

SPRING 2017 REFORM BAROMETER – HUNGARY

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	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:

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

Reform priorities for 2017

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