

## STUDY

### Country Specific Recommendations (CSRs) for 2015

#### A comparison of Commission and Council texts - "comply or explain"

---


The attached table compares the draft 2015 CSRs proposed by the Commission on 13 May 2015 with the CSRs approved by the Council (ECOFIN) on 19 June 2015. The draft CSRs will be endorsed by the European Council on 25-26 June 2015 and formally adopted on 14 July 2015 by the Council (ECOFIN).


The attached table is provided in order to facilitate the assessment of the obligation by the Council to "*comply or explain*" changes introduced to the draft recommendations proposed by the Commission: this obligation is stipulated in Article 2-ab(2) of EU Regulation No 11757/2011: "*The Council is expected to, as a rule, follow the recommendations and proposals of the Commission or explain its position publicly*".


Compared to a "*comply or explain-note*" prepared by the Council ([doc 9305/15](#)) the attached table shows all substance changes, while the Council note only refers to changes that have not been accepted by the Commission during the Council adoption process.


**Note:** The text marked in grey in the second column of the table has been *deleted, added or changed* in the Council text compared to the [Commission draft recommendations](#). The [Council recommendations in the attached table are the versions in the press release from the Council meeting \(ECOFIN\) on 19 June 2015](#).

| <b>BE</b><br> | <b>Commission Recommendation(s) as proposed on 13 May 2015</b><br><u><b>Country Specific Recommendations 2015</b></u><br><b>SGP: CSR 1 and MIP: CSR 1, 2, 3, 4</b>  | <u><b>Council Recommendation(s)</b></u><br><b>As generally approved by the Council (ECOFIN) on 19 June 2015</b>  |
|--|---|--|
|  | <p><b>1. Achieve a fiscal adjustment</b> of at least 0.6 % of GDP towards the medium-term objective in 2015 and in 2016. Use windfall gains to put the general government debt ratio on an appropriate downward path. <b>Complement the pension reform</b> by linking the statutory retirement age to life expectancy. Agree on an enforceable distribution of fiscal targets among all government levels.</p> <p><b>2. Adopt and implement a comprehensive tax reform</b> broadening the tax base, shifting the tax burden away from labour and removing inefficient tax expenditures.</p> <p><b>3. Improve the functioning of the labour market</b> by reducing financial disincentives to work, increasing labour market access for specific target groups and addressing skills shortages and mismatches.</p> <p><b>4. Restore competitiveness</b> by ensuring, in consultation with the social partners and in accordance with national practices, that <b>wages evolve in line with productivity</b>.</p> | <p><b>1. Achieve a fiscal adjustment</b> of at least 0,6 % of GDP towards the medium-term <b>budgetary</b> objective in 2015 and in 2016. Use windfall gains to put the general government debt ratio on an appropriate downward path. Complement the pension reform by linking the statutory retirement age to life expectancy. Agree on an enforceable distribution of fiscal targets among all government levels.</p> <p><b>2. Adopt and implement a comprehensive tax reform</b> broadening the tax base, shifting the tax burden away from labour and removing inefficient tax expenditures.</p> <p><b>3. Improve the functioning of the labour market</b> by reducing financial disincentives to work, increasing labour market access for specific target groups and addressing skills shortages and mismatches.</p> <p><b>4. Restore competitiveness</b> by ensuring, in consultation with the social partners and in accordance with national practices, that wages evolve in line with productivity.</p> |


|  <b>BG</b> | <b>Commission Recommendation(s) as proposed on 13 May 2015</b><br><u><b>Country Specific Recommendations 2015</b></u><br><b>SGP: CSR 1 and MIP: CSR 1, 2, 3, 5</b>   | <u><b>Council Recommendation(s)</b></u><br><b>As generally approved by the Council (ECOFIN) on 19 June 2015</b>   |
|---|--|---|
|   | <p><b>1. Avoid a structural deterioration in public finances</b> in 2015 and achieve an adjustment of 0.5 % of GDP in 2016. Take decisive measures to <b>improve tax collection</b> and address the shadow economy, based on a comprehensive risk analysis and evaluation of past measures. <b>Improve the cost-effectiveness of the health care system</b>, in particular, by reviewing the pricing of health care and strengthening outpatient and primary care.</p>   | <p><b>1. Avoid a structural deterioration in public finances</b> in 2015 and achieve an adjustment of 0,5 % of GDP in 2016. Take decisive measures to improve tax collection and address the shadow economy, based on a comprehensive risk analysis and evaluation of past measures. Improve the cost-effectiveness of the <del>health care</del> <b>healthcare</b> system, in particular, by reviewing the pricing of <del>health care</del> <b>healthcare</b> and strengthening outpatient care and primary care.</p>   |
|   | <p><b>2. By December 2015, complete a system-wide independent asset-quality review and a bottom-up stress test of the banking sector</b>, in close cooperation with European bodies. Perform a portfolio screening for the pension fund and insurance sectors. Review and fortify banking and non-banking financial sector supervision, including by strengthening the bank-resolution and deposit-guarantee frameworks. Improve corporate governance in financial intermediaries, including by tackling concentration risk and related-party exposures.</p> | <p><b>2. By December 2015, complete a system-wide independent asset-quality review and a bottom-up stress test of the banking sector</b>, in close cooperation with European bodies. Perform a portfolio screening for the pension <del>fund</del> <b>fund</b> funds and insurance sectors. Review and fortify banking and non-banking financial sector supervision, including by strengthening the bank-resolution and deposit-guarantee frameworks. Improve corporate governance in financial intermediaries, including by tackling concentration risk and related-party exposures.</p> |
|   | <p><b>3. Develop an integrated approach for groups at the margin of the labour market</b>, in particular older workers and young people not in employment, education or training. In consultation with the social partners and in accordance with national practices, <b>establish a transparent mechanism for setting the minimum wage</b> and minimum social security contributions in the light of their impact on in-work poverty, job creation and competitiveness.</p>   | <p><b>3. Develop an integrated approach for groups at the margin of the labour market</b>, in particular older workers and young people not in employment, education or training. In consultation with the social partners and in accordance with national practices, establish a transparent mechanism for setting the minimum wage and minimum social security contributions in the light of their impact on in-work poverty, job creation and competitiveness.</p>   |
|   | <p><b>4. Adopt the reform of the School Education Act</b>, and increase the participation in education of disadvantaged children, in particular Roma, by improving access to good-quality early schooling.</p>   | <p><b>4. Adopt the reform of the School Education Act</b>, and increase the participation in education of disadvantaged children, in particular Roma, by improving access to good-quality early schooling.</p>  |
|   | <p><b>5. With a view to improving the investment climate</b>, prepare a comprehensive reform of the insolvency framework drawing on international best practice and expertise, in particular to improve mechanisms for pre-insolvency and out-of-court restructuring.</p>  | <p><b>5. With a view to improving the investment climate</b>, prepare a comprehensive reform of the insolvency framework drawing on international best practice and expertise, in particular to improve mechanisms for pre-insolvency and out-of-court restructuring.</p>   |

|  <b>CZ</b> | <b>Commission Recommendation(s) as proposed on 13 May 2015</b><br><u><b>Country Specific Recommendations 2015</b></u><br><b>SGP: CSR 1 and MIP: CSR -</b>  | <u><b>Council Recommendation(s)</b></u><br><b>As generally approved by the Council (ECOFIN) on 19 June 2015</b>  |
|---|--|--|
|   | <p><b>1. Achieve a fiscal adjustment</b> of 0.5% of GDP in 2016. Further <b>improve the cost-effectiveness and governance of the healthcare sector.</b></p> <p><b>2. Fight tax evasion, simplify the tax system and implement the anti-corruption plan.</b> Take measures to increase the transparency and efficiency of public procurement, in particular by establishing a central register of public contracts and strengthening guidance and supervision.</p> <p><b>3. Reduce the high level of taxation levied on low-income earners,</b> by shifting taxation to other areas. Further improve the availability of affordable childcare.</p> <p><b>4. Adopt the higher education reform.</b> Ensure adequate training for teachers, support poorly performing schools and take measures to increase participation among disadvantaged children, including Roma.</p> | <p><b>1. Achieve a fiscal adjustment</b> of 0,5 % of GDP in 2016. Further improve the cost-effectiveness and governance of the healthcare sector.</p> <p><b>2. Fight tax evasion, simplify the tax system and implement the anti-corruption plan.</b> Take measures to increase the transparency and efficiency of public procurement, in particular by establishing a central register of public contracts and strengthening guidance and supervision.</p> <p><b>3. Reduce the high level of taxation levied on low-income earners,</b> by shifting taxation to other areas. Further improve the availability of affordable childcare.</p> <p><b>4. Adopt the higher education reform.</b> Ensure adequate training for teachers, support poorly performing schools and take measures to increase participation among disadvantaged children, including Roma.</p> |


| <b>DK</b><br> | <b>Commission Recommendation(s) as proposed on 13 May 2015</b><br><u><a href="#">Country Specific Recommendations 2015</a></u><br><b>SGP: CSR 1 and MIP: CSR -</b>  | <u><a href="#">Council Recommendation(s)</a></u><br><b>As generally approved by the Council (ECOFIN) on 19 June 2015</b>  |
|--|---|---|
|  | <b>1. Avoid deviating from the medium-term objective in 2016.</b>   | <b>1. Avoid deviating from the medium-term <u>budgetary</u> objective in 2016.</b>  |
|  | <b>2. Enhance productivity, in particular in the services sectors oriented towards the domestic market, including retail and construction.</b> Ease the restrictions on retail establishments and take further measures to remove remaining barriers posed by authorisation and certification schemes in the construction sector. | <b>2. Enhance productivity, in particular in the services sectors oriented towards the domestic market, including retail and construction.</b> Ease the restrictions on retail establishments and take further measures to remove remaining barriers posed by authorisation and certification schemes in the construction sector. |


| DE<br> | Commission Recommendation(s) as proposed on 13 May 2015<br><u>Country Specific Recommendations 2015</u><br>SGP: CSR - and MIP: CSR 1, 2, 3   | <u>Council Recommendation(s)</u><br>As generally approved by the Council (ECOFIN) on 19 June 2015  |
|---|--|--|
|   | <b>1. Further increase public investment in infrastructure</b> , education and research, including by using the available fiscal space. <b>To foster private investment, take measures to improve the efficiency of the tax system</b> , in particular by reviewing the local trade tax and corporate taxation and by modernising the tax administration. Use the ongoing review to improve the design of fiscal relations between the federation, Länder and municipalities, particularly with a view to <b>ensuring adequate public investment at all levels of government</b> . | <b>1.</b> Further increase public investment in infrastructure, education and research, <del>including by using the available fiscal space</del> . To foster private investment, take measures to improve the efficiency of the tax system, in particular by reviewing the local trade tax and corporate taxation and by modernising the tax administration. Use the ongoing review to improve the design of fiscal relations between the federation, <i>Länder</i> and municipalities, particularly with a view to ensuring adequate public investment at all levels of government. |
|   | <b>2. Increase incentives for later retirement. Take measures to reduce high labour taxes and social security contributions</b> , especially for low-wage earners, and address the impact of fiscal drag. Revise the fiscal treatment of mini-jobs to facilitate the transition to other forms of employment.  | <b>2.</b> Increase incentives for later retirement. Take measures to reduce high labour taxes and social security contributions, especially for low-wage earners, and address the impact of fiscal drag. Revise the fiscal treatment of mini-jobs to facilitate the transition to other forms of employment.   |
|   | <b>3. Take more ambitious measures to stimulate competition in the services sector</b> , in particular in professional services, by eliminating unjustified restrictions such as legal form and shareholding requirements and fixed tariffs. To this end, conclude the ongoing domestic review of these barriers and take follow-up measures. Remove the remaining barriers to competition in the railway markets, notably in long-distance rail passenger transport.  | <b>3.</b> Take more ambitious measures to stimulate competition in the services sector, in particular in professional services, by eliminating unjustified restrictions such as legal form and shareholding requirements and fixed tariffs. To this end, conclude the ongoing domestic review of these barriers and take follow-up measures. Remove the remaining barriers to competition in the railway markets, <del>notably in particular</del> in long-distance rail passenger transport.  |


| EE | <b>Commission Recommendation(s) as proposed on 13 May 2015</b><br><u><b>Country Specific Recommendations 2015</b></u><br><b>SGP: CSR 1 and MIP: CSR -</b>   | <u><b>Council Recommendation(s)</b></u><br><b>As generally approved by the Council (ECOFIN) on 19 June 2015</b>  |
|----|---|--|
|    | <p><b>1. Avoid deviating from the fiscal medium-term objective in 2015 and 2016.</b></p> <p><b>2. Improve labour market participation</b>, including by implementing the Work Ability Reform. Improve incentives to work through measures targeting low-income earners. Take action to narrow the gender pay gap. Ensure high-quality social and childcare services at local level.</p> <p><b>3. Increase participation in vocational education and training</b>, and its labour market relevance, in particular by improving the availability of apprenticeships. <b>Focus public support for research and innovation on a limited number of smart specialisation areas.</b></p> | <p>1. Avoid deviating from the <del>fiscal</del> medium-term <del>budgetary</del> objective in 2015 and 2016.</p> <p>2. Improve labour market participation, including by implementing the Work Ability Reform. Improve incentives to work through measures targeting low-income earners. Take action to narrow the gender pay gap. Ensure high-quality social and childcare services at local level.</p> <p>3. Increase participation in vocational education and training, and its labour market relevance, in particular by improving the availability of apprenticeships. Focus public support for research and innovation on a <del>coordinated implementation of the</del> limited number of smart specialisation areas.</p> |

|  <b>IE</b> | <b>Commission Recommendation(s) as proposed on 13 May 2015</b><br><u><b>Country Specific Recommendations 2015</b></u><br><b>SGP: CSR 1, 2 and MIP: CSR 1, 2, 3, 4</b>   | <u><b>Council Recommendation(s)</b></u><br><b>As generally approved by the Council (ECOFIN) on 19 June 2015</b>   |
|---|---|---|
|   | <p><b>1. Ensure a durable correction of the excessive deficit in 2015.</b> Achieve a fiscal adjustment of 0.6% of GDP towards the medium-term objective in 2016. Use windfall gains from better-than-expected economic and financial conditions to accelerate the deficit and debt reduction. Limit the existing discretionary powers to change expenditure ceilings beyond specific and predefined contingencies. <b>Broaden the tax base and review tax expenditures</b>, including on value-added taxes.</p> | <p><b>1.</b> Ensure a durable correction of the excessive deficit in 2015. Achieve a fiscal adjustment of 0,6 % of GDP towards the medium-term <b>budgetary</b> objective in 2016. Use windfall gains from better-than-expected economic and financial conditions to accelerate the deficit <b>reduction</b> and debt reduction. Limit the existing discretionary powers to change expenditure ceilings beyond specific and predefined contingencies. Broaden the tax base and review tax expenditures, including on value-added taxes.</p> |
|   | <p><b>2. Take measures to increase the cost-effectiveness of the healthcare system</b>, including by reducing spending on patented medicines and gradually implementing adequate prescription practices. Roll out activity-based funding throughout the health system.</p>  | <p><b>2.</b> Take measures to increase the cost-effectiveness of the healthcare system, including by reducing spending on patented medicines and gradually implementing adequate prescription practices. Roll out activity-based funding throughout the <b>health public hospital</b> system.</p>   |
|   | <p><b>3. Take steps to increase the work-intensity of households</b> and to address the poverty risk of children by tapering the withdrawal of benefits and supplementary payments upon return to employment and through better access to affordable full-time childcare.</p>   | <p><b>3.</b> Take steps to increase the work-intensity of households and to address the poverty risk of children by tapering the withdrawal of benefits and supplementary payments upon return to employment and through better access to affordable full-time childcare.</p>   |
|   | <p><b>4. Finalise durable restructuring solutions for a vast majority of mortgages</b> in arrears by end-2015 and strengthen the monitoring arrangements by the Central Bank of Ireland. Ensure that restructuring solutions for loans to distressed SMEs and residual commercial real-estate loans are sustainable by further assessing banks' performance against own targets. <b>Take the necessary steps to ensure that a central credit registry is operational by 2016.</b></p>                           | <p><b>4.</b> Finalise durable restructuring solutions for a vast majority of mortgages in arrears by end-2015 and strengthen the monitoring arrangements by the Central Bank of Ireland. Ensure that restructuring solutions for loans to distressed SMEs and residual commercial real-estate loans are sustainable by further assessing banks' performance against own targets. Take the necessary steps to ensure that a central credit registry is operational by 2016.</p>  |




|  |   |   |
|--|---|---|
| <b>EL</b><br> | <b>Commission Recommendation(s) as proposed on 13 May 2015</b><br><b>Country Specific Recommendations 2015</b>  | <u><b>Council Recommendation(s)</b></u><br><b>As generally approved by the Council (ECOFIN) on 19 June 2015</b> |
|  | To avoid duplication with measures set out in the <a href="#">Economic Adjustment Programme</a> , there are no additional recommendations for Greece. |   |


| <b>ES</b><br> | <b>Commission Recommendation(s) as proposed on 13 May 2015</b><br><u><b>Country Specific Recommendations 2015</b></u><br><b>SGP: CSR 1 and MIP: CSR 1, 2, 3, 4</b>  | <u><b>Council Recommendation(s)</b></u><br><b>As generally approved by the Council (ECOFIN) on 19 June 2015</b>   |
|--|---|---|
|  | <p><b>1. Ensure a durable correction of the excessive deficit by 2016</b> by taking the necessary structural measures in 2015 and 2016 and using windfall gains to accelerate the deficit and debt reduction. <b>Strengthen transparency and accountability of regional public finances.</b> Improve the <b>cost-effectiveness of the healthcare sector</b>, and rationalise hospital pharmaceutical spending.</p> <p><b>2. Complete the reform of the saving banks' sector</b>, including by means of legislative measures, and complete the restructuring and privatisation of state owned savings banks.</p> <p><b>3. Promote the alignment of wages and productivity</b>, in consultation with the social partners and in accordance with national practices, taking into account differences in skills and local labour market conditions as well as divergences in economic performance across regions, sectors and companies. <b>Take steps to increase the quality and effectiveness of job search assistance</b> and counselling, including as part of tackling youth unemployment. <b>Streamline minimum income and family support schemes and foster regional mobility.</b></p> <p><b>4. Remove the barriers preventing businesses from growing</b>, including size-contingent regulations; adopt the planned reform on professional services; accelerate the implementation of the law on market unity.</p> | <p><b>1. Ensure a durable correction of the excessive deficit by 2016</b> by taking the necessary structural measures in 2015 and 2016 and using windfall gains to accelerate the deficit and debt reduction. Strengthen transparency and accountability of regional public finances. Improve the cost-effectiveness of the healthcare sector, and rationalise hospital pharmaceutical spending.</p> <p><b>2. Complete the reform of the <del>saving banks</del><sup>savings bank</sup> sector</b>, including by means of legislative measures, and complete the restructuring and privatisation of state-owned savings banks.</p> <p><b>3. Promote the alignment of wages and productivity</b>, in consultation with the social partners and in accordance with national practices, taking into account differences in skills and local labour market conditions as well as divergences in economic performance across regions, sectors and companies. Take steps to increase the quality and effectiveness of job search assistance and counselling, including as part of tackling youth unemployment. Streamline minimum income and family support schemes and foster regional mobility.</p> <p><b>4. Remove the barriers preventing businesses from growing</b>, including <del>barriers arising from</del> size-contingent regulations; adopt the planned reform on professional services; accelerate the implementation of the law on market unity.</p> |

| FR<br> | Commission Recommendation(s) as proposed on 13 May 2015<br><u>Country Specific Recommendations 2015</u><br>SGP: CSR 1 and MIP: CSR 1, 2, 3, 4, 5, 6   | <u>Council Recommendation(s)</u><br>As generally approved by the Council (ECOFIN) on 19 June 2015  |
|---|---|--|
|   | <p><b>1. Ensure effective action under the excessive deficit procedure and a durable correction of the excessive deficit by 2017</b> by reinforcing the budgetary strategy, taking the necessary measures for all years and using all windfall gains for deficit reduction. Specify the expenditure cuts planned for these years and provide an independent evaluation of the impact of key measures.</p>   | <p>1. Ensure effective action under the excessive deficit procedure and a durable correction of the excessive deficit by 2017 by reinforcing the budgetary strategy, taking the necessary measures for all years and using all windfall gains for deficit reduction. Specify the expenditure cuts planned for these years and provide an independent evaluation of the impact of key measures.</p>   |
|   | <p><b>2. Step up efforts to make the spending review effective and identify savings opportunities across all sub-sectors of general government</b>, including on social security and local government. Take steps to limit the rise in local authorities' administrative expenditure. Take additional measures by March 2016 to <b>bring the pension system into balance</b>, in particular ensuring that the financial situation of complementary pension schemes is sustainable over the long term.</p>   | <p>2. Step up efforts to make the spending review effective, <b>continue public policy evaluations</b> and identify savings opportunities across all sub-sectors of general government, including on social security and local government. Take steps to limit the rise in local authorities' administrative expenditure. Take additional measures <b>by March 2016</b> to bring the pension system into balance, in particular ensuring <b>by March 2016</b> that the financial situation of complementary pension schemes is sustainable over the long term.</p>   |
|   | <p><b>3. Ensure that the labour cost reductions stemming from the tax credit for competitiveness and employment and from the responsibility and solidarity pact are sustained</b>, in particular by implementing them as planned in 2016. Evaluate the effectiveness of these schemes in the light of labour and product market rigidities. Reform, in consultation with the social partners and in accordance with national practices, the wage-setting system to ensure that wages evolve in line with productivity. <b>Ensure that minimum wage developments are consistent with the objectives of promoting employment and competitiveness.</b></p> | <p>3. Ensure that the labour cost reductions stemming from the tax credit for competitiveness and employment and from the responsibility and solidarity pact are sustained, in particular by implementing them as planned in 2016. Evaluate the effectiveness of these schemes in the light of labour and product market rigidities. Reform, in consultation with the social partners and in accordance with national practices, the wage-setting <b>system process</b> to ensure that wages evolve in line with productivity. Ensure that minimum wage developments are consistent with the objectives of promoting employment and competitiveness.</p> |
|   | <p><b>4. By the end of 2015, reduce regulatory impediments to companies' growth</b>, in particular by reviewing the size-related criteria in regulations to avoid threshold effects. <b>Remove the restrictions on access to and the exercise of regulated professions</b>, beyond the legal professions, in particular as regards the health professions as from 2015.</p>   | <p>4. By the end of 2015, reduce regulatory impediments to companies' growth, in particular by reviewing the size-related criteria in regulations to avoid threshold effects. Remove the restrictions on access to and the exercise of regulated professions, beyond the legal professions, in particular as regards the health professions as from 2015.</p>  |
|   | <p><b>5. Simplify and improve the efficiency of the tax system, in</b></p>  | <p>5. Simplify and improve the efficiency of the tax system, in</p>  |

|  |  |   |
|--|--|---|
|  | <p>particular by removing inefficient tax expenditure. To promote investment, take action to reduce the taxes on production and the corporate income statutory rate, while broadening the tax base on consumption. Take measures as from 2015 to abolish inefficient taxes that are yielding little or no revenue.</p>   | <p>particular by removing inefficient tax expenditure. To promote investment, take action to reduce the taxes on production and the corporate income statutory rate, while broadening the tax base on consumption. Take measures as from 2015 to abolish inefficient taxes that are yielding little or no revenue.</p>  |
|  | <p><b>6. Reform the labour law to provide more incentives for employers to hire on open-ended contracts.</b> Facilitate take up of derogations at company and branch level from general legal provisions, in particular as regards working time arrangements. Reform the law creating the <i>accords de maintien de l'emploi</i> by the end of 2015 in order to increase their take-up by companies. <b>Take action to reform the unemployment benefit system in order to bring the system back to budgetary sustainability</b> and provide more incentives to return to work.</p> | <p><b>6.</b> Reform the labour law to provide more incentives for employers to hire on open-ended contracts. Facilitate take up of derogations at company and branch level from general legal provisions, in particular as regards working time arrangements. Reform the law creating the <i>accords de maintien de l'emploi</i> by the end of 2015 in order to increase their take-up by companies. <del>Take action</del> Take action in consultation with the social partners and in accordance with national practices to reform the unemployment benefit system in order to bring the system back to budgetary sustainability and provide more incentives to return to work.</p> |


|  | <b>Commission Recommendation(s) as proposed on 13 May 2015</b><br><u><a href="#">Country Specific Recommendations 2015</a></u><br><b>SGP: CSR 1 and MIP: CSR 1, 2, 3, 4, 5, 6</b>  | <u><a href="#">Council Recommendation(s)</a></u><br><b>As generally approved by the Council (ECOFIN) on 19 June 2015</b>   |
|---|--|--|
|   | <p><b>1. Ensure a durable correction of the excessive deficit</b> by 2016 by taking the necessary measures in 2015 and reinforcing the budgetary strategy for 2016. Publish and implement the findings of the expenditure review. <b>Improve control over expenditure at central and local level</b>, in particular by establishing a sanctioning mechanism for entities breaching budgetary limits. Adopt the Fiscal Responsibility Act and strengthen the capacity and role of the State Audit Office. <b>Introduce a recurrent property tax and improve VAT compliance.</b> Reinforce public debt management, in particular by publishing on an annual basis a debt management strategy and ensuring adequate resourcing.</p> | <p><b>1. Ensure a durable correction of the excessive deficit</b> by 2016 by taking the necessary measures in 2015 and reinforcing the budgetary strategy for 2016. Publish and implement the findings of the expenditure review. Improve control over expenditure at central and local level, in particular by establishing a sanctioning mechanism for entities breaching budgetary limits. Adopt the Fiscal Responsibility Act and strengthen the capacity and role of the State Audit Office. Introduce a recurrent property tax and improve VAT compliance. Reinforce public debt management, in particular by publishing on an annual basis a debt management strategy and ensuring adequate resourcing.</p> |
|   | <p><b>2. Discourage early retirement by raising penalties for early exits.</b> Improve the adequacy and efficiency of pension spending by tightening the definition of arduous and hazardous professions. <b>Tackle the fiscal risks in healthcare.</b></p>  | <p><b>2. Discourage early retirement by raising penalties for early exits.</b> Improve the adequacy and efficiency of pension spending by tightening the definition of arduous and hazardous professions. Tackle the fiscal risks in healthcare.</p>   |
|   | <p><b>3. Tackle the weaknesses in the wage-setting framework</b>, in consultation with the social partners and in accordance with national practices, to foster the alignment of wages with productivity and macroeconomic conditions. Strengthen incentives for the unemployed and inactive to take up paid employment. Based on the 2014 review, carry out the reform of the social security system and further consolidate social benefits by improving targeting and eliminating overlaps.</p>   | <p><b>3. Tackle the weaknesses in the wage-setting framework</b>, in consultation with the social partners and in accordance with national practices, to foster the alignment of wages with productivity and macroeconomic conditions. Strengthen incentives for the unemployed and inactive to take up paid employment. Based on the 2014 review, carry out the reform of the social <del>security</del>-protection system and further consolidate social benefits by improving targeting and eliminating overlaps.</p>   |
|   | <p><b>4. Reduce the extent of fragmentation and overlap between levels of central and local government</b> by putting forward a new model for functional distribution of competencies and by rationalising the system of state agencies. Increase transparency and accountability in the public corporate sector, in particular as regards managerial appointments and competency requirements. Advance the listing of minority packages of shares of public companies and privatisations.</p>   | <p><b>4. Reduce the extent of fragmentation and overlap between levels of central and local government</b> by putting forward a new model for functional distribution of competencies and by rationalising the system of state agencies. Increase transparency and accountability in the public corporate sector, in particular as regards managerial appointments and competency requirements. Advance the listing of minority packages of shares of public companies and privatisations.</p>   |


|  |   |  |
|--|---|--|
|  | <p><b>5. Significantly, reduce parafiscal charges and remove excessive barriers for service providers.</b> Identify and implement steps to improve the efficiency and quality of the justice system, in particular commercial courts.</p>   | <p><b>5.</b> Significantly, reduce parafiscal charges and remove excessive barriers for service providers. Identify and implement steps to improve the efficiency and quality of the justice system, in particular commercial courts.</p>  |
|  | <p><b>6. Reinforce the pre-insolvency and insolvency frameworks</b> for businesses in order to facilitate debt restructuring and put in place a personal insolvency procedure. <b>Strengthen the capacity of the financial sector to support the recovery in view of challenges from high non-performing corporate loans and foreign currency mortgage</b> loans, and weak governance practices in some institutions.</p> | <p><b>6.</b> Reinforce the pre-insolvency and insolvency frameworks for businesses in order to facilitate debt restructuring and put in place a personal insolvency procedure. Strengthen the capacity of the financial sector to support the recovery in view of challenges from high non-performing corporate loans and foreign currency mortgage loans, and weak governance practices in some institutions.</p> |


|  <b>IT</b> | <b>Commission Recommendation(s) as proposed on 13 May 2015</b><br><u><b>Country Specific Recommendations 2015</b></u><br><b>SGP: CSR 1 and MIP: CSR 1, 2, 3, 4, 5, 6</b>  | <u><b>Council Recommendation(s)</b></u><br><b>As generally approved by the Council (ECOFIN) on 19 June 2015</b>  |
|---|---|--|
|   | <p><b>1. Achieve a fiscal adjustment</b> of at least 0.25% of GDP towards the medium-term objective in 2015 and of 0.1% of GDP in 2016 by taking the necessary structural measures in both 2015 and 2016, taking into account the allowed deviation for the implementation of major structural reforms. Swiftly and thoroughly implement the privatisation programme and use windfall gains to make further progress towards putting the general government debt ratio on an appropriate downward path. <b>Implement the enabling law for tax reform</b> by September 2015, in particular the revision of tax expenditures and cadastral values and the measures to enhance tax compliance.</p> | <p><b>1. Achieve a fiscal adjustment</b> of at least 0,25 % of GDP towards the medium-term <b>budgetary</b> objective in 2015 and of 0,1 % of GDP in 2016 by taking the necessary structural measures in both 2015 and 2016, taking into account the allowed deviation for the implementation of major structural reforms. <b>Ensure that the spending review is an integral part of the budgetary process.</b> Swiftly and thoroughly implement the privatisation programme and use windfall gains to make further progress towards putting the general government debt ratio on an appropriate downward path. Implement the enabling law for tax reform by September 2015, in particular the revision of tax expenditures and cadastral values and the measures to enhance tax compliance.</p> |
|   | <p><b>2. Adopt the planned national strategic plan for ports and logistics</b>, particularly to help promote intermodal transport through better connections. <b>Ensure that the Agency for Territorial Cohesion is made fully operational so that the management of EU funds markedly improves.</b></p>  | <p><b>2. Adopt the planned national strategic plan for ports and logistics</b>, particularly to help promote intermodal transport through better connections. Ensure that the Agency for Territorial Cohesion is made fully operational so that the management of EU funds markedly improves.</p>  |
|   | <p><b>3. Adopt and implement the pending laws aimed at improving the institutional framework and modernising the public administration.</b> Revise the statute of limitations by mid-2015. Ensure that the reforms adopted to improve the efficiency of civil justice help reduce the length of proceedings.</p>  | <p><b>3. Adopt and implement the pending laws aimed at improving the institutional framework and modernising the public administration.</b> Revise the statute of limitations by mid-2015. Ensure that the reforms adopted to improve the efficiency of civil justice help reduce the length of proceedings.</p>   |
|   | <p><b>4. Introduce binding measures by end-2015 to tackle remaining weaknesses in the corporate governance of banks</b>, particularly the role of foundations, and take measures to accelerate the broad-based reduction of non-performing loans.</p>   | <p><b>4. Introduce</b> By end-2015, introduce binding measures <b>by end 2015</b> to tackle remaining weaknesses in the corporate governance of banks, <b>particularly implement the role-agreed reform</b> of foundations, and take measures to accelerate the broad-based reduction of non-performing loans.</p>   |
|   | <p><b>5. Adopt the legislative decrees on the use of wage supplementation schemes</b>, the revision of contractual arrangements, work-life balance and the strengthening of active labour market policies. Establish, in consultation with the social partners and in</p>   | <p><b>5. Adopt the legislative decrees on the design and use of wage supplementation schemes</b>, the revision of contractual arrangements, work-life balance and the strengthening of active labour market policies. <del>Establish</del> Promote, in consultation with the social partners</p>   |


|  |   |   |
|--|---|---|
|  | <p>accordance with national practices, an effective framework for second-level contractual bargaining. As part of efforts to tackle youth unemployment, <b>adopt and implement the planned school reform and expand vocationally-oriented tertiary education.</b></p>   | <p>and in accordance with national practices, an effective framework for second-level contractual bargaining. As part of efforts to tackle youth unemployment, adopt and implement the planned school reform and expand vocationally-oriented tertiary education.</p>   |
|  | <p><b>6. Implement the simplification agenda for 2015-2017 to ease the administrative and regulatory burden.</b> Adopt competition-enhancing measures in all the sectors covered by the competition law, and take decisive action to remove remaining barriers. Ensure that local public services contracts not complying with the requirements on in-house awards are rectified by no later than end-2015.</p> | <p><b>6.</b> Implement the simplification agenda for 2015-2017 to ease the administrative and regulatory burden. Adopt competition-enhancing measures in all the sectors covered by the competition law, and take decisive action to remove remaining barriers. Ensure that local public services contracts not complying with the requirements on in-house awards are rectified by no later than end-2015.</p> |





|  |   |   |
|--|---|---|
| <b>CY</b><br> | <b>Commission Recommendation(s) as proposed on 13 May 2015</b><br><b>Country Specific Recommendations 2015</b>  | <u><b>Council Recommendation(s)</b></u><br><b>As generally approved by the Council (ECOFIN) on 19 June 2015</b> |
|  | To avoid duplication with measures set out in the <a href="#">Economic Adjustment Programme</a> , there are no additional recommendations for Cyprus. |   |


| <b>LV</b><br> | <b>Commission Recommendation(s) as proposed on 13 May 2015</b><br><u><b>Country Specific Recommendations 2015</b></u><br><b>SGP: CSR 1 and MIP: CSR -</b>  | <u><b>Council Recommendation(s)</b></u><br><b>As generally approved by the Council (ECOFIN) on 19 June 2015</b>   |
|--|--|---|
|  | <p><b>1. Ensure that the deviation from the medium-term objective in 2015 and 2016 is limited to the allowance linked to the systemic pension reform.</b></p> <p><b>2. Improve vocational education and training</b>, speed up the curricula reform and increase the offer of apprenticeships. Ensure that the new financing model of the higher education system rewards quality. <b>Better target research financing and incentivise private investment in innovation</b> on the basis on of the Smart Specialisation Framework.</p> <p><b>3. Take concrete steps to reform social assistance</b>, ensuring adequacy of benefits, and take measures to increase employability. <b>Reduce the high tax wedge for low-income earners</b> by shifting tax burden to other sources less detrimental to growth. <b>Take action to improve accessibility, cost-effectiveness and quality of the healthcare system</b> and link hospital financing to performance mechanisms.</p> <p><b>4. Improve efficiency of the judicial system</b>, by increasing accountability of all parties (including insolvency administrators), by providing adequate means to fight tax evasion and by strengthening the role of the Judicial Council. <b>Improve the public service legislation</b> to strengthen the conflict of interest regime and link remuneration to responsibilities.</p> | <p><b>1. Ensure that the deviation from the medium-term budgetary objective in 2015 and 2016 is limited to the allowance linked to the systemic pension reform.</b></p> <p><b>2. Improve vocational education and training</b>, speed up the curricula reform and increase the offer of apprenticeships for work-based learning. Ensure that the new financing model of the higher education system rewards quality. Better target research financing and incentivise private investment in innovation on the basis of the Smart Specialisation Framework.</p> <p><b>3. Take concrete steps to reform social assistance</b>, ensuring adequacy of benefits, and take measures to increase employability. Reduce the high tax wedge for low-income earners by shifting the tax burden to other sources less detrimental to growth. Take action to improve the accessibility, cost-effectiveness and quality of the healthcare system and link hospital financing to performance mechanisms.</p> <p><b>4. Improve efficiency of the judicial system</b>, by increasing accountability of all parties (including insolvency administrators), by providing adequate means to fight tax evasion and by strengthening the role of the Judicial Council. Improve the public service legislation to strengthen the conflict of interest regime and link remuneration to responsibilities.</p> |


| <b>LT</b><br> | <b>Commission Recommendation(s) as proposed on 13 May 2015</b><br><u><b>Country Specific Recommendations 2015</b></u><br><b>SGP: CSR 1 and MIP: CSR -</b>  | <u><b>Council Recommendation(s)</b></u><br><b>As generally approved by the Council (ECOFIN) on 19 June 2015</b>   |
|--|--|---|
|  | <p><b>1. Avoid deviating from the medium-term objective</b> in 2015 and ensure that the deviation in 2016 is limited to the allowance linked to the systemic pension reform. <b>Broaden the tax base and improve tax compliance.</b></p> <p><b>2. Address the challenge of a shrinking working-age population by improving the labour-market relevance of education</b>, increasing attainment in basic skills, and improving the performance of the healthcare system; <b>reduce the high tax wedge for low income earners</b> by shifting the tax burden to other sources less detrimental to growth.</p> <p><b>3. Adopt a comprehensive reform of the pension system</b> that also addresses the challenge of pension adequacy. <b>Improve the coverage and adequacy of unemployment benefits and cash social assistance</b> and improve the employability of those looking for work.</p> | <p><b>1. Avoid deviating from the medium-term budgetary objective</b> in 2015 and ensure that the deviation in 2016 is limited to the allowance linked to the systemic pension reform. Broaden the tax base and improve tax compliance.</p> <p><b>2. Address the challenge of a shrinking working-age population by improving the labour-market relevance of education</b>, increasing attainment in basic skills, and improving the performance of the healthcare system; reduce the high tax wedge for low-income earners by shifting the tax burden to other sources less detrimental to growth.</p> <p><b>3. Adopt a comprehensive reform of the pension system</b> that also addresses the challenge of achieving pension adequacy. Improve the coverage and adequacy of unemployment benefits and cash social assistance and improve the employability of those looking for work.</p> |

|  <b>LU</b> | <b>Commission Recommendation(s) as proposed on 13 May 2015</b><br><u><b>Country Specific Recommendations 2015</b></u><br><b>SGP: CSR - and MIP: CSR -</b>  | <u><b>Council Recommendation(s)</b></u><br><b>As generally approved by the Council (ECOFIN) on 19 June 2015</b>  |
|---|--|--|
|   | <b>1. Broaden the tax base</b> , in particular on consumption, recurrent property taxation and environmental taxation.   | <b>1. Broaden the tax base</b> , in particular on consumption, recurrent property taxation and environmental taxation.   |
|   | <b>2. Close the gap between the statutory and effective retirement age</b> , by limiting early retirement and by linking statutory retirement age to life expectancy.  | <b>2. Close the gap between the statutory and effective retirement age</b> , by limiting early retirement and by linking statutory retirement age to life expectancy.  |
|   | <b>3. Reform the wage-setting system</b> , in consultation with the social partners and in accordance with national practices, with a view to ensuring that wages evolve in line with productivity, in particular at sectoral level. | <b>3. Reform the wage-setting system</b> , in consultation with the social partners and in accordance with national practices, with a view to ensuring that wages evolve in line with productivity, in particular at sectoral level. |


| <br><b>HU</b> | <b>Commission Recommendation(s) as proposed on 13 May 2015</b><br><u><b>Country Specific Recommendations 2015</b></u><br><b>SGP: CSR 1 and MIP: CSR 1, 2, 3</b>   | <u><b>Council Recommendation(s)</b></u><br><b>As generally approved by the Council (ECOFIN) on 19 June 2015</b>  |
|--|---|--|
|  | <b>1. Achieve a fiscal adjustment of 0.5% of GDP towards the medium-term objective in 2015 and of 0.6% of GDP in 2016.</b>  | <b>1. Achieve a fiscal adjustment of 0,5 % of GDP towards the medium-term <b>budgetary</b> objective in 2015 and of 0,6 % of GDP in 2016.</b>  |
|  | <b>2. Take measures to restore normal lending to the real economy and remove obstacles to market-based portfolio cleaning; considerably reduce the contingent liability risks linked to increased state ownership in the banking sector.</b>  | <b>2. Take measures to restore normal lending to the real economy and remove obstacles to market-based portfolio cleaning; considerably reduce the contingent liability risks linked to increased state ownership in the banking sector.</b>   |
|  | <b>3. Reduce distortive sector-specific taxes;</b> remove the unjustified entry barriers in the service sector, including in the retail sector; reduce the tax wedge for low-income earners, including by shifting taxation to areas less distortive to growth; <b>continue to fight tax evasion, reduce compliance costs</b> and improve the efficiency of tax collection. <b>Strengthen structures in public procurement</b> that promote competition and transparency and further improve the anti-corruption framework. | <b>3. Reduce distortive sector-specific <b>corporate</b> taxes;</b> remove the unjustified entry barriers in the service sector, including in the retail sector; reduce the tax wedge for low-income earners, including by shifting taxation to areas less distortive to growth; continue to fight tax evasion, reduce compliance costs and improve the efficiency of tax collection. Strengthen structures in public procurement that promote competition and transparency and further improve the anti-corruption framework. |
|  | <b>4. Reorient the budget resources allocated to the public work scheme to <b>active labour market measures</b> to foster integration into the primary labour market; and improve the adequacy and coverage of social assistance and unemployment benefits.</b>   | <b>4. Reorient the budget resources allocated to the public work scheme to active labour market measures to foster integration into the primary labour market; and improve the adequacy and coverage of social assistance and unemployment benefits.</b>   |
|  | <b>5. Increase the participation of disadvantaged groups</b> in particular Roma in inclusive mainstream education, and improve the support offered to these groups through targeted teacher training; <b>strengthen measures to facilitate the transition between different stages of education and to the labour market</b> , and improve the teaching of essential competences.   | <b>5. Increase the participation of disadvantaged groups in particular Roma in inclusive mainstream education, and improve the support offered to these groups through targeted teacher training; strengthen measures to facilitate the transition between different stages of education and to the labour market, and improve the teaching of essential competences.</b>  |


|  <b>MT</b> | <b>Commission Recommendation(s) as proposed on 13 May 2015</b><br><u><b>Country Specific Recommendations 2015</b></u><br><b>SGP: CSR 1 and MIP: CSR -</b>        | <u><b>Council Recommendation(s)</b></u><br><b>As generally approved by the Council (ECOFIN) on 19 June 2015</b>   |
|---|--|---|
|   | <b>1. Following correction of the excessive deficit</b> , achieve a fiscal adjustment of 0.6 % of GDP towards the medium-term objective in 2015 and 2016.        | <b>1.</b> Following correction of the excessive deficit, achieve a fiscal adjustment of 0,6 % of GDP towards the medium-term <b>budgetary</b> objective in 2015 and 2016.   |
|   | <b>2.</b> Take measures to <b>improve basic skills and further reduce early school-leaving</b> by promoting the continuous professional development of teachers. | <b>2.</b> Take measures to improve basic skills and further reduce early school-leaving by promoting the continuous professional development of teachers.   |
|   | <b>3. Accelerate the increase in the statutory retirement age and link it to life expectancy.</b>  | <del>3. Accelerate</del> —To ensure the long-term sustainability of public finances, continue the ongoing pension reform, such as by accelerating the already enacted increase in the statutory retirement age and <del>link</del> —by consecutively linking it to <b>changes in</b> life expectancy. |
|   | <b>4. Improve small and micro-enterprises' access to finance</b> , in particular through non-bank instruments.   | <b>4.</b> Improve small and micro-enterprises' access to finance, in particular through non-bank instruments.   |


|  | <b>Commission Recommendation(s) as proposed on 13 May 2015</b><br><u><b>Country Specific Recommendations 2015</b></u><br><b>MIP: CSR 1, 2, 3</b>  | <u><b>Council Recommendation(s)</b></u><br><b>As generally approved by the Council (ECOFIN) on 19 June 2015</b>  |
|---|---|--|
|   | <p><b>1. Shift public expenditure</b> towards supporting investment in R&amp;D and work on framework conditions for improving private R&amp;D expenditure in order to counter the declining trend in public R&amp;D expenditure and increase the potential for economic growth.</p> <p><b>2. Accelerate the decrease in mortgage interest tax deductibility</b> so that tax incentives to invest in unproductive assets are reduced. Provide for a more market-oriented pricing mechanism in the rental market and further relate rents to household income in the social housing sector.</p> <p><b>3. Reduce the level of contributions to the second pillar of the pension system</b> for those in the early years of working life.</p> | <p><b>1.</b> Shift public expenditure towards supporting investment in R&amp;D and work on framework conditions for improving private R&amp;D expenditure in order to counter the declining trend in public R&amp;D expenditure and increase the potential for economic growth.</p> <p><b>2. Accelerate</b> With the strengthening of the recovery, accelerate the decrease in mortgage interest tax deductibility so that tax incentives to invest in unproductive assets are reduced. Provide for a more market-oriented pricing mechanism in the rental market and further relate rents to household income in the social housing sector.</p> <p><b>3.</b> Reduce the level of contributions to the second pillar of the pension system for those in the early years of working life.</p> |


|  <b>AT</b> | <b>Commission Recommendation(s) as proposed on 13 May 2015</b><br><u><b>Country Specific Recommendations 2015</b></u><br><b>SGP: CSR 1 and MIP: CSR -</b>  | <u><b>Council Recommendation(s)</b></u><br><b>As generally approved by the Council (ECOFIN) on 19 June 2015</b>  |
|---|--|--|
|   | <p><b>1. Avoid deviating from the medium-term objective</b> in 2015 and 2016. Ensure the budget neutrality of the tax reform aimed at reducing the tax burden on labour. Correct the misalignment between the financing and spending responsibilities of the different levels of government. <b>Take measures to ensure the long-term sustainability of the pension system</b>, including by earlier harmonisation of the statutory retirement age for men and women and link the statutory retirement age to life expectancy.</p> | <p><b>1. Avoid deviating from the medium-term budgetary objective</b> in 2015 and 2016. Ensure the budget neutrality of the tax reform aimed at reducing the tax burden on labour. Correct the misalignment between the financing and spending responsibilities of the different levels of government. Take measures to ensure the long-term sustainability of the pension system, including by earlier harmonisation of the statutory retirement age for men and women, and link the statutory retirement age to life expectancy.</p> |
|   | <p><b>2. Strengthen measures to increase the labour market participation</b> of older workers and women, including by improving the provision of childcare and long-term care services. Take steps to improve the educational achievement of disadvantaged young people.</p>   | <p><b>2. Strengthen measures to increase the labour market participation</b> of older workers and women, including by improving the provision of childcare and long-term care services. Take steps to improve the educational achievement of disadvantaged young people.</p>   |
|   | <p><b>3. Remove disproportionate barriers for service providers</b> and impediments to setting up interdisciplinary companies.</p>   | <p><b>3. Remove disproportionate barriers for service providers</b> and impediments to setting up interdisciplinary companies.</p>   |
|   | <p><b>4. Address the potential vulnerabilities of the financial sector</b> in terms of foreign exposure and insufficient asset quality.</p>  | <p><b>4. Address the potential vulnerabilities of the financial sector</b> in terms of foreign exposure and insufficient asset quality.</p>  |





| <b>PL</b><br> | <b>Commission Recommendation(s) as proposed on 13 May 2015</b><br><u><b>Country Specific Recommendations 2015</b></u><br><b>SGP: CSR 1 and MIP: CSR -</b>   | <u><b>Council Recommendation(s)</b></u><br><b>As generally approved by the Council (ECOFIN) on 19 June 2015</b>   |
|--|---|---|
|  | <b>1. Following the correction of the excessive deficit, achieve a fiscal adjustment of 0.5% of GDP towards the medium-term objective</b> both in 2015 and 2016 Establish an independent fiscal council. Limit the use of reduced VAT rates.    | <b>1.</b> Following the correction of the excessive deficit, achieve a fiscal adjustment of 0,5 % of GDP towards the medium-term <b>budgetary</b> objective both in 2015 and 2016. Establish an independent fiscal council. <del>Limit</del> <b>Broaden the tax base, in particular by limiting</b> the use of the extensive system of reduced VAT rates. |
|  | <b>2. Start the process of aligning the pension arrangements for farmers and miners with those for other workers,</b> and adopt a timetable for progressive full alignment; put in place a system for assessing and recording farmers' incomes. | <b>2.</b> Start the process of aligning the pension arrangements for farmers and miners with those for other workers, and adopt a timetable for progressive full alignment; put in place a system for assessing and recording farmers' incomes.   |
|  | <b>3. Take measures to reduce the excessive use of temporary and civil law contracts</b> in the labour market.  | <b>3.</b> Take measures to reduce the excessive use of temporary and civil law contracts in the labour market.  |
|  | <b>4. Remove obstacles to investment in railway projects.</b>   | <b>4.</b> Remove obstacles to investment in railway projects.   |


| <b>PT</b><br> | <b>Commission Recommendation(s) as proposed on 13 May 2015</b><br><u><b>Country Specific Recommendations 2015</b></u><br><b>SGP: CSR 1 and MIP: CSR 1, 2, 3, 4</b>   | <u><b>Council Recommendation(s)</b></u><br><b>As generally approved by the Council (ECOFIN) on 19 June 2015</b>   |
|--|--|---|
|  | <p><b>1. Ensure a durable correction of the excessive deficit</b> in 2015 by taking measures as necessary. Achieve a fiscal adjustment of 0.6% of GDP towards the medium-term objective in 2016. Enforce the commitment control law to better control expenditure. <b>Improve the medium-term sustainability of the pension system.</b> Safeguard the financial sustainability of state-owned enterprises. Further <b>improve tax compliance and the efficiency of the tax administration.</b></p> | <p>1. Ensure a durable correction of the excessive deficit in 2015 by taking measures as necessary. Achieve a fiscal adjustment of 0,6 % of GDP towards the medium-term <b>budgetary objective</b> in 2016. <b>Use windfall gains to accelerate the deficit and debt reduction.</b> Enforce the commitment control law to better control expenditure. Improve the medium-term sustainability of the pension system. Safeguard the financial sustainability of state-owned enterprises. Further improve tax compliance and the efficiency of the tax administration.</p> |
|  | <p><b>2. Promote the alignment of wages and productivity,</b> in consultation with the social partners and in accordance with national practices, taking into account differences in skills and local labour market conditions as well as divergences in economic performance across regions, sectors and companies. Ensure that developments relating to the minimum wage are consistent with the objectives of promoting employment and competitiveness.</p>                                     | <p>2. Promote the alignment of wages and productivity, in consultation with the social partners and in accordance with national practices, taking into account differences in skills and local labour market conditions as well as divergences in economic performance across regions, sectors and companies. Ensure that developments relating to the minimum wage are consistent with the objectives of promoting employment and competitiveness.</p>   |
|  | <p><b>3. Improve the efficiency of public employment services,</b> in particular by increasing outreach to non-registered young people. <b>Ensure effective activation of benefit recipients and adequate coverage of the minimum income scheme.</b></p>   | <p>3. Improve the efficiency of public employment services, in particular by increasing outreach to non-registered young people. Ensure effective activation of benefit recipients and adequate coverage of <b>social assistance, in particular</b> the minimum income scheme.</p>  |
|  | <p><b>4. Take measures to reduce the corporate debt overhang,</b> to address the corporate non-performing loans ratio in banks and to reduce the debt bias for corporates under tax provisions. <b>Improve the efficiency of debt restructuring tools</b> for viable companies by introducing incentives for banks and debtors to engage in restructuring processes at an early stage.</p>   | <p>4. Take <b>further</b> measures to reduce the corporate debt overhang, to address the corporate non-performing loans ratio in banks and to reduce the debt bias for corporates under tax provisions. Improve the efficiency of debt restructuring tools for viable companies by introducing incentives for banks and debtors to engage in restructuring processes at an early stage.</p>   |
|  | <p><b>5. Accelerate measures and increase transparency as regards concessions,</b> including in the transport sector, and private-public partnerships at local and regional level.</p>   | <p>5. Accelerate measures and increase transparency as regards concessions, including in the transport sector, and private-public partnerships at local and regional level.</p>   |


| <b>RO</b><br> | <b>Commission Recommendation(s) as proposed on 13 May 2015</b><br><u><b>Country Specific Recommendations 2015</b></u><br><b>SGP: CSR 2 and MIP: CSR 1, 2, 3, 4</b>  | <u><b>Council Recommendation(s)</b></u><br><b>As generally approved by the Council (ECOFIN) on 19 June 2015</b>   |
|--|---|---|
|  | <b>1. Take all the necessary measures to complete the financial assistance programme.</b>   | <b>1. Take all the necessary measures to complete the financial assistance programme.</b>   |
|  | <b>2. Limit the deviation from the fiscal medium-term objective</b> in 2015 to a maximum of 0.25% of GDP as specified under the 2013-15 balance-of-payments programme and return to the medium-term objective in 2016. <b>Implement the comprehensive tax compliance strategy</b> , strengthen verification control systems in order to tackle undeclared work, and push ahead with the equalisation of the pensionable age for men and women.  | <b>2. Limit the deviation from the <del>fiscal</del>–medium-term budgetary objective</b> in 2015 to a maximum of 0.25% of GDP as specified under the 2013-15 balance-of-payments programme and return to the medium-term <b>budgetary</b> objective in 2016. Implement the comprehensive tax compliance strategy, strengthen verification control systems in order to tackle undeclared work, and push ahead with the equalisation of the pensionable age for men and women.  |
|  | <b>3. Strengthen the provision of labour market measures</b> , in particular for unregistered young people and the long-term unemployed. Ensure that the national employment agency is adequately staffed. Establish, in consultation with the social partners and in accordance with national practices, clear guidelines for setting the minimum wage transparently. <b>Introduce the minimum insertion income.</b> Increase the provision and quality of early childhood education and care, in particular for Roma. <b>Adopt the national strategy to reduce early school leaving.</b> Pursue the national health strategy 2014-2020 to remedy issues of poor accessibility, low funding and inefficient resources. | <b>3. Strengthen the provision of labour market measures</b> , in particular for unregistered young people and the long-term unemployed. Ensure that the national employment agency is adequately staffed. Establish, in consultation with the social partners and in accordance with national practices, clear guidelines for setting the minimum wage transparently. Introduce the minimum insertion income. Increase the provision and quality of early childhood education and care, in particular for Roma. Adopt the national strategy to reduce early school leaving. Pursue the national health strategy 2014-2020 to remedy issues of poor accessibility, low funding and inefficient resources. |
|  | <b>4. Adopt the law on reforming corporate governance of state-owned enterprises.</b>   | <b>4. Adopt the law on reforming corporate governance of state-owned enterprises.</b>   |

| <b>SI</b><br> | <b>Commission Recommendation(s) as proposed on 13 May 2015</b><br><u><b>Country Specific Recommendations 2015</b></u><br><b>SGP: - and MIP: CSR 1, 2, 3, 4</b>   | <u><b>Council Recommendation(s)</b></u><br><b>As generally approved by the Council (ECOFIN) on 19 June 2015</b>   |
|--|--|---|
|  | <p><b>1. Ensure a durable correction of the excessive deficit in 2015, and achieve a fiscal adjustment of 0.6% of GDP towards the medium-term objective in 2016. Adopt the Fiscal Rule Act and revise the Public Finance Act. Advance long-term reform of the pension system. <b>By end of 2015 adopt a healthcare and long-term care reform.</b></b></p> <p><b>2. Review, in consultation with the social partners and in accordance with national practices, the mechanism for setting the minimum wage, and in particular the role of allowances, in light of the impact on in-work poverty, job creation and competitiveness. Increase the employability of low skilled and older workers. <b>Take measures to address long-term unemployment and provide adequate incentives to extend working lives.</b></b></p> <p><b>3. Bring down the level of non-performing loans in banks by introducing specific targets. Improve credit risk monitoring capacity in banks. Continue corporate restructuring and maintain strong corporate governance in the Bank Asset Management Company. <b>Take measures to improve access to finance for SMEs and micro companies. Adopt a strategy for the Slovenian Sovereign Holding with a clear classification of assets, implement an annual asset management plan and apply performance criteria.</b></b></p> <p><b>4. Ensure that the reforms adopted to improve the efficiency of civil justice help <b>reduce the length of proceedings.</b></b></p> | <p><b>1. Ensure a durable correction of the excessive deficit in 2015, and achieve a fiscal adjustment of 0.6% of GDP towards the medium-term budgetary objective in 2016. Adopt the Fiscal Rule Act and revise the Public Finance Act. Advance long-term reform of the pension system. By end of 2015, adopt a healthcare and long-term care reform.</b></p> <p><b>2. Review, in consultation with the social partners and in accordance with national practices, the mechanism for setting the minimum wage, and in particular the role of allowances, in light of the impact on in-work poverty, job creation and competitiveness. Increase the employability of low skilled and older workers. Take measures to address long-term unemployment and provide adequate incentives to extend working lives.</b></p> <p><b>3. Bring down the level of non-performing loans in banks by introducing specific targets. Improve credit risk monitoring capacity in banks. Continue corporate restructuring and maintain strong corporate governance in the Bank Asset Management Company. Take measures to improve access to finance for SMEs and micro companies. Adopt a strategy for the Slovenian Sovereign Holding with a clear classification of assets, implement an annual asset management plan and apply performance criteria.</b></p> <p><b>4. Ensure that the reforms adopted to improve the efficiency of civil justice help reduce the length of proceedings.</b></p> |


| <b>SK</b><br> | <b>Commission Recommendation(s) as proposed on 13 May 2015</b><br><u><b>Country Specific Recommendations 2015</b></u><br><b>SGP: CSR - and MIP: CSR -</b>  | <u><b>Council Recommendation(s)</b></u><br><b>As generally approved by the Council (ECOFIN) on 19 June 2015</b>   |
|--|--|---|
|  | <b>1. Improve the cost-effectiveness of the healthcare sector,</b> including by improving the management of hospital care and strengthening primary healthcare. <b>Take measures to increase tax collection.</b>   | <b>1. Improve the cost-effectiveness of the healthcare sector,</b> including by improving the management of hospital care and strengthening primary healthcare. Take measures to increase tax collection.   |
|  | <b>2. Take additional measures to address long term unemployment</b> by introducing activation measures, second chance education and high-quality training tailored to individuals' needs. Improve the incentives for women to remain in or return to employment by improving the provision of childcare facilities. | <b>2. Take additional measures to address long term unemployment</b> by <del>introducing</del> <del>improving</del> activation measures, second chance education and <del>introducing</del> high-quality training tailored to individuals' needs. Improve the incentives for women to remain in or return to employment by improving the provision of childcare facilities. |
|  | <b>3. Improve teacher training and the attractiveness of teaching</b> as a profession to stem the decline in educational outcomes. <b>Increase the participation of Roma children</b> in mainstream education and in high-quality early childhood education.   | <b>3. Improve teacher training and the attractiveness of teaching</b> as a profession to stem the decline in educational outcomes. Increase the participation of Roma children in mainstream education and in high-quality early childhood education.   |
|  | <b>4. To boost investment in infrastructure, improve and streamline the administrative procedures</b> for obtaining land-use and construction permits. <b>Increase competition in public tenders and improve supervisory mechanisms in public procurement.</b>   | <b>4. To boost investment in infrastructure, improve and streamline the administrative procedures</b> for obtaining land-use and construction permits. Increase competition in public tenders and improve supervisory mechanisms in public procurement.   |

| <b>FI</b><br> | <b>Commission Recommendation(s) as proposed on 13 May 2015</b><br><u><b>Country Specific Recommendations 2015</b></u><br><b>SGP: CSR 1 and MIP: CSR 2, 3</b>   | <u><b>Council Recommendation(s)</b></u><br><b>As generally approved by the Council (ECOFIN) on 19 June 2015</b>   |
|--|--|---|
|  | <p><b>1. Ensure that the excessive deficit is brought below 3% of GDP</b> in a timely and durable manner by [XX] in line with Finland's obligations under Article 126 TFEU. Continue efforts to <b>reduce the fiscal sustainability gap and strengthen conditions for growth.</b></p> <p><b>2. Adopt the agreed pension reform</b> and gradually eliminate early exit pathways. Ensure effective design and implementation of the <b>administrative reforms</b> concerning municipal structure and social and healthcare services, with a view to increasing productivity and cost-effectiveness in the provision of public services, while ensuring their quality.</p> <p><b>3. Pursue efforts to improve the employability of young people, older workers and the long-term unemployed,</b> focusing particularly on developing job-relevant skills. Ensure, in consultation with the social partners and in accordance with national practices, that wages evolve in line with productivity.</p> <p><b>4. Take measures to open the retail sector to effective competition.</b></p> | <p><del>1. Ensure that the excessive deficit is brought below 3%</del> Achieve a fiscal adjustment of at least 0,1 % of GDP towards the medium-term budgetary objective in a timely 2015 and durable manner by [XX] of 0,5 % of GDP in line with Finland's obligations under Article 126 TFEU. 2016. Continue efforts to reduce the fiscal sustainability gap and strengthen conditions for growth.</p> <p>2. Adopt the agreed pension reform and gradually eliminate early exit pathways. Ensure effective design and implementation of the administrative reforms concerning municipal structure and social and healthcare services, with a view to increasing productivity and cost-effectiveness in the provision of public services, while ensuring their quality.</p> <p>3. Pursue efforts to improve the employability of young people, older workers and the long-term unemployed, focusing particularly on developing job-relevant skills. <del>Ensure, in consultation with</del> Promote wage developments in line with productivity fully respecting the role of the social partners and in accordance with national practices, <del>that wages evolve in line with productivity.</del></p> <p>4. Take measures to open the retail sector to effective competition.</p> |

| <b>SE</b><br> | <b>Commission Recommendation(s) as proposed on 13 May 2015</b><br><u><b>Country Specific Recommendations 2015</b></u><br><b>SGP: CSR - and MIP: CSR 1</b>   | <u><b>Council Recommendation(s)</b></u><br><b>As generally approved by the Council (ECOFIN) on 19 June 2015</b>   |
|--|---|---|
|  | <p><b>1. Address the rise in household debt</b> by adjusting fiscal incentives, in particular by gradually limiting the tax deductibility of <b>mortgage</b> interest payments or by increasing recurrent <b>property taxes</b>, and by increasing the pace of mortgage amortisation. To alleviate the structural under-supply of housing, foster competition in the construction sector, streamline the planning and appeals procedures for construction and revise the rent-setting system to allow more market-oriented rent levels.</p> | <p><b>1.</b> 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, and by increasing the pace of mortgage amortisation. To alleviate the structural under-supply of housing, foster competition in the construction sector, streamline the planning and appeals procedures for construction and revise the rent-setting system to allow more market-oriented rent levels.</p> |

| <br><b>UK</b> | <b>Commission Recommendation(s) as proposed on 13 May 2015</b><br><u><b>Country Specific Recommendations 2015</b></u><br><b>SGP: CSR 1 and MIP: CSR 2, 3</b>  | <u><b>Council Recommendation(s)</b></u><br><b>As generally approved by the Council (ECOFIN) on 19 June 2015</b>  |
|--|---|--|
|  | <b>1. Ensure effective action under the excessive deficit procedure</b> and endeavour to correct the excessive deficit in a durable manner by 2016-17, in particular by prioritising capital expenditure.   | <b>1.</b> Ensure effective action under the excessive deficit procedure and endeavour to correct the excessive deficit in a durable manner by 2016-17, in particular by prioritising capital expenditure.  |
|  | <b>2.</b> Take further steps to <b>boost supply in the housing sector</b> , including by implementing the reforms of the national planning policy framework.  | <b>2.</b> Take further steps to boost supply in the housing sector, including by implementing the reforms of the national planning policy framework.   |
|  | <b>3. Address skills mismatches</b> by increasing employers' engagement in the delivery of apprenticeships. Take action to further reduce the number of young people with low basic skills. Further <b>improve the availability of affordable, high-quality, full-time childcare.</b> | <b>3.</b> Address skills mismatches by increasing employers' engagement in the delivery of apprenticeships. Take action to further reduce the number of young people with low basic skills. Further improve the availability of affordable, high-quality, full-time childcare. |



| <b>Euro Area</b><br> | <b>Commission Recommendation(s) as proposed on 13 May 2015</b><br><u><a href="#">Country Specific Recommendations 2015</a></u>  | <u><a href="#">Council Recommendation(s)</a></u><br><b>As generally approved by the Council (ECOFIN) on 19 June 2015</b>  |
|---|---|---|
|   | <p><b>1.</b> Use peer pressure to promote structural reforms that facilitate the correction of large internal and external debts and support investment. Regularly assess the delivery of reforms in those Member States with serious imbalances. Continue the regular thematic assessment of structural reforms. By spring 2016, take decisions on the follow-up to the coordination exercise on reducing the high tax wedge on labour and on reforming services markets.</p> <p><b>2.</b> Coordinate fiscal policies to ensure that the aggregate euro area fiscal stance is in line with sustainability risks and cyclical conditions. By spring 2016, hold thematic discussions on improvements in the quality and sustainability of public finances, focussing in particular on the prioritisation of tangible and intangible investment at national and EU levels, and on making tax systems more growth friendly. Monitor the effective functioning of the recently strengthened national fiscal frameworks.</p> <p><b>3.</b> Ensure the timely finalisation of the follow up of the Comprehensive Assessment by the European Central Bank, implementation of the Bank Recovery and Resolution Directive, completion of the ratification of the Intergovernmental Agreement on the Single Resolution Fund and make the Fund fully operational as from January 2016. Promote measures to deepen market-based finance, to improve access to finance for SMEs and to develop alternative sources of finance. Encourage further reforms of national insolvency frameworks.</p> | <p><b>1.</b> Use peer pressure to promote structural reforms that facilitate the correction of large internal and external debts and support investment. Regularly assess the delivery of reforms in those Member States <del>with serious imbalances</del> which require specific monitoring within the framework of the Macroeconomic Imbalances Procedure. Continue the regular thematic assessment of structural reforms. By spring 2016, take decisions on the follow-up to the coordination exercise on reducing the high tax wedge on labour and on reforming services markets.</p> <p><b>2.</b> Coordinate fiscal policies to ensure that the aggregate euro area fiscal stance is in line with sustainability risks and cyclical conditions. <del>This is without prejudice to the fulfilment of the requirements of the Stability and Growth Pact.</del> By spring 2016, hold thematic discussions on improvements in the quality and sustainability of public finances, focussing in particular on the prioritisation of tangible and intangible investment at national and EU levels, and on making tax systems more growth friendly. Monitor the effective functioning of the recently strengthened national fiscal frameworks.</p> <p><b>3.</b> Ensure the timely finalisation of the follow up of the Comprehensive Assessment <del>carried out</del> by the European Central Bank, implementation of Directive 2014/59/EU of the European Parliament and of the Council<sup>3</sup> (Bank Recovery and Resolution Directive), completion of the ratification of the Intergovernmental Agreement on the Single Resolution Fund and make the Fund fully operational as from January 2016 . Promote measures to deepen market-based finance, to improve access to finance for SMEs and to develop alternative sources of finance. Encourage further reforms of national insolvency frameworks.</p> |

|  |  |  |
|--|--|--|
|  | <p><b>4.</b> Take forward work on deepening Economic and Monetary Union, and contribute to the improvement of the economic surveillance framework in the context of the report on the next steps on better economic governance in the euro area, prepared by President Juncker in close cooperation with Presidents Tusk, Schulz, Draghi and Dijsselbloem and its follow-up.</p> | <p><b>4.</b> Take forward work on deepening Economic and Monetary Union, and contribute to the improvement of the economic surveillance framework in the context of the report on the next steps on better economic governance in the euro area, prepared by the President of the European Commission, Jean-Claude Juncker, in close cooperation with <del>Presidents</del> the President of the European Council, Donald Tusk, the President of the European Parliament, Martin Schulz, the President of the European Central Bank, Mario Draghi, and the President of the Eurogroup, Jeroen Dijsselbloem, and its follow-up.</p> |
|--|--|--|

## **AUTHOR**

Kajus Hagelstam and Björn Höckerfelt  
Economic Governance Support Unit  
Directorate for Economic and Scientific Policies  
Directorate-General for the Internal Policies of the Union  
European Parliament  
B-1047 Brussels

## **LANGUAGE VERSION**

Original: EN

## **ABOUT THE EDITOR**

Economic Governance Support Unit provides support to the relevant bodies of the European Parliament in playing an effective role within the European Union framework for coordination and surveillance of economic and fiscal policies.

E-mail: [egov@ep.europa.eu](mailto:egov@ep.europa.eu)

This document is also available on Economic and Monetary Affairs Committee homepage, under section European Semester and Economic Dialogue at: [www.europarl.europa.eu/ECON](http://www.europarl.europa.eu/ECON)

Manuscript completed in June 2015.

© European Union, 2015

## **DISCLAIMER**

This background table is drafted by the Economic Governance Support Unit (EGOV) of the EP based on publicly available information and is provided for information purposes only. The opinions expressed in this document are the sole responsibility of the authors and do not necessarily represent the official position of the European Parliament. Reproduction and translation for non-commercial purposes are authorised, provided the source is acknowledged and the publisher is given prior notice and sent a copy.