



**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 2017 REFORM BAROMETER – AUSTRIA**

**European Semester - Overall assessment of 2016 cycle**

	<b>To what extent do you agree with these statements:</b>		<b>Detailed comments</b>
1.	The National Reform Programme submitted by your Government (February/November 2016) is appropriate.	To some extent	Finance equalisation framework reform between federal, provincial and local government still not on track
2.	The Commission's country specific recommendations for your country are appropriate.	Yes, absolutely	Point 1 and 3 of the Council recommendation (of 12 July 2016, Page 4) are very important ((2016/C 299/14)
3.	The Commission assessment of reform implementation the year before is appropriate.	Yes, absolutely	
4.	The Commission assessment of excessive imbalances (in-depth review) is appropriate.	Yes, absolutely	

**Assessment of Country Specific recommendations 2016 in detail**

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	Ensure that the deviation from the medium-term budgetary objective in 2016 and in 2017 is limited to the allowance linked to the budgetary impact of the exceptional inflow of refugees in 2015, and to that effect achieve an annual fiscal adjustment of 0,3 % of GDP in 2017 unless the medium-term budgetary objective is respected with a lower effort. Ensure the sustainability of the healthcare system, and of the pension system by linking the statutory pension age to life expectancy. Simplify, rationalise and streamline fiscal relations and responsibilities across the various layers of government.	Extremely important	Mixed	
CSR 2	Improve the labour market participation of women. Take steps to improve the educational achievements of disadvantaged young people, in particular those from a migrant background.	Important	Mixed	
CSR 3	Reduce, in the area of services, administrative and regulatory barriers for investments, such as restrictive authorisation requirements and restrictions on legal form and shareholding, and impediments to setting up interdisciplinary companies.	Important	Unsatisfactory	

## Reform Progress in your Member State in 2016

How would you assess reform progress in 2016, for the following broad areas:

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

## Reform priorities for 2017

	<b>I. Policy Area</b>	<b>II. Concrete Recommendations</b>	<b>III. Are the proposed recommendations already in the agenda of your Government?</b>
<b>Priority 1</b>	Pension and health care reforms		No
<b>Priority 2</b>	Consolidation of public expenditures		Yes
<b>Priority 3</b>	Public sector efficiency		No
<b>Priority 4</b>	Quality of fiscal institutions and budgetary framework		Yes
<b>Priority 5</b>	Business Environment - Regulatory barriers to entrepreneurship		Yes

## SPRING 2017 REFORM BAROMETER – BELGIUM

### European Semester - Overall assessment of 2016 cycle

	To what extent do you agree with these statements:		Detailed comments
1.	The National Reform Programme submitted by your Government (February/November 2016) is appropriate.	To a large extent	
2.	The Commission's country specific recommendations for your country are appropriate.	Yes, absolutely	
3.	The Commission assessment of reform implementation the year before is appropriate.	To a large extent	
4.	The Commission assessment of excessive imbalances (in-depth review) is appropriate.	To a large extent	

## Assessment of Country Specific recommendations 2016 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	Achieve an annual fiscal adjustment of at least 0,6 % of GDP towards the medium-term budgetary objective in 2016 and in 2017. Use windfall gains to accelerate the reduction of the general government debt ratio. Agree on an enforceable distribution of fiscal targets among all government levels. Simplify the tax system and remove distortive tax expenditures.	Important	Mixed	<p>The annual fiscal improvement of 0,6% of GDP was not realized. Instead the structural balance deterioration with 0,2% of GDP. This can be explained partially by the budgetary impact of the increased inflow of refugees and the security measures related to the terrorism threat (0,25% of GDP), which is recognized by the Commission. But the Commission does not take into account the budgetary effect of lower tax income from lower economic activity following the March 2016 terrorist attacks in Brussels (0,25% of GDP).</p> <p>The government is also working on further simplification of the tax system. The most important project in this regard is the reform of the corporate income tax system.</p>
CSR 2	Carry out the intended review of the Law of 1996 on the promotion of employment and the safeguarding of competitiveness in consultation with the social partners. Ensure that wages can evolve in line with productivity. Ensure the effectiveness of labour market activation policies. Move forward with education and vocational training reforms and provide training support for disadvantaged groups, in particular people from a migrant background.	Extremely important	Satisfactory	<p>In 2016 the federal government worked on an in-depth reform of the law of 1996. From 2017 on, the revised law should prevent a decline in wage competitiveness. In April 2016, the first step in the tax shift was implemented, this also contributed to an improvement in competitiveness.</p>

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 3	Boost the capacity to innovate, in particular by fostering investment in knowledge-based capital. Increase competition in the business services sector and the retail sector by removing unwarranted operational and establishment restrictions. Address shortfalls in investment in transport infrastructure and energy generation capacity.	Important	unsatisfactory	

### Reform Progress in your Member State in 2016

How would you assess reform progress in 2016, for the following broad areas:

<b>Taxation and Public Finances</b>	Mixed
<b>Business environment (regulation/access to markets)</b>	Unsatisfactory
<b>Labour market</b>	Satisfactory
<b>Innovation and skills</b>	Mixed
<b>Access to finance and Financial stability</b>	No reform necessary

Is there any example of an economic reform, specific to your country that BUSINESSEUROPE could highlight in its 2017 Reform Barometer?

Tax shift (April 2016) & reform of the law of 1996

### Reform priorities for 2017

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
<b>Priority 1</b>	Tax reforms	The government has been planning a reform of the corporate income tax system during 2016. Unfortunately, the reform was not finalized. A reduction of the nominal tariff (currently 33,99%) is of the utmost importance to maintain international competitiveness and to be able to attract foreign investments, as a lot of Belgian fiscal niches are under pressure from international institutions and will most probably be terminated in the coming year.	yes
<b>Priority 2</b>	Pension and health care reforms	There has been progress but there is still a long way to go. More needs to be done for the sustainability of our pension and health care systems. A greater sense of urgency is needed (gradual increase of retirement age to 66 and 67 years old is postponed until 2025 and 2030 respectively). There are still too many possibilities for early departure (sectorial exception regimes, early retirement in case of restructuring of companies). Periods of actual work must give way to a much better pension than non-working periods. More justice between pension systems: a further harmonization between a pension system for workers and one for civil servants is needed.	yes

	<b>I. Policy Area</b>	<b>II. Concrete Recommendations</b>	<b>III. Are the proposed recommendations already in the agenda of your Government?</b>
<b>Priority 3</b>	Consolidation of public expenditures	High public debt and deficit ratios make the Belgian public finances sensitive to an interest rate increase. To assure medium and long term sustainability, the debt ratio has to start decreasing urgently. Since the overall tax burden is already very high, fiscal consolidation should be realized by lowering public expenditure and increasing public sector efficiency.	yes
<b>Priority 4</b>	Public investment	Although the importance of reducing the debt ratio, the government has to create fiscal room for investment. Net investment has on average been close to 0 for the past 20 years. There is an urgent need for infrastructure upgrades with a focus on infrastructure with a high short term return (I.e. mobility-, digital- and energy infrastructure).	yes
<b>Priority 5</b>	Business Environment - Regulatory barriers to entrepreneurship	Belgian companies are confronted with very complex regulation and too much red tape. There is an urgent need for a comprehensive plan to lower the administrative burden.	no

**SPRING 2017 REFORM BAROMETER – BULGARIA**

**European Semester - Overall assessment of 2016 cycle**

	<b>To what extent do you agree with these statements:</b>		<b>Detailed comments</b>
1.	The National Reform Programme submitted by your Government (February/November 2016) is appropriate.	To a large extent	The most important parts are the goals and measures to enhance the country's competitiveness, to encourage investments and to improve the skills and education of the workforce.
2.	The Commission's country specific recommendations for your country are appropriate.	Yes, absolutely	The Country Specific Recommendations 3 and 4 are quite broad with specific measures. For the third recommendation – the predominant number of social partners agreed to conduct negotiations for minimum wage on bipartite and not on tripartite level and to abolish the governmental administrative procedure. Almost all of the recommendations in the public procurement (rec. 4) are achieved, also because they were horizontal preconditions in the country's Partnership Agreement 2014-2020. There is a slide delay in implementation of the online public procurement procedures.
3.	The Commission assessment of reform implementation the year before is appropriate.	Yes, absolutely	The three most important points are: 1) to create a comprehensive mechanism with the help of the social partners to calculate the minimum wage; 2) the improvement of the insolvency mechanism; 3) implementation of the e-procurement in health sector.
4.	The Commission assessment of excessive imbalances (in-depth review) is appropriate.	Yes, absolutely	High corporate debt; weaknesses in the labour market; major challenges for the healthcare system.

## Assessment of Country Specific recommendations 2016 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	Achieve an annual fiscal adjustment of 0,5 % of GDP towards the medium-term budgetary objective in 2016 and in 2017. Further improve tax collection and take measures to reduce the extent of the informal economy, including undeclared work.	Important	Mixed	The fiscal statistics shows that there is improvement in the tax collection in 2016 in terms of comparison to the budget prognosis and there are no sensible visible signs of reduction of informal economy.
CSR 2	By the end of 2016, finalise the asset quality review and stress test of the banks. By the end of 2016, complete the balance-sheet review and stress test of the insurance companies and the review of private pension funds' assets. Take, as necessary, follow-up actions in all three sectors and continue to improve banking and non-banking supervision.	Helpful (but not a priority)	Mixed	The tests of the banking system were completed on-time, but the test of the insurance and pension funds are extended till the end of January 2017, because of the problems in the organization of the tests procedures by the Financial Supervision Commission.
CSR 3	Reinforce and integrate social assistance, including relevant social services, and active labour market policies, in particular for the long-term unemployed and young people not in employment, education or training. Increase the provision of quality education for disadvantaged groups, including Roma. Improve the efficiency of the health system by improving access and funding, and health outcomes. In consultation with social partners establish guidelines and criteria for setting the minimum wage. Increase the coverage and adequacy of the minimum income scheme.	Extremely important	Mixed	Healthcare: There are still no visible reforms in the healthcare system – the practice remains of covering the hospital's debts with funds for the next year. Around 50% of the National Health Insurance Fund budget is aimed at hospital care. The budget has to be structured in a proper way for implementing policies and reaching fixed goals Education: Around 60% of people with higher education degrees in Bulgaria work in positions, which require a high school diploma and does not match their qualification. And a few years later they lose this qualification. Other problems are the improper vocational secondary school system and the higher education system. More than half of the unemployed do not have any qualification.

		<b>Q1: The recommendation is:</b>	<b>Q2: implementation on effort is:</b>	<b>Detailed comments</b>
<b>CSR 4</b>	Reform the insolvency framework to accelerate recovery and resolution procedures and improve their effectiveness and transparency. Increase the capacity of the courts regarding insolvency procedures. Strengthen the capacity of the Public Procurement Agency and contracting authorities and improve the design and control of public tendering procedures, in particular by fully implementing the National Strategy for the development of the Public Procurement Sector (2014-2020). Speed up the introduction of e-procurement.	Extremely important	Mixed	There are no significant improvements in the insolvency procedures from law making and procedural point of view. A small improvement is registered in the public procurement system due to obligatory reforms, listed in preconditions in the Partnership Agreement, 2014-2020.

## **Reform Progress in your Member State in 2016**

How would you assess reform progress in 2016, for the following broad areas:

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

Is there any example of an economic reform, specific to your country that BUSINESSEUROPE could highlight in its 2017 Reform Barometer?

The three employers' organizations – the BCCI, the BICA and the BIA, reached a consensus on minimum wage determination principles. They are fully corresponding to the International Labour Organization's Convention 131 and are partly corresponding to the trade unions position – coverage of needs of workers and their families in connection to the social assistance from the state, maintaining a high level of employment and taking into account the labour productivity.

Employers' organizations have invited the trade unions to bilateral consultations about the mechanism of determining the minimum wage for 2017.

The common position of the employers' organizations about the minimum thresholds for social security is that this is an outdated mechanism which does not contribute a lot to the income of the state's social security and is not generally applied in Europe.

### **Reform priorities for 2017**

	<b>I. Policy Area</b>	<b>II. Concrete Recommendations</b>	<b>III. Are the proposed recommendations already in the agenda of your Government?</b>
<b>Priority 1</b>	Business Environment - Regulatory barriers to entrepreneurship	To abide and implement in all administrative spheres and state taxes the cost-orientated approach of fees' determination.	yes
<b>Priority 2</b>	ICT	There is a need of a new education approach relating to the increasing difference between high- and low-skilled employees in the era of digital and sharing economy. An extensive analysis and forecast of the economic development is also necessary, without which it is impossible to estimate the new educational approach.	no

	<b>I. Policy Area</b>	<b>II. Concrete Recommendations</b>	<b>III. Are the proposed recommendations already in the agenda of your Government?</b>
<b>Priority 3</b>	Wage bargaining and wage-setting policies	Implementation of the ILO Convention 131. Use of the five factors for minimum wage determination, which have to be bound to appropriate indicators. BIA proposed a set of indicators, which are under consideration.	yes
<b>Priority 4</b>	Public sector efficiency	To decrease the budget expenditures; define the clarified specific goals on expenditure policies, aims and effectiveness; include the demographic policy, which is an essential for Bulgaria's development in the budget framework.	no
<b>Priority 5</b>	Active labour market policies	Modernization and renovation of the outdated legal labour framework, especially drafting of a new Labour Code.	yes

## SPRING 2017 REFORM BAROMETER – CROATIA

### European Semester - Overall assessment of 2016 cycle

	<b>To what extent do you agree with these statements:</b>		<b>Detailed comments</b>
1.	The National Reform Programme submitted by your Government (February/November 2016) is appropriate.	To some extent	Major weaknesses of the 2016 NRP are insufficient and lack political courage, ambition and determination to achieve radical change in many critical reform areas such as public administration, public services, judiciary, transformation of public utility companies and the privatization of the state portfolio. The proposed measures neglected the size and dynamics of catastrophic demographic trends in Croatia which have become a very serious economic, social and political threat and risk.
2.	The Commission's country specific recommendations for your country are appropriate.	To a large extent	State budget cost cuts are largely down in the most of 2016 to a temporary financing regime, followed by spending freeze in subsidies, material costs and public capex due to a political deadlock, effectively anchoring spending, despite the lack of the reform content on the expenditure side of the budget.
3.	The Commission assessment of reform implementation the year before is appropriate.	To a large extent	During the political vacuum in 2016, many strategic state companies delayed obligatory restructuring plans or/and efforts or investments without political consequences. The depoliticization of management of the huge state portfolio, as well as, transparent, efficient privatization should also be emphasized in measures. The measures related to better debt management resulted also in positive risks which include lower-than-expected interest rate expenditure and public capex as the Ministry of Finance is actively seeking cheaper (re)financing options.
4.	The Commission assessment of excessive imbalances (in-depth review) is appropriate.	Yes, absolutely	Both public and private debt levels, in particular corporate debt, are high. Private sector debt has also started to decline and, although within the threshold, it remains high in comparison to peer countries. Acceleration of writing-off and sell-off of a loan has recently brought about a reduction in non-performing loans, signalling an easing of credit conditions. The high unemployment rate is also falling, partly due to the rapidly shrinking labour force from an already low basis.



## Assessment of Country Specific recommendations 2016 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	Ensure a durable correction of the excessive deficit by 2016. Thereafter, achieve an annual fiscal adjustment of at least 0,6 % of GDP in 2017. Use any windfall gains to accelerate the reduction of the general government debt ratio. By September 2016, reinforce numerical fiscal rules and strengthen the independence and the mandate of the Fiscal Policy Commission. By the end of 2016, improve budgetary planning and strengthen the multi-annual budgetary framework. By the end of 2016, start a reform of recurrent taxation of immovable property. Reinforce the framework for public debt management. Adopt and start implementing a debt management strategy for 2016-2018.	Extremely important	Mixed	Budget deficit will slightly decline for the first time in 2016. Windfall gains have not been used for the reduction of the general government debt ratio. Taxation of immovable property is postponed for the year 2018. Comprehensive debt management strategy is still work in progress.
CSR 2	By the end of 2016, take measures to discourage early retirement, accelerate the transition to the higher statutory retirement age, and align pension provisions for specific categories with the rules of the general scheme. Provide appropriate up- and re-skilling measures to enhance the employability of the working-age population, with a focus on the low-skilled and the long-term unemployed. Consolidate social protection benefits, including special schemes, by aligning eligibility criteria and integrating their administration, and focus support on those most in need.	Helpful (but not a priority)	Unsatisfactory	There has been no further progress in measures to discourage early retirement, accelerate the transition to the higher statutory retirement age, and align pension provisions for specific categories with the rules of the general scheme. The measures to enhance the employability of youth gave partial results.



		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 3	By the end of 2016, start reducing fragmentation and improving the functional distribution of competencies in public administration to improve efficiency and reduce territorial disparities in the delivery of public services. In consultation with social partners, harmonise the wage-setting frameworks across the public administration and public services. Advance the divestment process of state assets and reinforce the monitoring of state-owned enterprises' performance and boards' accountability, including by advancing the listing of shares of state-owned companies.	Important	Unsatisfactory	Public administration reform was announced at the beginning of the year 2016, but it didn't start. During the political vacuum in 2016, many state companies delayed obligatory restructuring and/or postponed investments without political consequences. No advance has been made regarding the monitoring of state-owned enterprises' performance and boards' accountability.
CSR 4	Significantly reduce parafiscal charges. Remove unjustified regulatory restrictions hampering access to and the practice of regulated professions. Reduce the administrative burden on businesses.	Extremely important	Satisfactory	The additional reduction and elimination of parafiscal levies by a minimum of 0.1% of the GDP is positive change and we expect full implementation by March 2017. Expanding SCM on all existing regulations in the field and results achieved is right step in right direction. Steps of liberalization of some regulated profession have been done.
CSR 5	Take measures to improve the quality and efficiency of the judicial system in commercial and administrative courts. Facilitate the resolution of non-performing loans, in particular by improving the tax treatment of the resolution of non-performing loans.	Extremely important	Satisfactory	There has been no progress in judicial reform. According CPT write-off of debts in accordance with the special legislation regarding bankruptcy is tax deductible. Also as a one-off measure for credit institutions during 2017, write-offs of partly recoverable and fully irrecoverable receivables recorded as at 31 December 2015 will be tax deductible.



## Reform Progress in your Member State in 2016

How would you assess reform progress in 2016, for the following broad areas:

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

## Reform priorities for 2017

	<b>I. Policy Area</b>	<b>II. Concrete Recommendations</b>	<b>III. Are the proposed recommendations already in the agenda of your Government?</b>
<b>Priority 1</b>	Tax Reforms	Quality of the implementation of the accepted comprehensive tax reform.	yes
<b>Priority 2</b>	Business Environment - Regulatory barriers to entrepreneurship	Roll-out of the standard cost model (SCM) to new fields and implementation of regulatory guillotine.	yes
<b>Priority 3</b>	Sector specific regulation (telecom, energy)	Increase potential efficiency gains from the set of structural reforms including new population policy.	no
<b>Priority 4</b>	Consolidation of public expenditures	Increase fiscal stability, responsibility and accountability in order to exit EDP in 2017.	yes
<b>Priority 5</b>	Competition policy framework	Implementation of the new public procurement regulation, and new governance practice for public utility companies.	yes

**SPRING 2017 REFORM BAROMETER – CYPRUS**

**European Semester - Overall assessment of 2016 cycle**

	<b>To what extent do you agree with these statements:</b>		<b>Detailed comments</b>
1.	The National Reform Programme submitted by your Government (February/November 2016) is appropriate.	To a large extent	It addresses all important aspects such as structural and institutional reform measures and also all actions in support of the five headline Europe 2020 targets. Lack of specific time schedules.
2.	The Commission's country specific recommendations for your country are appropriate.	To some extent	1. Excessive public sector debt still remains. 2. Measures to increase access to finance for small and medium-sized enterprises 3. Horizontal reform of the public administration law and the law on the governance of state-owned entities 4. Adopt the secondary legislation to complete the new budgetary framework.
3.	The Commission assessment of reform implementation the year before is appropriate.	To some extent	
4.	The Commission assessment of excessive imbalances (in-depth review) is appropriate.	To some extent	1. Efforts to restructure non-performing exposures have not yet shown tangible results. 2. Non-financial corporate debt is affected by a high level of non-performing loans, alongside a deteriorating liquidity position

## Assessment of Country Specific recommendations 2016 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1a	Following the correction of the excessive deficit, respect the medium-term budgetary objective in 2016 and in 2017. By the end of 2016, adopt a binding mechanism containing the growth rate of the compensation of public employees.	Extremely important	Mixed	
CSR 1b	By the end of 2016, adopt the horizontal reform of the public administration and the law on the governance of state-owned entities, and implement the reform of local governments. By the end of 2016, adopt the secondary legislation to complete the new budgetary framework.	Extremely important	Unsatisfactory	
CSR 2a	By June 2017, eliminate impediments to the full implementation of the insolvency and foreclosure frameworks and ensure adequate resources for the Insolvency Service.	Extremely important	Satisfactory	
CSR 2b	Ensure reliable and swift systems for the issuance of title deeds and the transfer of immovable property rights. Increase the efficiency and capacity of the court system. Reform the civil procedure law.	Important	Mixed	
CSR 3	By the end of 2016, take additional measures to ensure a decline in non-performing loans and accurate valuations of collateral for provisioning purposes. Increase the range of information available for creditors and enhance the information currently provided to make the credit registry fully effective.	Extremely important	Mixed	

		<b>Q1: The recommendation is:</b>	<b>Q2: implementation on effort is:</b>	<b>Detailed comments</b>
<b>CSR 4</b>	Remove impediments to investment, in particular by implementing the action plan for growth, pursuing the privatisation plan and strengthening the national regulatory authorities. Take measures to increase access to finance for small and medium-sized enterprises.	Extremely important	Mixed	
<b>CSR 5</b>	Enhance the capacity of the public employment services and their provision to the long-term unemployed; improve outreach to the non-registered unemployed. Adopt legislation for a hospital reform and advance with the planned implementation of universal health care coverage.	Important	Unsatisfactory	

## **Reform Progress in your Member State in 2016**

How would you assess reform progress in 2016, for the following broad areas:

<b>Taxation and Public Finances</b>	Mixed
<b>Business environment (regulation/access to markets)</b>	Mixed
<b>Labour market</b>	Satisfactory
<b>Innovation and skills</b>	Mixed
<b>Access to finance and Financial stability</b>	Mixed

Is there any example of an economic reform, specific to your country that BUSINESSEUROPE could highlight in its 2017 Reform Barometer?

Horizontal reform of the public administration and the law on the governance of state-owned entities.

## Reform priorities for 2017

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
<b>Priority 1</b>	Bank lending conditions	More measures to increase access to finance for SMEs.	yes
<b>Priority 2</b>	Public sector efficiency	Increase productivity through the horizontal reform of the public administration.	yes
<b>Priority 3</b>	Business Environment - Regulatory barriers to entrepreneurship	Improve the business environment and the entrepreneurial ecosystem.	yes
<b>Priority 4</b>	Sector specific regulation (telecom, energy)	Implementation of the Republic of Cyprus' Privatisations Programme.	yes
<b>Priority 5</b>	Pension and health care reforms	Speed up the procedure for Implementation of the NHS.	yes

## SPRING 2017 REFORM BAROMETER – CZECH REPUBLIC

### European Semester - Overall assessment of 2016 cycle

	<b>To what extent do you agree with these statements:</b>		<b>Detailed comments</b>
1.	The National Reform Programme submitted by your Government (February/November 2016) is appropriate.	To some extent	SP has commented on particularly newly introduced measures and tools in the field of taxation policy - combating tax evasion, the efficiency of tax collection - in the light of real added value and potential administrative burden for honest tax payer. SP is continuing to call for simplification, stability and predictability of tax system. Concerning the pension system, SP is missing a bigger focus on the third pillar development. Positive comments on ALMP and support of regional mobility and creating of the new industrial zones. In the education field, SP has criticized an inadequate focus on the "inclusion in the schools" rather than on the further development of VET, work-based system and apprenticeship. Low progress in E-Government and Smart administration has been commented. SP has noted some progress made in the development of the digital market and adoption of an Action plan calling for a systematic approach and development of a national digital strategy and unique and strong coordinating body. In the field of R&D&I, SP has commented low progress in the evaluation methodology of research organisation, particularly in respect to the application research. SP has criticized also low progress in reaching of the energy efficiency targets 2020 and drawing the relevant structural funds stagnated.

	<b>To what extent do you agree with these statements:</b>		<b>Detailed comments</b>
2.	The Commission's country specific recommendations for your country are appropriate.	To a large extent	<p>SP supports particularly recommendations addressing remaining administrative and regulatory barriers influencing negatively a business environment, but SP would like to see stronger or specific recommendations in these areas:</p> <ul style="list-style-type: none"> <li>• Measures planned to reduce relatively high costs associated with paying taxes or to simplify the tax system and introduce incentives for good taxpayers.</li> <li>• Implementation of the national energy efficiency action plan intensity, and focus on an effective, fast and less bureaucratic public programme for reducing energy intensity. Faster development of the energy infrastructure and creating of a stable and predictable entrepreneurial environment for the further development of supported energy sources, including a rational licensing procedures needed for building of the strategically important sources.</li> <li>• More targeted development of the e-Government creating a clear future vision, and a systematic approach to the projects, which can help to improve the situation and position of the Czech Republic in the EU.</li> <li>• Improvement of skills and their better matching with the labour market needs, further development of the dual systems, apprenticeship and vocational education and training, rather than an increasing pressure on inclusion in education with a counter-productive effect.</li> </ul>
3.	The Commission assessment of reform implementation the year before is appropriate.	To a large extent	<p>In the EC's general assessment of progress on structural reform, the Czech Republic is commented only on a few places and more less in a positive or neutral way (EU funds, high education system, hospital efficiency and not legalised establishment of the fiscal council. It means that CZ as usually is performing on average. In social and employment field the positive results are more transparent. CZ has the lowest unemployment rate, including youth unemployment rate, moving to the targets of the Europe 2020 strategy (school drop-out, poverty reduction and social inclusion).</p>

	To what extent do you agree with these statements:		Detailed comments
4.	The Commission assessment of excessive imbalances (in-depth review) is appropriate.	Yes, absolutely	CZ was not recognized as a MS with 'imbalances' or 'excessive imbalances'. No special policy recommendations in its annual Country Specific Recommendations. In the appendix 1 of COM(2016) 95 from 7.4.2016 CZ is in a category "preventive arm, not yet at MTO".

### Assessment of Country Specific recommendations 2016 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	Take measures to ensure the long-term sustainability of public finances, in light of future risks in the area of healthcare. Adopt legislation to strengthen the fiscal framework.	Important	Satisfactory	
CSR 2	Reduce regulatory and administrative barriers to investment, in particular in transport and energy, and increase the availability of e-government services. Adopt the outstanding anti-corruption reforms and improve public procurement practices.	Extremely important	Mixed	Very unsatisfactory: construction permits and related procedures / other permits, e-government
CSR 3a	Strengthen governance in the R & D system and facilitate the links between academia and enterprises. Raise the attractiveness of the teaching profession	Extremely important	Mixed	
CSR 3b	and take measures to increase the inclusion of disadvantaged children, including Roma, in mainstream schools and pre-schools. Remove the obstacles to greater labour market participation by under-represented groups, in particular women.	Helpful but not a priority	Satisfactory	

## Reform Progress in your Member State in 2016

How would you assess reform progress in 2016, for the following broad areas:

<b>Taxation and Public Finances</b>	Mixed
<b>Business environment (regulation/access to markets)</b>	Mixed
<b>Labour market</b>	Satisfactory
<b>Innovation and skills</b>	Mixed
<b>Access to finance and Financial stability</b>	Satisfactory

## Reform priorities for 2017

	<b>I. Policy Area</b>	<b>II. Concrete Recommendations</b>	<b>III. Are the proposed recommendations already in the agenda of your Government?</b>
<b>Priority 1</b>	Business Environment - Regulatory barriers to entrepreneurship	Digital economy - should be one of the key priorities: We recommend to focus on improving the state's performance in eGovernment - this could significantly improve the business environment and decrease the administrative burden of enterprises. Development of E-invoices, coordinated activities related to Industry 4.0. Prepare for implementation of GDPR	yes
<b>Priority 2</b>	R&D and Innovation	Financial tools for support of R&D&I should be legalized. Government should approve and implement evaluation of research organizations.	Yes, the evaluation

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
<b>Priority 3</b>	Labour market mismatch and labour mobility	A more systematic focus on STEM, VET, further development of the work-based learning and apprenticeship in the light of digitalisation and new technologies development. The main aim in OP Employment is to interconnect LLL system with the practice. Regional mobility is already supported. SP calls for a stronger focus on qualification mobility in the light of Industry 4.0.	Yes, the systems are existing, but they need to be better applied.
<b>Priority 4</b>	Making work-pay: interplay of tax and benefit system	The unemployment benefit system supporting activation is already done. SP calls the Government to make a deep revision of the social benefits system. The Government is redundant in this respect focusing mainly on minimum wage increase.	no
<b>Priority 5</b>	Public investment	To approve the new proposal of the Construction Law and related Acts and prepare a principal change of permitting procedures	yes

**SPRING 2017 REFORM BAROMETER – DENMARK**

**European Semester - Overall assessment of 2016 cycle**

	<b>To what extent do you agree with these statements:</b>		<b>Detailed comments</b>
1.	The National Reform Programme submitted by your Government (February/November 2016) is appropriate.	Not enough	The Danish government describes in the report only already implemented initiatives. There is a lack of proposed initiatives to increase labour supply and initiatives to prevent and overcome the growing shortage of labour in companies. Danish Employers (DA) welcomes that Denmark has implemented initiatives which sets a ceiling on a total of social assistance and a requirement for 225 hours of work to maintain a higher social assistance. By contrast, a majority in Parliament outside the government has implemented a tightening of rules on access to labour from outside the EU, which makes it more difficult for companies to recruit employees.
2.	The Commission's country specific recommendations for your country are appropriate.	Not at all	No recommendations were given to Denmark on labour market and education policy in 2016 and 2017. Danish Employers (DA) encourages the European Commission to give Denmark recommendations on policy initiatives. For DA, a recommendation on initiatives to overcome the current shortage of labour has a high priority.
3.	The Commission assessment of reform implementation the year before is appropriate.	To some extent	The report is a fine overview of the Danish employment policy, but the European Commission has chosen to focus on the risk of poverty through reforms of the Danish social assistance instead of a focus on that the reforms create incentives to get into work. This even though the Danish social assistance, also after the reforms are among the highest in Europe. The Commission needs to focus on the problems on the Danish labour market with weak growth and that, in spite of the weak growth there are already major challenges of growing labour shortages.
4.	The Commission assessment of excessive imbalances (in-depth review) is appropriate.	Not at all	There is no Country Report for Denmark.

## Assessment of Country Specific recommendations 2016 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	Respect the medium-term budgetary objective in 2016 and achieve an annual fiscal adjustment of 0,25 % of GDP towards the medium-term budgetary objective in 2017.	Important	Mixed	
CSR 2	Enhance productivity and private sector investment by increasing competition in the domestic services sector, in particular by facilitating market entry in retail and construction. Incentivise the cooperation between businesses and universities.	Extremely important	Mixed	
				No recommendations on labour market or education policy for Denmark.

## Reform Progress in your Member State in 2016

How would you assess reform progress in 2016, for the following broad areas:

<b>Taxation and Public Finances</b>	Mixed
<b>Business environment (regulation/access to markets)</b>	Mixed
<b>Labour market</b>	Mixed
<b>Innovation and skills</b>	Mixed
<b>Access to finance and Financial stability</b>	No progress

Is there any example of an economic reform, specific to your country that BUSINESSEUROPE could highlight in its 2017 Reform Barometer?

A tripartite agreement was signed in March 2016 with the government on the integration of refugees on the Danish labour market. The social partners have taken responsibility and among others contributed to establish a special training scheme for refugees (IGU). A tripartite agreement with the government was also signed in August 2016 on sufficient and qualified labour, which particularly employers have taken responsibility for arranging the vocational training system with financial incentives for companies to take apprentices in areas where there is demand for labour with the offered qualifications. The financing of subsidies for green electricity by a tax on electricity will be phased out. In the future, these subsidies will be financed by general taxation.

**Reform priorities for 2017**

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
<b>Priority 1</b>	Making work-pay: interplay of tax and benefit system	Political initiatives to address and prevent labour shortages. Social assistance and other public transfers should be reduced to increase the financial incentives and framework conditions and initiatives to facilitate company to recruiting from abroad (within the EU and from countries outside the EU) must be improved.	yes
<b>Priority 2</b>	Labour market mismatch and labour mobility	Policy initiatives that can contribute to ensure access for employees with the right skills, for example a reform of the adult vocational training system and initiatives to get young people to engage in education earlier, reduce dropout and improve the match between education and labour market.	yes

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
<b>Priority 3</b>	Pension and health care reforms	Move the time up to 2025 for the implementation of an already decided higher public pension age and in general raise the age of retirement.	yes
<b>Priority 4</b>	Public sector efficiency	Put up specific targets for how many public-sector tasks that are being subject to private sector competition. Improved procurement processes in the public sector and an increased use of technology.	yes
<b>Priority 5</b>	R&D and Innovation	Increase of public research and development (in technical areas) and specific business oriented innovation programs.	no

## SPRING 2017 REFORM BAROMETER – ESTONIA

### European Semester - Overall assessment of 2016 cycle

	To what extent do you agree with these statements:		Detailed comments
1.	The National Reform Programme submitted by your Government (February/November 2016) is appropriate.	To some extent	
2.	The Commission's country specific recommendations for your country are appropriate.	To a large extent	
3.	The Commission assessment of reform implementation the year before is appropriate.	To a large extent	
4.	The Commission assessment of excessive imbalances (in-depth review) is appropriate.	To a large extent	

### Assessment of Country Specific recommendations 2016 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	Ensure the provision and accessibility of high-quality public services, especially social services, at local level, inter alia, by adopting and implementing the proposed local government reform. Adopt and implement measures to narrow the gender pay gap, including those foreseen in the Welfare Plan.	Important	Mixed	Gender pay gap narrowing and local government reform should be separated. It is difficult to assess their relevancy as well as progress together.
CSR 2	Promote private investment in research, development and innovation, including by strengthening cooperation between academia and businesses.	Extremely important	Unsatisfactory	

## Reform Progress in your Member State in 2016

How would you assess reform progress in 2016, for the following broad areas:

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

Is there any example of an economic reform, specific to your country that BUSINESSEUROPE could highlight in its 2017 Reform Barometer?

System of labour market monitoring and future skills forecasting (OSKA), apprenticeship training promotion, work ability reform.

## Reform priorities for 2017

	<b>I. Policy Area</b>	<b>II. Concrete Recommendations</b>	<b>III. Are the proposed recommendations already in the agenda of your Government?</b>
<b>Priority 1</b>	Active labour market policies	Increase educational inclusion, develop demand based curricula, promote lifelong learning	Yes
<b>Priority 2</b>	R&D and Innovation	Support and promote cooperation between R&D institutions and companies, simplify hiring experts from abroad, attract foreign talents and investments, introduce social security tax ceiling.	Yes

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
<b>Priority 3</b>	Labour supply measures for specific groups (older workers, women...)	Include young people to education and work force, promote active aging, simplify hiring foreigners and foreign students.	Yes
<b>Priority 4</b>	Labour market mismatch and labour mobility	Tax relief for group transportation organized by employer, developing infrastructure and transport, motivating local governments to develop their business environment, developing adequate curricula and promote lifelong learning.	Yes
<b>Priority 5</b>	Public sector efficiency	Local government reform, developing the structure and management of public institutions (governmental, educational, health etc.), decrease level of bureaucracy, development of e-state and business environment.	Yes



**SPRING 2017 REFORM BAROMETER – FINLAND**

**European Semester - Overall assessment of 2016 cycle**

	<b>To what extent do you agree with these statements:</b>		<b>Detailed comments</b>
1.	The National Reform Programme submitted by your Government (February/November 2016) is appropriate.	To a large extent	Realistic assessment on economic outlook and the main challenges of public finances in the short and long run.
2.	The Commission's country specific recommendations for your country are appropriate.	To a large extent	Ensure that the wage setting system enhances local wage bargaining and removes rigidities, contributing to competitiveness and a more export industry-led approach. Reduce regional and skills mismatches. Adapt the social and health care reform.
3.	The Commission assessment of reform implementation the year before is appropriate.	To a large extent	Finland adopted a pension reform, the earliest eligibility age for old age pension will be gradually raised to 65 by 2025. Abolished the law regulating opening hours in retail trade sector.
4.	The Commission assessment of excessive imbalances (in-depth review) is appropriate.	To a large extent	(1) Finland has lost competitiveness and export market shares. The government aims for a major reduction in unit labour costs in the medium term through continued wage moderation, measures to improve productivity and a one-off reduction of labour costs. (2) The parliament has approved a pension reform, to be implemented from 2017, which links pension age with life expectancy. (3) The government has announced a plan to reform the healthcare and social services

## Assessment of Country Specific recommendations 2016 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	Achieve an annual fiscal adjustment of at least 0,5 % of GDP towards the medium-term budgetary objective in 2016 and 0,6 % in 2017. Use any windfall gains to accelerate the reduction of the general government debt ratio. Ensure timely adoption and implementation of the administrative reform with a view to better cost-effectiveness of social and healthcare services.	Important	Mixed	The actions of the government have focused on expenditure cuts and competitiveness. However, fiscal adjustment risks falling short of targets because of slow economic recovery.
CSR 2	While respecting the role of social partners, ensure that the wage setting system enhances local wage bargaining and removes rigidities, contributing to competitiveness and a more export industry-led approach. Increase incentives to accept work and ensure targeted and sufficient active labour market measures, including for people with a migrant background. Take measures to reduce regional and skills mismatches.	Important	Mixed	The government did not take actions in legislation to enhance local bargaining.
CSR 3	Continue pursuing efforts to increase competition in services, including in retail. Promote entrepreneurship and investment, including by reducing administrative and regulatory burden, to foster growth of high value added production.	Helpful (but not a priority)	Mixed	Government has fully liberalised the opening hours of retail trade. Other reforms (taxi services, potentially pharmacies) in progress but still in early stages. More decisive action needed.



## Reform Progress in your Member State in 2016

How would you assess reform progress in 2016, for the following broad areas:

<b>Taxation and Public Finances</b>	Mixed
<b>Business environment (regulation/access to markets)</b>	Satisfactory
<b>Labour market</b>	Mixed
<b>Innovation and skills</b>	Mixed
<b>Access to finance and Financial stability</b>	No Reform Necessary

Is there any example of an economic reform, specific to your country that BUSINESSEUROPE could highlight in its 2017 Reform Barometer?

Social partners agreed 2016 on the National Competitiveness Pact. The contract periods for currently valid collective agreements will be continued by 12 months without any wage or salary increases. This means zero wage increases and predictability for the labour market until autumn 2017. The annual number of working hours shall be increased by 24 hours without increases to existing wages or salaries. Details are negotiated on branch or local level. In the public sector, holiday bonuses will be cut by 30 per cent temporarily (2017–2019). The pension and unemployment contributions of wage and salary earners will increase and employers' contributions will decrease (about 2% of wages). In addition, government has decided to reduce income taxes in order to keep purchasing power roughly constant despite increases in social security payments. As a result, unit nominal labour costs will decrease by approximately 3,5 % in the long run. According to consensus estimates, this will result in 20 000 – 30 000 new jobs in the private sector in medium and long term.



## Reform priorities for 2017

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
<b>Priority 1</b>	Consolidation of public expenditures	Cut public expenditure.	yes
<b>Priority 2</b>	Pension and health care reforms	Customers should be given more freedom of choice between public, private or third sector service providers in social and health care services.	yes
<b>Priority 3</b>	Wage bargaining and wage-setting policies	Decisions on wages and working time should be more firm and job specific. (=local agreements)	no
<b>Priority 4</b>	Making work-pay: interplay of tax and benefit system	Government should tackle income traps.	yes
<b>Priority 5</b>	Labour market mismatch and labour mobility	The government should take measures for the comprehensive reform of employment services to ease labour market matching problems	no

## SPRING 2017 REFORM BAROMETER – FRANCE

### European Semester - Overall assessment of 2016 cycle

	To what extent do you agree with these statements:		Detailed comments
1.	The National Reform Programme submitted by your Government (February/November 2016) is appropriate.	To a large extent	The different fields selected for the reform program were appropriate and coherent with the recommendations made by the Commission and the global situation is improving. But once again the reforms do not go far nor fast enough. There is a reduction in public deficit, but in the budget for 2017, on the one hand some expenses which will be effective in 2017 will be entered into accounts in 2018, and on the other hand, the payment of taxes due in 2018 will be anticipated in 2017. The labour market reform goes in the right direction, introducing more flexibility, but not enough. Regarding social security, the deficit reduction was obtained in particular by an increase in social contribution rather than by a deep reform of the health system. It also needs to go much further towards simplification. The health law adopted in January 2016 goes in the wrong direction, with the extension of the third-party payment system and significant competition distortion between public and private hospital.
2.	The Commission's country specific recommendations for your country are appropriate.	To a large extent	The Commission's recommendations are relevant as they address the main weaknesses of the French economy: quantity and quality of public expenses, cost of labour and labour law, link between education and labour market, services market regulation, structure of the tax system. One important issue is lacking: the Commission does not take into account the impact on companies of new rules on strenuous work, which are very complex and very costly to implement.

	To what extent do you agree with these statements:		Detailed comments
3.	The Commission assessment of reform implementation the year before is appropriate.	To a large extent	The Commission's assessment is appropriate but optimistic on some issues: reduction in red tape, assumption of a positive conclusion of social partners' agreement on unemployment benefit schemes... Moreover, some issues have not been totally identified: impact of measures concerning strenuous work (see above), implementation of withholding of personal income tax (which will represent a heavy and unnecessary burden on French companies, taking into account the French context), opposite signals on labour cost.
4.	The Commission assessment of excessive imbalances (in-depth review) is appropriate.	Yes, absolutely	The main imbalances pointed out by the Commission are totally wholly relevant: France is still losing export market shares, the level of public expenditure stays about the highest among EU member states, financed by a very high level of taxes, unemployment is still very high, in particular youth unemployment.

### Assessment of Country Specific recommendations 2016 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	Ensure a durable correction of the excessive deficit by 2017 by taking the required structural measures and by using all windfall gains for deficit and debt reduction. Specify the expenditure cuts planned for the coming years and step up efforts to increase the amount of savings generated by the spending reviews, including on local government spending, by the end of 2016. Reinforce independent public policy evaluations in order to identify efficiency gains across all sub-sectors of general government.	Important	Unsatisfactory	Despite the fact that efforts had been made the previous years to reduce public expenditures, the tax law and the social security law for 2017 show an objective of reduction in public expenses which is inferior to the one submitted in the Stability Programme transmitted last April (-0,7%). The objective of a decrease in the level of mandatory levies was abandoned for 2017. Moreover, some measures which will be enforced in 2017 will be entered into accounts only in 2018.

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 2	Ensure that the labour cost reductions are sustained and that minimum wage developments are consistent with job creation and competitiveness. Reform the labour law to provide more incentives for employers to hire on open-ended contracts.	Extremely important	Mixed	The government sent opposite signals concerning labour costs: implementation of responsibility pact was carried on but with a three months' time lag, while social contributions for pensions continued to increase. In addition, the measures for the 3rd year of the Pact have been amended: there was no suppression of the last part of the C3S and instead the government decided an 1% increase in the CICE (from 6% to 7%) , a decrease in social contribution for independent workers, a decrease in corporate income tax only for SMEs and a measure on increased depreciation for some types of new investment, the result being a lack of visibility and a postponement of part of the expense to the year 2018. The labour law reform adopted last august goes in the right direction, but we need to go further and faster regarding simplification of lays off and to cap compensation allowed by law tribunal in order to encourage employers to hire open ended contracts
CSR 3	Improve the links between the education sector and the labour market, in particular by reforming apprenticeships and vocational training, with emphasis on the low-skilled. By the end of 2016, take action to reform the unemployment benefit system in order to bring the system back to budgetary sustainability and to provide more incentives to return to work.	Extremely important	Mixed	Strong progress needs to be made on the alignment of skills with labour market needs, in particular to simplify access to lifelong learning process. Additionally, efficiency of long term unemployed workers access to training has to be increased. Social partners started a negotiation on unemployment benefit schemes in order to get back to a financial sustainability and to incite unemployed to go back to work faster. The negotiations failed in June 2016, but we are in the process of establishing a common diagnosis on the objectives of a potential reform.

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 4	Remove barriers to activity in the services sector, in particular in business services and regulated professions. Take steps to simplify and improve the efficiency of innovation policy schemes. By the end of 2016, further reform the size-related criteria in regulations that impede companies' growth and continue to simplify companies' administrative, fiscal and accounting rules by pursuing the simplification programme.	Helpful (but not a priority)	Mixed	The Macron law started to remove barriers to activity in the services sector but once again it does not go far enough and the implementation tends sometimes to even reduce the degree of openness (e.g. for instance the reform of notaries). Regarding the size-related criteria in regulation that impede companies' growth, no real reform has been made, as government just cancelled temporarily the financial effect of some thresholds. On the simplification side, remarks are the same than last year: efforts have been done, but the flow of new measures does not stop.
CSR 5	Take action to reduce the taxes on production and the corporate income statutory rate while broadening the tax base on consumption, in particular as regards VAT. Remove inefficient tax expenditures, remove taxes that are yielding little or no revenue and adopt the withholding personal income tax reform by the end of 2016.	Extremely important	Mixed	The tax system has not been simplified: very few small taxes have been abolished, the number of taxes on production stays roughly the same. Capital taxation should be deeply reviewed. Regarding the withholding personal income tax reform, which is supposed to be ready by now, we do not believe it should be implemented as intended: if we agree on the objective to pay the tax due on year n income the same year, the method is not appropriated in the French context and too complex and costly for companies.

## Reform Progress in your Member State in 2016

How would you assess reform progress in 2016, for the following broad areas:

<b>Taxation and Public Finances</b>	Unsatisfactory
<b>Business environment (regulation/access to markets)</b>	Mixed
<b>Labour market</b>	Mixed
<b>Innovation and skills</b>	Half-satisfactory Half-mixed
<b>Access to finance and Financial stability</b>	No Reform Necessary

## Reform priorities for 2017

	<b>I. Policy Area</b>	<b>II. Concrete Recommendations</b>	<b>III. Are the proposed recommendations already in the agenda of your Government?</b>
<b>Priority 1</b>	Job Protection	To complete simplification of layoffs: to review the definition and the scope of "economic lay off"; To cap compensation allowed by law tribunal in order to encourage employers to hire open ended contracts;	no
<b>Priority 2</b>	Labour market mismatch and labour mobility	There are 300,000 unfilled jobs in France. 3 areas of action: - improvement of employers' services provided by the national employment agency, - improvement of vocational training system to better address the labour market needs, - strengthening of the controls over the unemployed (effectiveness of the job search)	Yes party

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 3	Tax reforms	<p>One general objective: simplify our tax system and reduce the level of taxation to the European average.</p> <p>Five specific objectives:</p> <ul style="list-style-type: none"> <li>(1) to suppress taxes on production factors;</li> <li>(2) to lower the corporate tax rate to the EU average level (21%);</li> <li>(3) to adopt a simple capital taxation which encourages companies financing: suppression of the wealth tax and adoption of a flat tax on capital gains, dividends and interests.</li> <li>(4) Suppress fiscal « niches »,</li> <li>(5) and after reforming, stabilize taxes to ensure legal security.</li> </ul> <p>An open access to public data to allow for independent assessments of public policies is also urgent.</p>	just a very small part of it.
Priority 4	Consolidation of public expenditures	<p>2 prior fields of action:</p> <ul style="list-style-type: none"> <li>(1) Realize 100 to 115 billion euros of savings over 5 years in order to get back in 2022 to a ratio public expenses/GDP of 48% and a level of mandatory levies of 40%. In that objective, the results of the public expenses review should be effectively taken into account. Refocus the State on its sovereign missions and reduce the number of local authorities and elected representatives.</li> <li>(2) Social contribution system has to be reformed and not be based only on wages, in order to lower labour cost, and the system has to be adapted to the new challenges (new types of work...). There is also a need to reduce social contributions on all level of wages policies. Last but not least, more efforts toward effective simplification would strongly help both reducing companies and state costs</li> </ul>	no

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
<b>Priority 5</b>	Pension and health care reforms	The health sector has to be reformed in a way which preserves private sector competitiveness (rationalization of public hospital, better use of new technologies, wider use of ambulatory hospitalization, ...). A new reform of the general pension system for private sector employees (in particular the minimum retirement age which should be increased from 62 to 65) and a reform of the specific systems for public servants must be implemented.	no

**SPRING 2017 REFORM BAROMETER – GERMANY**

**European Semester - Overall assessment of 2016 cycle**

	<b>To what extent do you agree with these statements:</b>		<b>Detailed comments</b>
1.	The National Reform Programme submitted by your Government (February/November 2016) is appropriate.	To some extent	The German NRP fails to properly address the main problem of persistent low productivity growth. It lacks ambition with respect to private and public investment, R&D, education and training. The NRP was right in addressing the obstacles regarding the labour market integration of refugees. However, the federal government could have been more active in sufficiently removing barriers to the employment of refugees. The overall goal to reduce bureaucracy should have been pursued more strongly. Furthermore, there is a continuous need to implement incentives for later retirement.
2.	The Commission's country specific recommendations for your country are appropriate.	To a large extent	As in last year's CSRs, investment in infrastructure, education, research and innovation is still a key priority to strengthen medium and long term growth potential. Inefficiencies in the system of corporate taxation should be removed. Furthermore, the Commission is right to address the crucial need for incentives to increase labour market participation: both with regard to later retirement and second earners.
3.	The Commission assessment of reform implementation the year before is appropriate.	Yes, absolutely	The Commission is right in assessing the progress of reform implementation based on the former year's CSRs as quite limited. Thus, the addressed issues, such as public investment and later retirement, must remain on the agenda of the federal government. Furthermore, there is no progress in the area of taxes.

	To what extent do you agree with these statements:		Detailed comments
4.	The Commission assessment of excessive imbalances (in-depth review) is appropriate.	To a large extent	As in the last year, the Commission identifies the persisting current account surplus as imbalance driven by low investment. The external position of about 50% of GDP is a significant risk in times of elevated global uncertainty. However, the strong position of German companies on the global market is not detrimental to the economies of Germany's European neighbours as they are participating in the supply chain and the highest trade surpluses are with non-European countries. Higher domestic investment is nevertheless necessary to balance the foreign trade surplus.

### Assessment of Country Specific recommendations 2016 in detail

		Q1: The recommendation is	Q2: implementation effort is:	Detailed comments
CSR 1	Achieve a sustained upward trend in public investment, especially in infrastructure, education, research and innovation, while respecting the medium-term objective. Improve the design of federal fiscal relations with a view to increasing public investment, especially at municipal level.	Extremely important	Mixed	Increases of investment have to have a certain extent been driven by expenditures related to migration. Efforts to improve the investment environment in general are visible, but not sufficient. The fiscal space is left unused and the system of federal fiscal relations improves only slowly.

		Q1: The recommendation is	Q2: implementation effort is:	Detailed comments
CSR 2a	Reduce inefficiencies in the tax system, in particular by reviewing corporate taxation and the local trade tax, modernise the tax administration and review the regulatory framework for venture capital.	Important	Unsatisfactory	For inbound and outbound cross border investment, the local trade tax is a huge obstacle since it requires special treatment in double taxation agreements and taxes paid in one country cannot be imputed in another. Therefore, an integration of the local trade tax in the corporate income tax would be a huge improvement of the German tax system.
CSR 2b	Step up measures to stimulate competition in the services sector, in particular in business services and regulated professions.	Important	Unsatisfactory	Regulations for several liberal professions have been removed. However, a large number of services is still shielded from competition, implying high mark-ups.
CSR 3a	Increase incentives for later retirement and reduce disincentives to work for second earners.	Extremely important	Unsatisfactory	Against the background of rising life expectancy and a greater number of pensioners in Germany, it is of outmost importance to improve the financial sustainability of state pension schemes. Especially legal provisions within the statutory pension insurance scheme, which enable persons to retire without pension deductions from the age of 63, after 45 years of insurance contribution, go in the opposite direction. Instead more incentives for later retirement are needed. Furthermore, the second and third pillar system of pensions (occupational pensions, capital funded pension provision, "Riester pension") should also be strengthened urgently. In the field of occupational pensions, progress needs to be made especially in better tax disposition regarding pension book reserves. As a result of low interest rates, accounting burdens of companies which provide occupational pensions will increase significantly in the next few years. Capital funded pension provisions also need adjustments, e.g. regarding state-subsidised amounts as well as tax-deductible special expenditures.

		Q1: The recommendation is	Q2: implementation effort is:	Detailed comments
CSR 3b	Reduce the high tax wedge for low wage earners and facilitate the transition from mini-jobs to standard employment.	Important	Unsatisfactory	<p>Generally, mini-jobs give reasonable access to regular forms of employment. But there are tax incentives in Germany that favour mini jobs over other forms of employment, especially for married couples. This hampers the transition from mini jobs to other forms of employment.</p> <p>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 mini job-level.</p>

### Reform Progress in your Member State in 2016

How would you assess reform progress in 2016, for the following broad areas:

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

## Reform priorities for 2017

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
<b>Priority 1</b>	R&D and Innovation	Create tax incentives for R&D.	no
<b>Priority 2</b>	Labour supply measures for specific group (older workers, women...)	Make labour laws more flexible regarding working hours in order to adequately to digitalisation and individual demands.	no
<b>Priority 3</b>	Making work-pay: interplay of tax and benefit system	Reduce the high social security contributions wedge (not more than 40% of gross income).	no
<b>Priority 4</b>	Public investment	Foster public infrastructure, in particular in transportation, energy and digital networks.	no
<b>Priority 5</b>	ICT	Promote a swift digitization of firms, in particular of the Mittelstand.	no
<b>Priority 6</b>	Pensions and health care reforms	Restructure health sector: More competition and focus on cost-efficiency among hospitals and health providers. Calculate health insurance contributions independent of income but based on individual factors.	no

**SPRING 2017 REFORM BAROMETER – GREECE**

**European Semester - Overall assessment of 2016 cycle**

	<b>To what extent do you agree with these statements:</b>		<b>Detailed comments</b>
1.	The National Reform Programme submitted by your Government (February/November 2016) is appropriate.	To some extent	The Greek NRP essentially is the MOU. While a number of useful key deliverables exist, especially as after 7 years, fiscal measures have kind of reached a level of exhaustion, progress still lacks the momentum and mass to take the country out of the crisis. This should change, and in addition issues like private sector bank financing should be a top priority, which is not the case.
2.	The Commission's country specific recommendations for your country are appropriate.	To some extent	The same comments apply, as the MOU is the result of an agreement between the government and the official lenders.
3.	The Commission assessment of reform implementation the year before is appropriate.	To some extent	There is a lack of acknowledgement of the fact that over-taxation has reached unproductive levels especially for private sector salaried employment, a lack of putting pressure on reforms that will really help the private sector, a tendency to tick boxes rather than ensure the realization of agreed reforms (e.g. handling of NPLs) and a lack of acknowledgment of the need to do something major now about private sector access to finance.
4.	The Commission assessment of excessive imbalances (in-depth review) is appropriate.	To some extent	While the insistence on a clear path towards fiscal balance is indeed an absolute necessity, the insistence on high primary surpluses based mainly on tax increases and at the same time a sustained deleveraging of the private sector implies a framework that is not conducive to sustainable growth, at least if one is to consult economic theory and economic history.

## Assessment of Country Specific recommendations 2016 in detail

		Q1: The recommendation is	Q2: implementation on effort is:	Detailed comments
CSR 1	Meeting of fiscal targets	Extremely important	Unsatisfactory	<p>Even though a blame game has been going on with the official lenders as to who advocated in the end the overemphasis on tax increases, once again during the 7th year of the programme implementation, fiscal adjustment has been based on tax and revenue increases, ranging from social security contribution increases for salaried employment in the private sector and self-employed, to wide-ranging indirect tax increases. Some, like a tax on wine, already fail to deliver, while the increase in VAT seems for now to deliver both as a result of the reduced exemptions in islands and rate increases. The increase in taxes on self-employed has led already since October 2016 to a steady decline in the number of self-employed, as they unregister with the tax authorities and in spite of the fact that for the majority of low earning self-employed apparently, the new law is even leading to a reduction of total payments to funds and tax authorities. Revenue for the social security fund for employees still is strong, but the increase in the tax wedge is most likely going to push during 2017 towards an increase in part-time employment that pays lower taxes and social security contributions as well as lower declared wages for full time employment, possibly weakening the strong performance that has been observed after the latest increase and in the wake of strong employment during the tourist season. The continuing push towards part time employment gained new momentum according to recent private sector labour market data and for December 2016.</p>

		Q1: The recommendation is	Q2: implementation on effort is:	Detailed comments
CSR 2	Resolution of Non-Performing Loans. Amend the corporate insolvency law in line with an agreed proposal.	Extremely important	Unsatisfactory	Related legislation has been passed, in conformity with the demands of the impending review, but it fails to address the key impediments to the resolution of the NPLs. The issue of penal responsibilities of bank officers that write down debt was not addressed, in agreement with the representatives of the official lenders that apparently made here a concession to the government, and at the same time addressing the intricate tax issues related with a write-down, along with the key legislative reasons that cause the delay of pre-bankruptcy and bankruptcy procedure were not only not addressed, but also in agreement with the representatives of the official lenders are not even on the table. In the end, effectively "the box has been ticked", but the result on the ground will be non-existent, leading to potentially explosive problems in the private economy and the financial system. Similarly, a law to encourage out of court write offs remains as a prospect, and it is an open question to answer if it will offer an opportunity to address these issues along with a number of issues specific to this project, that will make it a success and finally make the efficient management of the NPLs a possibility.
CSR 3	In the context of the implementation of the EU target model for the electricity market, transpose into national legislation the high-level market design of EU target model for the electricity market. Also, review the gas release program, improving conditions of access for alternative suppliers and substantially increasing the quantities available.	Extremely important	Unsatisfactory	Enacted into Law 4336/2015. Gradual implementation underway, but progress until now appears to be practically non-existent. The issue of over taxation of energy for industrial use remains mostly unresolved, and at the same time financial problems for the monopoly provider of energy are mounting rapidly.

		Q1: The recommendation is	Q2: implementation effort is:	Detailed comments
CSR 4	Adopt the remaining measures needed to fully implement the selected reforms on competition, investment licensing and administrative burden identified in the first round of the ex-post impact assessment.	Extremely important	Unsatisfactory	Measures on investment licencing, for simplification of Law 4262/2014, in public consultation (08/2016) but not yet enacted. Numerous recommendations of the OECD CAT application, but most of them are rather minor interventions that will not have a major impact or are negated by wrong measures, as in the case of pharmaceuticals. The use of RIA to design or amend legislation still has much room for improvement.
CSR 5	Anti-corruption. Amend and implement the legal framework of the financing of political parties on key items.	Extremely important	No Progress	The drive against corruption remains extremely weak, and is never a priority of the assessment of implementation progress and stands out in its weakness when compared to the relentless emphasis on over taxation and revenue increases through increasing tax burden on the same honest taxpayers. A collaboration with the OECD on the topic should be used to add some substance to this reform item.
CSR 6	Revenue Agency. Adopt measures to provide for adequate resources so as to allow the Agency to operate effectively.	Important	Mixed	The related legislation has passed, the authority now operates and it remains to be seen if this can translate in increased efficiency, as tax law implementation and collection has been separated from the design of economic policy, ensuring at least in theory a reduction of political influence and ultimately a better, more predictable and transparent implementation of tax laws and design of economic policy at the same time.

		Q1: The recommendation is	Q2: implementation on effort is:	Detailed comments
CSR 7	Education. Prepare a three-year Education Action Plan.	Contrary to Federation Advice	No Progress	A comprehensive approach to improve the performance of education, at all levels, with a view to increase autonomy along with assessment and evaluation within a setting of close collaboration of all involved parties is not an aim of the government, and pressure to do so as part of the programme reviews is almost non-existent. For such an important issue, and given the extremely inefficient use of resources in the extremely centralized public education system, this is a pity.

### Reform Progress in your Member State in 2016

How would you assess reform progress in 2016, for the following broad areas:

<b>Taxation and Public Finances</b>	Unsatisfactory
<b>Business environment (regulation/access to markets)</b>	Unsatisfactory
<b>Labour market</b>	Mixed
<b>Innovation and skills</b>	No Progress
<b>Access to finance and Financial stability</b>	Unsatisfactory

Is there any example of an economic reform, specific to your country that BUSINESSEUROPE could highlight in its 2017 Reform Barometer?

The extensive pension reform was, once again, implemented in a socially unfair way, favouring the older generation of especially public sector and professional group insiders and passing on the costs in particular to the younger private sector employees, that tend to migrate once they have higher skills. Product market reforms are lagging and developments on the front of managing the backlog of the NPLs fail to deal in a comprehensive and decisive way with the institutional impediments at hand and that are distributed in a piecemeal fashion among the bankruptcy, pre-bankruptcy, tax and penal laws. Progress in key deliverables that are related to privatisation reflect procedural steps that will not be felt in the market and will not yield to visible and tangible benefits for companies in the sense of a reduction of non-wage costs via increased productivity of, say, infrastructure and energy markets. Indicatively, the process of handing over 14 privatised regional ports to the winner of the tender is slow, resulting in, essentially, the start of the related renovation projects being delayed for one tourist season, as at this time only limited interventions can be planned, licenced and made before the next summer. A number of reforms were implemented as part of the OECD CAT toolkit application, but the interventions were either too late and expected positive returns are not made obvious or of a kind that will have a relative small positive improvement. In some cases, such is the case of pharmaceuticals, reforms were offset by gross policy mistakes that fail blatantly to deal with the distortions in the market and essentially have a high likelihood to decimate the domestic pharma industry and at the same time force international pharma producers to significantly delay introduction of new treatments to the Greek market. So, unfortunately, for this year there is no success story to showcase in key areas in which we would very much like to do so- with two potential exceptions. First, it seems that gradually the legislation and infrastructure for e-procurement is having an increasing impact on the core of the national procurement program - with broader rollout say among pharma still pending. But this is a potentially important step that has taken over a decade to take, so it should be mentioned. In addition, the separation of tax collection and economic policy design may indeed cure many of the problems of tax policy design and implementation that were observed in the past, but the new framework has first to prove itself in the context of the administrative and political reality at hand.

Credits are to be given thought on the actions taken for the simplification of investment licencing (Dec 2016 framework law was issued) in specific sectors and on some additional measures facilitating the opening of a business through the establishment of one stop shop.

## Reform priorities for 2017

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
<b>Priority 1</b>	Bank lending conditions	The country is exposed to the implications of a long term political and economic crisis. At the same time the banks are supported through short term support from the euro system. This creates a strong pressure to deleverage the private sector and that hinders a recovery, with significant indirect implications ranging from the issue of NPLs to the undermining of public revenue. A working solution, respecting the ECB mandate but also taking into account reality, should be worked out to alleviate the pressure stemming from the mismatch. At the same time the key impediments to the resolution of the NPLs should be removed, i.e. the related box on the review list should be unticked and the legislators should return to the design board in view of a) facilitating the write down of debts, b) remove the obstacles that are posed by the tax treatment of losses incurred by suppliers and banks that write down debts especially outside an full bankruptcy procedure and in view of the transferability of the tax credit across time and corporate transformations and c) speed up and facilitate the ability to manage, dispose and restructure assets along the guidelines offered by the involved lenders in view of rescuing value.	no
<b>Priority 2</b>	Making work-pay: interplay of tax and benefit system	Over taxation of especially families that work in the private sector strongly discourages the growth of employment, with significant indirect implications on public revenue, social coherence and growth. The tax wedge especially for working parents in the private sector has to decline by at least 10pp on average in order to encourage salaried employment in competitive, well organized, tax and social security paying, exporting and innovative companies.	no

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
<b>Priority 3</b>	Tax reforms	Wide ranging issues in the tax laws, tax rates and their implementation places a destructive burden on growth and employment, with detrimental effects as far as the targets of the adjustment program are concerned. Vetting and streamlining, this in close collaboration with the private sector and through related committees, should remove these disincentives while at the same time protecting the achievement of fiscal targets, by reducing unproductively high rates and rationalizing, clarifying and stabilizing the tax laws and their implementation practices. At the same time, the drive against corruption remains, strangely, weak, and should become at least as strong as the drive against tax evasion and clandestine employment. The engagement of the OECD in the anti-corruption agenda should be used to make progress of substance on the matter.	no
<b>Priority 4</b>	Business Environment - Regulatory barriers to entrepreneurship	While a lot of progress has been achieved in the past years, there remain many issues in areas where reforms have been implemented (e.g. licencing and spatial planning) and there also remain areas where no progress is planned, ranging from a comprehensive approach to dealing with all issues in the pre-bankruptcy and bankruptcy setting, a full assessment of implemented and pending reforms in justice, a vetting of the non-bank financing framework within the context of the CMU, a vetting of national tax legislation in view of the CCTB and common VAT form, a full assessment of the competencies and structure of market supervising authorities and the meaningful as well as comprehensive advancement of the better regulation agenda. Also, privatisations are still driven by fiscal targets and not their estimated impact on the improvement of non-wage competitiveness of the private sector.	yes

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
<b>Priority 5</b>	R&D and Innovation	A comprehensive assessment and the formulation of a related strategy to remove impediments to business R&D, to collaboration of business with publicly financed research centres and all ancillary aspects that need to be working and in place is still missing. The related vetting should include all stages, like the cost and flexibility of a limited liability corporate entity with freely transferable shares, tax handling of losses from innovative investment and flexible offsetting with the rare high return success cases, agreement formation between businesses and universities, the infrastructure and framework for IP submission and protection, the flexibility to remunerate employees of start-ups and the participation in these of academics that work in publicly funded institutions, the framework for non-bank financing at all stages (angel, VC, etc.), the issue of charges like social security contributions to officers of start-ups, the sanctity of contracts and the predictability of enforcement through the efficiency of the judiciary.	yes

## SPRING 2017 REFORM BAROMETER – HUNGARY

### European Semester - Overall assessment of 2016 cycle

	<b>To what extent do you agree with these statements:</b>		<b>Detailed comments</b>
1.	The National Reform Programme submitted by your Government (February/November 2016) is appropriate.	To some extent	
2.	The Commission's country specific recommendations for your country are appropriate.	To a large extent	
3.	The Commission assessment of reform implementation the year before is appropriate.	To a large extent	
4.	The Commission assessment of excessive imbalances (in-depth review) is appropriate.	To a large extent	Although the government realised that GDP growth based on cheap labour was sputtering, economic competitiveness was deteriorating, and Hungary became excessively dependent on EU transfers, the government failed to revise the Hungarian model. Thus, we can only expect some temporary improvement rather than genuine changes, and the using up of EU transfers and the lagging behind the CEE region will continue. The huge inflow of EU transfers, thus their shrinking after 2020 threatens a serious drop in economic growth.

## Assessment of Country Specific recommendations 2016 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	In view of the high risk of a significant deviation, achieve an annual fiscal adjustment of 0,3 % of GDP towards the medium-term budgetary objective in 2016 and of 0,6 % of GDP in 2017, unless the medium-term budgetary objective is respected with a lower effort, by taking the necessary structural measures.	Irrelevant	Satisfactory	
CSR 2	Further reduce sector-specific taxes and reduce the tax wedge for low-income earners. Strengthen transparency and competition in public procurement through e-procurement, increased publication of tenders and further improvement of the anti-corruption framework. Improve the regulatory environment in the services sector and in the retail sector by addressing restrictive regulations and ensuring predictability.	Extremely important	No progress	
CSR 3	Facilitate the transition from the public works scheme to the primary labour market and reinforce other active labour market policies. Improve the adequacy and coverage of social assistance and unemployment benefits. Take measures to improve educational outcomes and to increase the participation of disadvantaged groups, in particular Roma, in inclusive mainstream education.	Extremely important	Unsatisfactory	

## **Reform Progress in your Member State in 2016**

How would you assess reform progress in 2016, for the following broad areas:

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

## **Reform priorities for 2017**

	<b>I. Policy Area</b>	<b>II. Concrete Recommendations</b>	<b>III. Are the proposed recommendations already in the agenda of your Government?</b>
<b>Priority 1</b>	Business Environment - Regulatory barriers to entrepreneurship		no
<b>Priority 2</b>	Pension and health care reforms		no
<b>Priority 3</b>	Labour market mismatch and labour mobility		no
<b>Priority 4</b>	Tax reforms		yes
<b>Priority 5</b>	Bank lending conditions		yes

## SPRING 2017 REFORM BAROMETER – IRELAND

### European Semester - Overall assessment of 2016 cycle

	<b>To what extent do you agree with these statements:</b>		<b>Detailed comments</b>
1.	The National Reform Programme submitted by your Government (February/November 2016) is appropriate.	To some extent	It has failed to provide sufficient emphasis on the investment and competitiveness challenges facing the economy.
2.	The Commission's country specific recommendations for your country are appropriate.	To a large extent	Increased focus on investment needs from previous years which is very welcome.
3.	The Commission assessment of reform implementation the year before is appropriate.	To some extent	Primary focus on public finances and non-performing loans rather than on emerging challenges of skills and investment needs.
4.	The Commission assessment of excessive imbalances (in-depth review) is appropriate.	Not enough	The indicators provide an insight into some but not all of the challenges faced by the economy at present.

## Assessment of Country Specific recommendations 2016 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	Following the correction of the excessive deficit, achieve an annual fiscal adjustment of 0,6 % of GDP towards the medium-term budgetary objective in 2016 and in 2017. Use windfall gains from strong economic and financial conditions, as well as from asset sales, to accelerate debt reduction. Reduce vulnerability to economic fluctuations and shocks, inter alia, by broadening the tax base. Enhance the quality of expenditure, particularly by increasing cost-effectiveness of healthcare and by prioritising government capital expenditure in R&D and in public infrastructure, in particular transport, water services and housing.	Important	Satisfactory	Key challenge remains a severe under-investment in public infrastructure which is constraining growth.
CSR 2	Expand and accelerate the implementation of activation policies to increase the work intensity of households and address the poverty risk of children. Pursue measures to incentivise employment by tapering the withdrawal of benefits and supplementary payments. Improve the provision of quality, affordable full-time childcare.	Important	Mixed	Focus is appropriate as labour market is now very tight.
CSR 3	Finalise durable restructuring solutions to lower non-performing loans, to ensure debt sustainability of households and to encourage lenders to reduce the debt of excessively leveraged yet viable businesses. Accelerate the phasing-in of a fully operational central credit registry covering all categories of lenders and debtors.	Helpful (but not a priority)	Satisfactory	Focus is not appropriate - issue does not warrant this level of priority.

## Reform Progress in your Member State in 2016

How would you assess reform progress in 2016, for the following broad areas:

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

## Reform priorities for 2017

	<b>I. Policy Area</b>	<b>II. Concrete Recommendations</b>	<b>III. Are the proposed recommendations already in the agenda of your Government?</b>
<b>Priority 1</b>	Public investment	Require substantial increase in size of public investment programme; need greater use of PPPs.	yes
<b>Priority 2</b>	Tax reforms	Need to reduce personal tax burden on labour; achieve more effective tax base broadening.	yes
<b>Priority 3</b>	Wage bargaining and wage-setting policies	Need a new national social partnership arrangement to coordinate labour market issues.	no
<b>Priority 4</b>	Making work-pay: interplay of tax and benefit system	Reform measures needed to increase labour supply.	yes
<b>Priority 5</b>	Active labour market policies	Need more effective implementation of policies to help improve labour supply.	yes

## SPRING 2017 REFORM BAROMETER – ITALY

### European Semester - Overall assessment of 2016 cycle

	To what extent do you agree with these statements:		Detailed comments
1.	The National Reform Programme submitted by your Government (February/November 2016) is appropriate.	To a large extent	<p><b>Public administration:</b> this reform is one of the most important points of the Government’s Plan, because it improves the background for doing business. <b>Civil justice:</b> the objectives identified to enforce effective case-management are appropriate, in particular: specialization of judges; rationalization of times of the civil justice proceedings; enhancement of ADR tools; monitoring of reforms. <b>Criminal justice:</b> the objectives identified are appropriate in part (in particular, we highlight the following: specialization of judges concerning only civil system but not also the criminal one; the NRP does not deal deeply with the reform of the administrative liability of legal entities -Legislative Decree n. 231/2001). <b>Competition:</b> the objectives identified are appropriate and they shall be pursued by the measures introduced in the 2015 annual competition law. However, after 20 months, the law has not yet been approved and for this reason the annual competition law cannot aim for becoming a structural instrument to introduce pro-competitive measures in a perspective of continuity and medium-long term. <b>Taxation:</b> The NPR is to a large extent appropriate. Within the framework of the NPR, we substantially agree with the tax proposals. In detail, we consider particularly positive the measures (including tax incentives) aimed to promote growth and innovation of Italian enterprises. In addition, we agree with the announced cadastral reform, provided that does not result in an increase in the taxation on production factors. Furthermore, we support the plan for the revision of the tax expenditures. In our opinion, all tax expenditures should be regularly and systematically reviewed: however, some forms of tax support are structural and cannot be eliminated; on the contrary, we believe that many measures should be enhanced (i.e. research and development incentives). However, despite the positive actions described above, it should be also noted that the NRP foreshadows the enactment of an amending decree of Legislative decree no. 175/2014 relating to tax simplification: on this floor, Confindustria took part in round tables to process simplification measures many of which are still not implemented. <b>Access to credit and finance:</b> 1) measures to reduce the stock of non-performing loans; 2) increase efficiency in banking sector, in terms of bank system consolidation, improvement of rating models and implementation of ongoing corporate governance reforms to sustain the credit supply first of all for SME’s, even by local banks; 3) refinance and strengthen the national guarantee fund for SME’s. <b>Insolvency system:</b> 1) reform the insolvency law, in order to enable the restructuring while allowing debt collection to some extent; 2) introduce an out-of-court procedure (so called <i>procedura di allerta e composizione assistita della crisi</i>), aiming at bringing out crisis situation at an early stage and facilitating arrangements with creditors, with the objective of avoiding debtors’ insolvency.</p>

	To what extent do you agree with these statements:		Detailed comments
2.	The Commission's country specific recommendations for your country are appropriate.	To a large extent	Confindustria, however, does not agree with the fiscal adjustment required from Italy in 2017. Our judgement is grounded on both technical and economic reasons.
3.	The Commission assessment of reform implementation the year before is appropriate.	To a large extent	The Commission assessment about the <b>public administration reform, statute of limitations and civil justice</b> is appropriate. Furthermore, Confindustria agree with the Commission's comments on limited progress made towards fostering <b>competition</b> in services. As regards the <b>tax system</b> , Confindustria finds that the Commission assessment is appropriate to a large extent.
4.	The Commission assessment of excessive imbalances (in-depth review) is appropriate.	To some extent	

## Assessment of Country Specific recommendations 2016 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	<p>In 2016, limit the temporary deviation from the required 0,5 % of GDP adjustment towards the medium-term budgetary objective to the amount of 0,75 % of GDP allowed for investments and the implementation of structural reforms, subject to the condition of resuming the adjustment path towards the medium-term budgetary objective in 2017. Achieve an annual fiscal adjustment of 0,6 % or more of GDP towards the medium-term budgetary objective in 2017. Finalise the reform of the budgetary process in the course of 2016 and ensure that the spending review is an integral part of it. Ensure the timely implementation of the privatisation programme and use the windfall gains to accelerate the reduction of the general government debt ratio. Shift the tax burden from productive factors onto consumption and property. Reduce the number and scope of tax expenditures and complete the reform of the cadastral system by mid-2017. Take measures to improve tax compliance, including through electronic invoicing and payments.</p>	<p>Contrary to Federation Advice as regards the fiscal adjustment required in 2017</p>	<p>Mixed</p>	<p>Confindustria does not agree with the fiscal adjustment required of Italy in 2017. Our judgement is grounded on both technical and economic reasons.</p> <p>Confindustria, however, thinks the recommendation is appropriate as regards to the reform of the cadastral system and the measures to improve tax compliance</p> <p>Taxation: recent developments on VAT obligations and fulfilments are not satisfactory as they create disincentives to the use of electronic invoicing which, however, also based on the EU recommendations, should be encouraged.</p> <p>We support the plan for the revision of the tax expenditures. In our opinion, all tax expenditures should be regularly and systematically reviewed: however, some forms of tax support are structural and cannot be eliminated</p>

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 2	<p>Implement the reform of the public administration by adopting and implementing all necessary legislative decrees, in particular those reforming publicly-owned enterprises, local public services and the management of human resources. Step up the fight against corruption including by revising the statute of limitations by the end of 2016. Reduce the length of civil justice proceedings by enforcing reforms and through effective case-management.</p>	Extremely important	Mixed	<p><b>Public Administration:</b> last year, the Government adopted most of the legislative decrees which affect the enterprises. In particular, Confindustria appreciates the decrees about <i>Conferenza di servizi, SCIA, Camere di Commercio and Regolamento per la semplificazione e l'accelerazione dei procedimenti amministrativi</i>. These new rules can change the organization of the public administration and its way to act. Italian Constitutional Court in its ruling, case n. 251/2016, has halted implementation of legislative decrees related to local public services and public administration management because these legislative decrees have not satisfied the necessary former requirement of the State-Regions Agreement. On the contrary, the legislative decree on publicly-owned enterprises has been adopted; however, as requested by the Italian Constitutional Court, it will need a "corrective decree" in order to satisfy the necessary former requirement of the State-Regions Agreement.</p> <p><b>Statute of limitation:</b> the draft law n. AS 2067 foresees some changes but its legislative process (i.e. approval process), started at the beginning of 2015, is still in progress. <b>Civil justice:</b> the draft law n. AS 2284 aims to reform the civil procedural rules but its legislative process is too long (in fact, it started at the beginning of 2015 and is still in progress). Furthermore, about the last measures - aimed at the rationalization and modernization of the civil justice system – it is necessary a serious monitoring on their implementation and the functioning.</p>

		<b>Q1: The recommendation is:</b>	<b>Q2: implementation on effort is:</b>	<b>Detailed comments</b>
CSR 3	Accelerate the reduction in the stock of non-performing loans, including by further improving the framework for insolvency and debt collection. Swiftly complete the implementation of ongoing corporate governance reforms in the banking sector.	Extremely important	Satisfactory	
CSR 4	Implement the reform of active labour market policies, in particular by strengthening the effectiveness of employment services. Facilitate the take-up of work for second earners. Adopt and implement the national antipoverty strategy and review and rationalise social spending.	Extremely important	Unsatisfactory	
CSR 5	Swiftly adopt and implement the pending law on competition. Take further action to increase competition in regulated professions, the transport, health and retail sectors and the system of concessions.	Important	Mixed	In the 2015 annual competition law, few measures are indeed pro-competition. The majority is instead for consumers' protection, like those on insurance and communication. According with the Council recommendation, a number of areas are still over-protected or regulated, in particular the regulated professions, the health sector, local public transport and taxis, ports and airports. The annual competition law is not very courageous, especially in some sectors such as professional services (e.g. the notary reserves for the establishment of simple Ltd.)

## Reform Progress in your Member State in 2016

How would you assess reform progress in 2016, for the following broad areas:?

<b>Taxation and Public Finances</b>	Satisfactory
<b>Business environment (regulation/access to markets)</b>	Mixed
<b>Labour market</b>	Satisfactory
<b>Innovation and skills</b>	Satisfactory
<b>Access to finance and Financial stability</b>	Satisfactory

Is there any example of an economic reform, specific to your country that BUSINESSEUROPE could highlight in its 2017 Reform Barometer?

- 1) The **reform of public administration** but it is necessary to adopt and implement legislative decrees related to local public services and public administration management, in order to increase efficiency and quality in the public sector.
- 2) The 2015 annual **competition** law but it is necessary to adopt and implement it and strengthen some measures useful to increase competition in regulated sectors (e.g. professions)
- 3) **Tax burden**: particularly significant is the reduction, by 3.5 percentage points, of the Italian Corporate Tax (IRES) starting from 1 January 2017.
- 4) Measures to deal with the problem of **NPL**: a mechanism for providing state guarantees at market cost, to facilitate the securitization of bank non-performing loans (GACS); the creation of a private fund, called Atlante, which includes the same banks and other investors, with the objective of facilitating the recapitalization of distressed credit institutions and buying packages of non-performing loans.
- 5) Measures to shorten and strengthen the **recovery procedures**, in particular those concerning foreclosure procedures, including: the so-called *Patto Marciano and Pegno non possessorio* (the first aims to facilitate the recovery of the collateral in case of default by the debtor, the second aims at enlarging the volume of goods that the debtor can use as collateral with no impact on the current activity); insolvency system (whose reorganization, which is still in progress, aims to: bring out crisis situation at an early stage in order to ensure a real restructuring; accelerate liquidation in insolvency status).
- 6) **Italian banking system reforms**: one for the so-called BCC (*Banche di Credito Cooperativo*) and another for the *Banche Popolari*.
- 7) Recent measures adopted by the Italian Government to solve the crisis of some specific financial institutions, exploiting the flexibility margins allowed by state aid and recovery and resolution rules in case of a threat to financial stability.
- 8) **Tax incentives** to individuals and pension funds that invest in SMEs

## Reform priorities for 2017

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
<b>Priority 1</b>	Active labour market policies	Strengthen ALMPs through the launch of the activities of ANPAL, the newly created Agency for active policies.	yes
<b>Priority 2</b>	Public investment	Increase public investments (with special focus on R&D and innovation) and improve the investment environment.	yes
<b>Priority 3</b>	Public sector efficiency	Implement simplification measures, also regarding taxing matters. Improvement of the relationship between tax payers and tax administration.	yes
<b>Priority 4</b>	Tax reforms	Reduction of the overall tax burden on firms	no
<b>Priority 5</b>	Business Environment - Regulatory barriers to entrepreneurship	Keep on improving the business environment	yes

## SPRING 2017 REFORM BAROMETER – LITHUANIA

### European Semester - Overall assessment of 2016 cycle

	To what extent do you agree with these statements:		Detailed comments
1.	The National Reform Programme submitted by your Government (February/November 2016) is appropriate.	To a large extent	
2.	The Commission's country specific recommendations for your country are appropriate.	To a large extent	
3.	The Commission assessment of reform implementation the year before is appropriate.	To a large extent	
4.	The Commission assessment of excessive imbalances (in-depth review) is appropriate.	(not applicable)	

### Assessment of Country Specific recommendations 2016 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	Ensure that the deviation from the medium-term budgetary objective is limited to the allowance linked to the systemic pension reform in 2016 and in 2017. Reduce the tax burden on low-income earners by shifting the tax burden to other sources less detrimental to growth and improve tax compliance, in particular in the area of VAT.	Important	Mixed	In 2016, Government was taking actions to improve tax compliance, the collection of budget revenue is in line with the forecast, but there is a need for future changes in tax regulation.

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 2	Strengthen investment in human capital and address skills shortages, by improving the labour market relevance of education, raising the quality of teaching and adult learning. Reinforce the coverage and effectiveness of active labour market policies. Strengthen the role of social dialogue mechanisms. Improve the performance of the healthcare system by strengthening outpatient care, disease prevention and health promotion. Improve the coverage and adequacy of unemployment benefits and social assistance.	Extremely important	Mixed	Labour market regulations remain strict, despite the fact that new social model was adopted before the end of 2016. Newly elected Parliament has taken decision to postpone the starting date of adopted reform - it is foreseen that new social model will enter into force from the middle of 2017, but until that date part of adopted text will be changed trying to find the best compromise between employees and employers. There is a risk that after planned changes and revisions, the new social model would not have expected effect in labour market.
CSR 3	Take measures to strengthen productivity and improve the adoption and absorption of new technology across the economy. Improve the coordination of innovation policies and encourage private investment, inter alia, by developing alternative means of financing.	Extremely important	Mixed	Government shows its intentions for better coordination of innovation policies, developing financing measures, strengthen productivity, but final decisions and measures are not yet in place.

## Reform Progress in your Member State in 2016

How would you assess reform progress in 2016, for the following broad areas:

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

## Reform priorities for 2017

	<b>I. Policy Area</b>	<b>II. Concrete Recommendations</b>	<b>III. Are the proposed recommendations already in the agenda of your Government?</b>
<b>Priority 1</b>	Labour market mismatch and labour mobility	Optimise education system and address skills mismatches by improving the labour-market relevance of education. Integrate research and innovation in business.	yes
<b>Priority 2</b>	Active labour market policies	Focus on the lack of potential workers especially in migration policy. Improve coverage and adequacy of unemployment benefits and link them to activation.	yes

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
<b>Priority 3</b>	Public sector efficiency	EU-financing should be allocated to those priorities that are long term oriented. Revise tax policy and simplify tax administration system, minimise administrative burden. Complement the budgetary strategy with a further strengthened fiscal framework. Improve public procurement regulation by minimising the number of unnecessary requirements for service or goods suppliers.	yes
<b>Priority 4</b>	Public investment	Investment planning should be in a line with the demographic situation and future changes, including cost benefit analysis. Investing in regions should become a priority.	yes
<b>Priority 5</b>	Sector specific regulation	Revise infrastructure costs' distribution according to the best EU practice. Promote competition in energy networks by improving interconnectivity with other Member States.	yes

## SPRING 2017 REFORM BAROMETER – LUXEMBOURG

### European Semester - Overall assessment of 2016 cycle

	<b>To what extent do you agree with these statements:</b>		<b>Detailed comments</b>
1.	The National Reform Programme submitted by your Government (February/November 2016) is appropriate.	To some extent	Statutory and effective retirement age not addressed/wage setting system insufficiently addressed.
2.	The Commission's country specific recommendations for your country are appropriate.	Yes absolutely	Long-term sustainability of public pensions/removing barriers to investment and innovation/address bottlenecks that hamper housing investment.
3.	The Commission assessment of reform implementation the year before is appropriate.	To a large extent	
4.	The Commission assessment of excessive imbalances (in-depth review) is appropriate.	Yes absolutely	

## Assessment of Country Specific recommendations 2016 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	Ensure the long-term sustainability of public pensions by increasing the effective retirement age, by limiting early retirement and increasing incentives to work longer, and by aligning the statutory retirement age to changes in life expectancy.	Extremely important	No progress	
CSR 2	Remove barriers to investment and innovation that limit economic development in the business services sector. Address bottlenecks that hamper housing investment.	Extremely important	Unsatisfactory	

## Reform Progress in your Member State in 2016

How would you assess reform progress in 2016, for the following broad areas:

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

## Reform priorities for 2017

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
<b>Priority 1</b>	Labour market mismatch and labour mobility	Addressing skills mismatch among young people	yes
<b>Priority 2</b>	ICT	Turning Luxembourg into an excellence centre for ICT and Industry 4.0	yes
<b>Priority 3</b>	R&D and Innovation	Encourage increase of private investments	yes
<b>Priority 4</b>	Business Environment - Regulatory barriers to entrepreneurship	Administrative simplification	yes
<b>Priority 5</b>	Business Dynamics - Start-up conditions	Improve and develop the start-up ecosystem and foster entrepreneurship	yes

**SPRING 2017 REFORM BAROMETER – MALTA**

**European Semester - Overall assessment of 2016 cycle**

	<b>To what extent do you agree with these statements:</b>		<b>Detailed comments</b>
1.	The National Reform Programme submitted by your Government (February/November 2016) is appropriate.	To a large extent	Malta's NRP (April 2016) is appropriate to a large extent but, however, the Government has omitted other reforms which are required urgently if Malta is to ensure continued competitiveness: 1) efforts to significantly reduce administrative burdens and bureaucracy linked primarily to the ease of doing business 2) Strategies and incentives to mitigate the impact of the loss of Objective 1 status.
2.	The Commission's country specific recommendations for your country are appropriate.	To some extent	The CSRs are appropriate to some extent. In order to achieve improvements in the areas highlighted in Malta's 2016-2017 CSRs 1 and 2, initiatives and improvements in a number of vital policy areas are required. However, more specific CSRs in areas such as pension reform, expenditure sustainability, public sector efficiency and reductions in bureaucracy would serve the country better as the vast and general nature of the present CSRs are misleading policy makers.
3.	The Commission assessment of reform implementation the year before is appropriate.	Yes, absolutely	
4.	The Commission assessment of excessive imbalances (in-depth review) is appropriate.	n/a	For the year under review, an in-depth review was not carried out in Malta's case.

### Assessment of Country Specific recommendations 2016 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	In view of the high risk of a significant deviation, achieve an annual fiscal adjustment of 0,6 % of GDP towards the medium-term budgetary objective in 2016 and in 2017, by taking the necessary structural measures. Step up measures to ensure the long-term sustainability of public finances.	Important	Mixed	<p>We are encouraged by the rate of economic expansion over recent years and the manner in which Government is seriously tackling consolidation of public finances. General Government Debt is expected to decrease to 61.9% in 2017, while forecasts for General Government Deficit were further improved to 0.7% ratio for 2016, from a previous forecast of 1.1%.</p> <p>It is pertinent to note that previous forecasts have been exceeded, driven by larger economic growth than anticipated. This, coupled with previous conservative estimates, it is noted that the public finance consolidation was less due to any contraction in public recurrent expenditure which was up by almost €262 million in the year under review. Despite this increase in real terms, the growth in GDP outpaced recurrent public expenditure and hence resulted in declining general government debt and deficit percentages. This creates a delicate scenario that may be derailed with the slightest slip-up. Credit rating agencies have consistently remarked that this is indeed a reality that the country potentially faces without forceful reforms in the sustainability of pensions and public healthcare.</p>

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 2	Take measures to strengthen labour supply, in particular through increased participation of low-skilled persons in lifelong learning.	Helpful (but not a priority)	Mixed	With the prominence and severity of the skills gap and lack of labour supply, the Malta Chamber is concerned that, as evidenced by the overall lack of budget measures, Government has not recognised this issue as one that can seriously dampen the country's continued economic growth. Budget measures proposed by the Malta Chamber focusing on modernising education, curricula and career guidance, minimising the rate of early school leavers and incentivising young adults to focus on Science, Technology, Engineering and Mathematics were worryingly omitted.

## Reform Progress in your Member State in 2016

How would you assess reform progress in 2016, for the following broad areas:

<b>Taxation and Public Finances</b>	Excellent	Robust economic growth and fiscal consolidation. Taxation Framework remains competitive and attractive.
<b>Business environment (regulation/access to markets)</b>	Mixed	Trade Relations with numerous neighbouring economies strengthened. Bureaucracy and lack of ease of doing business persists.
<b>Labour market</b>	Mixed	Record low unemployment but supply not meeting demand and widening skills gap
<b>Innovation and skills</b>	Satisfactory	National Skills Council
<b>Access to finance and Financial stability</b>	Satisfactory	Malta Development Bank

## Reform priorities for 2017

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
<b>Priority 1</b>	R&D and Innovation	Improvements in this policy area depend on an increase supply of skilled labour as well as the availability of financing options for SMEs seeking to invest in innovation and R&D. There is also a clear need to increase the budget of the Malta Council for Science and Technology National Research & Innovation programme.	Yes (but not to the required degree)
<b>Priority 2</b>	Labour market mismatch and labour mobility	The skills gap and labour supply gap being experienced by the local economy has never been larger and the country's educational system is failing to adapt. Parliament recently approved the establishment of a National Skills Council. This council must function without further delay, and must assess and forecast the skills and human resources required by the real economy both at present and in the near future. The council must then ensure that education institutions and curricula adapt rapidly to the council's continuous findings in order to provide adequate labour supply.	Yes (but not to the required degree)
<b>Priority 3</b>	Pension and health care reforms	A modernised, more efficient national formulary is required. The potential cost-savings gained through initial investment in newer, more effective forms of remedy will enhance the sustainability of the healthcare budget. Robust incentives for voluntary second pillar pensions are a must in order to supplement and wean-off overreliance of unsustainable state pensions.	Yes (but not to the required degree)

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
<b>Priority 4</b>	Consolidation of public expenditures	While macro percentage figures for General Government Deficit and Debt figures are contracting and converging towards the Maastricht Criteria, a closer analysis of the figures reveals sharp increases in recurrent expenditure. This creates a delicate scenario that may be derailed with the slightest slip-up. Credit rating agencies have consistently remarked that this is indeed a reality that the country potentially faces without forceful reforms in the sustainability of pensions and public healthcare.	Yes (but not the required degree)
<b>Priority 5</b>	Business Environment - Regulatory barriers to entrepreneurship	Actual regulatory barriers to entrepreneurship do not exist but many other regulatory barriers discourage potential entrepreneurship. In the World Bank's Doing Business ranking, Malta continues to rank consistently low - the lowest of all EU member states. The Government has claimed it will seriously tackle every factor causing such a low ranking, yet in over three years, improvements have not materialised.	No

## SPRING 2017 REFORM BAROMETER – POLAND

### European Semester - Overall assessment of 2016 cycle

	<b>To what extent do you agree with these statements:</b>		<b>Detailed comments</b>
1.	The National Reform Programme submitted by your Government (February/November 2016) is appropriate.	Not enough	(1) Limiting illegal employment through elimination of so called “first day syndrome” - is done. Lewiatan supported that regulation. (2) Improvement in inter-sectoral mobility of employees - it is important for the labour market. But it is not enough to focus on the farmers, as government did in NRP. There are more sectors (e.g. coal mining) which should have their own programmes for inter-sectoral mobility of employees.
2.	The Commission's country specific recommendations for your country are appropriate.	Not enough	Lewiatan does not accept part of the recommendation (2) "...removing obstacles to more permanent types of employment..." As we mentioned many times, the use of not permanent types of employment (temporary and civil law contracts) in the labour market is the result of high non-wage labour costs in Poland. So, the changes should be done in those costs. In the CSR, there is lack of many recommendations (look at Lewiatan priorities 2016 and 2017 prepared for Reform Barometer).
3.	The Commission assessment of reform implementation the year before is appropriate.	To a large extent	The EC noticed that most of its previous recommendation have not been implemented, and decided to repeat part of not-implemented recommendation in CSR2016, but focus on limited number of the most important (from EC perspective) tasks. Unfortunately, the government didn't implement again any one of them. It is interesting how long the EC will be repeating recommendations without any consequences for the lack of their implementation.
4.	The Commission assessment of excessive imbalances (in-depth review) is appropriate.	To a large extent	

## Assessment of Country Specific recommendations 2016 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	Achieve an annual fiscal adjustment of 0,5 % of GDP towards the medium-term budgetary objective in 2016 and in 2017. Strengthen the fiscal framework, including by establishing an independent fiscal council. Improve tax collection by ensuring better VAT compliance, and limit the extensive use of reduced VAT rates. <i>(by the way - repeated from the CSR2015, and should be repeated in CSR2017)</i>	Extremely important	No progress	
CSR 2	Ensure the sustainability and adequacy of the pension system and increase participation in the labour market, by starting to reform the preferential pension arrangements, removing obstacles to more permanent types of employment and improving the labour market-relevance of education and training. <i>(by the way - this is recommendation nr 2 and 3 from CRSR2015 and the EC should repeat it in CSR2017)</i>	Important	Unsatisfactory	
CSR 3	Take measures to remove obstacles to investment in transport, construction and energy infrastructure, and increase the coverage of spatial planning at local level.	important	No progress	

## Reform Progress in your Member State in 2016

How would you assess reform progress in 2016, for the following broad areas:

<b>Taxation and Public Finances</b>	Unsatisfactory
<b>Business environment (regulation/access to markets)</b>	Unsatisfactory
<b>Labour market</b>	Unsatisfactory
<b>Innovation and skills</b>	mixed
<b>Access to finance and Financial stability</b>	Satisfactory

Is there any example of an economic reform, specific to your country that BUSINESSEUROPE could highlight in its 2017 Reform Barometer?

Only negative examples.

## Reform priorities for 2017

	<b>I. Policy Area</b>	<b>II. Concrete Recommendations</b>	<b>III. Are the proposed recommendations already in the agenda of your Government?</b>
<b>Priority 1</b>	Labour market mismatch and labour mobility	(1) changes in dismissal rules (more flexible), (2) elimination of pre-retirement protection, (3) government housing program to increase the mobility of workers; (4) reconstruction of vocational education; (5) it is necessary to prepare a migration policy	No (info to (2) the government decided to lower retirement age)

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 2	Pension and health care reforms	(1) integrate the special pension system for miners with the general scheme; include farmers into the general pension system; private health insurance system; (2) the government is preparing a complete change of the health system, which will negatively affect the private health sector benefiting from public funds. At the same time, it does not plan to introduce private health insurance, which could take advantage of existing infrastructure in the private health sector.	no
Priority 3	Business Environment - Regulatory barriers to entrepreneurship	(1) the government should plan the changes in the regulations. The lack of predictability in what the government wants to do in the business environment caused in 2016 fall in business investment. Plans for regulatory government should be known well in advance, to ensure predictability and stability of economic activity; (2) simplifying contract enforcement and requirements for construction permits, changes in the public procurement system (still undone)	no
Priority 4	R&D and Innovation	(1) tax policy (introduce the tax incentives to promote R&D in the private sector) - it was partly done in 2016, but it is not enough; (2) to use the public procurement for promoting investment in innovation; (3) changes in universities (incl. changing rules for assessment of researchers).	Yes (only in tax policy, but it is not enough) No

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 5	Public investment	<p>Poland receives substantial funds. A very large part of that money should be spent on infrastructure investments. We are now in the middle of EU financial perspective 2014-2020. The government has not yet started to invest that money. Investment in railways, roads, telecommunication infrastructure, investments in renewable energy are much needed. Unfortunately, the Government focuses on social spending and it is little money for pre-financing and co-financing of EU projects. It should be changed (it is necessary to simplifying contract enforcement and requirements for construction permits, changes in the public procurement system, what is written in priority 1).</p>	yes

## SPRING 2017 REFORM BAROMETER – PORTUGAL

### European Semester - Overall assessment of 2016 cycle

	To what extent do you agree with these statements:		Detailed comments
1.	The National Reform Programme submitted by your Government (February/November 2016) is appropriate.	To a large extent	CIP has generally agreed with the assessment and general strategic guidelines of Portuguese NRP. Priority should be given to the pillars concerning the capitalization of enterprises and the modernization of the State. However, the development of some of those guidelines was considered insufficient. The main criticism CIP has expressed was that its response to the challenge of the sustainability of public finances is very limited and insufficient.
2.	The Commission's country specific recommendations for your country are appropriate.	To a large extent	On budget consolidation, the reference to the expenditure review at all levels of public administration was a positive signal concerning the strategy to follow. Recommendations 2 and 4 are very pertinent.
3.	The Commission assessment of reform implementation the year before is appropriate.	To a large extent	
4.	The Commission assessment of excessive imbalances (in-depth review) is appropriate.	To a large extent	

## Assessment of Country Specific recommendations 2016 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	Ensure a durable correction of the excessive deficit, in accordance with the relevant decisions or recommendations under the excessive deficit procedure, by taking the necessary structural measures and by using all windfall gains for deficit and debt reduction. Thereafter, achieve an annual fiscal adjustment of at least 0,6 % of GDP. Conduct, by February 2017, a comprehensive expenditure review and strengthen expenditure control, cost effectiveness and adequate budgeting at all levels of public administration. Ensure the long-term sustainability of the health sector, without compromising access to primary healthcare. Reduce the reliance of the pension system on budgetary transfers. By the end of 2016, refocus ongoing restructuring plans of state-owned enterprises.	Important	Mixed	Targets are expected to be met, but structural measures were insufficient and the results expected from the expenditure review are very limited. 2017 budget increased indirect taxes and created an additional taxation on urban real estate. Tax burden is expected to remain at the present level.
CSR 2	In consultation with social partners, ensure that the minimum wage is consistent with the objectives of promoting employment and competitiveness across sectors.	Extremely important	Unsatisfactory	The increases of the minimum wage in 2016 and in 2017 were not consistent with the objectives of promoting employment and competitiveness. CIP and the other social partners within the Standing Committee for Social Concertation have agreed on compensatory measures to mitigate the effects of those increases. Agreement for 2017 was reached with the Government but those measures have not materialized yet.

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 3	Ensure the effective activation of the long-term unemployed and improve the coordination between employment and social services. Strengthen incentives for firms to hire through permanent contracts.	Extremely important	No progress	<p>There was not any relevant development regarding the effective activation of the long-term unemployed and improvement of coordination between employment and social services in this matter. Taking into account the Portuguese specificities, namely given the high rate of youth unemployment, activation efforts must also be directed to the youth.</p> <p>With regard to the recommendation to strengthen incentives for firms to hire through permanent contracts, it is CIP's perspective that permanent and fixed term contracts should be supported. In 2016, the Portuguese Government, instead of strengthen incentives for firms to hire through permanent contracts, announced its intention to eliminate or significantly reduce support for fixed-term contracts. In CIP perspective, the government announcement is extremely negative for the future of the labour market.</p>
CSR 4	Take measures, by October 2016, to facilitate the cleaning up of the balance sheets of credit institutions and address the high level of non-performing loans. Reduce the debt bias in corporate taxation and improve the access to finance for start-ups and small and medium-sized enterprises via the capital market.	Extremely important	Mixed	<p>The State Budget for 2017 has an important and positive measure to reduce the debt bias in corporate taxation. Measures to facilitate the cleaning up of the balance sheets of credit institutions and address the high level of non-performing loans are still expected.</p>

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 5	Increase transparency and efficiency in public procurement as regards public-private partnerships and concessions. By the end of 2016, improve and accelerate administrative and licensing procedures, accelerate tax litigations and reduce regulatory barriers, especially in business services. Incentivise cooperation between universities and the business sector.	Important	Unsatisfactory	Some progress was made to improve and accelerate administrative and licensing procedures in cooperation between universities and the business sector.

### Reform Progress in your Member State in 2016

How would you assess reform progress in 2016, for the following broad areas:

<b>Taxation and Public Finances</b>	Mixed
<b>Business environment (regulation/access to markets)</b>	Mixed
<b>Labour market</b>	No progress
<b>Innovation and skills</b>	Mixed
<b>Access to finance and Financial stability</b>	Unsatisfactory

Is there any example of an economic reform, specific to your country that BUSINESSEUROPE could highlight in its 2017 Reform Barometer?

The revision of our notional interest deduction regime in the State Budget for 2017 was an important step to reduce the debt bias in corporate taxation.

### Reform priorities for 2017

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
<b>Priority 1</b>	Bank lending conditions	Address the high level of non-performing loans and the need for business to restructure their debt and recapitalize.	yes
<b>Priority 2</b>	Business Environment - Regulatory barriers to entrepreneurship	Implement impact assessment systems, "one in one out" principle and "only once principle". Focus on improving judicial system.	yes
<b>Priority 3</b>	Wage bargaining and wage-setting policies	Reach an agreement with social partners on objective criteria for the evolution of the minimum wage.	yes
<b>Priority 4</b>	Labour market mismatch and labour mobility	Link education and vocational training with the labour market needs, deeply involving social partners and companies.	yes
<b>Priority 5</b>	R&D and Innovation	Resume the investment on that area through partnerships between the public and private sector.	yes

## SPRING 2017 REFORM BAROMETER – SLOVAKIA

### European Semester - Overall assessment of 2016 cycle

	To what extent do you agree with these statements:		Detailed comments
1.	The National Reform Programme submitted by your Government (February/November 2016) is appropriate.	To some extent	New or innovated programs on labour market, reform of employment services.
2.	The Commission's country specific recommendations for your country are appropriate.	To a large extent	Public procurement, justice system and administrative burden are long-term problems.
3.	The Commission assessment of reform implementation the year before is appropriate.	To a large extent	
4.	The Commission assessment of excessive imbalances (in-depth review) is appropriate.	Non-applicable	Slovak republic is not stated within the review.

### Assessment of Country Specific recommendations 2016 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	Achieve an annual fiscal adjustment of 0,25 % of GDP towards the medium-term budgetary objective in 2016 and of 0,5 % of GDP in 2017. Improve the cost-effectiveness of the healthcare system. Take measures to increase tax compliance.	Important	Mixed	Government has very good conditions (GDP growth about 3%, unemployment under 10%) for lowering of budget deficit. But government does not make satisfactory steps.

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 2	Improve activation measures for the long-term unemployed and other disadvantaged groups, including individualised services and targeted training. Facilitate the employment of women, in particular by extending the provision of affordable, quality childcare. Improve educational outcomes by making the teaching profession more attractive and by increasing the participation of Roma children from early childhood in mainstream education.	Extremely important	Mixed	Roma problem and educational system are long-terms problems for Slovakia. Government adopted few changes (higher salaries for teachers) but these changes are not enough.
CSR 3	Consolidate governance, reinforce the shift from price only to quality-based competition and improve the prosecution of illicit practices in public procurement. Improve the transparency, quality and effectiveness of human resources management in public administration, in particular by adopting a new civil service act, and the effectiveness of the justice system. Adopt a comprehensive plan to address administrative and regulatory barriers for businesses.	Important	Unsatisfactory	Public procurement and transparency are also long-terms problems and we are pessimistic in case of solutions.

## Reform Progress in your Member State in 2016

How would you assess reform progress in 2016, for the following broad areas:

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

Is there any example of an economic reform, specific to your country that BUSINESSEUROPE could highlight in its 2017 Reform Barometer?

Lowering of corporate tax from 22% to 21%; Changes in tax policy for self-employed; Changes in tax policy in case of dividends.

## Reform priorities for 2017

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
<b>Priority 1</b>	Business Environment - Regulatory barriers to entrepreneurship	Lowering the administrative burden for entrepreneurs.	no
<b>Priority 2</b>	Tax Reforms	Lowering taxes and social security contributions which currently pose a considerable financial burden for SMEs.	no
<b>Priority 3</b>	Access to bond markets	Development of the capital market in Slovakia to support new sources of financing.	no
<b>Priority 4</b>	Labour market mismatch and labour mobility	Better conditions in fire of employees, and lowering of the minimum wage.	yes
<b>Priority 5</b>	Pension and health care reforms	Pension and health care system are long-term problems which need a lot of changes to improve functioning.	yes

**SPRING 2017 REFORM BAROMETER – SLOVENIA**

**European Semester - Overall assessment of 2016 cycle**

	<b>To what extent do you agree with these statements:</b>		<b>Detailed comments</b>
1.	The National Reform Programme submitted by your Government (February/November 2016) is appropriate.	To a large extent	The NRP was discussed and approved by the Economic-social council. ZDS emphasizes the need to reduce tax burden, especially on labour costs. Slovenia also needs to address demographic changes (pension, health reform) and the deficit of skilled workers on labour market.
2.	The Commission's country specific recommendations for your country are appropriate.	To a large extent	ZDS finds the importance of structural reforms (the reform of the long-term care and healthcare systems, pension system) crucial but they should be accepted in cooperation with the social partners on the highest level. The social dialogue especially considering health reform has been insufficient. Access to finance is still a very important issue. We also support the necessity of measures to modernise public administration and reduce the administrative burden on business.
3.	The Commission assessment of reform implementation the year before is appropriate.	To a large extent	
4.	The Commission assessment of excessive imbalances (in-depth review) is appropriate.	To a large extent	

## Assessment of Country Specific recommendations 2016 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	Following the correction of the excessive deficit, achieve an annual fiscal adjustment of 0,6 % of GDP towards the medium-term budgetary objective in 2016 and in 2017. Set a medium-term budgetary objective that respects the requirements of the Stability and Growth Pact. Strengthen the fiscal framework by appointing an independent fiscal council and amending the Public Finance Act. Complete and implement the reform of the long-term care and healthcare systems, making them more cost-efficient to ensure long-term sustainability of accessible and quality care. By the end of 2017, adopt the necessary measures to ensure the long-term sustainability and adequacy of the pension system.	Important	Mixed	The efforts to achieve the budgetary objective in 2016 and 2017 are sufficient. There has been no social dialogue regarding the health reform - the Ministry promised to present it in January 2017. Some dialogue was done on pension reform but no specific measures were determined.
CSR 2	In consultation with social partners, increase the employability of low-skilled and older workers, including through targeted lifelong learning and activation measures.	Helpful (but not a priority)	Unsatisfactory	Not much has been done on this area, the employment of older workers is still a problem.
CSR 3	Improve the financing conditions for creditworthy business, including by facilitating durable resolution of non-performing loans and access to alternative financing sources. Ensure the proper implementation of the bank asset management company strategy.	Extremely important	Satisfactory	
CSR 4	Take measures to modernise public administration and reduce the administrative burden on business. Improve the governance and the performance of state-owned enterprises.	Important	Unsatisfactory	Not much has been done on this area, the process of privatization is still slow.

## Reform Progress in your Member State in 2016

How would you assess reform progress in 2016, for the following broad areas:

<b>Taxation and Public Finances</b>	Mixed
<b>Business environment (regulation/access to markets)</b>	Unsatisfactory
<b>Labour market</b>	No progress
<b>Innovation and skills</b>	Unsatisfactory
<b>Access to finance and Financial stability</b>	Mixed

Is there any example of an economic reform, specific to your country that BUSINESSEUROPE could highlight in its 2017 Reform Barometer?

Slovenia adopted a tax restructuring measure, but instead of reducing tax burden, it was increased. With the change in personal income tax rates, the employees will receive a slightly higher net wage in 2017, but the corporate income tax was raised by 2 p.p.

## Reform priorities for 2017

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
<b>Priority 1</b>	Tax reforms	Further measures to reduce tax wedge (redefining social contributions) and general tax burden are needed. We expect the new proposals of the Ministry of finance, following the tax changes enforced 1.1.2017.	no
<b>Priority 2</b>	Pension and health care reforms	The employers must be actively involved in the reforms of the health and pension systems, no additional burden for the employers is acceptable.	yes
<b>Priority 3</b>	Bank lending conditions	The banks should support investment and business opportunities.	no
<b>Priority 4</b>	Labour market mismatch and labour mobility	The issue of deficit of adequate workers on the labour market should be addressed in connection to education system.	no
<b>Priority 5</b>	Public sector efficiency		no

## SPRING 2017 REFORM BAROMETER – SPAIN

### European Semester - Overall assessment of 2016 cycle

	<b>To what extent do you agree with these statements:</b>		<b>Detailed comments</b>
1.	The National Reform Programme submitted by your Government (February/November 2016) is appropriate.	Not enough	The NRP 2016 was conditioned by the interim situation of the Government. For this reason, the NRP highlighted the major progress made in recent years. It also pointed out some of the most relevant areas in which further reforms are necessary.
2.	The Commission's country specific recommendations for your country are appropriate.	To a large extent	Country Specific Recommendations to Spain are in line with CEOE's top priorities. However, the fiscal recommendation should put more emphasis on the importance of making a budget adjustment that is more growth-friendly (i.e. higher weight of spending cuts than tax increases).
3.	The Commission assessment of reform implementation the year before is appropriate.	To a large extent	CEOE agrees to a large extent with the European Commission's assessment on the Spanish progress to address the Country Specific Recommendations.
4.	The Commission assessment of excessive imbalances (in-depth review) is appropriate.	To a large extent	The assessment of excessive imbalances of Spain is appropriate. However, it does not adequately show the results of the reforms carried out and the current trend in areas such as private indebtedness or unemployment. Spain has made very important efforts for many years that allow addressing such imbalances.

## Assessment of Country Specific recommendations 2016 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	Ensure a durable correction of the excessive deficit, in accordance with the relevant decisions or recommendations under the excessive deficit procedure, by taking the necessary structural measures and by using all windfall gains for deficit and debt reduction. Implement at all government levels the tools set out in the fiscal framework law. Enhance control mechanisms for public procurement and coordination of procurement policies across government levels.	Important	Mixed	
CSR 2	Take further measures to improve labour market integration, by focusing on individualised support and strengthening the effectiveness of training measures. Enhance the capacity of regional employment services and reinforce their coordination with social services. Address gaps and disparities in minimum income schemes and improve family support schemes, <i>including access to quality childcare and long-term care.</i>	Extremely important	Unsatisfactory	
CSR 3	Take further measures to improve the labour market relevance of tertiary education, including by incentivising cooperation between universities, firms and research institutions. Increase performance-based funding of public research bodies and universities and foster R&I investment by the private sector.	Important	Unsatisfactory	
CSR 4	Accelerate the implementation of the law on market unity at regional level. Ensure implementation by the autonomous regions of the reform measures adopted for the retail sector. Adopt the planned reform on professional services and associations.	Important	Mixed	Spain has made progress in the process of adapting the national and regional laws to guarantee the unity of market at national level. However, it is needed to speed up this process with the cooperation of all Public Administrations and involving business representatives

## Reform Progress in your Member State in 2016

How would you assess reform progress in 2016, for the following broad areas:

<b>Taxation and Public Finances</b>	Mixed
<b>Business environment (regulation/access to markets)</b>	Mixed
<b>Labour market</b>	Mixed
<b>Innovation and skills</b>	Mixed
<b>Access to finance and Financial stability</b>	Satisfactory

## Reform priorities for 2017

	<b>I. Policy Area</b>	<b>II. Concrete Recommendations</b>	<b>III. Are the proposed recommendations already in the agenda of your Government?</b>
<b>Priority 1</b>	Active labour market policies	1. To strengthen the effectiveness of employment policies in order to meet the needs of companies. 2. To reform the public employment services and promoting the public-private partnership in the management of labour market policies. 3. To link passive and active labour market policies.	yes

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
<b>Priority 2</b>	Pension and health care reforms	Pension system reform: 1. Pension formula should be taking into account throughout working life. 2. Gradual removal of early retirement. 3. To evaluate tax-based financing sources of some social benefits not strictly linked to the labour activity.	yes
<b>Priority 3</b>	Public sector efficiency	National agreement to improve the public-sector efficiency. Better assessment and disclosure of information concerning public expenditure. Better management and monitoring of regional expenditure.	yes
<b>Priority 4</b>	Tax reforms	1. To guarantee a stable legislative framework for corporate taxation. 2. Do not increase corporate taxation as the only means to reduce public deficit but reduce public expenditure by reforming Public Administration avoiding overlapping. Increasing corporate taxation affects private investment and employment.	no
<b>Priority 5</b>	Business Environment - Regulatory barriers to entrepreneurship	To continue the reduction of administrative burden at all levels of Administration and; to make additional efforts in the implementation of the Law on Market Unity.	yes

**SPRING 2017 REFORM BAROMETER – SWEDEN**

**European Semester - Overall assessment of 2016 cycle**

	<b>To what extent do you agree with these statements:</b>		<b>Detailed comments</b>
1.	The National Reform Programme submitted by your Government (February/November 2016) is appropriate.	To some extent	Even though Sweden has a high employment rate we need more hours worked in our economy, especially since we have very high welfare ambitions and a demographic challenge with more elderly people in the population. It is also important to reduce the time it takes for immigrants to get their first job (median today 8 years). More labour market reforms are therefore needed. Also, the housing market has to be reformed more extensively than what is planned by the government. For instance, better tax incentives that increase the number of transactions are needed.
2.	The Commission's country specific recommendations for your country are appropriate.	To a large extent	Among many important things addressed in the recommendations we stress the necessity to improve the efficiency of the housing market, by introducing more flexibility in setting rental prices and by revising the design of the capital gains tax to facilitate more housing transactions. However, we would also have preferred additional recommendations in other areas. Especially much needed reforms to improve labour market efficiency and measures aimed at helping job seekers with less qualifications find employment.
3.	The Commission assessment of reform implementation the year before is appropriate.	To a large extent	Despite having a high employment rate, it is crucial to increase it further in light of the demographic challenges Sweden will face in the future.

	To what extent do you agree with these statements:		Detailed comments
4.	The Commission assessment of excessive imbalances (in-depth review) is appropriate.	To a large extent	The Commission correctly identifies household debt as a risk to the macroeconomic stability of the Swedish economy. However, it fails to sufficiently emphasise the importance of reforms that lead to an increase in the supply of housing stock as part of the solution to this problem. Household indebtedness is a potential risk but the possible macroprudential policies that might be adopted in the near future should be constructed in a manner in order not to curb lending to firms to an unnecessarily large extent.

### Assessment of Country Specific recommendations 2016 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	Address the rise in household debt by adjusting fiscal incentives, in particular by gradually limiting the tax deductibility of mortgage interest payments or by increasing recurrent property taxes. Ensure that the macro-prudential authority has the legal mandate to implement measures to safeguard financial stability in a timely manner. Foster investment in housing and improve the efficiency of the housing market, including by introducing more flexibility in setting rental prices and by revising the design of the capital gains tax to facilitate more housing transactions.	Important	Unsatisfactory	The reduction in the tax deductibility has to be gradual. Furthermore, capital income tax should be lowered symmetrically. Increasing the pace of mortgage amortisation could be a good measure to help reduce household debt. There is a need for increasing the turnover in the residential market. This is currently mitigated by the rent-setting system and capital gains taxation on residential property.

## Reform Progress in your Member State in 2016

How would you assess reform progress in 2016, for the following broad areas:

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

## Reform priorities for 2017

	<b>I. Policy Area</b>	<b>II. Concrete Recommendations</b>	<b>III. Are the proposed recommendations already in the agenda of your Government?</b>
<b>Priority 1</b>	Labour supply measures for specific groups (older workers, women...)	Have to put appropriate incentive schemes in place in order for, especially, immigrants to increase their employment rate.	Yes
<b>Priority 2</b>	Tax Reforms	Lower income taxes. In particular, lowering the marginal tax rate would have positive effects on long term growth.	No
<b>Priority 3</b>	Business Dynamics - Start-up conditions	Better incentives through employee stock options in order to attract and keep key employees. Reduce taxation on capital gains (as well as income tax), to simplify the accumulation of start-up capital.	No

	<b>I. Policy Area</b>	<b>II. Concrete Recommendations</b>	<b>III. Are the proposed recommendations already in the agenda of your Government?</b>
<b>Priority 4</b>	Labour market mismatch and labour mobility	The Swedish Public Employment Service needs to be reformed. It is particularly important that the job matching services are exposed to competition.	No
<b>Priority 5</b>	Public sector efficiency	Increase competition in education and health care to improve efficiency and productivity.	No

**SPRING 2017 REFORM BAROMETER – THE NETHERLANDS**

**European Semester - Overall assessment of 2016 cycle**

	<b>To what extent do you agree with these statements:</b>		<b>Detailed comments</b>
1.	The National Reform Programme submitted by your Government (February/November 2016) is appropriate.	To a large extent	It gives a good overview of the policy measures taken in the light of the country specific recommendations.
2.	The Commission's country specific recommendations for your country are appropriate.	To a large extent	Largely, the analysis is correct.
3.	The Commission assessment of reform implementation the year before is appropriate.	To a large extent	
4.	The Commission assessment of excessive imbalances (in-depth review) is appropriate.	To a large extent	

**Assessment of Country Specific recommendations 2016 in detail**

		<b>Q1: The recommendation is:</b>	<b>Q2: implementation on effort is:</b>	<b>Detailed comments</b>
<b>CSR 1</b>	Limit the deviation from the medium-term budgetary objective in 2016 and achieve an annual fiscal adjustment of 0,6 % of GDP in 2017. Prioritise public expenditure towards supporting more investment in research and development.	Helpful but not a priority	Excellent/no further progress needed	We have reached the MTO.

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 2	Tackle remaining barriers to hiring staff on permanent contracts and facilitate the transition from temporary to permanent contracts. Address the high increase in self-employed without employees, including by reducing tax distortions favouring self-employment, without compromising entrepreneurship, and by promoting access of the self-employed to affordable social protection.	Important	Satisfactory	Permanent contracts are very rigid; while temporary contracts are loose. Rebalancing is necessary but the tax incentives of the self-employed are part of ongoing discussions
CSR 3	Take measures to make the second pillar of the pension system more transparent, inter-generationally fairer and more resilient to shocks. Take measures to reduce the remaining distortions in the housing market and the debt bias for households, in particular by decreasing mortgage interest tax deductibility.	Important	Satisfactory	Mortgage interest deduction has been built off, however not fast enough says the commission. Pension is to be reformed next coalition period

### Reform Progress in your Member State in 2016

How would you assess reform progress in 2016, for the following broad areas:

<b>Taxation and Public Finances</b>	Excellent
<b>Business environment (regulation/access to markets)</b>	Excellent
<b>Labour market</b>	Satisfactory
<b>Innovation and skills</b>	Satisfactory
<b>Access to finance and Financial stability</b>	Satisfactory

**Reform priorities for 2017**

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
<b>Priority 1</b>	Tax reforms	Lower CIT	no
<b>Priority 2</b>	R&D and Innovation	Continue broad fiscal stimulation of innovation	no
<b>Priority 3</b>	Pension and health care reforms	Reform pension system	no
<b>Priority 4</b>	Public investment	Increase public and private investment	no
<b>Priority 5</b>	Job protection	Job protection is too rigid now	no

**SPRING 2017 REFORM BAROMETER – UNITED KINGDOM**

**European Semester - Overall assessment of 2016 cycle**

	<b>To what extent do you agree with these statements:</b>		<b>Detailed comments</b>
1.	The National Reform Programme submitted by your Government (February/November 2016) is appropriate.	To a large extent	The government's fiscal plans include increasing capital investment within the overall context of deficit reduction. The recently announced National Infrastructure Productivity Fund (NIPF) further strengthens housing supply. Further improvement to childcare expansion would include free childcare for children aged 1 and 2 to improve female labour force participation. Government has engaged with employers in developing the apprenticeship levy but the timetable it is seeking is challenging.
2.	The Commission's country specific recommendations for your country are appropriate.	To a large extent	The CBI agrees with the EC recommendations regarding infrastructure, housing, skills and childcare. The Office for Budgetary Responsibility forecasts the fiscal deficit will decline by 0.6% of GDP in 2017-18. The CBI and most other independent analysis suggests less deficit reduction will occur. However, with the economy posed to slow, we regard the government's fiscal plans at this stage.
3.	The Commission assessment of reform implementation the year before is appropriate.	To some extent	The assessment made at the time was appropriate. There has however been a significant change in the economic and fiscal outlook in the UK, fiscal strategy. The government's response to the UK's low productivity growth and imbalances has been strengthened through the NIPF. A reassessment is therefore required in light of these changes.

	To what extent do you agree with these statements:		Detailed comments
4.	The Commission assessment of excessive imbalances (in-depth review) is appropriate.	To a large extent	The commission assessment identified excessive imbalances in the UK's housing market (particularly London) and the current account. The assessment was appropriate at the time. There are signs that the London housing market is now cooling and the falling in the £ is expected to reduce the current account deficit.

### Assessment of Country Specific recommendations 2016 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	Endeavour to correct the excessive deficit in a durable manner by 2016-17. Following the correction of the excessive deficit, achieve a fiscal adjustment of 0,6 % of GDP in 2017-18 towards the minimum medium-term budgetary objective.	Helpful (but not a priority)	Satisfactory	The UK's independent OBR expects the UK's fiscal deficit to decline from 3.5% in 2016-17 to 2.9% in of GDP in 2017-18. This meets the recommendation that the UK reduces its deficit in 2017-18 by 0.6% of GDP. Forecasts from the CBI (0.2%) and independent consensus (0.3) suggest that the decline in the fiscal deficit between 2016-17 and 2017-18 will be more modest. However, in the context of a more uncertain economic priority, the CBI regards immediate deficit reduction is less of a priority than maintaining economic momentum.

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 2	Address shortfalls in network infrastructure investment, including by delivering the priorities of the National Infrastructure Plan. Take further steps to boost housing supply, including by implementing the reforms of the national planning policy framework.	Extremely important	Satisfactory	At the Autumn Statement the government has strengthened its commitment to improving the UK's infrastructure. The National Productivity Infrastructure Fund is an additional £23 billion investment in infrastructure, housing, and Research and Development (R&D) over 5 years which can enable higher productivity. The scale of this investment is appropriate given the UK's infrastructure bottlenecks. A full assessment can be made later based on the governments delivery against its NPIFs ambitious objectives. Some infrastructure in the UK is privately owned, strengthening incentives for private infrastructure (the UK is unusual in not having a capital allowance for infrastructure investment) would complement the existing strategy.
CSR 3	Address skills mismatches and provide for skills progression, including by strengthening the quality of apprenticeships. Further improve the availability of affordable, high-quality, full-time childcare.	Extremely important	Mixed	We welcome the Government's focus on growing investment in apprenticeships, and business stands ready to step up and increase its own commitment. However, the Apprenticeship Levy in its current form risks turning the clock back on recent progress through poor design and rushed timescales. Over recent years there has been a welcomed increase in the provision of state funding for childcare in the UK. The CBI recommends that this coverage be expanded to all 1 and 2 year olds to remove a significant financial barrier to women remaining in the workforce.

## Reform Progress in your Member State in 2016

How would you assess reform progress in 2016, for the following broad areas:

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

Is there any example of an economic reform, specific to your country that BUSINESSEUROPE could highlight in its 2017 Reform Barometer?

At Budget 2016 the UK government introduced a Business tax roadmap (as recommended by the CBI). The business tax roadmap outlines the UK governments approach to business taxation for the duration of parliament 2015-2020. In 2010-2015 the government applied this approach to Corporation Tax, this has now been extended to other major business taxes such as employers National Insurance and Business Rates. Publishing a medium tax strategy supports business investment by removing a significant source of uncertainty.

## Reform priorities for 2017

	<b>I. Policy Area</b>	<b>II. Concrete Recommendations</b>	<b>III. Are the proposed recommendations already in the agenda of your Government?</b>
<b>Priority 1</b>	Tax reforms	As a result of technological change, goods and services can increasingly be delivered virtually. UK commercial property prices are expected to be lower in 2020 than 2015 due to this structural change. The UK tax revenues from business rates are required to increase by Retail Price Inflation & business property is taxed 7 times more heavily than residential property. To prevent this tax become an increasing distortion requires fundamental reform in light of long term economic trends.	no

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 2	Labour supply measures for specific groups (older workers, women...)	The UK employment rate is a record high. UK business is increasingly reporting skills shortages. Expanding free childcare to children aged 1 & 2 will improve labour supply by removing a significant barrier to women staying in the workforce.	no
Priority 3	Public investment	The National Productivity Infrastructure Fund is an additional £23 billion investment in infrastructure, housing, and Research and Development (R&D) over 5 years which can enable higher productivity. The scale of this investment is appropriate given the UK's infrastructure bottlenecks, the UK has struggled to deliver public project on time and at cost, therefore delivery of the project will be the key determine to if its objectives are realised	yes
Priority 4	Active labour market policies	Only three months out from its introduction, firms are increasingly concerned about many aspects of the Apprenticeship Levy – particularly the supply and quality of training that is going to be available, given the timescales and slow progress on establishing effective new standards. A more effective strategy for the apprenticeship market needs to be developed to give firms and providers the certainty that they are accessing high quality training programmes in return for their levy contributions.	no
Priority 5	R&D and Innovation	Introduce a supercharge for commercialisation of activity that follows research which has already been cleared for R&D tax credit.	yes