



Country-Specific Recommendations: Scorecard for 2013

How far are EU Member
States meeting their
European Council
commitments?

STUDY

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Abstract

The European Council Oversight Unit within the European Parliamentary Research Service (EPRS) has undertaken a detailed analysis of the implementation of the 2013 Country-Specific Recommendations (CSRs).

Endorsed by the European Council and then adopted by the EU Council of Finance Ministers (Ecofin), the CSRs relate to four broad policy areas: public finances, the financial sector, structural reforms and employment and social policies.

Results show that implementation of the CSRs by EU Member States dropped significantly last year. Only 12% of the CSRs were fully addressed in 2013, compared to an average of 18% in 2011-2012. Conversely, the rate of 'no implementation' rose to 50% in 2013, from 43% in 2011-2012. Member States put the greatest effort into addressing CSRs related to the financial sector. The 'no implementation' rate of the 2013 CSRs related to other areas – namely, public finances, employment and social policies, and structural reforms – averages 50%.

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1. Introduction

This study provides an evaluation of the implementation of the European Union's 2013 Country-Specific Recommendations (CSRs) on a multi-source basis in the framework of the 2013 European Semester ([Council Regulation \(EC\) 1466/97](#)).

The European Semester¹ - which followed on from the Broad Economic Policy Guidelines adopted by the Council (on the basis of Article 121 TFEU) - was institutionalised by the 'six-pack' legislation of 2011 ([Regulation 1175/2011](#)), with the aim of coordinating and monitoring the economic and employment policies of EU Member States. The European Commission was given a mandate to check whether the Member States take action on the various reform commitments they under-take at EU level.

Country-Specific Recommendations (adopted on the basis of Articles 121 and 148 TFEU) relate to four broad policy areas:

- **public finances** - namely, sound public finances, pension and health-care systems, the fiscal framework and taxation. Some recommendations may refer to the Stability and Growth Pact (Article 5(2) of [Council Regulation \(EC\) 1466/97](#));
- the **financial sector** - namely, banking and access to finance, and housing market;
- **structural reforms** - namely, network industries, competition in the service sector, public administration and smart regulation, research and development, and innovation and resource efficiency; and
- **employment and social policies** - namely, labour-market participation, active labour-market policies, wage-setting mechanisms, labour-market segmentation, education, poverty and social exclusion.

In addition to the Stability and Growth Pact, some recommendations in the above-mentioned policy areas may derive from the Macroeconomic Imbalance Procedure (based on Article 6(1) of [Regulation 1176/2011](#)).

¹ The European Semester is an annual cycle that begins with the publication of the Annual Growth Survey (AGS) and the Alert Mechanism Report (AMR) by the European Commission in November. In April, Member States submit their Stability or Convergence Programmes and National Reform Programmes which are, in turn, assessed by the Commission. Then the Commission proposes Country-Specific Recommendations, which are subsequently endorsed by the European Council and adopted thereafter by the Council of the European Union.

On the basis of proposals tabled by the European Commission for Council recommendations, the 2013 CSRs were adopted by the EU Council of Finance Ministers (Ecofin Council) on [9 July 2013](#), after endorsement by the European Council at its meeting of [27-28 June 2013](#). At the latter meeting, the EU Heads of State of Government declared that:

"... the European Council concluded the 2013 European semester by generally endorsing the country-specific recommendations. Member States will now translate the recommendations into their forthcoming decisions on budgets, structural reforms and employment and social policies, while promoting full national ownership and preserving social dialogue"².

This EPRS evaluation of the 2013 CSRs has been carried out on the basis of three categories, using a traffic light color-coded system:

- **'full implementation'** - where actions taken by a Member State's authorities fully address the recommendation and measures are (almost) fully implemented, including all legal aspects;
- **'good progress underway, but more efforts required'** - where the authorities took policy actions going in the right direction to address the recommendation; implementation of those measures may have already started but more efforts are required to fully address the CSR in an appropriate way; and
- **'no implementation'** - where actions taken by the authorities to address the recommendation (if any) either do not go in the right direction or are insufficiently relevant and/or specified and/or are mere promises for the future.³

As each CSR covers many policy actions which may differ substantially from one another, dividing them into very detailed sub-sections facilitates and enhances the assessment. Throughout the analysis, an equal weight is put on each CSR sub-section regardless of its nature or its actual or potential impact.

² See EUCO 104/2/13.

³ Admittedly, limiting the evaluation to three categories may imply some degree of simplification as a few CSRs and national policy actions are of a more qualitative nature and are therefore complicated to measure and/or quantify. At the same time, some measures introduced by national authorities might have an impact only in the medium to long term. National authorities may also have opted for alternative measures to achieve the same goals.

This interim study focuses on 14 EU Member States for which an IMF Country Report and/or an OECD Economic Survey have already been published in 2014. EU Member States which were under an Economic Adjustment Programme - namely, Greece, Ireland, Portugal and Cyprus - cannot be covered by this analysis, as the Commission did not issue any CSRs for them in 2013.

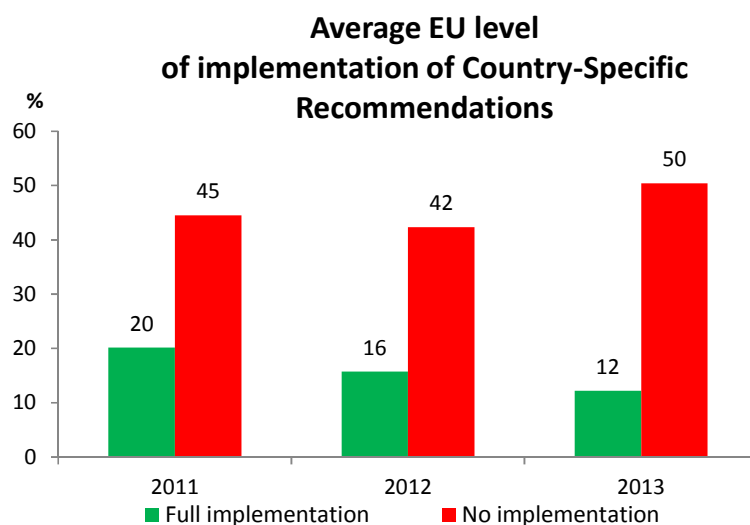
This analysis is based on the following sources:

- **National Reform Programmes** (NRPs) and **Stability or Convergence Programmes** (SCPs) submitted by the Member States in April 2014. Those documents - linked to the Stability and Growth Pact and employment guidelines - also provide a description of measures taken by the government concerned in response to the 2013 CSRs;
- **IMF Country Reports** (Article IV Consultation), which are usually released on a yearly basis. In these documents, the IMF undertakes an analysis of the country's current macroeconomic and financial situation while issuing recommendations and providing a broad assessment;
- In addition, the IMF often releases a **Selected Issues** paper (IMF SI) attached to the Country Report, which focuses on specific economic and financial issues;
- **OECD Country Economic Surveys** (OECD), which are published every two years. Those surveys not only highlight all recent macroeconomic and financial developments but also put emphasis on economic and social policies aimed at boosting the country's long-term growth prospects. At the end of the document, the OECD outlines specific recommendations in a wide range of policy areas and detail all relevant measures taken by the authorities over the last two years in response to recommendations;
- The 2014 **Commission Staff Working Document** (COM), which provide a detailed analysis of the implementation of the 2013 CSRs.

It should be noted that the IMF and the OECD do not assess the exact implementation of the CSRs adopted by the Council. Nonetheless, their own recommendations are very similar, and their reports bring further crucial elements to the analysis, in addition to the Commission Staff Working Documents.

The remainder of this study is structured as follows: Section 2 outlines the overall results CSR implementation in 2013. It is followed by a detailed country-by-country analysis in Section 3.

2. Results for 2013

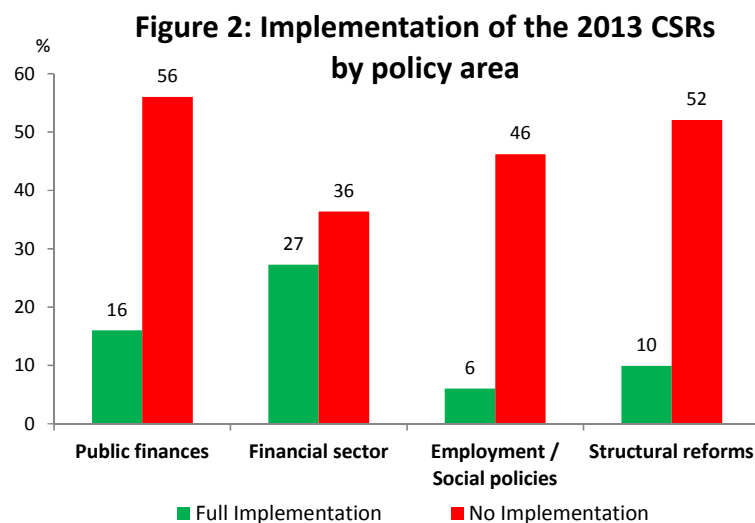


Source: Author's analysis based on NRPs, SCPs, Commission, IMF, OECD and Eurostat.

Note: Sample of 23 Member States for the analysis of the 2011-2012 CSRs and 14 Member States for the analysis of the 2013 CSRs.

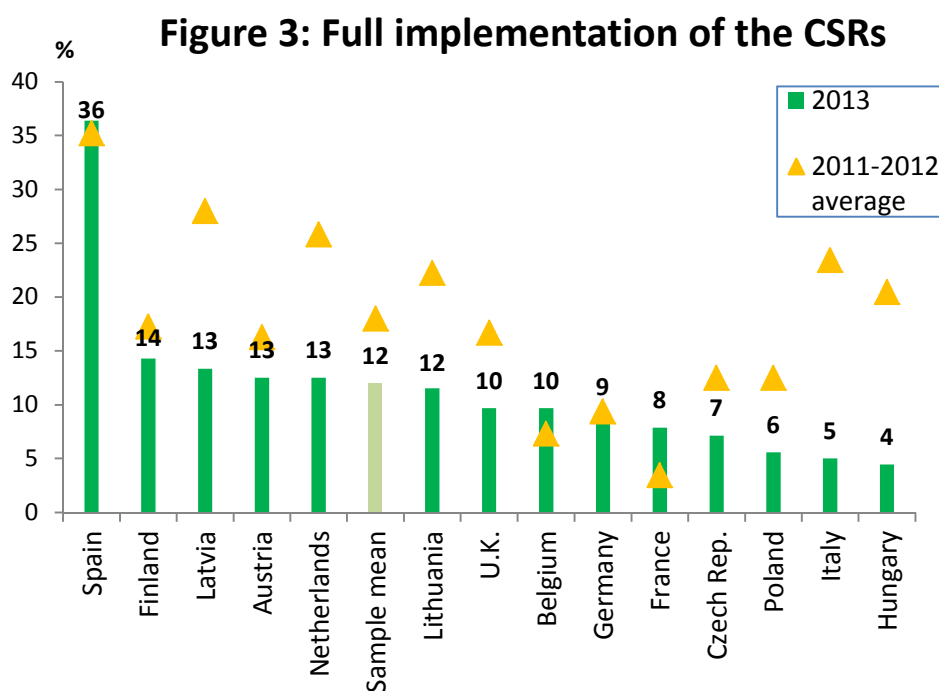
Figure 1 shows that implementation of the CSRs by EU Member States continued to lose momentum last year. Only 12% of the CSRs were fully addressed in 2013 compared to an average 18% in 2011-12. Conversely, the rate of 'no implementation' rose to 50% from 43% in 2011-12. This echoes the statement of ECB President Mario Draghi at the ECB Governing Council meeting of [2 October 2014](#):

*"... in order to strengthen investment activity, job creation and potential growth, other policy areas need to contribute decisively. **In particular, the legislation and implementation of structural reforms clearly need to gain momentum in several countries.** This applies to product and labour markets as well as to actions to improve the business environment for firms. As regards fiscal policies, euro area countries should not unravel the progress already made and should proceed in line with the rules of the Stability and Growth Pact. This should be reflected in the draft budgetary plans for 2015 that governments will now deliver, in which they will address the relevant country-specific recommendations. The Pact should remain the anchor for confidence in sustainable public finances, and the existing flexibility within the rules should allow governments to address the budgetary costs of major structural reforms, to support demand and to achieve a more growth-friendly composition of fiscal policies."*



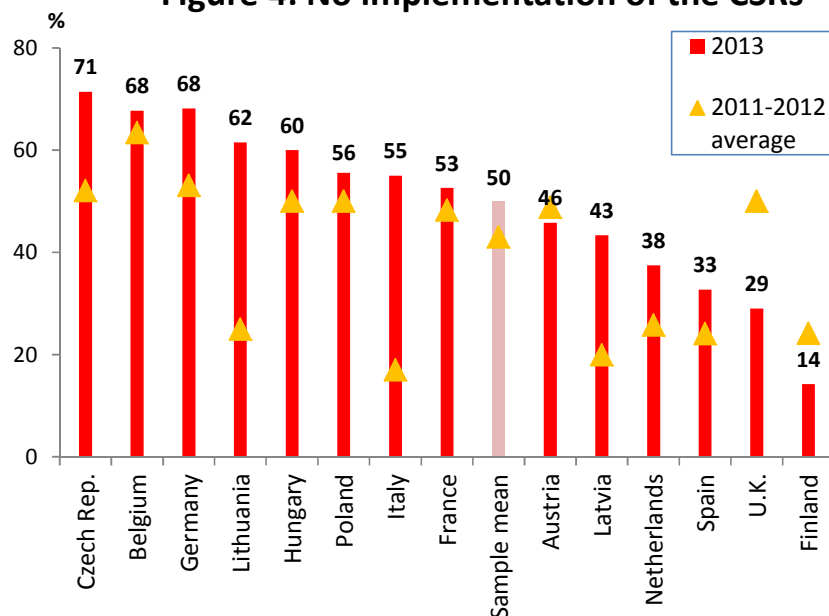
Source: Author's analysis, based on NRPs, SCPs, Commission, IMF, OECD and Eurostat.

A detailed breakdown by policy area reveals that Member States put the greatest effort in addressing the CSRs related to the financial sector (Figure 2). However, the 'no implementation' rate of the 2013 CSRs related to other areas (namely, public finances, employment and social policies and structural reforms) averages 50%. Figures 3 and 4 provide a breakdown by Member States of the 'full implementation' and 'no implementation' rates.



Source: Author's analysis, based on NRPs, SCPs, Commission, IMF, OECD and Eurostat.

Figure 4: No implementation of the CSRs



Source: Author's analysis, based on NRPs, SCPs, Commission, IMF, OECD and Eurostat.

Table 1: Summary of the results by year (%)

	Full implementation		Good progress underway but more effort required		No implementation	
	2011-2012	2013	2011-2012	2013	2011-2012	2013
Belgium	3	10	29	23	63	68
Czech Rep.	13	7	35	21	52	71
Germany	9	9	38	23	53	68
Spain	35	36	41	31	24	33
France	3	8	48	39	48	53
Italy	23	5	60	40	17	55
Latvia	28	13	52	43	20	43
Lithuania	22	12	53	23	25	62
Hungary	20	4	30	36	50	60
Netherlands	26	13	48	50	26	38
Austria	16	13	35	42	49	46
Poland	13	6	38	36	50	56
Finland	17	14	59	71	24	14
United Kingdom	17	10	33	61	50	29
Overall	18	12	39	37	43	50

Source: Author's analysis, based on NRPs, SCPs, Commission, IMF, OECD and Eurostat

Note: All CSR sub-parts are equally weighted regardless of their nature and actual/potential impact.


Table 2: Summary of the results by specific policy area (2013 CSRs, %)


	Public Finances		Financial sector		Employment & Social policies		Structural reforms	
Belgium	13	63	N/A	N/A	0	71	13	75
Czech Rep.	14	79	N/A	N/A	0	50	0	83
Germany	17	83	0	100	0	71	13	50
Spain	40	40	100	0	23	31	35	30
France	0	73	N/A	N/A	23	31	0	50
Italy	10	60	25	0	0	54	0	69
Latvia	20	20	100	0	8	62	9	36
Lithuania	17	67	N/A	N/A	0	78	20	20
Hungary	0	63	20	40	0	54	9	73
Netherlands	25	25	0	100	0	0	N/A	N/A
Austria	30	30	0	50	0	38	0	100
Poland	0	71	100	0	0	42	0	67
Finland	50	0	N/A	N/A	0	50	0	0
United Kingdom	0	57	17	33	13	0	0	25
Overall	16	56	27	36	6	46	10	52


Source: Author's analysis, based on NRPs, SCPs, Commission, IMF, OECD and Eurostat


Note: the green columns refer to 'full implementation (%)' whereas the red columns refer to 'no implementation (%)'


3. Analysis by Member State


<div>BE</div> <div></div>	Country Specific Recommendations 2013	References and Assessment						
		NRP	SCP	IMF	IMF SI	OECD	COM	Assessment
PUBLIC FINANCES	1. Adopt additional measures to achieve the structural adjustment effort specified in the Council Decision to give notice to correct the excessive deficit by 2013 and to enhance the sustainability and credibility of the consolidation. A durable correction of the fiscal imbalances requires the credible implementation of ambitious structural reforms which would increase the adjustment capacity and boost potential growth.		p.21-22	p.8(5)			p. 7 p. 9	
	After the correction of the excessive deficit, pursue the structural adjustment at an appropriate pace so as to reach the medium-term objective by 2016		p.9-10 p.12	p.5(8) p.15(13) p.15(14)			p.7-8 p.10	
	and ensure that the high debt ratio is put on a firm downward path.		p.16-17				p.10	
	To this end, present growth-friendly structural measures for 2014 by 15 October 2013 which ensure a sustainable correction of the excessive deficit and sufficient progress towards its medium-term objective.			p.15(13) p.15(14)			DBP	
	Ensure that the adjustment path is balanced over time or even front-loaded.						p. 10-11	
	Adopt explicit coordination arrangements to ensure that budgetary targets are binding at federal level and sub-federal levels within a medium-term planning perspective		p.46-50	p.16(16) p.16(17) p.22(27)			p.11	
	including through the prompt adoption of a rule on the general government budget balance/surplus that complies with the requirements of the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union and to increase the transparency of burden sharing and accountability across government layers.		p.46-50	p.16(17) p.22(27)				
PUBLIC FINANCES	2. Step up efforts to close the gap between the effective and statutory retirement age,	p.7					p.12-13	
	including by pursuing the on-going reforms to reduce the early-exit possibilities.	p.7 p.44		p.21(25)			p.12	
	Underpin reforms of the old-age social security systems with employment-support measures and labour-market reforms conducive to active ageing.	p.7-8 p.44-45	p.40-41	p.12(11) p.21(25)			p.12-13	
	Increase the effective retirement age by aligning retirement age or pension benefits to changes in life expectancy.			p.21(25)			p.12	
	Continue to improve the cost-efficiency of public spending on long term institutional care.	p.8-9					p.12	


<div>BE</div> <div></div>	Country Specific Recommendations 2013	References and Assessment						
		NRP	SCP	IMF	IMF SI	OECD	COM	Assessment
EMPLOYMENT POLICIES	3. To restore competitiveness, pursue the on-going efforts to reform the wage setting system, including wage indexation; in particular, by taking structural measures, in consultation with the social partners and in accordance with national practice, to ensure that wage setting is responsive to productivity developments,	p.9-10 p.45-46		p.13(11) p.21(23) p.21(24)			p.20	
	reflects subregional and local differences in productivity and labour market conditions, and						p.20-21	
	provides automatic corrections when wage evolution undermines cost-competitiveness.	p.10-11		p.13(11) p.14(12) p.21(24)			p.20-21	
STRUCTURAL REFORMS	4. Present concrete and time-specific structural measures to improve competition in the services sector, by removing barriers in retail and	p.12 p.47		p.14(12) p.21(24)			p.22	
	excessive restrictions in professional services and	p.12-13		p.14(12)			p.21-22	
	improve the provision of mobile broadband.	p.13					p.22	
	Continue to improve the functioning of the energy sector by reducing distribution costs and monitoring retail prices,	p.13 p.47					p.23	
	strengthen the independence of the regulators in the energy, telecoms and the transport sectors (railway, airport).	p.13-15		p.14(12)			p.23	
	Remove remaining regulatory barriers in the postal sector.	p.15					p.22	
PUBLIC FINANCES	5. Establish concrete and time-specific proposals for shifting taxes from labour to less growth- distortive tax bases, notably by exploring the potential of environmental taxes, for example on diesel, heating fuels and the taxation of the private use of company cars.	p.10 p.16-18 p.47-49		p.16(15) p.21(26)			p.13-14	
	Simplify the tax system by reducing tax expenditures in income taxation,	p.17		p.16(15)			p.14	
	increasing VAT efficiency and	p.17					p.14	
	improving tax compliance by closing existing loopholes.	p.18					p.14	


BE 	<u>Country Specific Recommendations 2013</u>	References and Assessment						
		<u>NRP</u>	<u>SCP</u>	<u>IMF</u>	IMF SI	OECD	<u>COM</u>	Assess- ment
EMPLOYMENT AND SOCIAL POLICIES	6. Further reduce disincentives to work by ensuring effective enforcement of job-search requirements and personalised job search assistance for all unemployed.	p.19 p.50		p.14(12)			p.17	
	Take measures to increase interregional labour mobility.	p. 19-20 p. 52-53		p.14(12) p.21(24)			p.17	
	Simplify and reinforce coherence between employment incentives, activation policies, labour matching, education, lifelong learning and vocational training policies for older people and youth.	p.20-21 p.50 p.52		p.12(11) p.14(12) p.21(24) p.21(25)			p.18	
	Develop comprehensive social-inclusion and labour market strategies for people with a migrant background.	p. 21-22 p.51					p.17-18	
STRUCTURAL REFORMS	7. Take concrete measures and agree a clear division of efforts between the federal and regional authorities to ensure progress towards reaching the targets for reducing greenhouse gas emissions from non-ETS activities, in particular from transport and buildings.	p.23-24 p. 54					p.25-26	
		p. 24 p.53					p.26	


 CZ	<u>Country Specific Recommendations 2013</u>	Assessment and references						
		<u>NRP</u>	<u>Annex NRP</u>	<u>SCP</u>	<u>IMF</u>	<u>OECD</u>	<u>COM</u>	Assessment
PUBLIC FINANCES	1. Implement as envisaged the budget for the year 2013 so as to correct the excessive deficit in 2013 in a sustainable manner and	p.8	p. 1	p.11-12	p.5(6)		p.7 p.10	
	achieve the structural adjustment effort specified in the Council recommendations under the EDP.	p.8	p. 1	p.17-18	p.5(6)		p.10	
	For the year 2014 and beyond, reinforce and rigorously implement the budgetary strategy, supported by sufficiently specified measures, to ensure an adequate fiscal effort to make sufficient progress towards the medium-term objective.	p.8-9	p. 1	p.12-17	p.8(15-17) p.14(31) p.20 (Box4)	p.19 p.22-23	p.7-9	
	Prioritise growth-enhancing expenditure including committing on time remaining projects co-financed with EU funds under the current financial framework.	p.9-10	p. 2	p.30-31	p.9(16) p.10(18)	p.18-19	p.7 p.9-10	
PUBLIC FINANCES	2. Reduce the high level of taxation on labour by shifting taxation to areas less detrimental to growth, such as recurrent taxes on housing and vehicle circulation taxes.	p.10-11	p. 2-3			p.33-34	p.14-15	
	Further reduce discrepancies in the tax treatment of employees and the self-employed.	p.11	p. 3			p.44	p.15	
	Improve tax compliance and	p.11	p. 4	p.29	p.13(28)	p.19	p.16	
	reduce compliance costs by establishing the Single Collection Point and	p. 11	p. 4	p.26		p.19	p.16	
	harmonising the tax bases for personal income tax and social and health contributions.		p. 4			p.34	p.15	
PUBLIC FINANCES	3. Increase the effective retirement age by aligning retirement age or pension benefits to changes in life expectancy,	p.12	p. 5			p.21-22	p.12	
	and review the indexation mechanism.	p.9 p.12	p. 5			p.21-22	p.12	
	Accompany the increase in retirement age with measures promoting employability of older workers and	p.14-15	p. 5-6			p.21-22 p.34	p.12-13	
	reduce early exit pathways. In particular, remove the public subsidy for the pre-retirement scheme.	p. 15	p. 5-6				p.13	
	Take measures to significantly improve cost-effectiveness of healthcare expenditure, in particular for hospital care.	p. 15-16	p. 6			p. 21	p.13-14	


 CZ	<u>Country Specific Recommendations 2013</u>	Assessment and references						
		<u>NRP</u>	<u>Annex NRP</u>	<u>SCP</u>	<u>IMF</u>	<u>OECD</u>	<u>COM</u>	Assessment
EMPLOY./ SOCIAL POLICIES	4. Take additional efforts to strengthen the efficiency and effectiveness of the public employment service.	p. 16-17	p. 7-8		p.13(28)		p.19	
	Increase significantly the availability of inclusive childcare facilities with a focus on children up to three years old,	p. 17-18	p. 9-10		p.13(28)	p. 34	p.17-18	
	and the participation of Roma children, notably by adopting and implementing the law on provision of childcare services and		p. 9-10				p.17-18	
	strengthening the capacities of both public and private childcare services.		p. 9-10			p. 34	p.18	
STRUCTURAL POLICIES	5. Ensure implementation of the anti-corruption strategy for 2013-2014.	p. 19-20	p. 10		p.13(28)	p. 19	p.28	
	Adopt a Public Servants Act that should ensure a stable, efficient and professional state administration service.	p. 18-19	p. 11			p.28	p.28	
	Improve the management of EU funds in view of the 2014-2020 programming period.	p. 20	p. 11				p.29	
	Strengthen the capacity for implementation of public tenders at local and regional level.	p. 20-21	p. 12			p.28	p.29	
SOCIAL POLICIES	6. Establish a comprehensive evaluation framework in compulsory education and	p. 21	p. 12				p.20	
	take targeted measures to support schools that rank low in educational outcomes.	p. 21	p. 12		p.13(28)	p.36	p.20	
	Adopt measures to enhance accreditation and funding of higher education.	p. 21-22	p. 12			p.37-38	p.20	
	Increase the share of performance-based funding of research institutions.	p. 22	p. 13		p.13(28)		p.23-24	
STRUCTURAL REFORMS	7. Drawing on the on-going review, proceed with a reform of regulated professions, by reducing or eliminating entry barriers and reserves of activities where they are unjustified.	p. 22-23	p.14			p.27-28	p.25	
	Take further measures to improve energy efficiency in the buildings and industry sectors.	p. 23-25	p. 14-15			p.19 p.45	p.26	


<div>DE</div> <div></div>	<u>Country Specific Recommendations 2013</u>	References and Assessment						
		<u>NRP</u>	<u>SCP</u>	<u>IMF</u>	<u>IMF SI</u>	<u>OECD</u>	<u>COM</u>	Assess- ment
PUBLIC FINANCES	1. Preserve a sound fiscal position as envisaged which ensures compliance with the medium- term objective over the programme horizon.	p.14 p.38	p.22-25	p.7(4)		p.23	p.7-8	
	Pursue a growth-friendly fiscal policy through additional efforts to enhance the cost-effectiveness of public spending on healthcare and long-term care through better integration of care delivery and a stronger focus on prevention and rehabilitation and independent living.	p.15-16 p.39-40	p.42	p.17(13) p.17(14)			p.12	
	Improve the efficiency of the tax system, in particular by broadening the VAT base and	p.17				p.23-24	p.13	
	by reassessing the municipal real estate tax base;	p.17				p.25	p.13	
	use the available scope for increased and more efficient growth-enhancing spending on education and research at all levels of government.	p.17	p.25-26			p.23-24	p.9	
	Complete the implementation of the debt brake in a consistent manner across all Länder, ensuring that monitoring procedures and correction mechanisms are timely and relevant.	p.15 p.38	p.21-22				p.10	
EMPLOYMENT AND SOCIAL POLICIES	2. Sustain conditions that enable wage growth to support domestic demand. To this purpose, reduce high taxes and social security contributions, especially for low-wage earners and	p. 18 p.41-42		p.17(13)		p.25	p.13-14 p.16-17	
	raise the educational achievement of disadvantaged people.	p. 18-19 p.43-45				p.23 p.35-36	p.19	
	Maintain appropriate activation and integration measures, especially for the long-term unemployed.	p.19 p.49-50			p.15(3)		p.17-18	
	Facilitate the transition from non-standard employment such as mini-jobs into more sustainable forms of employment.	p.19 p.46-48		p.17(13-16) p.30(46)		p.34-35	p.18	
	Take measures to improve incentives to work and the employability of workers, in particular for second earners and low-skilled, also with a view to improving their income. To this end, remove disincentives for second earners and	p.20 p.48-50			p.14(4) p.15(5)	p.30-31 p.34	p.13-14	
	further increase the availability of fulltime childcare facilities	p.20	p.26	p.18(14)		p.31	p.16-17	
	and all-day schools.	p.51-53				p. 23,31	p.19	


DE 	<u>Country Specific Recommendations 2013</u>	References and Assessment						
		<u>NRP</u>	<u>SCP</u>	<u>IMF</u>	<u>IMF SI</u>	<u>OECD</u>	<u>COM</u>	Assess- ment
STRUCTURAL REFORMS	3. Improve the coordination of the energy policy with neighbouring countries and	p.22 p.54					p.22	
	keep the overall costs of transforming the energy system to a minimum, in particular by further reviewing the cost-effectiveness of energy policy instruments designed to achieve the renewable energy targets and	p.20-21 p.54		p.13(7) p.14 p.23(25) p.24(29)	p.29(9)	p.28-29	p.21-22	
	by continuing efforts to accelerate the expansion of the national and cross-border electricity and gas networks.	p.21-22 p.54		p.13(7) p.14	p.29(9)		p.22	
STRUCTURAL REFORMS/ FINANCIAL SECTOR	4. Take measures to further stimulate competition in the services sectors, including certain crafts – in the construction sector in particular – and professional services to boost domestic sources of growth.	p.22			p.36(4)	p.28	p.23	
	Take urgent action to significantly increase the value of public contracts open to procurement.	p.23					p.23-24	
	Adopt and implement the announced legislative reform to improve the enforcement of competition law regarding competition restrictions.	p.24 p.55					p.21	
	Remove planning restrictions which unduly restrict new entries in the retail sector.	p.24			p.36(4)	p.28	p.24	
	Take further measures to eliminate the remaining barriers to competition in the railway markets.	p.24-25 p.55			p.36(4)	p.28	p.22-23	
	Pursue efforts for consolidation in the banking sector, including by improving the governance framework.	p.25 p.55				p.21-23	p.15	


<div>ES</div> <div>  </div>	<u>Country Specific Recommendations 2013</u>	References and Assessment						
		<u>NRP</u>	<u>SCP</u>	<u>IMF</u>	<u>IMF SI</u>	<u>OECD</u>	<u>COM</u>	Assess- ment
PUBLIC FINANCES	1. Deliver the structural fiscal effort as required by the Council recommendation under the EDP to ensure correction of the excessive deficit by 2016.	p. 10-11	p. 62-64	p.25(33)			p. 8-9	
	To this end, implement the measures adopted in the 2013 budget plans at all levels of government,	p. 11-12	p. 24-29			p. 22	p. 7, 10	
	reinforce the medium-term budgetary strategy with sufficiently specified structural measures for the years 2014-16. A durable correction of the fiscal imbalances is predicated upon the credible implementation of ambitious structural reforms which would increase the adjustment capacity and boost potential growth and employment.	p. 11	p.30-39	p.25(32) p.25(34)		p. 22-24	p. 7-8 p. 10	
	After achieving the correction of the excessive deficit, pursue the structural adjustment at an appropriate pace so as to reach the medium term objective by 2018.		p. 62-65			p. 22-23	p. 6-7	
	Ensure a strict and transparent enforcement of the preventive and corrective measures provided for in the Budgetary Stability Organic Law.	p. 12-13	p.84-87			p. 22-23	p. 13	
	Establish an independent fiscal authority before the end of 2013 to provide analysis, advice and monitor compliance of fiscal policy with national and EU fiscal rules.	p. 13-14	p.84-87	p.6 p.24(31)		p. 22	p. 13	
	Improve the efficiency and quality of public expenditure at all levels of government,	p. 13	p.78-81	p.26(35) p.25(31) p.27(38)			p. 9-10	
	and conduct a systematic review of major spending items by March 2014.	p. 13-14	p.78-81	p.25(32)			p. 10	
	Increase the cost-effectiveness of the health-care sector, while maintaining accessibility for vulnerable groups, for example by reducing hospital pharmaceutical spending, strengthening coordination across types of care and improving incentives for an efficient use of resources.	p. 14	p.74-76			p. 26-27	p. 15	
	Take measures to reduce the outstanding amount of government arrears, avoid their further accumulation and regularly publish data on outstanding amounts.	p. 15	p.79-80		p.53(14)	p. 24	p. 13-14	
	Adopt the dis-indexation law to reduce the degree of price inertia in public expenditures and revenues, in time to have it in force by the beginning of 2014 and consider additional steps to limit the application of indexation clauses.	p. 15		p.6			p. 31	
	Finalise by end-2013 the regulation of the sustainability factor so as to ensure the long-term financial stability of the pension system, including by increasing the effective retirement age by aligning retirement age or pension benefits to changes in life expectancy.	p. 14	p.71-73	p.6 p.24(31)			p. 14	


<div>ES</div> <div></div>	<u>Country Specific Recommendations 2013</u>	References and Assessment						
		<u>NRP</u>	<u>SCP</u>	<u>IMF</u>	<u>IMF SI</u>	<u>OECD</u>	<u>COM</u>	Assessment
PUBLIC FINANCES	2. Conduct a systematic review of the tax system by March 2014.	p. 15	p.46-49			p. 29	p. 15-16	
	Consider further limiting tax expenditure in direct taxation,	p. 15	p.41-42	p.24(31) p.26(36)		p. 29 p. 45	p. 17	
	explore the scope to further limit the application of the reduced VAT rates and		p.40,42	p.24(31) p.26(36) p.27(38) p.33(50-51)	p.63(7)	p. 31	p. 17	
	take additional steps in environmental taxation, notably as regards excise duties	p. 16	p.40,42	p.26(36)			p. 17	
	and fuel taxes.	p. 16	p.40,42		p.63(7)	p. 31 p. 42	p. 17	
	Take further measures to address the debt bias in corporate taxation.	p. 16	p.42-44		p.27(37)	p. 20-21 p. 29	p. 17	
	Intensify the fight against the shadow economy and undeclared work,	p. 16-17	p.44-46	p.6		p. 31	p. 18	
FINANCIAL SECTOR	3. Implement the financial sector programme for the recapitalisation of the financial institutions, including the measures promoting non-bank intermediation adopted in November 2012.	p. 17-19		p.6 p.16(18)		p. 32, 46	p. 19-21	
EMPLOYMENT AND SOCIAL POLICIES	4. Finalise the evaluation of the 2012 labour market reform covering the full range of its objectives and measures by July 2013,	p. 19-21		p.19(22)	p.28(40)	p. 38	p. 23	
	and present amendments, if necessary, by September 2013.	p. 21				p. 38	p. 23-24	
	Adopt the 2013 national Employment Plan by July 2013 and	p. 21					p. 24	
	enact swiftly a result-oriented reform of active labour market policies, including by strengthening the targeting and efficiency of guidance.	p. 21		p.19(23) p.21(25)		p. 36-37	p. 24	
	Reinforce and modernise public employment services to ensure effective individualised assistance to the unemployed according to their profiles and training needs.	p. 21-22				p. 36-38	p. 25	
	Reinforce the effectiveness of re-skilling training programmes for older and low-skilled workers.	p. 22		p.13(10) p.21(25)		p. 38	p. 27	
	Fully operationalize the Single Job Portal and	p. 22		p.21(25)		p. 37	p. 25	
	speed up the implementation of public-private cooperation in placement services to ensure its effective application already in 2013.	p. 22		p.21(26)			p. 25-26	


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		<u>NRP</u>	<u>SCP</u>	<u>IMF</u>	<u>IMF SI</u>	<u>OECD</u>	<u>COM</u>	Assessment
EMPLOYMENT AND SOCIAL POLICIES	5. Implement and monitor closely the effectiveness of the measures to fight youth unemployment set out in the Youth Entrepreneurship and Employment Strategy 2013-2016, for example through a Youth Guarantee.	p. 22-23		p.6 p.19(23)		p. 35	p. 25	
	Continue with efforts to increase the labour market relevance of education and training, to reduce early school leaving and to enhance life-long learning, namely by expanding the application of dual vocational training beyond the current pilot phase and	p. 23-24		p.19(23) p.23(28)		p. 39	p. 26	
	by introducing a comprehensive monitoring system of pupils' performance by the end of 2013.	p. 24					p. 26	
SOCIAL POLICIES	6. Adopt and implement the necessary measures to reduce the number of people at risk of poverty and/or social exclusion by reinforcing active labour market policies to improve employability of people further away from the labour market and	p. 24-26				p. 27-28	p. 28	
	by improving the targeting and increasing efficiency and effectiveness of support measures including quality family support services.	p. 26-27				p. 29	p. 28	
STRUCTURAL REFORMS / FINANCIAL SECTOR	7. Urgently adopt and implement the draft Law on Market Unity and	p. 27		p.6 p.23(28) p.24 (Box2)		p. 44-45	p. 31	
	speed up all complementary actions needed for its swift implementation.	p. 27		p.24 (Box2)		p. 44-45	p. 31	
	Ensure the effectiveness, autonomy and independence of the newly created regulatory authority.	p. 27						
	By the end of 2013, adopt and implement the Law on professional associations and services, so as to remove any unjustified restriction to the access and exercise of professional activities,	p. 27		p.6		p. 46-47	p. 31	
	and the Law on Entrepreneurship.	p. 27		p.6	p.23(18) p.23(22) p.38(7)	p. 44	p. 32	
	Regroup and concentrate support schemes for the internationalisation of firms.	p. 28					p. 32	


<div>ES</div> <div></div>	Country Specific Recommendations 2013	References and Assessment						
		NRP	SCP	IMF	IMF SI	OECD	COM	Assessment
STRUCTURAL REFORMS/ FINANCIAL SECTOR	Reduce the number and shorten licensing procedures, including for industrial activities, and	p. 28		p.6		p. 44-46	p. 32	
	spread the use of the "express licence" approach to activities other than retail.	p. 28				p. 53	p. 32	
	Review insolvency frameworks for companies and			p.6 p.14(13-17),	p.24(17) p.41(18) p.44 (Box1)	p.17-19	p.21	
	individuals, including through limiting personal liability of entrepreneurs and			p.6 p.14(13, 15, 17),	p.24(17, 19);p.41 (18,19) p.44 (Box1)	p.17-19	p.21-22	
	easing second chances for failed businesses.			p.14(17)	p.41(18) p.44 (Box1)		p.21	
	Remove unjustifiable restrictions to the establishment of large-scale retail premises.	p. 28-29					p.32	
	By March 2014, review the effectiveness of the regulatory framework to support the development of the housing rental market.	p. 29					p.33	
STRUCTURAL REFORMS	8. Tackle the electricity tariff deficit by adopting and implementing a structural reform of the electricity sector by the end of 2013.	p. 29-30		p.6 p.23(28)		p.24-25 p. 40	p.33-34	
	Intensify efforts to complete the electricity and gas interconnections with neighbouring countries.	p. 30				p.42	p.34	
	Reduce the contingent liability for public finances stemming from unprofitable transport infrastructure.	p. 30				p.25-26	p.35	
	Set up an independent observatory to inform the assessment of future major infrastructure projects.	p. 30				p.25-26	p.35	
	Take measures to ensure effective competition in freight and passenger rail services.	p. 31				p.26	p.35	


ES 	<u>Country Specific Recommendations 2013</u>	References and Assessment						
		<u>NRP</u>	<u>SCP</u>	<u>IMF</u>	<u>IMF SI</u>	<u>OECD</u>	<u>COM</u>	Assess- ment
STRUCTURAL REFORMS	9. Adopt in line with the presented timetable the reform of the local administration and	p. 31-32		p.6 p.24(31)		p.29	p.36-37	
	define by October 2013 a plan to enhance the efficiency of the overall public administration.	p. 31		p.24(31)		p.29	p.36-37	
	Adopt and implement the on-going reforms to enhance the efficiency of the judicial system.	p. 32					p.37-38	


FR 	<u>Country Specific Recommendations 2013</u>	References and Assessment						
		<u>NRP</u>	<u>SCP</u>	<u>IMF</u>	<u>IMF SI</u>	OECD	<u>COM</u>	Assess ment
PUBLIC FINANCES	1. Reinforce and pursue the budgetary strategy in 2013.		p.16 p.44	p.5(7) p.6(8)			p.9	
	Enhance the credibility of the adjustment by specifying by autumn 2013 and implementing the necessary measures for the year 2014 and beyond to ensure a correction of the excessive deficit in a sustainable manner by 2015 at the latest	p.21	p.45	p.14(13)			p.9-10	
	and the achievement of the structural adjustment effort specified in the Council recommendations under the EDP.	p.21	p.18 p.46-47	p.14(13) p.6(8) p.17(19)			p.11	
	Use all windfall gains for deficit reduction. A durable correction of the fiscal imbalances requires a credible implementation of ambitious structural reforms to increase the adjustment capacity and boost growth and employment.		p.21					N/A
	Maintain a growth-friendly fiscal consolidation course and	p.22	p.13-16	p.6(8) p.17(19) p.17(20)			p.9	
	further increase the efficiency of public expenditure, in particular by proceeding as planned with a review of spending categories across all sub-sectors of general government.	p.22-23	p.22-33	p.6(8) p.17(20-22) p.18 (Box1)			p.10-11	
	Take action through the forthcoming decentralisation law to achieve better synergies and savings between central and local government levels.	p.23	p.59-60	p.6(8) p.17(20-22) p.18 (Box1)			p.10-11 p.13-14	
	After the correction of the excessive deficit, pursue the structural adjustment effort at an adequate pace so as to reach the MTO by 2016.	p.23-24	p.19-20	p.17(19)			p.9-10 p.13	N/A
	Take measures by the end of 2013 to bring the pension system into balance in a sustainable manner no later than 2020, for example by adapting indexation rules, by increasing the full-pension contribution period, by further increasing the effective retirement age, by aligning retirement age or pension benefits to changes in life expectancy and by reviewing special schemes,	p.24-26		p.18 (Box1)			p.15	
	while avoiding an increase in employers' social contributions, and increase the cost-effectiveness of healthcare expenditure, including in the areas of pharmaceutical spending.	p.26-27	p.30-31	p.18 (Box1)			p.15 p.11 p.14-15	

FR 	<u>Country Specific Recommendations 2013</u>	References and Assessment						
		<u>NRP</u>	<u>SCP</u>	<u>IMF</u>	<u>IMF SI</u>	<u>OECD</u>	<u>COM</u>	Assess ment
EMPLOYMENT POLICIES	2. Ensure that the reduction in the labour cost resulting from the 'credit d'impôt compétitivité et emploi' yields the planned amount and that no other measure will offset its effect.	p.28		p.19(23)			p.16 p.25	
	Take further action to lower the cost of labour, in particular through further measures to reduce employers' social-security contributions, in association with social partners.	p.28-29	p.60-61	p.19(23) p.21(29)			p.16 p.25	
	Ensure that developments in the minimum wage are supportive of competitiveness and job creation, taking into account the existence of wage support schemes and social contribution exemptions.	p.29-30		p.21(29) p.21(30)			p.19-20 p.25	
STRUCTURAL REFORMS	3. Take further measures to improve the business environment and develop the innovation and export capacity of firms, in particular SMEs and enterprises of intermediate size.	p.31-40		p.19(23)			p.30-31	
	In particular, launch the announced simplification initiative of the regulatory framework, and	p.38-40		p.19(23)			p.31	
	improve the framework conditions for innovation, by enhancing technology transfer and the commercial exploitation of research, including through a reorientation of the competitiveness poles.	p.31-35					p.27	
STRUCTURAL REFORMS	4. Take action to enhance competition in services;	p.44-46		p.19(25) p.20(26)			p.25-26	
	remove unjustified restrictions in the access to and exercise of professional services, notably regarding legal form, shareholding structure, quotas and territorial restrictions;	p.44-46		p.20(26)			p.26	
	take action to simplify authorisation for the opening of trade outlets and	p.46		p.20(26)			p.26	
	to remove the ban of sales at a loss;						p.26	
	remove regulated gas and electricity tariffs for non-household customers and	p.47-48					p.27-28	
	strengthen interconnection capacity with neighbouring countries;	p.47-48					p.28	
	in the railway sector, open domestic passenger transport to competition.	p.48-49					p.29	

FR 	<u>Country Specific Recommendations 2013</u>	References and Assessment						
		<u>NRP</u>	<u>SCP</u>	<u>IMF</u>	<u>IMF SI</u>	<u>OECD</u>	<u>COM</u>	Assess ment
PUBLIC FINANCES	5. Pursue efforts to simplify the tax system and improve its efficiency, while ensuring continuity of tax rules over time.	p.50-51	p.61				p.15-17	
	Take additional measures to remove the debt bias in corporate taxation.	p.51-52	p.60				p.17	
	Step up efforts to reduce and streamline personal and corporate income tax expenditures while reducing statutory rates;	p.51-52					p.16	
	bring reduced VAT rates closer to the standard rate and	p.52	p.61				p.15	
	remove inefficient reduced rates.	p.52					p.16	
	Take further measures shifting the tax burden from labour to environmental taxation or consumption.	p.53	p.60				p.16-17	
EMPLOYMENT AND SOCIAL POLICIES	6. Implement fully and without delay the January 2013 inter-professional agreement, in consultation with the social partners.	p.54-55					p.19	
	Take further action to combat labour-market segmentation, in particular to address the situation of interim agency workers.	p.55		p.20(28)			p.19	
	Launch urgently a reform of the unemployment benefit system in association with the social partners and in accordance with national practices to ensure sustainability of the system while ensuring that it provides adequate incentives to return to work.	p.56-57		p.20(27)			p.20-21	
	Enhance the employment rate of older workers and	p.25 p.57		p.20(27)			p.20-21	
	stimulate their participation in the labour market.	p.57					p.20-21	
	Take specific action to improve the employment perspective of older unemployed people in particular through specific counselling and training.	p.58		p.20(27)			p.20-21	
	Increase adult participation in lifelong learning, especially of the least qualified and of the unemployed.	p.58					p.23	
	Ensure that public employment services effectively deliver individualised support to the unemployed and	p.59					p.21	
	that active labour market policies effectively target the most disadvantaged.	p.55		p.21(30)			p.19-21 p.23-24	
	Take further measures to improve the transition from school to work through, for example, a Youth Guarantee and promotion of apprenticeship.	p.59-60					p.21-23	


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		NRP	SCP	IMF	IMF SI	OECD	COM	Assessment
PUBLIC FINANCES	1. Ensure that the deficit remains below 3% of GDP in 2013, by fully implementing the adopted measures.	p.85-87	p.16-20 p.83-87	p.26(c)			p.7	
	Pursue the structural adjustment at an appropriate pace and through growth-friendly fiscal consolidation so as to achieve and maintain the MTO as from 2014.	p.85-87	p.87-90 p.31-36	p.26(c) p.31(23)			p.9-10	
	Achieve the planned structural primary surpluses in order to put the very high debt-to-GDP ratio on a steadily declining path.		p.31-36 p.41-49	p.26(c) p.31(23)			p.11	
	Continue pursuing a durable improvement of the efficiency and quality of public expenditure by fully implementing the measures adopted in 2012 and	p.86-88	p.17-18 p.24	p.25(c)	P.33(3) P.34(4) P.33(5)		p.10	
	taking the effort forward through regular in depth spending reviews at all levels of government.	p.87-88	p.99-103	p.25(c) p.28(c) p.29(Box4)	P.33(3)		p.10	
STRUCTURAL REFORMS	2. Ensure timely implementation of on-going reforms by swiftly adopting the necessary enacting legislation,	p.89		p.28(c)			p.32	
	following it up with concrete delivery at all levels of government and with all relevant stakeholders, and monitoring impact.	p.89					p.32	
	Reinforce the efficiency of public administration and	p.89-91					p.33	
	improve coordination between layers of government.	p.90-91		p.29(Box4)			p.32-33	
	Simplify the administrative and regulatory framework for citizens and business and	p.90-92					p.33	
	reduce the duration of case-handling and the high levels of litigation in civil justice, including by fostering out-of- court settlement procedures.	p.92-93		p.13(13A) p.31(19)	p.9(10-13) P.12(16-19)		p.35	
	Strengthen the legal framework for the repression of corruption, including by revising the rules governing limitation periods.	p.93		p.14(13A) p.31(19)			p.35-36	
	Adopt structural measures to improve the management of EU funds in the southern regions with regard to the 2014-2020 programming period.						p.36	


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		NRP	SCP	IMF	IMF SI	OECD	COM	Assessment
FINANCIAL SECTOR	3. Extend good corporate governance practices to the whole banking sector conducive to higher efficiency and profitability to support the flow of credit to productive activities.	p.94		p.18(13B) p.31(22)	p.23(17)		p.17	
	Take forward the on-going work as regards asset-quality screening across the banking sector and	p.94		p.18(13)			p.16	
	facilitate the resolution of non-performing loans on banks' balance sheets.	p.94		p.16(13B) p.31(20)	p.23(15) p.23(18)		p.16	
	Promote further the development of capital markets to diversify and enhance firms' access to finance, especially into equity, and in turn foster their innovation capacity and growth.	p.95-98		p.20(13B)	p.26(27) p.26(28)		p.17-18	
EMPLOYMENT AND SOCIAL POLICIES	4. Ensure the effective implementation of the labour market and wage setting reforms to allow better alignment of wages to productivity.	p.99		p.31(19)			p.19	
		p.99		p.6(3) p.13(13A) p.25(c) p.31(19)			p.19-20	
	Take further action to foster labour market participation, especially of women	p.99-102		p.12(13A)			p.21	
	and young people, for example through a Youth Guarantee.	p.102-103					p.20-21	
	Strengthen vocational education and training,	p.103					p.23	
	ensure more efficient public employment services and	p.104		p.13(13A)	p.46(28)		p.21	
	improve career and counselling services for tertiary students.						p.22-23	
	Reduce financial disincentives for second earners to work and	p.103-104					p.21-22	
	improve the provision of care, especially child- and long-term care, and out-of-school services.						p.21-22	
	Step up efforts to prevent early school leaving.	p.103-104					p.22-23	
	Improve school quality and outcomes, also by enhancing teachers' professional development and	p.104					p.23	
	diversifying career development.	p.104					p.23	
	Ensure effectiveness of social transfers, notably through better targeting of benefits, especially for low-income households with children.	p.105-106		p.29(Box4)	p.39(16) p.40(19) p.47(32)		p.24-25	


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		NRP	SCP	IMF	IMF SI	OECD	COM	Assessment
					p.48(35)			
PUBLIC FINANCES	5. Shift the tax burden from labour and capital to consumption, property and the environment in a budgetary neutral manner. To this purpose, review the scope of VAT exemptions and reduced rates and of direct tax expenditures, and	p.107-109		p.25(c) p.31(23)			p.13	
	reform the cadastral system to align the tax base of recurrent immovable property to market values.	p.107-108		p.25(c) p.28(c)			p.13-15	
	Pursue the fight against tax evasion,	p.109-110		p.25(c) p.28(c)			p.13-14	
	improve tax compliance and	p.109-110					p.14	
	take decisive steps against the shadow economy and undeclared work.	p.109-110					p.14	
STRUCTURAL REFORMS	6. Ensure the proper implementation of the measures aiming at market opening in the services sector.	p.111		p.16(13A) p.31(19)			p.25	
	Remove remaining restrictions in professional services and			p.16(13A)			p.25-26	
	foster market access for instance in the provision of local public services where the use of public procurement should be advanced (instead of direct concessions).	p.111		p.16(13A)			p.26-27	
	Pursue deployment of the measures taken to improve market access conditions in network industries, in particular by setting- up the Transport Authority as a priority.	p.111-112		p.16(13A)			p.28	
	Upgrade infrastructure capacity with focus on energy interconnections, intermodal transport and high-speed broadband in telecommunications, also with a view to tackling the North-South disparities.	p.113-115		p.16(13A)			p.28	


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		NRP	SCP	IMF	IMF SI	OECD	COM	Assessment
PUBLIC FINANCES	1. Reinforce the budgetary strategy to ensure that the deviation from the MTO only reflects the incremental impact of the systemic pension reform.	p.8		p.10(24) p.11(26) p.13(34)			p.7-10	
	Within this strategy, reduce taxation of low-income earners	p.8-9		p.8(17) p.10(24)			p.12	
	by shifting taxation to areas such as excise duties, recurrent property taxes and/or environmental taxes.	p.8-9		p.11(26) p.13(34)			p.12-13	
	Maintain efforts to improve tax compliance and combat the shadow economy.	p.9-10		P.11(26) p.13(34)			p.13	
	Continue strengthening the fiscal framework through effective implementation of the Fiscal Discipline Law and multi-annual budgeting.	p.8		p.5(9) p.6 p.10(23)			p.10	
FINANCIAL SECTOR	2. Continue to use micro and macro prudential policies to prevent possible vulnerabilities that could arise from future credit growth and non-resident banking activities.	p.10-12		p.12(29) p.14(39)			p.14	
EMPLOYMENT POLICIES	3. Tackle long-term and youth unemployment by increasing coverage and effectiveness of active labour market policies and targeted social services.	p.12-13					p.15	
		p.12-13					p.16	
	Improve the employability of young people, for example through a Youth Guarantee,	p.13-14					p.15	
	establish comprehensive career guidance,	p.15					p.17	
	implement reforms in the field of vocational education and training, and	p.14-15		p.8(16)			p.17	
	improve the quality and accessibility of apprenticeships.	p.14-15					p.17	
SOCIAL POLICIES	4. Tackle high rates of poverty by reforming social assistance for better coverage, in particular, by improving benefit adequacy and activation measures for benefit recipient	p.16-17		p.10(25)			p.15-16	
	Reinforce the delivery mechanisms to effectively reduce child poverty.	p.16-17					p.16	


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		NRP	SCP	IMF	IMF SI	OECD	COM	Assessment
SOCIAL POLICIES	5. Implement the planned reforms of higher education concerning, in particular, the establishment of a quality-rewarding financing model,	p.18		p.8(16)			p.17	
	reform of the accreditation system,	p.19		p.8(16)			p.17	
	consolidation of the institutions and	p.20					p.17	
	promotion of internationalization.	p.19					p.17	
	Take further steps to modernise research institutions based on the on-going independent assessment.	p.20					p.19	
STRUCTURAL REFORMS	6. Continue improving energy efficiency, especially of residential buildings and district heating networks;	p.21					p.20	
	provide incentives for reducing energy costs and	p.22					p.21	
	shift consumption towards energy- efficient products.	p.22					p.21	
	Improve connectivity with EU energy networks and	p.23		p.7(15)			p.21-22	
	take steps towards liberalisation of the natural gas market, including provision of clear rules for third-party access to storage capacities.	p.22					p.20	
STRUCTURAL REFORMS	7. Complete pending reforms to improve the efficiency and quality of the judiciary and	p.24		p.9(20)			p.22	
	reduce the backlog and length of proceedings,	p.24-25		p.9(20)			p.23	
	including as regards insolvency.	p.24-25		p.9(20)			p.22	
	Put in place a comprehensive human resources policy and	p.25					p.22	
	take steps to implement the mediation laws and	p.25		p.9(20)			p.22	
	streamline the arbitration court system.	p.25-26		p.9(20)			p.22	


<div>LT</div> <div></div>	<u>Country Specific Recommendations 2013</u>	References and Assessment						
		<u>NRP</u>	<u>SCP</u>	<u>IMF</u>	<u>IMF SI</u>	OECD	<u>COM</u>	Assessment
PUBLIC FINANCES	1. Ensure growth-friendly fiscal consolidation and implement the budgetary strategy as planned,	p.5	p.17-20	p. 6(7) p.15(17) p.19(34)	p.4(2)		p.6-7	
	pursuing a structural adjustment effort that will enable Lithuania to reach the medium-term objective.	p.5	p.21	p. 6(7) p.15(17) p.15(18) p.19(34)	p.6(4) p.7(7)		p.6-7	
	Prioritise growth-enhancing expenditure.	p.5	p. 30-32	p.15(19) p.19(34)	p.8(8)		p. 7	
	Continue to strengthen the fiscal framework, in particular by securing enforceable and binding expenditure ceilings in the medium-term budgetary framework.	p.6	p.17-18	p.15(19)	p.7(7)		p.8	
	Review the tax system and consider increasing those taxes that are least detrimental to growth, such as recurrent property and environmental taxation, including introducing car taxation,	p.6	p.16-17	p.14(Box5) p.15(19)	p.11(12)		p.9-10	
	while continuing to reinforce tax compliance.	p.6		p. 6(7)	p.12(13)		p.10-11	
PUBLIC FINANCES	2. Adopt and implement legislation on a comprehensive pension system reform.	p.7		p.15(19)			p.15	
	Align the statutory retirement age with life expectancy,	p.8					p.15	
	restrict access to early retirement,	p.8					p.15	
	establish clear rules for the indexation of pensions,	p.9					p.15	
	and promote the use of complementary savings schemes while ensuring implementation of on-going reforms.	p.7-8					p.15	
	Underpin pension reform with measures that promote the employability of older workers.	p.9					p.15	
EMPLOYMENT AND SOCIAL POLICIES	3. Tackle high unemployment amongst low-skilled and long-term by refocusing resources on active labour market policies	p.9-10		p.18(27)			p.12-13	
		p.9-10		p.18(27) p.20(37)			p.12-13	
	while improving their coverage and efficiency.	p.10					p.13	
	Improve the employability of young people, for example through a Youth Guarantee,	p.10-11					p.13	
	enhance the implementation and effectiveness of apprenticeship schemes,	p.12					p.13	
	and address persistent skill mismatches.	p.12		p.18(27) p.20(37)			p.13	
	Review the appropriateness of labour legislation with regard to flexible contract agreements, dismissal provisions and flexible working time arrangements, in consultation with social partners.	p.12-13		p.18(27) p.20(37)			p.13-14	


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		<u>NRP</u>	<u>SCP</u>	<u>IMF</u>	<u>IMF SI</u>	OECD	<u>COM</u>	Assess- ment
SOCIAL POLICIES	4. Implement concrete targeted measures to reduce poverty and social exclusion.	p.13-14					p.15	
	Continue strengthening the links between the cash social assistance reform and activation measures.	p.13-14					p.16	
STRUCTURAL REFORMS	5. Complete the implementation of the reform of the State-Owned Enterprises, in particular to ensure separation of ownership and regulatory functions, .	p.15-16		p.18(29) p.20(38)			p.17	
	and closely monitor compliance with the requirements of the reform.	p.16					p.17	
STRUCTURAL REFORMS	6. Step up measures to improve the energy efficiency of buildings, including through removing	p.16-17					p.17	
	disincentives and rapid implementation of the holding fund.	p.17-18					p.17	
	Promote competition in energy networks by improving interconnectivity with other Member States for both electricity and gas.	p.19-20		p.18(28) p.20(38)			p.17-18	


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		<u>NRP</u>	<u>SCP</u>	<u>IMF</u>	<u>IMF SI</u>	<u>OECD</u>	<u>COM</u>	Assess- ment
PUBLIC FINANCES	1. Implement a credible and growth friendly fiscal strategy by specifying the necessary measures focusing on expenditure savings and	p.6 p.50-51	p.32-34	p.6(7) p.11(19)		p.23 p.25	p.7	
	preserve a sound fiscal position in compliance with the medium-term objective over the programme horizon.	p.6 p.50-51	p.31-32 p.35-40	p.10(17) p.10(18)		p.23	p.7-11	
	Building on the above steps, put the general government debt ratio on a firm downward path, also with a view to mitigating the accumulated macroeconomic imbalances.	p.6 p. 51	p.31-32 p.41-44	p.6(7) p.10(17) p.10(18)		p.23-25	p.11	
	Enhance the medium-term budgetary framework by making it more binding and	p.6	p.31 p.55-57	p.12(20)		p.26-27	p.12	
	by closely linking it to numerical rules.	p.7	p.55-57	p.12(20)		p.26-27	p.12	
	Broaden the mandatory remit and	p.7 p.51-52		p.12(20)		p.27	p.12	
	enhance the transparency of the Fiscal Council, including through systematic ex-post monitoring of compliance with numerical fiscal rules as well as	p.7 p.51-52		p.12(20)			p.12	
	the preparation of regular macro-fiscal forecasts and	p.7					p.12	
	budgetary impact assessments of major policy proposals.	p.7					p.12	
FINANCIAL SECTOR	2. Help restore normal lending to the economy primarily by improving the capacity for capital accumulation in the financial sector, inter alia by lowering the extra burden currently imposed on it.	p.7-8 p.53-56		p.14(28) p.14(29)		p.21-22	p.18-19	
	Improve portfolio quality by removing bad assets from banks' balance sheets,	p.8 p.56		p.6(9) p.14(28)		p.21-22	p.19-20	
	closely consult stakeholders on new policy initiatives and							N/A
	make sure that new policy measures do not increase moral hazard among borrowers.			p.14(28)			p.20	
	Enhance financial regulation and supervision, notably by giving more effective emergency powers to the Hungarian Financial Supervisory Authority and	p.8 p.56		p.15(31)		p.23	p.20-21	
	by establishing a bank resolution regime.	p.8 p.56		p.15(31)			p.20-21	


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		<u>NRP</u>	<u>SCP</u>	<u>IMF</u>	<u>IMF SI</u>	<u>OECD</u>	<u>COM</u>	Assessment
PUBLIC FINANCES	3. Ensure a stable, more balanced and predictable corporate tax system.	p.10 p.60		p.17(35)	p.29(3) p.40(25)	p.25	p.13-14	
	Streamline corporate taxation and	p.10 p.60		p.11(19)	p.29(3)		p.14-15	
	minimise distortions of resource allocation created by sector-specific taxes, so as to foster growth and employment.	p.10-11 p.58-60		p.11(19) p.17(36)	p.40(26)	p.23 p.25	p.14-15	
	Continue making taxation of labour more employment- friendly by alleviating the tax burden on low-wage earners, inter alia by refining the eligibility criteria for the Job Protection Act,	p.9-10 p.57-58		p.11(19)	p.29(3) p.31(Box) p.31(12) p.40(23)	p.35-36	p.16-17	
	and by shifting taxation away to environmental taxes.	p.9				p.25	p.17	
	Fully implement and step up the already announced measures to improve tax compliance and	p.11 p.62-63		p.11(19) p.17(35)	p.36(13)	p.25-26	p.17-18	
	reduce the cost of tax compliance.	p.62-63			p.36(13)		p.17-18	
EMPLOYMENT POLICIES	4. Address youth unemployment, for example through a Youth Guarantee.	p.13 p.64-68			p.31 (Box1) p.30(43)	p.34-35	p.21-22	
	Strengthen active labour market policy measures and	p.13 p.68		p.17(35)	p.29(3) p.43 (30-32)	p.26 p.34	p.21-22	
	enhance the client profiling system of the Public Employment Service.	p.14 p.70-74			p.44(34)	p.37	p.23	
	Reduce the dominance of the public works scheme within employment measures and	p.13		p.21 (Box2)	p.43 (30-31)	p.34 p.37	p.23	
	strengthen its activation elements.	p.13-14 p.69-70			p.44(34)	p.37	p.23	
	Reinforce training programmes to boost participation in lifelong learning.	p.14-15 p.75-79			p.29(3)	p.37	p.22-23	
	Continue to expand child-care facilities to encourage women's participation.	p.15-16 p.79-81	p.48		p.37(17) p.39(21)	p.26	p.23	
	Ensure that the objective of the National Social Inclusion Strategy is mainstreamed in all policy fields in order to reduce poverty, particularly among children and Roma.						p.24-25	


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		<u>NRP</u>	<u>SCP</u>	<u>IMF</u>	<u>IMF SI</u>	<u>OECD</u>	<u>COM</u>	Assessment
STRUCTURAL REFORMS	5. Create a supportive business environment, in particular restore an attractive environment for foreign direct investors, by making the regulatory framework more stable and	p.17 p.82-84		p.17(36)	p.29(3) p.40(26)	p.28-29	p.26-27	
	by fostering market competition.	p.18 p.82-84				p.28-30	p.26-27 p.29	
	Ensure the full implementation of measures envisaged to reduce the administrative burden,	p.17-18 p.83-84		p.17(35)	p.29(3) p.40(25) p.40(26)	p.28	p.35	
	improve competition in public procurement and	p.18 p.85-86				p.26 p.40	p.37	
	take further adequate measures to tackle corruption.	p.19 p.86-89					p.35-36	
	Strengthen further the judiciary.	p.20 p.80-82				p.29-30	p.37	
	Remove recently introduced barriers in the services sector, including in retail services.	p.18				p.28-29 p.31	p.26 p.29	
	Provide targeted incentives to support innovative enterprises.	p.18 p.84				p.28 p.30	p.30	
SOCIAL POLICIES	6. Implement a national strategy on early school-leaving and	p.21 p.93-101					p.23	
	ensure that the education system provides all young people with labour-market-relevant skills, competences and qualifications.	p.22-24 p.102				p.38	p.24	
	Improve access to inclusive mainstream education, for those with disadvantages, in particular Roma.	p.22 p.103-105				p.38	p.24	
	Support the transition between different stages of education and towards the labour market.	p.22-23 p.105-106				p.38	p.22	
	Implement a higher-education reform that enables greater tertiary attainment, particularly by disadvantaged students.	p.24 p.106-112				p.38-39	p.24-25	


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		<u>NRP</u>	<u>SCP</u>	<u>IMF</u>	<u>IMF SI</u>	<u>OECD</u>	<u>COM</u>	Assess- ment
STRUCTURAL REFORMS	7. Gradually abolish regulated energy prices while ensuring the effective protection of economically vulnerable consumers.	p.25		p.17(35)		p.31-33	p.31-32	
	Take further steps to ensure the independence of the national regulator.	p.25 p.113		p.17(35)			p.32	
	Ensure the financial sustainability of state owned enterprises in the transport sector by reducing operating costs and increasing revenues.	p.26-27 p.114-115				p.39-40	p.33	


 NL	<u>Country Specific Recommendations 2013</u>	References and Assessment						
		<u>NRP</u>	<u>SCP</u>	IMF	IMF SI	<u>OECD</u>	<u>COM</u>	Assessment
PUBLIC FINANCES	1. Reinforce and implement the budgetary strategy, supported by sufficiently specified measures, for the year 2014 and beyond to ensure a timely correction of the excessive deficit by 2014 in a sustainable manner and		p. 3-5 p.15-16			p.20	p.7	
	achieve the structural adjustment effort specified in the Council recommendations under the EDP.		p.3-5				p.7-8	
	Protect expenditure in areas directly relevant for growth such as education, innovation and research.		p. 3-5				p.7 p.10	
	After the correction of the excessive deficit, pursue the structural adjustment effort that will enable the Netherlands reaching the medium- term objective by 2015.	p.16-17	p.15			p. 20	p.8	
FINANCIAL SECTOR	2.Step up efforts to gradually reform the housing market by accelerating the planned reduction in mortgage interest tax deductibility, while taking into account the impact in the current economic environment, and	p. 18-19	p.6			p.32-33 p. 52	p.17 p.25-26	
	by providing for a more market-oriented pricing mechanism in the rental market, and	p.19	p.6			p.32 p.52	p.25-26	
	by further relating rents to household income in the social housing sector.	p.19-20	p.7			p.32 p.53	p.26	
	Refocus social housing corporations to support households most in need.	p.20	p.7			p.32-33 p.53	p.26-27	
PUBLIC FINANCES	3. Adjust the second pension pillar, in consultation with social partners, to ensure an appropriate intra- and inter-generational division of costs and risks.	p.21-23	p.9			p.21	p.15 p.21	
	Underpin the gradual increase of the statutory retirement age with measures to increase the employability of older workers.	p.23-24	p.9				p.15 p.22	
	Implement the planned reform of the long-term care system to ensure its cost-effectiveness and	p. 24-25	p.9-10			p.21-22	p.15-16 p.23	
	complement it with further measures to contain the increase in costs, with a view to ensure sustainability.	p. 24-25	p.10			p.21 p.54	p.15-16	
EMPLOYMENT / SOCIAL POLICIES	4. Take further measures to enhance participation in the labour market, particularly of people at the margin of the labour market.	p. 26-28	p.8-9			p.42	p.20-22	
	Continue to reduce tax disincentives on labour, including by phasing-out of transferable tax credits for second income earners.	p. 29-30	p.8			p.42	p.16-17 p.21	
	Foster labour market transitions and address labour market rigidities, including by reforming employment protection legislation and	p. 30-31	p.9			p.40-42 p.50	p.20-22	
	the unemployment benefit system.	p.31	p. 9			p.50	p.20-22	

AT 	<u>Country Specific Recommendations 2013</u>	References and Assessment						
		<u>NRP</u>	<u>NRP Annex</u>	<u>SCP</u>	<u>IMF</u>	<u>IMF SI</u>	<u>COM</u>	Assessment
PUBLIC FINANCES	1. Implement the budget for the year 2013 as envisaged so as to correct the excessive deficit in a sustainable manner		p.1-2	p.13-14			p.6-7	
	and achieve the average annual structural adjustment effort specified in the Council recommendations under the Excessive Deficit Procedure.		p.1-2	p.16	p.16(28)		p.7-8	
	After correction of the excessive deficit, pursue the structural adjustment effort at an appropriate pace so as to reach the MTO by 2015.	p.3-5		p.14-15	p.19(36)		p.6-9	
	Streamline fiscal relations between layers of government, for example simplifying the organisational setting and aligning spending and funding responsibilities.	p.4	p.3	p.21	p.17(29) p.17(30) p.20(Box3) p.20(47)	p.12(9) p.9(10) p.14(11)	p.10-11	
PUBLIC FINANCES	2. Bring forward the harmonisation of pensionable age for men and women, increasing the effective retirement age by aligning retirement age or pension benefits to changes in life expectancy,	p.5	p.3	p.24	p.20(Box3) p.23(42) p.24(47)	p.8(11)	p.12 p.15	
	implement and monitor the recent reforms restricting access to early retirement and	p.6	p.4-11			p.8(11) p.12(10)	p.11-12 p.15	
	further improve older workers' employability in order to raise the effective retirement age and the employment rate of older workers.	p.6-7	p.4-11	p.24	p.20(Box3)	p.8(11)	p.11-12 p.16	
EMPLOYMENT / SOCIAL POLICIES	3. Take new measures to increase the labour market participation of women, namely by further improving child care and long-term care services and	p.7-8	p.15-20				p.16	
	address the high gender pay and pension gaps.	p.8	p.20-22				p.16	
	Fully use the labour market potential of people with a migrant background by continuing to improve the recognition of their qualifications and their education outcomes.	p.8-9	p.22-23				p.16	
	Reduce the effective tax and social security burden on labour for low-income earners in a budget-neutral way by relying more on other sources of taxation less detrimental to growth, such as recurrent property taxes.	p.9	p.24		p.16(27) p.18(31-34) p.24(46)		p.12-13	
PUBLIC FINANCES	4. Effectively implement the recent reforms of the health care system to make sure that the expected cost efficiency gains materialise.	p.9	p.24-26	p.23-24	p.17(29) p.20 (Box3) p.24(47)	p.14(11) p.14(12)	p.18	
	Develop a financially sustainable model for the provision of long-term care and	p.9-10	p.26-27				p.18	
	put a stronger focus on prevention, rehabilitation and independent living.					p.14(12)	p.18	

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		<u>NRP</u>	<u>NRP Annex</u>	<u>SCP</u>	<u>IMF</u>	<u>IMF SI</u>	<u>COM</u>	Assessment
SOCIAL POLICIES	5. Improve educational outcomes, in particular of disadvantaged young people, including by enhancing early childhood education and	p.9	p.28-46				p.17	
	reducing the negative effects of early tracking.	p.9-10	p.28-46				p.17	
	Further improve strategic planning in higher education and		p.46-48				p.17-18	
	enhance measures to reduce drop- outs.	p.10-11	p.48-52				p.17-18	
STRUCTURAL REFORMS	6. Further strengthen the powers and resources of the federal competition authority and	p.10-11	p.52-53				p.20	
	monitor the implementation of the competition law reform.	p.11	p.52-53				p.20	
	Remove excessive barriers for service providers. This includes reviewing whether existing restrictions on entry and conduct in regulated professions are justified by general interest and	p.11	p.53-55		p.22(41)		p.19	
	fostering competition notably in the railway sector.	p.11	p.53-55			p.12(10)	p.20-21	
FINANCIAL SECTOR	7. With a view to maintaining financial stability continue to closely oversee the nationalised and partly nationalised banks and	p.12	p.56		p.13(25) p.23(44)			
	speed up their restructuring.	p.12	p.56		p.10(17) p.12(21) p.13(23) p.23(44) p.24(47)		p.13-14	


PL 	<u>Country Specific Recommendations 2013</u>	References and Assessment						
		<u>NRP</u>	<u>SCP</u>	<u>IMF</u>	<u>IMF SI</u>	<u>OECD</u>	<u>COM</u>	Assess- ment
PUBLIC FINANCES	1. Reinforce and implement the budgetary strategy for the year 2013 and beyond, supported by sufficiently specified measures for both 2013 and		p.18-22	p.14(23)		p.24-25	p.7-8	
	2014, to ensure a timely correction of the excessive deficit by 2014 in a sustainable manner and the achievement of the fiscal effort specified in the Council recommendations under the EDP. A durable correction of the fiscal imbalances requires credible implementation of ambitious structural reforms, which would increase the adjustment capacity and boost potential growth and employment.		p.18-22 p.33-38	p.14(24) p.14(25) p.15(27)		p.25-28	p.7-10	
	After the correction of the excessive deficit, pursue the structural adjustment effort that will enable Poland reaching the medium-term objective by 2016.		p.26-38	p.14(25) p.15(27) p.20(45)			p.9	
	With a view to improving the quality of public finances minimise cuts in growth-enhancing investment,		p.16-17	p.14(25)		p.27	p.10	
	reassess expenditure policies improving the targeting of social policies and					p.28 p.33-34	p.20	
	increasing the cost effectiveness and efficiency of spending in the healthcare sector.	p.49	p.53-54 p.62-64				p.13	
	Improve tax compliance, in particular by increasing the efficiency of the tax administration		p.60-61	p.14(25)		p.27	p.13-14	
PUBLIC FINANCES	2. Ensure the enactment of a permanent expenditure rule in 2013 consistent with the rules of the European System of Accounts.		p.62-64	p.12(Box4) p.14(23) p.14(25) p.26(45)		p.28	p.11	
	Take measures to strengthen annual and medium-term budgetary coordination mechanisms among different levels of government.		p.62-65			p.28	p.12	


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		<u>NRP</u>	<u>SCP</u>	<u>IMF</u>	<u>IMF SI</u>	<u>OECD</u>	<u>COM</u>	Assess- ment
EMPLOYMENT AND SOCIAL POLICIES	3. Strengthen efforts to reduce youth unemployment, for example through a Youth Guarantee,	p.11 p.14-16 p.18 p.48-51		p.19(39)		p. 33 p. 36	p.18-19	
	increase the availability of apprenticeships and work-based learning,	p.48-52				p. 33 p. 36	p.18-19	
	strengthen cooperation between schools and employers and	p.48-49				p.36		
	improve the quality of teaching.	p.48-50				p.36	p.19	
	Adopt the proposed life- long learning strategy.	p.48-49					p.20	
	Combat in-work poverty and labour market segmentation including through better transition from fixed-term to permanent employment and	p.57-58		p.18(36) p.18(37)		p.32-33	p.18	
	by reducing the excessive use of civil law contracts.					p.32-33	p.18	
EMPLOYMENT AND SOCIAL POLICIES	4. Continue efforts to increase female labour market participation, in particular by investing in affordable quality childcare and pre-school education,	p.12 p.17				p.34-35	p.17-18	
	by ensuring stable funding and qualified staff.							
	With a view to improving sectoral labour mobility, take permanent steps to reform the farmers' social security scheme KRUS.	p.22-23 p.57-58				p.27 p.36	p.19	
	Phase out the special pension system for miners with a view to integrating them into the general scheme.	p.22		p.12(Box4) p.15(26)		p.27 p.32 p.36	p.19	
	Underpin the general pension reform with measures promoting the employability of older workers to raise exit ages from the labour market.	p.13 p.19-20		p.15(26)		p.34 p.36	p.17	
STRUCTURAL POLICIES	5. Take additional measures to ensure an innovation-friendly business environment by strengthening the links between research, innovation and industrial policy,	p.25 p.35		p.12(Box4) p.18(35) p.18(36)			p.24	
	by further developing revolving instruments and tax incentives and	p.27 p.35					p.24-25	
	by better targeting existing instruments to the different stages of the innovation cycle.						p.24-25	

PL 	<u>Country Specific Recommendations 2013</u>	References and Assessment						
		<u>NRP</u>	<u>SCP</u>	<u>IMF</u>	<u>IMF SI</u>	<u>OECD</u>	<u>COM</u>	Assess- ment
STRUCTURAL POLICIES	6. Renew and extend energy generation capacity and improve efficiency in the whole energy chain.	p.39 p.41-43				p.41	p.26	
	Speed up and extend the development of the electricity grid, including cross-border interconnections, and	p.43-45				p.31 p.41	p.26	
	eliminate obstacles in electricity cross border exchange.					p.41	p.26	
	Reinforce competition in the gas sector by phasing out regulated prices.	p.37 p.45-46				p.40-41	p.26	
	Strengthen the role and resources of the railway market regulator and					p.29	p.22	
	ensure effective implementation of railway investment projects without further delay.	p.64-65					p.22	
	Accelerate efforts to increase broadband coverage.	p.65-66				p.31 p.40-41	p.25	
	Improve waste and water management.	p.40-41 p.67-68					p.25	
STRUCTURAL POLICIES	7. Take further steps to improve the business environment by simplifying contract enforcement and requirements for construction permits and	p.69 p.71-72		p.18(37)			p.28	
	by reducing tax compliance costs.	p.70-71		p.14(25)		p.28	p.14	
	Adopt and implement the planned liberalisation of access to professional services.	p.73-74		p.12(Box4) p.18(36) p.18(37)		p.41	p.26	

FI +	<u>Country Specific Recommendations 2013</u>	References and Assessment						
		<u>NRP</u>	<u>SCP</u>	<u>IMF</u>	IMF SI	<u>OECD</u>	<u>COM</u>	Assess- ment
PUBLIC FINANCES	1. Pursue a growth-friendly fiscal policy and preserve a sound fiscal position as envisaged, ensuring compliance with the MTO over the programme horizon.	p.15-16	p.18-19	p.4(3) p.11(26) p.11(28) p.17(48)		p.26-27	p.6-10 p.12-13	
	Continue to carry out annual assessments of the size of the ageing-related sustainability gap and	p.15	p.23-29	p. 23		p. 26	p.11	
	adjust public revenue and expenditure in accordance with long-term objectives and needs.	p.15	p.31-35			p. 26	p.11	
	Ensure the cost-effectiveness and sustainability of long-term care and put a stronger focus on prevention, rehabilitation and independent living.	p.16-17				p. 29-30	p.12	
STRUCTURAL POLICIES	2. Ensure effective implementation of the on-going administrative reforms concerning the municipal structure, in order to deliver productivity gains and cost savings in the provision of public services,	p.17-18		p.8(14) p.13(30)		p. 27, 33 p. 36-37	p.24	
	including social and healthcare services.	p.19		p.8(14) p.17(46)		p. 37-38	p.24	
EMPLOYMENT POLICIES	3. Take further steps to increase the employment rate of older workers, including by improving their employability and reducing early exit pathways,	p. 20-21 p. 24-25		p.7(12)		p.31-32	p.15	
	increasing the effective retirement age by aligning retirement age or pension benefits to changes in life expectancy.	p.23-24		p.7(12) p.7(14) p.7(15) p.13(30)		p.27 p.29-31	p.14	
	Implement and monitor closely the impact of on-going measures to improve the labour-market position of young people and	p.21-22		p.8(14) p.8(15)		p. 32-33	p.16	
	the long-term unemployed, with a particular focus on the development of job-relevant skills.	p.22		p.8(14)		p.32-33	p.16	

FI +	<u>Country Specific Recommendations 2013</u>	References and Assessment						
		<u>NRP</u>	<u>SCP</u>	<u>IMF</u>	IMF SI	<u>OECD</u>	<u>COM</u>	Assess- ment
STRUCTURAL POLICIES	4. Continue efforts to enhance competition in product and service markets, especially in the retail sector, by implementing the new programme on promoting healthy competition.	p.25-27		p.7(13) p.7(16) p.7(18) p.17(46)		p.20	p.22-23	
STRUCTURAL POLICIES	5. Boost Finland's capacity to deliver innovative products, services and high-growth companies in a rapidly changing environment, and continue diversification of the industry;	p.28-33		p.9(16) p.17(46)		p.19-20	p.19-21	
	continue to improve the overall energy efficiency in the economy.	p. 29 p.33-34				p.20-22	p.22	
	In the current low-growth environment, support the alignment of real wage and productivity developments whilst fully respecting the role of social partners and in line with national practices.	p. 34-36		p.9(17) p.17(46)		p.18	p.16	

<div>UK</div> <div></div>	<u>Country Specific Recommendations 2014</u>	References and Assessment						
		<u>NRP</u>	<u>SCP</u>	<u>IMF</u>	<u>IMF SI</u>	<u>OECD</u>	<u>COM</u>	Assessment
PUBLIC FINANCES	1. Implement a reinforced budgetary strategy, supported by sufficiently specified measures, for the year 2013-14 and beyond.	p. 14	p.17-19 p.53-54				p. 7-9	
	Ensure the correction of the excessive deficit in a sustainable manner by 2014/15,	p. 13-14	p.19 p.53-54	p.14(26)			p.6-7 p.9	
	and the achievement of the fiscal effort specified in the Council recommendations under the EDP	p. 13-14	p.19				p.9	
	and set the high public debt ratio on a sustained downward path. A durable correction of the fiscal imbalances requires the credible implementation of ambitious structural reforms which would increase the adjustment capacity and boost potential growth.	p.13	p.18-19 p.25-26	p.14(27) p.14(30)			p. 10	
	Pursue a differentiated, growth-friendly approach to fiscal tightening, including through prioritising timely capital expenditure with high economic returns and		p.181-184	p.14(25) p.14(27)				
	through a balanced approach to the composition of consolidation measures and promoting medium and long-term fiscal sustainability.	p.14	p.22-23	p.14(26) p.14(27) p.14(29) p.14(30)			p. 7-9	
	In order to raise revenue, make greater use of the standard rate of VAT.		p.152-153	p.15(29)			p. 12	
FINANCIAL SECTOR	2. Take further action to increase housing supply, including through further liberalisation of spatial planning laws and				p.8(6)		p.23	
	an efficient operation of the planning system.	p.16		p.13(23)	p.16(19)		p.23	
	Ensure that housing policy, including the Help to Buy scheme does not encourage excessive and imprudent mortgage lending;	p.16-17		p.13(24)			p.22-23	
	and promote greater supply to avoid higher house prices.	p.15-16		p.13(22)	p.6(3)		p.23	
	Pursue reforms including to land and property taxation to reduce distortions	p.17-18		p.13(23) p.15(29)	p.16(19)		p.11 p.22-23	
	and promote timely residential construction.	p.18					p.24	
	Take steps to improve the functioning of rental markets, in particular by making longer rental terms more attractive to both tenants and landlords.	p.18					p.24	

<div>UK</div> 	Country Specific Recommendations 2014	References and Assessment						Assess-ment
		NRP	SCP	IMF	IMF SI	OECD	COM	
EMPLOYMENT POLICIES	3. Building on the Youth Contract, step up measures to address youth unemployment, for example through a Youth Guarantee.	p.22-23					p.16 p.18	
	Increase the quality and duration of apprenticeships,	p.23-24		p.20(43)			p.16	
	simplify the system of qualifications and	p.60					p.17	
	strengthen the engagement of employers, particularly in the provision of advanced and intermediate technical skills.	p.24					p.16	
	Reduce the number of young people aged 18-24 who have very poor basic skills, including through effectively implementing the Traineeships programme.	p.24-25		p.20(43)			p.16-17	
SOCIAL POLICIES	4. Enhance efforts to support low-income households and	p.30					p.18	
	reduce child poverty by ensuring that the Universal Credit and other welfare reforms deliver a fair tax-benefit system with clearer work incentives and support services.	p.30-32					p.18	
	Accelerate the implementation of planned measures to reduce the costs of childcare and improve its quality and availability.	p.32					p.18-19	
FINANCIAL SECTOR	5. Take further steps to improve the availability of bank and non-bank financing to the corporate sector, while ensuring that the measures primarily target viable companies, especially SMEs.	p.36-38		p.11(19) p.18(34)			p.14	
	Reduce barriers to entry in the banking sector,	p.38					p.15	
	lower switching costs and	p.39					p.15	
	facilitate the emergence of challenger banks through a divestiture of banking assets.	p.39		p.18(34)			p.15	
	Effectively implement the Financial Policy Committee's recommendations on prudent assessment of bank capital requirements and on addressing identified capital shortfalls.	p.39		p.11(19) p.11(20) p.16(31) p.16(32)			p.13	
STRUCTURAL REFORMS	6. Take measures to facilitate a timely increase in network infrastructure investment, especially by promoting more efficient and robust planning and decision-making processes.	p.43-45		p.20(43)			p.19	
	Provide a stable regulatory framework for investment in new energy capacity, including in renewable energy.	p.45					p.20-21	
	Improve the capacity and quality of transport networks by providing greater predictability and certainty on planning and funding and	p.45-46					p.20	
	by harnessing the most effective mix of public and private capital sources.	p.46-47					p.19-20	

This study provides an evaluation of the implementation of the 2013 Country-Specific Recommendations (CSRs) adopted by the EU Council of Finance Ministers, after endorsement by the European Council. CSRs relate to four broad policy areas: public finances, the financial sector, structural reforms, and employment and social policies.

The text focuses on 14 EU Member States for which an IMF Country Report and/or an OECD Economic Survey have already been published in 2014. EU Member States, which were under an Economic Adjustment Programme – namely, Greece, Ireland, Portugal and Cyprus – are not covered by this analysis, as the Commission did not issue any CSRs for them in 2013.

The interim analysis contained in this study suggests that implementation of CSRs by EU Member States continued to lose momentum last year. Only 12 per cent of the CSRs were fully addressed in 2013, compared to an average of 18 per cent in 2011-12. Conversely, the rate of 'no implementation' rose to 50 per cent, from 43 per cent in 2011-12.

