

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:

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

Reform priorities for 2017

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 1	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
Priority 2	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?
Priority 3	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
Priority 4	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
Priority 5	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