BUSINESSEUROPE

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 2015 REFORM BAROMETER - GERMANY

European Semester - Overall assessment of 2015 cycle

	To what extent do you agree with these statements:		Detailed comments
1.	The National Reform Programme submitted by your Government (April 2015) is appropriate	To some extent	The German NRP is vague on tackling the investment backlog. There would have been more fiscal space to foster public investment. The planned regulations of temporary agency work and contracts of work and labour will damage the positive employment and labour market performance in Germany.
2.	The Commission's country specific recommendations for your country are appropriate.	Yes absolutely	Similarly to the proposals of OECD and other organisations, tackling weak investments is one of the main priorities according to BDI. Increasing incentives for a later retirement age is indispensable to face the demographic change in Germany. Increasing the competition in the service markets is long overdue. This applies in particular for professional services.
3.	The Commission assessment of reform implementation the year before is appropriate.	To a large extent	The Commission assigns limited progress to the implementation of CSR1 and CSR2 and some progress to CSR 3: keep overall costs of transforming the energy system to a minimum. However, BDI identifies only limited progress if any progress at all for this CSR.
4.	The Commission assessment of excessive imbalances (in-depth review) is appropriate.	To a large extent	The German current account surplus reflects high savings and low domestic investments and it is not driven by low wage increases. This large external position of about 1,5 trillion Euros is indeed a substantial risk that creates vulnerabilities with respect to global developments.

Assessment of Country Specific recommendations 2015 in detail

		Q1 :the recommendation is :	Q2 : Implementation on effort is :	Detailed comments
CSR **1**	Increase public investment in infrastructure, education and research	Extremely important	Unsatisfactory	The government has taken only modest efforts so far and the upswing of investment at the end of 2015 is due to external factors like refugees. The national promotional bank KFW supports the EFSI with eight billion Euros.
CSR **2a**	Increase incentives for later retirement	Extremely important	Unsatisfactory	After the completely inadequate and wrong pension Reform of 2014, the government's new proposal for more flexibility at the entry into receipt of pension (Pension Flexibility Act 2016) contains only details that won't have a relevant impact.
CSR **2b**	Revise the fiscal treatment of mini-jobs to facilitate the transition to other forms of employment	Important	No progress	Generally, minijobs give reasonable access to other forms of employment. But there are tax incentives in Germany that favour minijobs over other forms of employment, especially for married couples. This hampers the transition from minijobs to other forms of employment. In areas, where child-care-infrastructure and all-day schools are scarce, for some parents it is impossible to increase their working hours and therefore they work on minijob-level.
CSR **2c**	Take measures to reduce high labour taxes and social security contributions, address the impact of fiscal drag	Extremely important	Unsatisfactory	The impact of fiscal drag will be addressed by minor adjustments of the personal income tax scale (taking effect by 1.1.2016). No implementation of measures to reduce social security contributions.
CSR **3**	Stimulate competition in the services sector, in particular removing the remaining barriers to competition in the railway markets	Important	No Progress	Limited competition due to the protection of certain industries is a significant hindrance to raising productivity. In particular, liberal professions are highly regulated and shielded from Competition. The same argument holds for many parts of the transport sector.

Reform Progress in your Member State in 2015

How would you assess reform progress in 2015, for the following broad areas:

Taxation and Public Finances	Mixed
Business environment (regulation/access to markets)	Mixed
Labour market	Unsatisfactory
Innovation and skills	Mixed
Access to finance and Financial stability	Excellent

Reform priorities for 2015

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 1	Public investment	Increase R&D expenditures and investments in education.	yes
Priority 2	Active labour market policies	No further regulation of agency work and contracts for services.	no
Priority 3	Pension and health care reforms	Increase incentives for later retirement and not for earlier retirement; Increase cost efficiency in health care, no more costly reforms	no
Priority 4	Venture capital and SME financing instruments	Lower the administrative burdens for SME to attract equity and venture capital.	yes
Priority 5			