	Take measures to facilitate a timely increase in network infrastructure investment, especially by promoting more efficient and robust planning and decision-making processes. Provide a stable regulatory framework for investment in new energy capacity, including in renewable energy. Improve the capacity and quality of transport networks by providing greater predictability and certainty on planning and funding and by harnessing the most effective mix of public and private capital sources.	Extremely important	Satisfactory	We agree that the UK urgently needs to improve both its energy and transport infrastructure. While it is important to create certainty for investors this needs to be balanced with the need for competitive energy prices. Given the evolution of the ETS price and the large differential that has emerged between the UK's Carbon Floor Price and the EU's ETS it is time to lower the trajectory of the ETS to ensure the UK remains a competitive location for manufacturing industries (particularly energy intensives)

SPRING 2014 REFORM BAROMETER - NORWAY

		Q1: the recommen dation is:	Q2: implem entati on effort is:	Detailed comments
OECD 1	Fiscal policy should continue to follow the longstanding guidelines. These allow for discretionary action to stabilise the economy if necessary.	Important	Satisfactory	
OECD 2	Monetary policy should remain the first line of defence if the global outlook worsens, especially in the case of an intensification of the euro area crisis. There is room for further loosening if needed. Tightening should eventually resume if rising activity appears likely to bring annual consumer price inflation close to the target of 2.5%.	Important	Satisfactory	
OECD 3	High household debt at floating interest rates and elevated house prices are vulnerabilities that macro-prudential policy and consumer protection should address. The strong financial supervision system should be maintained, including by ensuring that banks comply with higher capital requirements.	Important	Mixed	
OECD 4	Align the rules for early retirement in the public sector with those in the private sector.	Extremely important	Unsatisfactory	
OECD 5	Tighten access to sickness and disability schemes, with stronger enforcement of back-to-work plans and independent checks of GPs' assessments. If such action does not lower take-up, reduce the replacement rate for long-term sickness absence and shift more costs onto employers.	Contrary to Federation advise	Unsatisfactory	Strongly disagree about shifting more cost onto employers.
OECD 6	Increase the extent to which public expenditure and public administration and services are assessed on the basis of output indicators. Make greater and more consistent use of value-for-money analysis, with more transparent presentation of policy priorities.	Important	Unsatisfactory	
OECD 7	Reduce producer support to agriculture: Progressively cut price support and import restrictions to bring domestic food prices more in line with international levels. Where support is for regional, social or environmental purposes, use more targeted and transparent policies, cutting the link with agricultural output	Important	Mixed	

OECD 8	Strengthen performance in secondary education: Reduce the number of schools to benefit from scale economies. Raise school and teacher accountability through wider use of performance information. Include school performance measures as a criterion in assessing school principals. Improve teacher training and career structures.	Helpful	Mixed	Increased size of schools is not a priority.
OECD 9	Consider greater outsourcing of local and central government services to the private sector.	Extremely important	Mixed	
OECD 10	Improve capital taxation by aligning effective tax rates across assets. This should include reducing the implicit tax subsidy on owner-occupied housing, ideally by introducing tax on imputed rental income or a national property tax, otherwise – though less desirable – by phasing out mortgage interest deductibility.	Important	Mixed	
OECD 11	Investigate the impact of the wealth tax on effective tax rates, on tax avoidance and on incentives to invest. Phase out or reduce the wealth tax if the growth-redistribution trade-off is too unfavourable to growth.	Extremely important	Mixed	NHO strongly supports the removal of the wealth tax.
OECD 12	Reduce public ownership and entry barriers in some services, notably in retail by lowering the costs of licenses needed to engage in commercial activity and avoiding using environmental concerns to protect incumbents from entrants. Ensure that the market power of the partially publicly-owned former telecom monopoly does not hinder entry.	Helpful	Mixed	

SPRING 2014 REFORM BAROMETER - SWITZERLAND

		Q1: the recommendation is:	Q2: implementation effort is:	Detailed comments
OECD 1	When inflation pressures reappear on the horizon and the risks in the world economy are more balanced, the SNB should return to a free float and raise the policy rate.	Important	Satisfactory	The economy trusts in the capabilities and the accurate assessment of the National Bank to take the right measures in time. Currently, the Swiss Franc is still over appreciated by 20%.
OECD 2	Take further macro-prudential measures, such as increasing the counter-cyclical buffer, should imbalances in the mortgage and housing markets increase.	Important	Satisfactory	The federal government has taken appropriate measures.
OECD 3	Within the constraints of the debt brake rule, a re-evaluation of spending priorities may be warranted; in particular, a shift towards productivity enhancing public expenditures would be appropriate in the medium term.	Irrelevant	Satisfactory	In the assessment of the Federations the Swiss debt brake rule has proven its merits. It is doubtful, whether productivity enhancing public expenditures will have the desired effect and do not rather compromise the currently sound public budgets which will be challenged in the coming years by higher public expenditures in the field of social security and public pension funds currently not subject to the debt brake rules.
OECD 4	Put greater emphasis on market mechanisms in the transition from nuclear to renewable energy.	Important	Unsatisfactory	The Swiss government has introduced a feed-in-tariff system to promote renewable energies like Germany. Despite some announcements to introduce market mechanisms, no concrete plans have been presented yet.
OECD 5	Implement a CO2 levy on transport fuels so as to better exploit the low costs of meeting emissions-reductions targets in the transport sector relative to other sectors.	Helpful	Satisfactory	For heavy vehicles a weight- and distance-related tax was successfully introduced in 2001. This tax contributes to the reduction of CO2-emissions and other externalities. A moderate CO2-levy on transport fuels was introduced in 2005 in order to finance UNFCCC CDM-projects, which largely helped Switzerland to reach the Kyoto-target by 2012.
OECD 6	Further promote private- and public-sector energy-related research, and continue engagement with foreign researchers to facilitate realisation of the Energy Strategy 2050.	Important	Mixed	Energy research plays an important role in achieving the transition from fossil towards renewable energy supply. Public-private-partnerships can be helpful to achieve the goal, especially in times of limited public funds.
OECD 7	Accelerate the pace of agricultural sector reform, including moving entirely to direct payments to farmers, and by further integrating the entire food value chain in international trade.	Extremely important	Unsatisfactory	This recommendation is fully supported by the business federations. A liberalisation of the agricultural sector is of essence as it hampers access of Switzerland to international markets and weakens Switzerland's position in FTA negotiations. The agricultural sector only contributes with 1% to the national GDP (public subsidies included). Only Norway is more protective of its agricultural sector.

OECD 8	Address issues with academically weaker students within the integrated school system as part of a comprehensive integration policy. Focus teacher-training programmes more on developing practical remedial teaching skills.	Irrelevant	Excellent	Compared to international standards, Switzerland is well positioned in this field. More can be done, but it is in the competence of regional governments (Cantons) where it belongs. Regional cooperation agreements are in place where necessary.
OECD 9	Examine the roots of, and propose remedies for the poor productivity performance, including by creating a productivity commission.	Extremely important	Unsatisfactory	Business federations agree with the recommendation of OECD. More knowledge (studies) on the reasons of comparably weak productivity and improvement must be aimed for.
OECD 10	Increase women's labour-market options by increasing public spending on childcare and out-of-school-hours care and by setting applicable regulations to enhance the range of available price-quality choices.	Important	Satisfactory	The reconciliation of work and family life is a constant objective to reach equality between men and women and an important means to counter skill shortages.
OECD 11	Remove the so-called marriage tax penalty at the federal level by introducing individual, as opposed to family, taxation or some equivalent measure.	Helpful	Mixed	The abolition of the marriage penalty has been ordered by the Supreme Court. A popular initiative has been launched to implement it and is being supported by the government. As the implementation of the popular initiative will be very costly, the business federations are questioning whether it is the right instrument to achieve the goal although they do support it in principle.
OECD 12	Implement a corporate governance code establishing gender goals to increase women in senior management.	Helpful	Excellent	Important, but this must remain to be a matter of the private sector and of self-regulation.
OECD 13	Increase the proportion of women on company boards by setting ambitious targets combined with the "Comply or Explain" practice or by setting quotas.	Helpful	Satisfactory	Important, but this must remain to be a matter of the private sector and of self-regulation.