

STUDY

Country Specific Recommendations (CSRs) under the European Semester Cycles 2011, 2012, 2013 and 2014

The annexed table covers the Country Specific Recommendations addressed to the Member States since 2011:

- [Country Specific Recommendations for 2011](#), as adopted by the Council on 12 July 2011
- [Country Specific Recommendations for 2012](#), as adopted by the Council on 10 July 2012
- [Country Specific Recommendations for 2013](#), as adopted by the Council on 09 July 2013
- [Country Specific Recommendations for 2014](#), as adopted by the Council on 08 July 2014

In addition to the country specific recommendations the table includes the **common recommendation for the economic policies of the Member States whose currency is the euro**.

The recital of the CSR specifies whether a specific **recommendation is linked to a particular EU policy instrument**:

- The first CSR generally refers to **fiscal policies** could therefore trigger further procedural steps either under the preventive arm or the corrective arm of the **Stability and Growth Pact (SGP)** (in accordance with [Regulation 1466/97 as amended](#), [Regulation 1467/97 as amended](#), and [Regulation 1173/2011](#)).
- Some CSRs may refer to **policies relevant for correcting macro-economic imbalances** and could therefore trigger further procedural steps the **Macro-Economic Imbalances Procedure (MIP)** (in accordance with [Regulation 1176/2011](#) and [Regulation 1174/2011](#)). The table indicates which recommendations, if any, refer to such a case.
- Other CSRs may refer to policies relevant to achieve **other major economic policy objectives**, such as growth enhancing structural reforms, employment and social aspects and/or financial market stability (in accordance with the integrated guidelines adopted under Articles 121(2), 136 and 148(4) of the [Treaty on the Functioning of the European Union](#)).

Note: the annual CSRs have been re-arranged in the annexed table, when relevant, to allow an easier comparison between the years based on the policy addressed. The bolding in the CSRs has been made by the EGOV unit.

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 BE	<u>Country Specific Recommendations</u> <u>2011</u> SGP:1, 2	<u>Country Specific Recommendations</u> <u>2012</u> SGP: 1 and MIP: 1, 4, 5, 6	<u>Country Specific Recommendations</u> <u>2013</u> SGP: 1 and MIP: 1, 2, 3, 4, 5	<u>Country Specific Recommendations</u> <u>2014</u> SGP: 1 and MIP: 2, 4, 5
	<p>1. Take advantage of the ongoing economic recovery to accelerate the correction of the excessive deficit. To this end, take the necessary specified measures — mainly on the expenditure side — by the time of the 2012 budget to achieve an average annual fiscal effort in line with the recommendations under the EDP, thus bringing the high public debt ratio on a declining path. This should bring the government deficit well below the 3 % of the GDP reference value by 2012 at the latest. Ensure progress towards the medium-term objective by at least 0.5 % of GDP annually.</p>	<p>1. Implement the budget for the year 2012 to make sure that the excessive deficit is corrected by 2012. Additionally, specify the measures necessary to ensure implementation of the budgetary strategy for the year 2013 and beyond, thereby ensuring that the excessive deficit is corrected in a durable manner and that sufficient progress is made towards the MTO, including meeting the expenditure benchmark, and ensure progress towards compliance with the debt reduction benchmark. Adjust the fiscal framework to ensure that the budgetary targets are binding at federal and sub-federal levels, and increase transparency of burden-sharing and accountability across government layers.</p>	<p>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. 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 and ensure that the high debt ratio is put on a firm downward path. 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. Ensure that the adjustment path is balanced over time or even front-loaded. Adopt explicit coordination arrangements to ensure that budgetary targets are binding at federal level and sub-federal levels within a medium-term planning perspective 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>	<p>1. Following the correction of the excessive deficit, reinforce the budgetary measures for 2014 in the light of the emerging gap of 0,5 % of GDP based on the Commission services 2014 spring forecast, pointing to a risk of significant deviation relative to the preventive arm of the Stability and Growth Pact requirements. In 2015, significantly strengthen the budgetary strategy to ensure the required adjustment of 0,6 % of GDP towards the medium-term objective, which would also ensure compliance with the debt rule. Thereafter, until the medium-term objective is achieved, pursue the planned annual structural adjustment towards the medium-term objective, in line with the requirement of an annual structural adjustment of at least 0,5 % of GDP, and more in good economic conditions or if needed to ensure that the debt rule is met in order to put the high general government debt ratio on a sustained downward path. Ensure a balanced contribution by all levels of government to the fulfilment of fiscal rules including the structural budget balance rule, through a binding instrument with an explicit breakdown of targets within a medium-term planning perspective.</p>

<p>2. Take steps to improve the long-term sustainability of public finances. In line with the framework of the three-pronged EU strategy, the focus should be put on curbing age-related expenditure, notably by preventing early exit from the labour market in order to markedly increase the effective retirement age. Measures such as linking the statutory retirement age to life expectancy could be considered.</p>	<p>2. Continue to improve the long-term sustainability of public finances by curbing age-related expenditure, including health expenditure. In particular, implement the reform of pre- retirement and pension schemes and take further steps to ensure an increase in the effective retirement age, including through linking the statutory retirement age to life expectancy.</p>	<p>2. Step up efforts to close the gap between the effective and statutory retirement age, including by pursuing the on-going reforms to reduce the early-exit possibilities. Underpin reforms of the old-age social security systems with employment-support measures and labour-market reforms conducive to active ageing. Increase the effective retirement age by aligning retirement age or pension benefits to changes in life expectancy. Continue to improve the cost-efficiency of public spending on long term institutional care.</p>	<p>3. Contain future public expenditure growth relating to ageing, in particular from pensions and long-term care, by stepping up efforts to reduce the gap between the effective and statutory retirement age, bringing forward the reduction of early-exit possibilities, promoting active ageing, aligning the retirement age to changes in life expectancy, and improving the cost-effectiveness of public spending on long-term care.</p>
<p>3. Address the structural weaknesses in the financial sector, in particular by finalising restructuring of the banks in need of an adequately funded and viable business model.</p>	<p>3. Stimulate capital increase of the weakest banks to underpin the strength of the banking sector so that it can play its normal role in lending to the economy.</p>		
<p>4. Take steps to reform, in consultation with the social partners and in accordance with national practice, the system of wage bargaining and wage indexation, to ensure that wage growth better reflects developments in labour productivity and competitiveness.</p>	<p>4. To boost job creation and competitiveness, take steps to reform, in consultation with the social partners and in accordance with national practice, the system of wage bargaining and wage indexation. As a first step, ensure that wage growth better reflects developments in labour productivity and competitiveness, by (i) ensuring the implementation of <i>ex post</i> correction mechanisms foreseen in the ‘wage norm’ and promoting all-in agreements to improve cost-competitiveness and (ii) facilitating the use of opt-out clauses from sectoral collective agreements to better align wage growth and labour productivity developments at local level.</p>	<p>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, reflects subregional and local differences in productivity and labour market conditions, and provides automatic corrections when wage evolution undermines cost-competitiveness.</p>	<p>5. Restore competitiveness by continuing the reform of the wage-setting system, including wage indexation, in consultation with the social partners and in accordance with national practice, to ensure that wage evolutions reflect productivity developments at sectorial and/or company levels as well as economic circumstances and to provide for effective automatic corrections when needed; by strengthening competition in the retail sectors, removing excessive restrictions in services, including professional services and addressing the risk of further increases of energy distribution costs; by promoting innovation through streamlined incentive schemes and reduced administrative barriers; and by pursuing coordinated education and training policies addressing the pervasive skills mismatches and</p>

			regional disparities in early school leaving.
<p>5. Improve participation in the labour market by reducing the high tax and social security burden for the low-paid in a budgetary neutral way and by introducing a system in which the level of unemployment benefits decreases gradually with the duration of unemployment. Take steps to shift the tax burden from labour to consumption and to make the tax system more environmentally friendly. Improve the effectiveness of active labour policies by targeting measures at older workers and vulnerable groups.</p>	<p>5. Significantly shift taxes from labour to less growth-distortive taxes including for example environmental taxes. Pursue the initiated reform of the unemployment benefit system to reduce disincentives to work and strengthen the focus of employment support and activation policies on older workers and vulnerable groups, in particular people with a migrant background. Take advantage of the planned further regionalisation of labour market competencies to boost interregional labour mobility and to strengthen the coherence between education, lifelong learning, vocational training and employment policies. Extend existing activation efforts to all age groups.</p>	<p>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. Simplify the tax system by reducing tax expenditures in income taxation, increasing VAT efficiency and improving tax compliance by closing existing loopholes.</p> <p>6. Further reduce disincentives to work by ensuring effective enforcement of job-search requirements and personalised job search assistance for all unemployed. Take measures to increase interregional labour mobility. Simplify and reinforce coherence between employment incentives, activation policies, labour matching, education, lifelong learning and vocational training policies for older people and youth. Develop comprehensive social-inclusion and labour market strategies for people with a migrant background.</p>	<p>2. Improve the balance and fairness of the overall tax system and prepare a comprehensive tax reform that will allow shifting taxes away from labour towards more growth friendly bases, simplifying the tax system, closing loopholes, increasing VAT efficiency, broadening tax bases, reducing tax expenditures and phasing out environmentally harmful subsidies.</p> <p>4. Increase labour market participation, in particular by reducing financial disincentives to work, increasing labour market access for disadvantaged groups such as the young and people with a migrant background, improving professional mobility and addressing skills shortages and mismatches as well as early school leaving. Across the country, strengthen partnerships of public authorities, public employment services and education institutions to provide early and tailor-made support to the young.</p>
<p>6. Introduce measures to boost competition in the retail sector, by lowering barriers to entry and reducing operational restrictions; and introduce measures to strengthen competition in the electricity and gas markets by further improving the effectiveness of the sectoral regulatory and competition authorities.</p>	<p>6. Continue to strengthen competition in the retail sector by lowering barriers and reducing operational restrictions. Introduce measures to strengthen competition in the network industries by revising regulatory barriers and reinforcing the institutional arrangements for effective enforcement of state aid rules.</p>	<p>4. Present concrete and time-specific structural measures to improve competition in the services sector, by removing barriers in retail and excessive restrictions in professional services and improve the provision of mobile broadband. Continue to improve the functioning of the energy sector by reducing distribution costs and monitoring retail prices, strengthen the independence of the regulators in the energy, telecoms</p>	

			and the transport sectors (railway, airport). Remove remaining regulatory barriers in the postal sector.	
		7. Take further measures to enhance the progress towards reaching the targets for reducing greenhouse gas emissions from non-ETS activities, in particular by ensuring a significant contribution to this goal from transport.	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.	6. Ensure that the 2020 targets for reducing greenhouse gas emissions from non-ETS activities are met, in particular as regards buildings and transport. Make sure that the contribution of transport is aligned with the objective of reducing road congestion. Agree on a clear distribution of efforts and burdens between the federal and regional entities.

 BG	<u>Country Specific Recommendations 2011</u> SGP: 1, 2	<u>Country Specific Recommendations 2012</u> SGP: 1, MIP: 3, 5	<u>Country Specific Recommendations 2013</u> SGP: 1, MIP: 3, 4, 5	<u>Country Specific Recommendations 2014</u> SGP: 1, MIP: 3, 4, 5
	<p>1. Proceed with effective budget implementation so as to correct the excessive deficit in 2011, in line with the Council Recommendation of 13 July 2010 under the EDP. Specify the measures underpinning the budgetary strategy for 2012-2014. Take advantage of the economic recovery to ensure adequate progress towards the medium-term objective, primarily by keeping tight control over expenditure growth, while prioritising growth-enhancing expenditure.</p>	<p>1. Continue with sound fiscal policies to achieve the MTO by 2012. To this end, implement the budgetary strategy as envisaged, ensuring compliance with the expenditure benchmark, and stand ready to take additional measures in case risks to the budgetary scenario materialise. Strengthen efforts to enhance the quality of public spending, particularly in the education and health sectors and implement a comprehensive tax-compliance strategy to further improve tax revenue and address the shadow economy. Further improve the contents of the medium-term budgetary framework and the quality of the reporting system.</p>	<p>1. Preserve a sound fiscal position by ensuring compliance with the medium-term objective and pursue a growth-friendly fiscal policy as envisaged in the convergence programme. Implement a comprehensive tax strategy to strengthen all aspects of the tax law and collection procedures with a view to increase revenue, notably by improving tax collection, tackling the shadow economy and reducing compliance costs. Establish an independent institution to monitor fiscal policy and provide analysis and advice.</p>	<p>1. Reinforce the budgetary measures for 2014 in the light of the emerging gap relative to the preventive arm of the Stability and Growth Pact requirements. In 2015, strengthen the budgetary strategy to ensure that the medium-term objective is reached and, thereafter, maintained. Ensure the capacity of the new fiscal council to fulfil its mandate. Implement a comprehensive tax strategy to strengthen tax collection, tackle the shadow economy and reduce compliance costs.</p>
	<p>2. Take further steps to improve the predictability of budgetary planning and the implementation control, including on an accruals basis, in particular by strengthening fiscal governance. To this end, design and put in place binding fiscal rules and a well-defined medium-term budgetary framework that ensures transparency at all government levels.</p>			
	<p>3. Implement the agreed steps with social partners under the current pension reform, advance some of its key measures that would help to increase the effective retirement age and reduce early exit, such as through the gradual increase of the social insurance length of service, and strengthen policies to help older workers</p>	<p>2. Take further steps to reduce risks to the sustainability and to improve adequacy of the pension system by making the statutory retirement age the same for men and women with full career contributions. Introduce stricter criteria and controls for the allocation of invalidity pensions.</p>	<p>2. Phase out early retirement options, introduce the same statutory retirement age for men and women and implement active labour market policies that enable older workers to stay longer in the labour market. Tighten the eligibility criteria and controls for the allocation of invalidity pensions to effectively limit abuse.</p>	<p>2. Adopt a long-term strategy for the pension system, proceeding with the planned annual increase in the statutory retirement age and setting out a mechanism to link the statutory retirement age to life expectancy in the long term, while phasing out early retirement options and equalising the statutory retirement age for men and women. Tighten eligibility</p>

<p>to stay longer in employment.</p>			<p>criteria and procedures for the allocation of invalidity pensions, for example by taking better account of the remaining work capacity of applicants. Ensure cost effective provision of healthcare including by improving the pricing of healthcare services while linking hospitals' financing to outcomes, accelerating the optimisation of the hospital network and developing out-patient care.</p>
<p>4. Promote, in consultation with the social partners and in accordance with national practices, policies to ensure that wage growth better reflects developments in productivity and sustain competitiveness while paying attention to on- going convergence.</p>			
<p>5. Take steps to address the challenge of combating poverty and promoting social inclusion, especially for vulnerable groups facing multiple barriers. Take measures for modernising public employment services to enhance their capacity to match skills profiles with labour market demand; and focusing support on young people with low skills. Advance the educational reform by adopting a Law on Pre-School and School Education and a new Higher Education Act by mid 2012.</p>	<p>3. Accelerate the implementation of the national Youth Employment Initiative. Ensure that the minimum thresholds for social security contributions do not discourage declared work. Step up efforts to improve the Public Employment Service's performance. To alleviate poverty, improve the effectiveness of social transfers and the access to quality social services for children and the elderly and implement the National Roma Integration Strategy.</p> <p>4. Speed up the reform of relevant legal acts on schools and higher education and of accompanying measures by focusing on modernising curricula, improving teacher training, and ensuring effective access to education for disadvantaged groups. Improve the access to finance for start-ups and SMEs, in particular those involved in innovative activities.</p>	<p>3. Accelerate the national Youth Employment Initiative, for example through a Youth Guarantee. Further strengthen the capacity of the Employment Agency with a view to providing effective counselling to jobseekers and develop capacity for identifying and matching skill needs. Enhance active labour-market policies, in particular concerning national employment schemes. Undertake a review of the minimum thresholds for social security contributions to ensure that the system does not price the low-skilled out of the labour market. Ensure concrete delivery of the National Strategies on Poverty and Roma integration. Improve the accessibility and effectiveness of social transfers and services, in particular for children and older people.</p> <p>4. Adopt the School Education Act and pursue the reform of higher education, in particular through better aligning</p>	<p>3. Improve the efficiency of the Employment Agency by developing a performance monitoring system and better targeting the most vulnerable, such as low-skilled and elderly workers, the long-term unemployed and Roma. Extend the coverage and effectiveness of active labour market policies to match the profiles of job-seekers, and reach out to non-registered young people who are not in employment, education or training, in line with the objectives of a youth guarantee. Improve the effective coverage of unemployment benefits and social assistance and their links with activation measures. Take forward the comprehensive review of minimum thresholds for social security contributions so as to make sure that the system does not price the low-skilled out of the labour market. Establish, in consultation with social partners, transparent guidelines for the adjustment of the statutory minimum wages taking</p>

			<p>outcomes to labour-market needs and strengthening cooperation between education, research and business. Improve access to inclusive education for disadvantaged children, in particular Roma. Ensure effective access to healthcare and improve the pricing of healthcare services by linking hospitals' financing to outcomes and developing out-patient care.</p>	<p>into account the impact on employment and competitiveness. In order to alleviate poverty, further improve the accessibility and effectiveness of social services and transfers for children and older people.</p> <p>4. Adopt the School Education Act and pursue the reforms of vocational and higher education in order to increase the level and relevance of skills acquired at all levels, while fostering partnerships between educational institutions and business with a view to better aligning outcomes to labour market needs. Strengthen the quality of vocational education and training institutions and improve access to lifelong learning. Step up efforts to improve access to quality inclusive pre-school and school education of disadvantaged children, in particular Roma, and implement strictly the rules linking the payment of child allowance to participation in education.</p>
	<p>6. Step up efforts to enhance administrative capacity in key government functions and regulatory authorities, in order to make public services more effective in responding to the needs of citizens and businesses; introduce and implement effectively measures to check public procurement on the basis of risk assessments, strengthen the capacity of the authorities to prevent and sanction irregularities, in order to improve quality and value-for-money in the use of public funds.</p>	<p>5. Step up efforts to enhance administrative capacity and reforms by reducing red tape and the cost of tax compliance and collection, and further improving the absorption of EU funds, in particular in road and rail transport and water management. Improve the quality and independence of the judicial system and speed up the introduction of e-government. Strengthen public administrative capacity in key transport sectors and regulatory authorities.</p> <p>6. Ensure sound implementation of public procurement legislation. Strengthen the prevention of irregularities and effectively</p>	<p>5. Take further steps to improve the business environment, by cutting red tape, implementing an e-government strategy and implementing the legislation on late payments. Improve the quality and independence of the judicial system and fight corruption more effectively. Improve the access to finance for SMEs and start-ups.</p> <p>6. Accelerate the absorption of EU funds. Ensure sound implementation of public-procurement legislation by extending ex-ante control by the Public Procurement Agency to prevent</p>	<p>5. Continue to improve the business environment, in particular for small and medium-sized enterprises, by cutting red tape, promoting e-government, streamlining insolvency procedures and implementing the legislation on late payments. Improve the public procurement system by enhancing administrative capacity, strengthening the ex ante checks performed by the Public Procurement Agency and taking concrete steps for the implementation of e-procurement. Enhance the quality and independence of the judiciary and step up the fight against corruption.</p>

		apply the sanctions under the Public Procurement Law and those of the Law on Conflict of Interest.	irregularities.	
	<p>7. Abolish barriers to entry, guaranteed profits arrangements and price controls and ensure full independence of the Bulgarian Energy Regulator, in order to open up the electricity and gas markets to greater competition. Introduce incentives to upgrade the energy efficiency of buildings.</p>	<p>7. Take measures to remove market barriers, guaranteed profit arrangements and price controls. Ensure the independence of transmission and distribution system operators; complete the market design in particular for the energy exchanges and balancing markets. Improve electricity and gas connections, boost energy efficiency and enhance the capacity to cope with disruptions.</p>	<p>7. Strengthen the independence of national regulatory authorities and the administrative capacity in particular in the energy and transport sectors, as well as for waste and water management. Remove market barriers, quotas, territorial restrictions and regulated prices and complete the market design by setting up a transparent wholesale market for electricity and natural gas. Accelerate electricity and gas interconnector projects and enhance the capacity to cope with disruptions. Step up efforts to improve energy efficiency.</p>	<p>6. Scale up the reform of the energy sector in order to increase competition, market efficiency and transparency, and energy efficiency, in particular by removing market barriers, reducing the weight of the regulated segment, stepping up efforts for the creation of a transparent wholesale market for electricity and gas, phasing out quotas, and strengthening the independence and administrative capacity of the energy regulator. Accelerate interconnector projects with neighbouring Member States and candidate countries, in particular for gas, and enhance the capacity to cope with disruptions.</p>

 CZ	<u>Country Specific Recommendations 2011</u> SGP: 1, 2	<u>Country Specific Recommendations 2012</u> SGP: 1, MIP:-	<u>Country Specific Recommendations 2013</u> SGP: 1, MIP: -	<u>Country Specific Recommendations 2014</u> SGP: 1, MIP: -
	<p>1. Implement the planned consolidation in 2011 and take countervailing measures of a permanent nature as needed in case of any revenue shortfalls or expenditure slippages. Adopt fiscal measures as planned in the Convergence Programme for 2012 and underpin the target for 2013 by more specific measures; subject to this, avoid cutting expenditure on growth-enhancing items. Improve the efficiency of public investments, and continue efforts to exploit the available space for increases in indirect tax revenue to shift taxes away from labour, improve tax compliance, and reduce tax evasion. Ensure an average fiscal effort over the period 2010-2013 of 1 % of GDP, in line with the Council recommendations on correcting the excessive deficit, which will allow meeting the EDP deadline with a sufficient margin in 2013.</p>	<p>1. Ensure planned progress towards the timely correction of the excessive deficit. To this end, fully implement the 2012 budget and specify measures of a durable nature necessary for the year 2013 so as to achieve the annual average structural adjustment specified in the Council recommendation under the excessive deficit procedure. Thereafter, ensure an adequate structural adjustment effort to make sufficient progress towards the MTO, including meeting the expenditure benchmark. In this context, avoid across-the-board cuts, safeguard growth-enhancing expenditure and step up efforts to improve the efficiency of public spending. Exploit the available space for increases in taxes least detrimental to growth. Shift the high level of taxation on labour to housing and environmental taxation. Reduce the discrepancies in the tax treatment of employees and the self-employed. Take measures to improve tax collection, reduce tax evasion and improve tax compliance, including by implementing the Single Collection Point for all taxes.</p>	<p>1. Implement as envisaged the budget for the year 2013 so as to correct the excessive deficit in 2013 in a sustainable manner and achieve the structural adjustment effort specified in the Council recommendations under the EDP. 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. Prioritise growth-enhancing expenditure including committing on time remaining projects co-financed with EU funds under the current financial framework.</p> <p>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. Further reduce discrepancies in the tax treatment of employees and the self-employed. Improve tax compliance and reduce compliance costs by establishing the Single Collection Point and harmonising the tax bases for personal</p>	<p>1. Following the correction of the excessive deficit, preserve a sound fiscal position in 2014. Significantly strengthen the budgetary strategy in 2015 to ensure that the medium-term objective is achieved and remain at the medium-term objective thereafter. Prioritise growth-enhancing expenditure to support the recovery and improve growth prospects. Adopt and implement measures to strengthen the fiscal framework, and in particular establish an independent fiscal institution to monitor fiscal policies, introduce fiscal rules for local and regional governments and improve coordination between all layers of government.</p> <p>2. Improve tax compliance with a particular focus on VAT and reduce the costs of collecting and paying taxes by simplifying the tax system and harmonising the tax bases for personal income tax and social and health contributions. Reduce the high level of taxation on labour, particularly for low-income earners. Shift taxation to areas less detrimental to growth, such as recurrent</p>

			income tax and social and health contributions.	taxes on housing and environmental taxes. Further reduce discrepancies in the tax treatment of employees and the self-employed.
2. Implement the planned pension reform in order to improve the long-term sustainability of public finances and to ensure the future adequacy of pensions. Additional efforts should focus on further changes to the public pillar to ensure that the system is not a source of fiscal imbalances in the future, and on the development of private savings. With a view to raising the effective retirement age, measures such as a link between the statutory retirement age and life expectancy could be considered. Ensure that the envisaged funded scheme attracts broad participation, and is designed to keep administrative costs transparent and low.	2. Introduce further changes to the public pension scheme to ensure its long-term sustainability. Reconsider plans to allow an earlier exit from the labour market. Promote effective participation of younger workers in the envisaged funded scheme to improve adequacy of pensions.	3. Increase the effective retirement age by aligning retirement age or pension benefits to changes in life expectancy, and review the indexation mechanism. Accompany the increase in retirement age with measures promoting employability of older workers and reduce early exit pathways. In particular, remove the public subsidy for the pre-retirement scheme. Take measures to significantly improve cost-effectiveness of healthcare expenditure , in particular for hospital care.		3. Ensure the long-term sustainability of the public pension scheme, in particular by accelerating the increase of the statutory retirement age and then by linking it more clearly to changes in life expectancy. Promote the employability of older workers and review the pension indexation mechanism. Take measures to improve significantly the cost-effectiveness and governance of the healthcare sector, in particular for hospital care.
3. Enhance participation in the labour market by reducing the barriers for parents with young children to re-enter the labour market through increased availability and access to affordable childcare facilities . Increase the attractiveness and availability of more flexible forms of working arrangements, such as part-time jobs.	3. Take additional measures to significantly increase the availability of affordable and quality pre-school childcare .	4. Take additional efforts to strengthen the efficiency and effectiveness of the public employment service. Increase significantly the availability of inclusive childcare facilities with a focus on children up to three years old, and the participation of Roma children, notably by adopting and implementing the law on provision of childcare services and strengthening the capacities of both public and private childcare services.		4. Strengthen the efficiency and effectiveness of the public employment service , in particular by setting up a performance measurement system. Increase participation of unemployed youth in individualised services. Increase considerably the availability of affordable and quality childcare facilities and services , with a focus on children up to three years old.
4. Improve the performance of the public employment service in order to increase the quality and effectiveness of training, job search assistance and individualised services, linking funding of the programmes to results. In cooperation with stakeholders, extend tailor-made training programmes, for older workers, young	4. Strengthen PES by increasing the quality and effectiveness of training, job search assistance and individualised services, including of outsourced services.			

<p>people, low-skilled workers and other vulnerable groups.</p>			
<p>5. Take the necessary measures to improve the quality of public services in areas essential for the business environment. In this context speed up the implementation of the anti-corruption strategy in line with the identified targets, adopt the Public Servants Act to promote stability and effectiveness of the public administration and take steps to address the issue of anonymous share holding.</p>	<p>5. Adopt and implement as a matter of urgency the Public Servants Act to promote stability and effectiveness of the public administration in avoiding irregularities. Ensure adequate implementation of the new Public Procurement Act. Address the issue of anonymous share holding. Ensure correct implementation of EU Funds and step up the fight against corruption.</p>	<p>5. Ensure implementation of the anti-corruption strategy for 2013-2014. Adopt a Public Servants Act that should ensure a stable, efficient and professional state administration service. Improve the management of EU funds in view of the 2014-2020 programming period. Strengthen the capacity for implementation of public tenders at local and regional level.</p>	<p>7. In 2014, adopt and implement a Civil Service Act that will ensure a stable, efficient and professional state administration service. Speed up and substantially reinforce the fight against corruption by implementing the remaining legislative measures provided for in the anti-corruption strategy for 2013-2014 and by developing plans for the next period. Further improve the management of EU funds by simplifying implementing structures, improving capacity and tackling conflicts of interest. Increase transparency of public procurement and improve the implementation of public tenders by providing appropriate guidance and supervision.</p>
<p>6. Establish a transparent system of quality evaluation of academic institutions and link it to its funding in order to improve the performance of tertiary education.</p>	<p>6. Adopt the necessary legislation to establish a transparent and clearly defined system for quality evaluation of higher education and research institutions. Ensure that the funding is sustainable and linked to the outcome of the quality assessment. Establish an improvement-oriented evaluation framework in compulsory education.</p>	<p>6. Establish a comprehensive evaluation framework in compulsory education and take targeted measures to support schools that rank low in educational outcomes. Adopt measures to enhance accreditation and funding of higher education. Increase the share of performance-based funding of research institutions.</p>	<p>5. Ensure that the accreditation, governance and financing of higher education contribute to improving its quality and labour market relevance. Accelerate the development and introduction of a new methodology for evaluating research and allocating funding in view of increasing the share of performance-based funding of research institutions. In compulsory education, make the teaching profession more attractive, implement a comprehensive evaluation framework and support schools and pupils with poor outcomes. Increase the inclusiveness of education, in particular by promoting the participation of socially disadvantaged and Roma children in particular in early childhood education.</p>

			<p>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. Take further measures to improve energy efficiency in the buildings and industry sectors.</p>	<p>6. Accelerate the reform of regulated professions, focusing on the removal of unjustified and disproportionate requirements. Step up the efforts to improve energy efficiency in the economy.</p>
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 DK	<u>Country Specific Recommendations</u> <u>2011</u> SGP: 1	<u>Country Specific Recommendations</u> <u>2012</u> SGP: 1, MIP: 3, 4, 5	<u>Country Specific Recommendations</u> <u>2013</u> SGP: 1, MIP: 3	<u>Country Specific Recommendations</u> <u>2014</u> SGP: 1, MIP: -
	<p>1. Implement fiscal consolidation measures in 2011, 2012 and 2013 and ensure an average annual fiscal effort of 0,5 % of GDP over the period 2011-2013 as planned and correct the excessive deficit by 2013 in line with the Council recommendation under the EDP. Thereafter ensure, as planned, an appropriate adjustment path towards the medium-term objective. Accelerate the reduction of the general government deficit if economic conditions turn out better than currently expected. Strengthen expenditure control by adopting binding multiannual spending ceilings for local, regional and central government which are consistent with the overall medium-term general budget targets.</p>	<p>1. Implement the budgetary strategy as envisaged, to ensure a correction of the excessive deficit by 2013 and achieve the annual average structural adjustment effort specified in the Council recommendations under the excessive deficit procedure. Thereafter, ensure an adequate structural adjustment effort to make sufficient progress towards the MTO, including meeting the expenditure benchmark.</p>	<p>1. Implement the budgetary strategy in 2013 as envisaged, so as to ensure the correction of the excessive deficit by 2013. Furthermore, implement the budgetary strategy for 2014 and beyond to ensure an adequate fiscal effort to remain at the medium-term objective.</p>	<p>1. Following the correction of the excessive deficit, continue to pursue a growth-friendly fiscal policy and preserve a sound fiscal position, ensuring that the medium-term budgetary objective continues to be adhered to throughout the period covered by the Convergence Programme.</p>
	<p>2. In order to strengthen employment and the sustainability of public finances, take further steps to increase long-term labour supply, by implementing the recently concluded reform on the voluntary early retirement pension (VERP) scheme, reforming the disability pension and better targeting subsidised employment schemes (the ‘flex-job’ system) towards the most vulnerable groups.</p>	<p>2. Take further steps to enhance long-term labour supply by reforming the disability pension, better targeting subsidised employment schemes (the ‘flex-job’ system) towards people with reduced work capacity, and improving the employability of people with a migrant background.</p>		
	<p>3. Speed up the implementation of reforms to improve the quality of the education system. Reduce drop-out rates, particularly in the vocational education sector, and increase the number of apprenticeship places available.</p>	<p>3. Implement announced measures, without delay, to improve the cost-effectiveness of the education system, reduce drop-out rates, in particular within vocational education, and increase the number of apprenticeships.</p>	<p>2. Take further steps to improve the employability of people at the margins of the labour market, including people with a migrant background, the long-term unemployed and low-skilled workers. Improve the quality of vocational</p>	<p>2. Take further measures to improve the employability of people at the margins of the labour market. Improve educational outcomes, in particular for young people with a migrant background, and the effectiveness of vocational training.</p>

			<p>training to reduce drop-out rates and increase the number of apprenticeships. Implement the reform of primary and lower secondary education in order to raise attainment levels and improve the cost-effectiveness of the education system.</p>	<p>Facilitate the transition from education to the labour market, including through a wider use of work-based training and apprenticeships.</p>
	<p>4. Take steps to remove obstacles to competition, in particular in local services and the retail sector, by reviewing legislation on land use and opening up procurement in municipalities and regions.</p>	<p>4. Continue efforts to remove obstacles to competition, in particular in local services, the retail and construction sector, including by further opening the municipal and regional procurement of services to competition and ensuring that competition law sanctions have a sufficiently deterrent effect.</p>	<p>3. Continue efforts to remove obstacles to competition in the services sector including in the retail and construction sectors and enhance effectiveness in the provision of public services.</p>	<p>3. Increase efforts to remove barriers to entry and reduce regulatory burden with a view to increasing competition in the domestic services sector, in particular in retail and construction, as recommended by the Productivity Commission.</p>
	<p>5. While supporting the ongoing stabilisation of the real-estate market following the recent price correction, consider preventive action to strengthen the medium-term stability of the housing market and the financial system including reviewing the functioning of the mortgage and property tax systems.</p>	<p>5. Consider further preventive measures to strengthen the stability of the housing market and financial system in the medium term, including by taking account of the results of the ongoing study by the Ministry of Business and Growth on the distribution of assets and liabilities across households and by reviewing the property value tax system and the municipal land value tax system.</p>		

 DE	<u>Country Specific Recommendations</u> <u>2011</u> SGP: 1	<u>Country Specific Recommendations</u> <u>2012</u> SGP: 1, MIP: -	<u>Country Specific Recommendations</u> <u>2013</u> SGP: 1, MIP: -	<u>Country Specific Recommendations</u> <u>2014</u> SGP: 1, MIP: 1, 2, 3, 4
	<p>1. Implement the budgetary strategy for the year 2012 and beyond as envisaged, thus bringing the high public debt ratio on a downward path, in line with the Council recommendations under the EDP. Ensure an adequate structural adjustment effort towards the medium-term objective thereafter. Complete the implementation of the budgetary rule at the Länder level and further strengthen the corresponding monitoring and sanctioning mechanism. Maintain a growth-friendly consolidation course, in particular by safeguarding adequate expenditure on education and by further enhancing the efficiency of public spending on health-care and long-term care.</p>	<p>1. Continue with sound fiscal policies to achieve the MTO by 2012. To this end, implement the budgetary strategy as envisaged, ensuring compliance with the expenditure benchmark as well as sufficient progress towards compliance with the debt reduction benchmark. Continue the growth-friendly consolidation course through additional efforts to enhance the efficiency of public spending on healthcare and long-term care, and by using untapped potential to improve the efficiency of the tax system; use available scope for increased and more efficient growth-enhancing spending on education and research at all levels of government. Complete the implementation of the debt brake in a consistent manner across all Länder, ensuring timely and relevant monitoring procedures and correction mechanisms.</p>	<p>1. Preserve a sound fiscal position as envisaged which ensures compliance with the medium-term objective over the programme horizon. 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. Improve the efficiency of the tax system, in particular by broadening the VAT base and by reassessing the municipal real estate tax base; use the available scope for increased and more efficient growth-enhancing spending on education and research at all levels of government. 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>	<p>1. Pursue growth-friendly fiscal policy and preserve a sound fiscal position, ensuring that the medium-term budgetary objective continues to be adhered to throughout the period covered by the Stability Programme and that the general government debt ratio remains on a sustained downward path. In particular, use the available scope for increased and more efficient public investment in infrastructure, education and research. Improve the efficiency of the tax system, in particular by broadening the tax base, in particular on consumption, by reassessing the municipal real estate tax base, by improving the tax administration and by reviewing the local trade tax, also with a view to foster private investment. Make additional efforts to increase the cost-effectiveness of public spending on healthcare and long-term care. Ensure the sustainability of the public pension system by (i) changing the financing of new non-insurance/extraneous benefits ("<i>Mütterrente</i>") to funding from tax revenues, also in order to avoid a further increase of social security contributions, (ii) increasing incentives for later retirement, and (iii) increasing the coverage in second and third pillar pension schemes. Complete the implementation of the debt brake consistently across all <i>Länder</i>, ensuring that monitoring procedures and correction mechanisms are timely and relevant.</p>

			Improve the design of fiscal relations between the federation, <i>Länder</i> and municipalities also with a view to ensuring adequate public investment at all levels of government.
2. Address the structural weaknesses in the financial sector , in particular by restructuring <i>Landesbanken</i> which are in need of an adequately funded viable business model.	2. Address the remaining structural weaknesses in the financial sector , <i>inter alia</i> by further restructuring of those <i>Landesbanken</i> which are in need of an adequately funded viable business model while avoiding excessive deleveraging.		
3. Enhance participation in the labour market by improving equitable access to education and training systems and by taking further steps to reduce the high tax wedge in a budgetary neutral way and improve work incentives for persons with low income perspectives. Increase the number of fulltime childcare facilities and all-day schools. Closely monitor the effects of recent reform measures to reduce tax disincentives for second earners and take further measures in case disincentives remain.	3. Reduce the high tax wedge in a budgetary neutral way, in particular for low-wage earners, and maintain appropriate activation and integration measures, in particular for the long-term unemployed. Create the conditions for wages to grow in line with productivity. Take measures to raise the educational achievement of disadvantaged groups, in particular through ensuring equal opportunities in the education and training system. Phase out the fiscal disincentives for second earners, and increase the availability of fulltime childcare facilities and all-day schools.	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 raise the educational achievement of disadvantaged people. Maintain appropriate activation and integration measures, especially for the long-term unemployed. Facilitate the transition from non-standard employment such as mini-jobs into more sustainable forms of employment. 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 further increase the availability of fulltime childcare facilities and all-day schools.	2. Improve conditions that further support domestic demand, <i>inter alia</i> by reducing high taxes and social security contributions , especially for low-wage earners. When implementing the general minimum wage, monitor its impact on employment. Improve the employability of workers by further raising the educational achievement of disadvantaged people and by implementing more ambitious activation and integration measures in the labour market, especially for the long-term unemployed. Take measures to reduce fiscal disincentives to work , in particular for second earners, and facilitate the transition from mini-jobs to forms of employment subject to full mandatory social security contributions. Address regional shortages in the availability of fulltime childcare facilities and all-day schools while improving their overall educational quality.
4. Remove unjustified restrictions on certain professional services and on certain crafts. To improve competition in network industries, strengthen the supervisory role of the Federal Network Agency in the rail sector; and, in the context of the announced national Energy Concept, focus on improving the long-	4. Continue efforts to keep the overall economic costs of transforming the energy system to a minimum, including by accelerating the expansion of the national and cross-border electricity and gas networks. Ensure that the institutional set-up guarantees effective competition in railway markets. Take measures to further	3. Improve the coordination of the energy policy with neighbouring countries and 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 by continuing efforts to accelerate the	3. Keep the overall costs of transforming the energy system to a minimum. In particular, monitor the impact of the Renewable Energy Act reform on the cost-effectiveness of the support system for renewable energies. Reinforce efforts to accelerate the expansion of the national and cross-border electricity and gas

	<p>term cost-effectiveness of the Renewable Energy Act, ensuring the effective independence of energy production and transmission, and improving cross-border interconnections.</p>	<p>stimulate competition in the services sectors, including professional services and certain crafts, in particular in the construction sector.</p>	<p>expansion of the national and cross-border electricity and gas networks.</p> <p>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. Take urgent action to significantly increase the value of public contracts open to procurement. Adopt and implement the announced legislative reform to improve the enforcement of competition law regarding competition restrictions. Remove planning restrictions which unduly restrict new entries in the retail sector. Take further measures to eliminate the remaining barriers to competition in the railway markets. Pursue efforts for consolidation in the banking sector, including by improving the governance framework.</p>	<p>networks. Step up close energy policy coordination with neighbouring countries.</p> <p>4. Take more ambitious measures to further stimulate competition in the services sector, including certain professional services, also by reviewing existing regulatory approaches and converging towards best practices across <i>Länder</i>. Identify the reasons behind the low value of public contracts open to procurement under EU legislation. Increase efforts to remove unjustified planning regulations which restrict new entries in the retail sector. Take action to remove the remaining barriers to competition in the railway markets. Pursue consolidation efforts in the <i>Landesbanken</i> sector, including by improving the governance framework.</p>
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 EE	<u>Country Specific Recommendations</u> <u>2011</u> SGP: 1	<u>Country Specific Recommendations</u> <u>2012</u> SGP: 1, MIP: -	<u>Country Specific Recommendations</u> <u>2013</u> SGP: 1, MIP: -	<u>Country Specific Recommendations</u> <u>2014</u> SGP: 1, MIP: -
	<p>1. Achieve structural surplus by 2013 at the latest, while limiting deficit in 2012 to at most 2.1 % of GDP, keeping tight control over expenditure and enhancing the efficiency of public spending.</p>	<p>1. Preserve a sound fiscal position by implementing budgetary plans as envisaged, ensuring achievement of the MTO by 2013 at the latest, and compliance with the expenditure benchmark. Complement the planned budget rule with more binding multiannual expenditure rules within the medium-term budgetary framework, continue enhancing the efficiency of public spending and implementing measures to improve tax compliance.</p>	<p>1. Pursue a growth-friendly fiscal policy and preserve a sound fiscal position as envisaged, ensuring compliance with the medium-term budgetary objective over the programme horizon. Complement the planned budget rule with more binding multi-annual expenditure rules within the medium-term budgetary framework and continue enhancing the efficiency of public spending.</p>	<p>1. Reinforce the budgetary measures for 2014 in the light of the emerging gap of 0,3 % of GDP based on the Commission services 2014 spring forecast, pointing to a risk of significant deviation relative to the preventive arm of the Stability and Growth Pact requirements. In 2015, significantly strengthen the budgetary strategy to ensure that the medium-term objective is reached and, thereafter, maintained. Complement the budget rule with more binding multi-annual expenditure rules within the medium-term budgetary framework and continue to enhance the efficiency of public spending.</p>
	<p>2. Take steps to support labour demand and to reduce the risk of poverty, by reducing the tax and social security burden in a budgetary neutral way, as well as through improving the effectiveness of active labour market policies, including by targeting measures on young people and the long-term unemployed, especially in areas of high unemployment.</p>	<p>2. Improve incentives to work by streamlining the social benefits system and increasing flexibility in the allocation of disability, unemployment and parental benefits, while ensuring adequate social protection. Improve delivery of social services, while better targeting family and parental benefits and removing distortionary income tax exemptions related to children. Increase the participation of the young and the long-term unemployed in the labour market.</p>	<p>2. Improve incentives to work by making the various existing social-benefit systems more consistent and by increasing the flexibility and targeting of benefit allocation. Improve the delivery of social services, including childcare, while increasing the efficiency and cost-effectiveness of family policy. Strengthen activation measures to facilitate the return to the labour market of the long-term unemployed and people receiving disability benefits and incapacity for work benefits. Establish coordinated measures for fostering economic development in regions affected by high unemployment.</p>	<p>2. Improve incentives to work through measures targeted at low income earners. Target activation efforts by ensuring the timely adoption and implementation of the work capacity reform. Increase the efficiency and cost-effectiveness of family policy while improving the availability and accessibility of childcare. Deploy coordinated measures for fostering economic development and entrepreneurship in regions faced with high unemployment.</p>
	<p>3. Ensure implementation of planned incentives to reduce energy intensity and improve the energy efficiency of the economy, targeted on the buildings and</p>	<p>4. Improve energy efficiency, in particular in buildings and transport, and strengthen environmental incentives concerning vehicles and waste, including</p>	<p>4. Improve energy efficiency, in particular in buildings and transport, and strengthen environmental incentives concerning vehicles and waste. Step up the</p>	<p>4. Step up efforts to improve energy efficiency, in particular in residential and industrial buildings. Substantially strengthen environmental incentives for</p>

	<p>transportation sectors, including by ensuring better market functioning.</p>	<p>by considering incentives such as the taxation of vehicles. Foster renewable energy use, including through upgraded infrastructure and legislation. Continue the development of cross-border connections to end relative market isolation.</p>	<p>development of cross- border energy connections to diversify energy sources and promote competition in the energy market.</p>	<p>the transport sector to contribute to less resource-intensive mobility. Continue the development of cross-border connections to neighbouring Member States to diversify energy sources and promote competition through improved integration of the Baltic energy markets.</p>
	<p>4. While implementing the education system reform, give priority to measures improving the availability of pre- school education, and enhance the quality and availability of professional education. Focus education outcomes more on labour market needs, and provide opportunities for low- skilled workers to take part in lifelong learning.</p>	<p>3. Link training and education more effectively to the needs of the labour market, and enhance cooperation between businesses and academia. Increase opportunities for low-skilled workers to improve their access to lifelong learning. Foster prioritisation and internationalisation of the research and innovation systems.</p>	<p>3. Continue efforts to improve the labour-market relevance of education and training systems, including by further involving social partners and implementing targeted measures to address youth unemployment. Significantly increase the participation of the low skilled in life-long learning. Intensify efforts to prioritise and internationalise the research and innovation systems and enhance cooperation between businesses, higher education and research institutions.</p>	<p>3. To ensure the labour-market relevance of education and training systems, improve skills and qualification levels by expanding lifelong learning measures and systematically increasing participation in vocational education and training, including in apprenticeships. Further intensify prioritisation and specialisation in the research and innovation systems and enhance cooperation between businesses, higher education and research institutions to contribute to international competitiveness.</p>
		<p>5. Enhance fiscal sustainability of municipalities while improving efficiency of local governments and ensure effective service provision, notably through stronger incentives for the merger of or increased cooperation between municipalities. Relevant reform proposals should be put in place within a reasonable timeframe.</p>	<p>5. Better balance local government revenue against devolved responsibilities. Improve the efficiency of local governments and ensure quality provision of local public services.</p>	<p>5. Better balance local government revenue against devolved responsibilities. Improve the efficiency of local governments and ensure the provision of quality public services at local level, especially social services complementing activation measures.</p>

 IE	Country Specific Recommendations 2011	Country Specific Recommendations 2012	Country Specific Recommendations 2013	<u>Country Specific Recommendations 2014</u> SGP: 1, 2 and MIP: 1, 3, 5, 6
	Implement the measures laid down in Implementing Decision 2011/77/EU, as amended by Implementing Decision 2011/326/EU, and further specified in the Memorandum of Understanding of 16 December 2010 and its update of 18 May 2011.	Implement the measures laid down in Implementing Decision 2011/77/EU and further specified in the Memorandum of Understanding of 16 December 2010 and its subsequent supplements.	To avoid duplication with measures set out in the Economic Adjustment Programme , there are no additional recommendations for Ireland.	<ol style="list-style-type: none"> 1. Fully implement the 2014 budget and ensure the correction of the excessive deficit in a sustainable manner by 2015 through underpinning the budgetary strategy with additional structural measures while achieving the structural adjustment effort specified in the Council recommendation under the Excessive Deficit Procedure. After the correction of the excessive deficit, pursue a structural adjustment towards the medium-term objective of at least 0,5 % of GDP each year, and more in good economic conditions or if needed to ensure that the debt rule is met in order to put the high general government debt ratio on a sustained downward path. Enhance the credibility of the fiscal adjustment strategy, effectively implement multi-annual budgetary planning and define broad budgetary measures underlying the medium-term fiscal targets. Ensure the binding nature of the government expenditure ceiling including by limiting the statutory scope for discretionary changes. To support fiscal consolidation, consideration should be given to raising revenues through broadening the tax base. Enhance the growth and environmental friendliness of the tax system.
				<ol style="list-style-type: none"> 2. Advance the reform of the healthcare sector initiated under the Future Health strategic framework to increase cost-effectiveness. Pursue additional measures to reduce pharmaceutical spending,

				including through more frequent price realignment exercise for patented medicines, increased generic penetration and improved prescribing practices. Reform the financial management systems of the national health authority to streamline systems across all providers and to support better claims management. Roll out individual health identifiers starting by the end of the first quarter of 2015 at the latest.
				3. Pursue further improvements in active labour market policies , with a particular focus on the long-term unemployed, the low-skilled and, in line with the objectives of a youth guarantee, young people. Advance the ongoing reform of the further education and training (FET) system, employment support schemes and apprenticeship programmes. Offer more workplace training; improve and ensure the relevance of FET courses and apprenticeships with respect to labour market needs. Increase the level and quality of support services provided by the Intreo labour offices. Put in place a seamless FET referrals system between Intreo offices and Education and Training Boards.
				4. Tackle low work intensity of households and address the poverty risk of children through tapered withdrawal of benefits and supplementary payments upon return to employment. Facilitate female labour market participation by improving access to more affordable and full-time childcare, particularly for low income families.
				5. Advance policies for the SME sector including initiatives to address the availability of bank and non-bank

				<p>financing and debt restructuring issues, while avoiding risks to public finances and financial stability. Advance initiatives to improve SME's access to bank credit and non-bank finance. Introduce a monitoring system for SME lending in the banking sector. In parallel, work to ensure that available non-bank credit facilities, including the three SME funds co-funded by the National Pensions Reserve Fund, Microfinance Ireland and the temporary loan guarantee scheme, are better utilised. Promote the use of these and other non-bank schemes by SMEs. Enhance the Credit Review Office's visibility and capabilities in mediating disputes between banks and prospective SME borrowers who have been refused credit.</p>
				<p>6. Monitor banks' performance against the mortgage arrears restructuring targets. Announce ambitious targets for the third and fourth quarters of 2014 for the principal mortgage banks to propose and conclude restructuring solutions for mortgage loans in arrears of more than 90 days, with a view to substantially resolving mortgage arrears by the end of 2014. Continue to assess the sustainability of the concluded restructuring arrangements through audits and targeted on-site reviews. Develop guidelines for the durability of solutions. Publish regular data on banks' SME loan portfolios in arrears to enhance transparency. Develop a strategy to address distressed commercial real-estate exposures. Establish a central credit registry.</p>
				<p>7. Reduce the cost of legal proceedings and services and foster competition, including by adopting the Legal Services Regulation Bill by the end of 2014,</p>

				<p>including its provision allowing the establishment of multi-disciplinary practices, and by seeking to remove the solicitor's lien. Monitor its impact, including on the costs of legal services. Take executive steps to ensure that the Legal Services Regulatory Authority is operational without delay and that it meets its obligations under the legislation, including in terms of publishing regulations or guidelines for multi-disciplinary practices and the resolution of complaints. Improve data collection systems to enhance the monitoring and evaluation of the efficiency of judicial proceedings to identify issues in need of reform.</p>
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 EL	Country Specific Recommendations 2011	Country Specific Recommendations 2012	Country Specific Recommendations 2013	Country Specific Recommendations 2014
	Fully implement the measures laid down in the Decision 2010/320/EU, as amended by Decision 2011/257/EU, and as further specified in the Memorandum of Understanding of 3 May 2010 and its subsequent supplements, in particular the last supplement of 2 July 2011.	Implement the measures laid down in Decision 2011/734/EU, as amended on 8 November 2011 and 13 March 2012, and the Memorandum of Understanding on Specific Economic Policy Conditionality, which was signed on 14 March 2012.	To avoid duplication with measures set out in the Economic Adjustment Programme , there are no additional recommendations for Greece.	To avoid duplication with measures set out in the Economic Adjustment Programme , there are no additional recommendations for Greece.

<p>ES</p> 	<p><u>Country Specific Recommendations</u> <u>2011</u></p> <p>SGP: 1</p>	<p><u>Country Specific Recommendations</u> <u>2012</u></p> <p>SGP: 1, MIP: 1, 3, 4, 5, 8</p>	<p><u>Country Specific Recommendations</u> <u>2013</u></p> <p>SGP: 1, MIP: 1, 2, 3, 4, 5, 7, 8, 9</p>	<p><u>Country Specific Recommendations</u> <u>2014</u></p> <p>SGP: 1, MIP: 1, 2, 3, 4, 6, 7, 8</p>
	<p>1. Implement the budgetary strategy in 2011 and 2012 and correct the excessive deficit in the year 2013 in line with the Council recommendation under the EDP, ensuring the achievement of deficit targets at all levels of government, including by strictly applying the existing deficit and debt control mechanisms for regional governments; adopt further measures in case budgetary and economic developments do not turn out as expected; take any opportunity including from better economic conditions to accelerate the deficit reduction; set out concrete measures to fully underpin the targets for 2013 and 2014 which should bring the high public debt ratio on a downward path and ensure adequate progress towards the medium-term objective. Keep public expenditure growth below the rate of medium-term GDP growth, by introducing a binding expenditure rule at all levels of government, as envisaged. Further improve the provision of information in relation to regional and local government budgets and their execution.</p>	<p>1. Deliver an annual average structural fiscal effort of above 1,5 % of GDP over the period 2010-13 as required by the Council recommendation under the EDP by implementing the measures adopted in the 2012 budget and adopting the announced multiannual budget plan for 2013-14 by end July 2012. Adopt and implement measures at regional level in line with the approved rebalancing plans and strictly apply the new provisions of the Budgetary Stability Law regarding transparency and control of budget execution and continue improving the timeliness and accuracy of budgetary reporting at all levels of government. Establish an independent fiscal institution to provide analysis, advice and monitor fiscal policy. Implement reforms in the public sector to improve the efficiency and quality of public expenditure at all government levels.</p>	<p>1. Deliver the structural fiscal effort as required by the Council recommendation under the EDP to ensure correction of the excessive deficit by 2016. To this end, implement the measures adopted in the 2013 budget plans at all levels of government, 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. 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. Ensure a strict and transparent enforcement of the preventive and corrective measures provided for in the Budgetary Stability Organic Law. 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. Improve the efficiency and quality of public expenditure at all levels of government, and conduct a systematic review of major spending items by March 2014. Increase the cost-effectiveness of the health-care sector, while maintaining accessibility for vulnerable groups, for example by reducing hospital pharmaceutical</p>	<p>1. Reinforce the budgetary strategy as of 2014, in particular by fully specifying the underlying measures for the year 2015 and beyond, to ensure the correction of the excessive deficit in a sustainable manner by 2016 through achieving the structural adjustment effort specified in the Council Recommendation under the Excessive Deficit Procedure. 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. After achieving the correction of the excessive deficit, pursue a structural adjustment towards the medium-term objective of at least 0,5 % each year, and more in good economic conditions or if needed to ensure that the debt rule is met in order to put the high general government debt ratio on a sustained downward path. Ensure that the new independent fiscal authority becomes fully operational as soon as possible and ensure a full implementation of the preventive, corrective and enforcement measures in the Budgetary Stability Organic Law at all levels of government, including on the elimination of public sector commercial arrears. Carry out by February 2015 a systematic review of expenditure at all levels of government to underpin the efficiency and quality of public spending going forward. Continue to increase the cost-effectiveness of the</p>

		<p>spending, strengthening coordination across types of care and improving incentives for an efficient use of resources. Take measures to reduce the outstanding amount of government arrears, avoid their further accumulation and regularly publish data on outstanding amounts. 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. 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>	<p>healthcare sector, in particular by further rationalising pharmaceutical spending, including in hospitals and strengthening coordination across types of care, while maintaining accessibility for vulnerable groups. Adopt by the end of 2014 a comprehensive tax reform to make the tax system simpler and more conducive to growth and job creation, preservation of the environment and stability of revenues. To that end, shift revenues towards less distortive taxes, such as consumption, environmental (e.g. on motor fuels) and recurrent property taxes; remove inefficient personal and corporate income tax expenditures; consider lowering employers' social security contributions, in particular for low-wage jobs; continue to tackle the debt bias in corporate taxation; take measures to avoid that taxation hinders the smooth functioning of Spain's internal market. Step up the fight against tax evasion.</p>
	<p>2. Adopt the proposed pension reform to extend the statutory retirement age and increase the number of working years for the calculation of pensions as planned; regularly review pension parameters in line with changes to life expectancy, as planned, and develop further measures to improve lifelong learning for older workers.</p>	<p>2. Ensure that the retirement age is rising in line with life expectancy when regulating the sustainability factor foreseen in the recent pension reform and underpin the Global Employment Strategy for Older Workers with concrete measures to develop lifelong learning further, improve working conditions and foster the reincorporation of this group in the job market.</p>	
	<p>3. Monitor closely the ongoing restructuring of the financial sector, in particular as regards savings banks, with a view to finalising it by 30 September 2011 as envisaged.</p>	<p>4. Implement the reform of the financial sector, in particular complement the ongoing restructuring of the banking sector by addressing the situation of remaining weak institutions, put forward a comprehensive strategy to deal effectively with the legacy assets on the banks' balance sheets, and define a clear stance</p>	<p>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>
			<p>2. Complete the reform of the saving banks sector, as regards the adoption of secondary legislation and complete the restructuring of state-owned savings banks in order to accelerate their full recovery and facilitate their return to private ownership. Promote banks' efforts to sustain strong capital ratios, monitor the</p>

		on the funding and use of backstop facilities.		asset management company Sareb's activity in order to ensure timely asset disposal while minimising the cost to the taxpayer. Complete the ongoing measures to widen SMEs access to finance, in particular by finalising the ongoing measures to improve non-bank financial intermediation. Remove remaining bottlenecks in the corporate insolvency framework, in particular by enhancing the expertise of insolvency administrators and the capacity of the judicial system to handle insolvency cases, and develop a permanent framework for personal insolvency, paying due attention to balanced creditor/borrower rights and financial stability considerations.
	4. Explore the scope for improving the efficiency of the tax system , for example through a move away from labour towards consumption and environmental taxes while ensuring fiscal consolidation plans.	3. Introduce a taxation system consistent with the fiscal consolidation efforts and more supportive of growth, including a shift away from labour towards consumption and environmental taxation. In particular, address the low VAT revenue ratio by broadening the tax base for VAT. Ensure less tax-induced bias towards indebtedness and homeownership (as opposed to renting).	2. Conduct a systematic review of the tax system by March 2014. Consider further limiting tax expenditure in direct taxation, explore the scope to further limit the application of the reduced VAT rates and take additional steps in environmental taxation, notably as regards excise duties and fuel taxes. Take further measures to address the debt bias in corporate taxation. Intensify the fight against the shadow economy and undeclared work.	
	5. Following consultation with social partners and in accordance with national practice, complete the adoption and proceed with the implementation of a comprehensive reform of the collective bargaining process and the wage indexation system to ensure that wage growth better reflects productivity developments as well as local- and firm-level conditions and to grant firms enough flexibility to internally adapt working conditions to changes in the economic			

environment.				
	<p>6. Assess, by the end of 2011, the impacts of the labour market reforms of September 2010 and of the reform of active labour market policies of February 2011, accompanied, if necessary, by proposals for further reforms to reduce labour market segmentation, and to improve employment opportunities for young people; ensure a close monitoring of the effectiveness of the measures set out in the National Reform Programme to reduce early school leaving, including through prevention policies, and facilitate the transition to vocational education and training.</p>	<p>5. Implement the labour market reforms and take additional measures to increase the effectiveness of active labour market policies by improving their targeting, by increasing the use of training, advisory and job matching services, by strengthening their links with passive policies, and by strengthening coordination between the national and regional public employment services, including sharing information about job vacancies.</p> <p>6. Review spending priorities and reallocate funds to support access to finance for small and medium-sized enterprises (SMEs), research, innovation and young people. Implement the Youth Action Plan, in particular as regards the quality and labour market relevance of vocational training and education, and reinforce efforts to reduce early school-leaving and increase participation in vocational education and training through prevention, intervention and compensation measures.</p>	<p>4. Finalise the evaluation of the 2012 labour market reform covering the full range of its objectives and measures by July 2013, and present amendments, if necessary, by September 2013. Adopt the 2013 national Employment Plan by July 2013 and enact swiftly a result- oriented reform of active labour market policies, including by strengthening the targeting and efficiency of guidance. Reinforce and modernise public employment services to ensure effective individualised assistance to the unemployed according to their profiles and training needs. Reinforce the effectiveness of re-skilling training programmes for older and low-skilled workers. Fully operationalize the Single Job Portal and speed up the implementation of public-private cooperation in placement services to ensure its effective application already in 2013.</p> <p>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. 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 by introducing a comprehensive monitoring system of pupils' performance by the end of 2013.</p>	<p>3. Pursue new measures to reduce labour market segmentation to favour sustainable, quality jobs, for instance through reducing the number of contract types and ensuring a balanced access to severance rights. Continue regular monitoring of the labour market reforms. Promote real wage developments consistent with the objective of creating jobs. Strengthen the job-search requirement in unemployment benefits. Enhance the effectiveness and targeting of active labour market policies, including hiring subsidies, particularly for those facing more difficulties in accessing employment. Reinforce the coordination between labour market and education and training policies. Accelerate the modernisation of public employment services to ensure effective personalised counselling, adequate training and job-matching, with special focus on the long-term unemployed. Ensure the effective application of public-private cooperation in placement services before the end of 2014, and monitor the quality of services provided. Ensure the effective functioning of the Single Job Portal and combine it with further measures to support labour mobility.</p> <p>4. Implement the 2013-2016 Youth Entrepreneurship and Employment Strategy and evaluate its effectiveness. Provide good quality offers of employment, apprenticeships and traineeships for young people and improve the outreach to non-registered unemployed young people, in line with the objectives</p>

			of a youth guarantee. Effectively implement the new educational schemes to increase the quality of primary and secondary education. Enhance guidance and support for groups at risk of early school leaving. Increase the labour-market relevance of vocational education and training and of higher education, in particular by enhancing the cooperation with employers and supporting the training of trainers and tutors.
7. Further open up professional services and enact the planned legislation in order to redesign the regulatory framework and eliminate current restrictions to competition, efficiency and innovation ; implement the Law on Sustainable Economy, notably measures aimed at improving the business environment and enhancing competition in the product and service markets, at all levels of government; and improve coordination between regional and national administrations to reduce the administrative burden for enterprises.	8. Take additional measures to open up professional services , including highly regulated professions, reduce delays in obtaining business licences and eliminate barriers to doing business resulting from overlapping and multiple regulations by different levels of government. Complete the electricity and gas interconnections with neighbouring countries and address the electricity tariff deficit in a comprehensive way, in particular by improving the cost efficiency of the electricity supply chain.	7. Urgently adopt and implement the draft Law on Market Unity and speed up all complementary actions needed for its swift implementation. Ensure the effectiveness, autonomy and independence of the newly created regulatory authority. 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, and the Law on Entrepreneurship. Regroup and concentrate support schemes for the internationalisation of firms. Reduce the number and shorten licensing procedures , including for industrial activities, and spread the use of the "express licence" approach to activities other than retail. Review insolvency frameworks for companies and individuals, including through limiting personal liability of entrepreneurs and easing second chances for failed businesses. Remove unjustifiable restrictions to the establishment of large-scale retail premises. By March 2014, review the effectiveness of the regulatory framework to support the development of the housing rental market.	6. Ensure an ambitious and swift implementation of Law No 20/2013 on Market Unity at all levels of administration. Adopt an ambitious reform of professional services and of professional associations by the end of 2014, defining the professions requiring registration in a professional organisation, and the transparency and accountability of professional bodies, opening up unjustifiably reserved activities and safeguarding market unity in the access to and exercise of professional services in Spain. Further reduce the time, cost and number of procedures required for setting up an operating business. Address unjustified restrictions to the establishment of large-scale retail premises, in particular through a revision of existing regional planning regulations. Identify sources of financing for the new national strategy for science, technology and innovation and make operational the new State Research Agency .
		8. Tackle the electricity tariff deficit by	7. Following the reform of 2013, ensure the effective elimination of deficit in the electricity system as of 2014 , including by taking further structural measures if

		adopting and implementing a structural reform of the electricity sector by the end of 2013. Intensify efforts to complete the electricity and gas interconnections with neighbouring countries. Reduce the contingent liability for public finances stemming from unprofitable transport infrastructure. Set up an independent observatory to inform the assessment of future major infrastructure projects . Take measures to ensure effective competition in freight and passenger rail services.	needed. Address the problem of insolvent toll motorways so as to minimise costs for the State. Set up an independent body to contribute to the assessment of future major infrastructure projects by the end of 2014. Take measures to ensure effective competition in freight and passenger rail services.
	7. Improve the employability of vulnerable groups, combined with effective child and family support services in order to improve the situation of people at risk of poverty and/or social exclusion , and consequently to achieve the well-being of children.	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 by improving the targeting and increasing efficiency and effectiveness of support measures including quality family support services.	5. Implement the 2013-2016 National Action Plan on Social Inclusion and assess its effectiveness covering the full range of its objectives. Strengthen administrative capacity and coordination between employment and social services in order to provide integrated pathways to support those at risk, and boost, among the Public Administrations responsible for the minimum income schemes, streamlined procedures to support transitions between minimum income schemes and the labour market. Improve the targeting of family support schemes and quality services favouring low-income households with children, to ensure the progressivity and effectiveness of social transfers.
		9. Adopt in line with the presented timetable the reform of the local administration and define by October 2013 a plan to enhance the efficiency of the overall public administration . Adopt and implement the on-going reforms to enhance the efficiency of the judicial system .	8. Implement at all government levels the recommendations of the committee for the reform of the public administration . Strengthen control mechanisms and increase the transparency of administrative decisions, in particular at regional and local levels. Complete and monitor closely the ongoing measures to fight against the shadow economy and undeclared work . Adopt pending reforms on the structure of

				the judiciary and on the judicial map and ensure implementation of adopted reforms.
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 FR	<u>Country Specific Recommendations</u> <u>2011</u> SGP: 1	<u>Country Specific Recommendations</u> <u>2012</u> SGP: 1, MIP: 2, 4, 5	<u>Country Specific Recommendations</u> <u>2013</u> SGP: 1, MIP: 1, 2, 3, 4, 5, 6	<u>Country Specific Recommendations</u> <u>2014</u> SGP: 1, MIP: 1, 2, 3, 4, 5, 6
	<p>1. Ensure the recommended average annual fiscal effort of more than 1 % of GDP over the period 2010-2013 and implement the correction of the excessive deficit by 2013, in line with the Council recommendations under the EDP, thus bringing the high public debt ratio on a downward path, and ensure adequate progress to the medium-term objective thereafter; specify the necessary corresponding measures for 2012 onwards, take additional measures if needed and use any windfall revenues to accelerate the deficit and debt reduction as planned; continue to review the sustainability of the pension system and take additional measures if needed.</p>	<p>1. Reinforce and implement the budgetary strategy, supported by sufficiently specified measures, notably on the expenditure side, for the year 2012 and beyond to ensure a correction of the excessive deficit by 2013 and the achievement of the structural adjustment effort specified in the Council recommendations under the excessive deficit procedure. Thereafter, ensure an adequate structural adjustment effort to make sufficient progress towards the MTO, including meeting the expenditure benchmark, and ensure sufficient progress towards compliance with the debt reduction benchmark. Continue to review the sustainability and adequacy of the pension system and take additional measures if needed.</p>	<p>1. Reinforce and pursue the budgetary strategy in 2013. 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 and the achievement of the structural adjustment effort specified in the Council recommendations under the EDP. 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. Maintain a growth-friendly fiscal consolidation course and 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. Take action through the forthcoming decentralisation law to achieve better synergies and savings between central and local government levels. After the correction of the excessive deficit, pursue the structural adjustment effort at an adequate pace so as to reach the MTO by 2016. 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</p>	<p>1. Reinforce the budgetary strategy, including by further specifying the underlying measures, for the year 2014 and beyond to ensure the correction of the excessive deficit in a sustainable manner by 2015 through achieving the structural adjustment effort specified in the Council recommendation under the Excessive Deficit Procedure. 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. After the correction of the excessive deficit, pursue a structural adjustment towards the medium-term objective of at least 0,5 % of GDP each year, and more in good economic conditions or if needed to ensure that the debt rule is met in order to put the high general government debt ratio on a sustained downward path. Step up efforts to achieve efficiency gains across all sub-sectors of general government, including by redefining, where relevant, the scope of government action. In particular, take steps to reduce significantly the increase in social security spending as from 2015 as planned, by setting more ambitious annual healthcare spending targets, containing pension costs, and streamlining family benefits and housing allowances. Set a clear timetable for the ongoing decentralisation process and take first steps by December 2014, with a view to</p>

			<p>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, while avoiding an increase in employers' social contributions, and increase the cost-effectiveness of healthcare expenditure, including in the areas of pharmaceutical spending.</p>	<p>eliminating administrative duplication, facilitating mergers between local governments and clarifying the responsibilities of each layer of local government. Reinforce incentives to streamline local government expenditure, by capping the annual increase in local government tax revenue while reducing grants from the central government as planned. Beyond the need for short-term savings, take steps to tackle the increase in public expenditure on health projected over the medium and long term, including in the area of pharmaceutical spending, and take additional measures when and where needed to bring the pension system into balance by 2020 in a sustainable manner covering all schemes, with a special focus on existing special schemes and complementary schemes.</p>
	<p>2. Undertake renewed efforts, in accordance with national practices of consultation with the social partners, to combat labour market segmentation by reviewing selected aspects of employment protection legislation while improving human capital and upward transitions; ensure that any development in the minimum wage is supportive of job creation.</p>	<p>2. Introduce further reforms to combat labour market segmentation by reviewing selected aspects of employment protection legislation, in consultation with the social partners in accordance with national practices, in particular related to dismissals; continue to ensure that any development in the minimum wage is supportive of job creation and competitiveness; take actions to increase adult participation in lifelong learning.</p>	<p>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. 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. 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>	<p>2. Ensure that the labour cost reduction resulting from the "crédit d'impôt compétitivité emploi" is sustained. Take action to further lower employer social security contributions in line with commitments under the responsibility and solidarity pact, making sure that no other measures offset its effect and that the targeting currently envisaged is maintained. Further evaluate the economic impact of social security contribution exemptions, putting the emphasis on employment, wage developments and competitiveness and take appropriate measures if necessary. Further reduce the cost of labour in a budget neutral way, namely at the lower end of the wage scale in particular through targeted reductions in employer social security contributions taking into account the various wage</p>
	<p>3. Encourage access to lifelong learning in order to help maintain older workers in employment and enhance measures to support return to employment. Step up active labour market policies and introduce measures to improve the organisation, decision-making, and procedures of the public employment service to strengthen services and</p>	<p>3. Adopt labour market measures to ensure that older workers stay in employment longer; improve youth employability especially for those most at risk of unemployment, by providing for example more and better apprenticeship schemes which effectively address their needs; step up active labour market policies and ensure that public</p>	<p>6. Implement fully and without delay the January 2013 inter-professional agreement, in consultation with the social partners. Take further action to combat labour-market segmentation, in particular to address the situation of</p>	

	<p>individualised support provided to those at risk of long-term unemployment.</p>	<p>employment services are more effective in delivering individualised support.</p>	<p>interim agency workers. 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. Enhance the employment rate of older workers and stimulate their participation in the labour market. Take specific action to improve the employment perspective of older unemployed people in particular through specific counselling and training. Increase adult participation in lifelong learning, especially of the least qualified and of the unemployed. Ensure that public employment services effectively deliver individualised support to the unemployed and that active labour market policies effectively target the most disadvantaged. Take further measures to improve the transition from school to work through, for example, a Youth Guarantee and promotion of apprenticeship.</p>	<p>support schemes.</p> <p>6. Take further action to combat labour-market rigidity, in particular take measures to reform the conditions of the "accords de maintien de l'emploi" to increase their take up by companies facing difficulties. Take additional measures to reform the unemployment benefit system in association with social partners, in order to guarantee its sustainability while ensuring that it provides adequate incentives to return to work. Ensure that older workers benefit from adequate counselling and training and re-assess the relevant specific unemployment benefit arrangements with respect to their situation on the labour market.</p> <p>7. Pursue the modernisation of vocational education and training, implement the reform of compulsory education, and take further actions to reduce educational inequalities in particular by strengthening measures on early school leaving. Ensure that active labour market policies effectively support the most vulnerable groups. Improve the transition from school to work, in particular by stepping up measures to further develop apprenticeship with a specific emphasis on the low-skilled.</p>
	<p>4. Increase the efficiency of the tax system, including for example through a move away from labour towards environmental and consumption taxes, and implementation of the planned reduction in the number and cost of tax and social security exemptions (including 'niches fiscales').</p>	<p>4. Take further steps to introduce a more simple and balanced taxation system, shifting the tax burden from labour to other forms of taxation that weigh less on growth and external competitiveness, in particular environmental and consumption taxes; continue efforts to reduce and streamline tax expenditures (in particular those providing incentives to</p>	<p>5. Pursue efforts to simplify the tax system and improve its efficiency, while ensuring continuity of tax rules over time. Take additional measures to remove the debt bias in corporate taxation. Step up efforts to reduce and streamline personal and corporate income tax expenditures while reducing statutory rates; bring reduced VAT rates closer to the</p>	<p>5. Reduce the tax burden on labour and step up efforts to simplify and increase the efficiency of the tax system. To this end, starting in the 2015 budget, take measures to: remove inefficient personal and corporate income tax expenditures on the basis of recent assessments and the "Assises de la fiscalité" initiative while reducing the statutory rates; take</p>

		indebtedness); review the effectiveness of the current reduced VAT rates in support of growth and job creation.	standard rate and remove inefficient reduced rates. Take further measures shifting the tax burden from labour to environmental taxation or consumption.	additional measures to remove the debt bias in corporate taxation; broaden the tax base, in particular on consumption; phase out environmentally-harmful subsidies.
	5. Take further steps to remove unjustified restrictions on regulated trades and professions , in particular in services and the retail sector.	5. Pursue efforts to remove unjustified restrictions on regulated trades and professions , in particular in services and the retail sector; take further steps to liberalise network industries , in particular in the electricity wholesale market, develop energy interconnection capacity and facilitate the entry of new operators into the rail freight and international passenger transport sectors.	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. In particular, launch the announced simplification initiative of the regulatory framework , and improve the framework conditions for innovation, by enhancing technology transfer and the commercial exploitation of research, including through a reorientation of the competitiveness poles. 4. Take action to enhance competition in services; remove unjustified restrictions in the access to and exercise of professional services , notably regarding legal form, shareholding structure, quotas and territorial restrictions; take action to simplify authorisation for the opening of trade outlets and to remove the ban of sales at a loss; remove regulated gas and electricity tariffs for non-household customers and strengthen interconnection capacity with neighbouring countries; in the railway sector, open domestic passenger transport to competition.	3. Simplify companies' administrative, fiscal and accounting rules and take concrete measures to implement the Government's ongoing "simplification plan" by December 2014. Eliminate regulatory impediments to companies' growth , in particular by reviewing size-related criteria in regulations to avoid thresholds effects. Take steps to simplify and improve the efficiency of innovation policy , in particular through evaluations taking into account latest reforms and if necessary an adaptation of the "crédit d'impôt recherche". Ensure that resources are focused on the most effective competitiveness poles and further promote the economic impact of innovation developed in the poles. 4. Remove unjustified restrictions on the access to and exercise of regulated professions and reduce entry costs and promote competition in services. Take further action to reduce the regulatory burden affecting the functioning of the retail sector, in particular by simplifying authorisations for the opening of trade outlets and removing the ban on sales at a loss. While maintaining affordable conditions for vulnerable groups, ensure that regulated gas and electricity tariffs for household customers are set at an appropriate level which does not represent an obstacle to competition. Strengthen electricity and gas interconnection capacity with Spain ; in particular, increase the gas interconnections capacity

				to fully integrate the Iberian gas market with the European market. In the railway sector, ensure the independence of the new unified infrastructure manager from the incumbent operator and take steps to open domestic passenger transport to competition in line with the provisions of, and the calendar that will be decided by, the forthcoming directives.
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HR 	Country Specific Recommendations 2011	Country Specific Recommendations 2012	Country Specific Recommendations 2013	<u>Country Specific Recommendations 2014</u> SGP: 1 and MIP: 1, 2, 3, 4, 5, 6, 7, 8
				<p>1. Fully implement the budgetary measures adopted for 2014. Reinforce the budgetary strategy, further specifying announced measures for 2015 and 2016, and considering additional permanent, growth-friendly measures in order to ensure a sustainable correction of the excessive deficit by 2016. At the same time, ensure that the structural adjustment effort as specified in the Council recommendation under the Excessive Deficit Procedure is delivered. Align programme projections with ESA standards and Stability and Growth Pact requirements. Take measures to reinforce control over expenditure. By March 2015, carry out a thorough expenditure review. Reinforce the budgetary planning process, in particular by improving the accuracy of macroeconomic and budgetary forecasts and strengthening the binding nature of the annual and medium-term expenditure ceilings and improve the design of fiscal rules. By October 2014, ground in law the newly established Fiscal Policy Commission, strengthen its independence from all budgetary authorities, broaden its mandate, in particular with respect to the monitoring of all fiscal rules and the ex ante and ex post assessment of forecasts, and ensure adequate resourcing. Building on plans outlined in the National Reform Programme, present a concrete strategy to</p>

				reform recurrent property taxation. Initiate a process of reporting and reviewing of tax expenditures. Improve tax compliance , in particular by further enhancing the efficiency of the tax administration; present an action plan to this end by the end of 2014.
				2. Reduce access to early retirement. Adopt legislation by March 2015 to accelerate the planned harmonisation of statutory retirement ages of women and men and to advance the planned increase of the statutory retirement age to 67 years. Ensure enforcement of tighter disability pensions assessments and controls and accelerate the integration of pensions under special schemes into the general pension system. Strengthen the cost-effectiveness of the healthcare sector, including hospitals.
				3. Implement the second phase of the labour law reform , following consultation with the social partners, in particular as regards conditions for dismissals and working time, and with a view to preventing further labour market segmentation including for young people, by March 2015. Review the wage-setting system with a view to better aligning productivity developments and wage conditions. Present the conclusions of this review by the end of 2014. Strengthen the effectiveness and reach of active labour market policies by reinforcing the administrative capacities of the public employment services, including at regional level, and by increasing the coverage of the young, long-term unemployed and older workers. Prioritise outreach to non-registered youth and mobilise the private sector to offer more

				<p>apprenticeships, in line with the objectives of a youth guarantee. Outline plans, by the end of 2014, to address undeclared work. Implement measures to improve the labour market relevance and quality of education outcomes by modernising the qualification systems, by putting in place quality assurance mechanisms and by improving school-to-work transitions, in particular through strengthening vocational education and work-based learning.</p>
				<p>4. Review tax and benefits systems by the end of 2014, and present an action plan to improve the reactivation of inactive and unemployed persons. Strengthen the effectiveness and transparency of the social protection system by further consolidating benefits, unifying eligibility criteria and linking data from all relevant levels and government entities in the "one-stop shop". Improve the effectiveness and adequacy of social assistance benefits through their better targeting.</p>
				<p>5. Take further measures to improve the business environment. In particular, by March 2015 set a target for considerably lowering administrative requirements, including para-fiscal charges. Address the high level of fragmentation and overlapping responsibilities by streamlining administrative processes and by clarifying the decision-making and accountability framework across various levels of government and at central government level between ministries and agencies. Improve administrative capacity and strategic planning of units entrusted with the management of European Structural and Investment</p>

				Funds and provide them with adequate and stable staffing levels.
				6. Present, by October 2014, a detailed plan for public property management for 2015. Ensure that companies under state control are governed in a transparent and accountable manner, in particular, strengthen the competency requirements for members of management and supervisory boards nominated by the State and introduce a public register for appointments. Reinforce prevention of corruption in public administration and state-owned and state-controlled enterprises, including by increasing the verification powers of the Conflict of Interest Commission. Strengthen transparency and efficiency of public procurement at both central and local levels, and the capacity to monitor implementation and to detect irregularities.
				7. By the end of 2014, reinforce the role of commercial courts in the monitoring of transparency and legality in the application of the corporate pre-bankruptcy procedure. Review the compulsory test of insolvency/illiquidity to access pre-bankruptcy settlement proceedings and streamline the insolvency/liquidation process to reduce its length. Improve the quality and efficiency of the judicial system , in particular by providing incentives to resolve proceedings in litigious civil and commercial cases and in administrative cases in a timely manner and to resort to out-of-court settlement especially for smaller claims.
				8. Complement the 2014 European Central Bank's asset quality reviews

				and stress test exercises , undertake a comprehensive portfolio screening exercise designed specifically for the Croatian financial sector, with a focus on important portfolios that are not covered by the European Central Bank exercise and including key mid-size and smaller banks.
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 IT	<u>Country Specific Recommendations</u> <u>2011</u> SGP: 1, MIP: 1, 2, 3, 4, 5, and 6	<u>Country Specific Recommendations</u> <u>2012</u> SGP: 1, MIP: 1, 4, 5, 6	<u>Country Specific Recommendations</u> <u>2013</u> SGP: 1, MIP: 1, 2, 3, 4, 5, and 6	<u>Country Specific Recommendations</u> <u>2014</u> SGP: 1, MIP: 1, 2, 3, 4, 5, 6, 7, 8
	<p>1. Implement the planned fiscal consolidation in 2011 and 2012 to ensure correction of the excessive deficit in line with the Council recommendations under the EDP, thus bringing the high public debt ratio on a downward path. Building on recently approved legislation, fully exploit any better-than-expected economic or budgetary developments for faster deficit and debt reduction and stand ready to prevent slippages in budgetary implementation. Back up the targets for 2013-2014 and the planned achievement of the medium-term objective by 2014 with concrete measures by October 2011 as provided for in the new multi-annual budgetary framework. Further strengthen the framework by introducing enforceable ceilings on expenditure and improving monitoring across all government subsectors.</p>	<p>1. Implement the budgetary strategy as planned, and ensure that the excessive deficit is corrected in 2012. Ensure the planned structural primary surpluses so as to put the debt- to-GDP ratio on a declining path by 2013. Ensure adequate progress towards the MTO, while meeting the expenditure benchmark and making sufficient progress towards compliance with the debt reduction benchmark.</p> <p>2. Ensure that the specification in the implementing legislation of the key features of the balanced budget rule set out in the Constitution, including appropriate coordination across levels of government, is consistent with the EU framework. Pursue a durable improvement of the efficiency and quality of public expenditure through the planned spending review and the implementation of the 2011 Cohesion Action Plan leading to improving the absorption and management of EU funds, in particular in the South of Italy.</p>	<p>1. Ensure that the deficit remains below 3% of GDP in 2013, by fully implementing the adopted measures. 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. Achieve the planned structural primary surpluses in order to put the very high debt-to-GDP ratio on a steadily declining path. Continue pursuing a durable improvement of the efficiency and quality of public expenditure by fully implementing the measures adopted in 2012 and taking the effort forward through regular in depth spending reviews at all levels of government.</p> <p>2. Ensure timely implementation of on-going reforms by swiftly adopting the necessary enacting legislation, following it up with concrete delivery at all levels of government and with all relevant stakeholders, and monitoring impact. Reinforce the efficiency of public administration and improve coordination between layers of government. Simplify the administrative and regulatory framework for citizens and business and reduce the duration of case-handling and the high levels of litigation in civil justice, including by fostering out-of- court settlement procedures. Strengthen the legal framework for the repression of corruption, including by revising the rules governing limitation periods. Adopt</p>	<p>1. Reinforce the budgetary measures for 2014 in the light of the emerging gap relative to the Stability and Growth Pact requirements, namely the debt reduction rule, based on the Commission services 2014 spring forecast and ensure progress towards the MTO. In 2015, significantly strengthen the budgetary strategy to ensure compliance with the debt reduction requirement and thus reaching the MTO. Thereafter, ensure that the general government debt is on a sufficiently downward path; carry out the ambitious privatisation plan; implement a growth-friendly fiscal adjustment based on the announced significant savings coming from a durable improvement of the efficiency and quality of public expenditure at all levels of government, while preserving growth-enhancing spending like R&D, innovation, education and essential infrastructure projects. Guarantee the independence and full operationalisation of the fiscal council as soon as possible and no later than September 2014, in time for the assessment of the 2015 Draft Budgetary Plan.</p> <p>3. As part of a wider effort to improve the efficiency of public administration, clarify competences at all levels of Government. Ensure better management of EU funds by taking decisive action to improve administrative</p>

			structural measures to improve the management of EU funds in the southern regions with regard to the 2014-2020 programming period.	capacity, transparency, evaluation and quality control both at national and regional level, especially in southern regions. Further enhance the effectiveness of anti-corruption measures, including by revising the statute of limitations by the end of 2014, and strengthening the powers of the national anti-corruption authority. Monitor in a timely manner the impact of the reforms adopted to increase the efficiency of civil justice with a view to securing their effectiveness and adopting complementary action if needed.
			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. Take forward the on-going work as regards asset-quality screening across the banking sector and facilitate the resolution of non-performing loans on banks' balance sheets. 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.	4. Reinforce the resilience of the banking sector and ensure its capacity to manage and dispose of impaired assets to revive lending to the real economy. Foster non-bank access to finance for firms, especially small and medium-sized businesses. Continue to promote and monitor efficient corporate governance practices in the whole banking sector, with particular attention to large cooperative banks ('banche popolari') and the role of foundations, with a view to improving the effectiveness of financial intermediation.
	2. Reinforce measures to combat segmentation in the labour market , also by reviewing selected aspects of employment protection legislation including the dismissal rules and procedures and reviewing the currently fragmented unemployment benefit system taking into account the budgetary constraints. Step up efforts to fight undeclared work . In addition, take steps to promote greater participation of women in the labour market, by increasing the availability of care facilities throughout the country and providing financial	4. Adopt the labour market reform as a priority to tackle the segmentation of the labour market and establish an integrated unemployment benefit scheme. Take further action to incentivise labour market participation of women, in particular through the provision of childcare and elderly care. Monitor and if needed reinforce the implementation of the new wage setting framework in order to contribute to the alignment of wage growth and productivity at sector and company level.	4. Ensure the effective implementation of the labour market and wage setting reforms to allow better alignment of wages to productivity. Take further action to foster labour market participation , especially of women and young people, for example through a Youth Guarantee. Strengthen vocational education and training , ensure more efficient public employment services and improve career and counselling services for tertiary students. Reduce financial disincentives for second earners to work and improve the provision of care, especially child- and	5. Evaluate, by the end of 2014, the impact of the labour market and wage-setting reforms on job creation, dismissals' procedures, labour market duality and cost competitiveness, and assess the need for additional action. Work towards a more comprehensive social protection for the unemployed, while limiting the use of wage supplementation schemes to facilitate labour re-allocation. Strengthen the link between active and passive labour market policies, starting with a detailed roadmap for action by December 2014, and reinforce the coordination and

<p>incentives to second earners to take up work in a budgetary neutral way.</p>	<p>3. Take further steps, based on the 2009 agreement reforming the collective bargaining framework and in consultation with the social partners in accordance with national practices, to ensure that wage growth better reflects productivity developments as well as local and firm conditions, including clauses that could allow firm level bargaining to proceed in this direction.</p>	<p>3. Take further action to address youth unemployment, including by improving the labour-market relevance of education and facilitating transition to work, also through incentives for business start-ups and for hiring employees. Enforce nationwide recognition of skills and qualifications to promote labour mobility. Take measures to reduce tertiary education dropout rates and fight early school leaving.</p>	<p>long-term care, and out-of-school services. Step up efforts to prevent early school leaving. Improve school quality and outcomes, also by enhancing teachers' professional development and diversifying career development. Ensure effectiveness of social transfers, notably through better targeting of benefits, especially for low-income households with children.</p>	<p>performance of public employment services across the country. Adopt effective action to promote female employment, by adopting measures to reduce fiscal disincentives for second earners by March 2015 and providing adequate care services. Provide adequate services across the country to non-registered young people and ensure stronger private sector commitment to offering quality apprenticeships and traineeships by the end of 2014, in line with the objectives of a youth guarantee. To address exposure to poverty and social exclusion, scale-up the new pilot social assistance scheme, in compliance with budgetary targets, guaranteeing appropriate targeting, strict conditionality and territorial uniformity, and strengthening the link with activation measures. Improve the effectiveness of family support schemes and quality services favouring low-income households with children.</p> <p>6. Implement the National System for Evaluation of Schools to improve school outcomes in turn and reduce rates of early school leaving. Increase the use of work-based learning in upper secondary vocational education and training and strengthen vocationally-oriented tertiary education. Create a national register of qualifications to ensure wide recognition of skills. Ensure that public funding better rewards the quality of higher education and research.</p>
<p>4. Extend the process of opening up the services sector to further competition, including in the field of professional services. Adopt in 2011 the Annual Law</p>	<p>6. Implement the adopted liberalisation and simplification measures in the services sector. Take further measures to improve market access in network</p>	<p>6. Ensure the proper implementation of the measures aiming at market opening in the services sector. Remove remaining restrictions in professional services and</p>	<p>7. Approve the pending legislation or other equivalent measures aimed at simplifying the regulatory environment for businesses and citizens and address</p>	<p>7. Approve the pending legislation or other equivalent measures aimed at simplifying the regulatory environment for businesses and citizens and address</p>

<p>on Competition, taking into account the recommendations presented by the Anti-trust Authority. Reduce the length of contract law enforcement procedures. Further strengthen actions to promote the access of SMEs to capital markets by removing regulatory obstacles and reducing costs.</p>	<p>industries, as well as infrastructure capacity and interconnections. Simplify further the regulatory framework for businesses and enhance administrative capacity. Improve access to financial instruments, in particular equity, to finance growing businesses and innovation. Implement the planned reorganisation of the civil justice system, and promote the use of alternative dispute settlement mechanisms.</p>	<p>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). 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. 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>	<p>implementation gaps in existing legislation. Foster market opening and remove remaining barriers to, and restrictions on, competition in the professional and local public services, insurance, fuel distribution, retail and postal services sectors. Enhance the efficiency of public procurement, especially by streamlining procedures including through the better use of e-procurement, rationalising the central purchasing bodies and securing the proper application of pre- and post-award rules. In local public services, rigorously implement the legislation providing for the rectification of contracts that do not comply with the requirements on in-house awards by 31 December 2014.</p>
<p>5. Improve the framework for private sector investment in research and innovation by extending current fiscal incentives, improving conditions for venture capital and supporting innovative procurement schemes.</p>			
<p>6. Take steps to accelerate in a cost-effective way growth-enhancing expenditure co-financed by cohesion policy funds in order to reduce the persistent disparities between regions, by improving administrative capacity and political governance. Respect the commitments made in the national Strategic Reference Framework in terms of the amount of resources and quality of expenditure.</p>			
	<p>5. Pursue the fight against tax evasion. Pursue the shadow economy and undeclared work, for instance by stepping up checks and controls. Take measures to reduce the scope of tax exemptions,</p>	<p>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</p>	<p>2. Further shift the tax burden from productive factors to consumption, property and the environment, in compliance with the budgetary targets. To this end, evaluate the effectiveness of the</p>

		<p>allowances and reduced VAT rates and simplify the tax code. Take further action to shift the tax burden away from capital and labour to property and consumption as well as environment.</p>	<p>exemptions and reduced rates and of direct tax expenditures, and reform the cadastral system to align the tax base of recurrent immovable property to market values. Pursue the fight against tax evasion, improve tax compliance and take decisive steps against the shadow economy and undeclared work.</p>	<p>recent reduction in the labour tax wedge and ensure its financing for 2015, review the scope of direct tax expenditures and broaden the tax base, in particular on consumption. Ensure more effective environmental taxation, including in the area of excise duties, and remove environmentally harmful subsidies. Implement the enabling law for tax reform by March 2015, including by adopting the decrees leading to the reform of the cadastral system to ensure the effectiveness of the reform of immovable property taxation. Further improve tax compliance by enhancing the predictability of the tax system, simplifying procedures, improving tax debt recovery and modernising tax administration. Pursue the fight against tax evasion and take additional steps against the shadow economy and undeclared work.</p>
				<p>8. Ensure swift and full operationalisation of the Transport Authority by September 2014. Approve the list of strategic infrastructure in the energy sector and enhance port management and connections with the hinterland.</p>

 CY	<u>Country Specific Recommendations 2011</u> SGP: 1, 3	<u>Country Specific Recommendations 2012</u> SGP: 1, MIP: 1, 2, 7	Country Specific Recommendations 2013	Country Specific Recommendations 2014
	<p>1. Adopt the necessary measures of a permanent nature to achieve the budgetary target in 2011 and the correction of the excessive deficit by 2012, in line with the Council recommendations under the EDP. Take measures to keep tight control over expenditure and make use of any better-than-expected budgetary developments for faster deficit and debt reduction. Ensure progress towards the medium-term objective by at least 0,5 % of GDP annually and bring the public debt ratio on a downward path. Accelerate the phasing-in of an enforceable multiannual budgetary framework with a binding statutory basis and corrective mechanisms, as from the preparation of the 2012 budget. The programme and performance budgeting should be implemented as soon as possible.</p>	<p>1. Take additional measures to achieve a durable correction of the excessive deficit in 2012. Rigorously implement the budgetary strategy, supported by sufficiently specified measures, for the year 2013 and beyond to ensure the achievement of the MTO by 2014 and compliance with the expenditure benchmark and ensure sufficient progress with the debt reduction benchmark. Accelerate the phasing-in of an enforceable multiannual budgetary framework with a binding statutory basis and corrective mechanism. Take measures to keep tight control over expenditure and implement programme and performance budgeting as soon as possible. Improve tax compliance and fight against tax evasion.</p>	<p>To avoid duplication with measures set out in the Economic Adjustment Programme, there are no additional recommendations for Cyprus.</p>	<p>To avoid duplication with measures set out in the Economic Adjustment Programme, there are no additional recommendations for Cyprus.</p>
	<p>2. Strengthen further the prudential framework for supervision of banks and cooperative credit societies to ensure early detection of risks.</p>	<p>2. Further harmonise the supervisory and the regulatory framework for the cooperative credit societies in line with the standards applied for the commercial banks. Strengthen regulatory provisions for the efficient recapitalisation of the financial institutions in order to limit exposure of the financial sector to external shocks.</p>		
	<p>3. Improve the long-term sustainability of public finances by implementing reform measures to control pension and healthcare expenditure in order to curb the projected increase in age-related</p>	<p>3. Further improve the long-term sustainability and adequacy of the pensions system and address the high at-risk-of-poverty rate for the elderly. Ensure an increase in the effective retirement age,</p>		

<p>expenditure. For pensions, extend years of contribution, link retirement age with life expectancy or adopt other measures with an equivalent budgetary effect, while taking care to address the high at-risk-of-poverty rate for the elderly. For healthcare, take further steps to accelerate implementation of the national health insurance system.</p>	<p>including through aligning the statutory retirement age with the increase in life expectancy.</p> <p>4. Complete and implement the national healthcare system without delay, on the basis of a roadmap, which should ensure its financial sustainability while providing universal coverage.</p>		
<p>4. Take steps to reform, in consultation with social partners and in accordance with national practices, the system of wage bargaining and wage indexation to ensure that wage growth better reflects developments in labour productivity and competitiveness.</p>	<p>7. Improve competitiveness, including through the reform of the system of wage indexation, in consultation with social partners and in line with national practices, to better reflect productivity developments. Take steps to diversify the structure of the economy. Redress the fiscal balance by restraining expenditure.</p>		
<p>5. Take further steps, within the reforms planned for the vocational education and training system, to match education outcomes to labour market needs better, including by setting up post-secondary vocational education and training institutes. Take measures to increase the effectiveness of the vocational training system by increasing the incentives for and improving access to vocational education and training, especially for low-skilled workers, women and older workers.</p>	<p>5. Improve the skills of the workforce to reinforce their occupational mobility towards activities of high growth and high value added. Take further measures to address youth unemployment, with emphasis on work placements in companies and promotion of self-employment. Take appropriate policy measures on the demand side to stimulate business innovation.</p>		
<p>6. Abolish remaining obstacles to the establishment and free provision of services in sector-specific legislation by December 2011 in order to create more opportunities for growth and jobs in the services sector.</p>	<p>6. Remove unjustified obstacles in services markets, in particular by improving the implementation of the Services Directive in service sectors with the most growth potential (including tourism) and by opening up the provision of professional services.</p>		
<p>7. Introduce measures to increase the diversity of the energy mix and the</p>			

	expansion of renewable energy sources. Establish, by 2012, a water management plan and a price- setting scheme reflecting cost efficiency and equity concerns in order to ensure more sustainable management of water resources.			
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LV	Country Specific Recommendations 2011	<u>Country Specific Recommendations 2012</u> SGP: 1, MIP: -	<u>Country Specific Recommendations 2013</u> SGP: 1, MIP: -	<u>Country Specific Recommendations 2014</u> SGP: 1 and MIP: -
	Implement the measures laid down in Decision 2009/290/EC, as amended by Decision 2009/592/EC, and further specified in the Memorandum of Understanding of 20 January 2009 and its subsequent supplements, in particular the last supplement of 7 June 2011.	<p>1. Ensure planned progress towards the timely correction of the excessive deficit. To this end, implement the budget for the year 2012 as envisaged and achieve the fiscal effort specified in the Council recommendation under the EDP. Thereafter, implement a budgetary strategy, supported by sufficiently specified structural measures, for the year 2013 and beyond, to make sufficient progress towards the MTO, and to respect the expenditure benchmark. Use better than expected cyclical revenue to reduce government debt.</p> <p>2. Implement measures to shift taxation away from labour to consumption, property, and use of natural and other resources while improving the structural balance; ensure adoption of the Fiscal Discipline Law and develop a medium term budgetary framework law to support the long-term sustainability of public finances; restore contributions to the mandatory funded private pension scheme at 6 % of gross wages from 2013.</p>	<p>1. Reinforce the budgetary strategy to ensure that the deviation from the MTO only reflects the incremental impact of the systemic pension reform. Within this strategy, reduce taxation of low-income earners by shifting taxation to areas such as excise duties, recurrent property taxes and/or environmental taxes. Maintain efforts to improve tax compliance and combat the shadow economy. Continue strengthening the fiscal framework through effective implementation of the Fiscal Discipline Law and multi-annual budgeting.</p>	<p>1. Preserve a sound fiscal position in 2014 and strengthen the budgetary strategy as of 2015, ensuring that the deviation from the medium-term objective remains limited to the impact of the systemic pension reform. Pursue efforts to further reduce the tax burden on low-income earners in the context of a shift towards more growth-friendly property and environmental taxes and by improving tax compliance and collection.</p>
			<p>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>	
		<p>3. Take measures to reduce long-term and youth unemployment by fighting early school leaving, promoting more</p>	<p>3. Tackle long-term and youth unemployment by increasing coverage and effectiveness of active labour market</p>	

		efficient vocational education and training and its apprenticeship component, enhancing the quality, coverage and effectiveness of active labour market policy and its training component and through an effective wage subsidy scheme.	policies and targeted social services. Improve the employability of young people, for example through a Youth Guarantee, establish comprehensive career guidance, implement reforms in the field of vocational education and training, and improve the quality and accessibility of apprenticeships.	
		4. Tackle high rates of poverty and social exclusion by reforming the social assistance system to make it more efficient, while better protecting the poor. Ensure better targeting and increase incentives to work.	4. Tackle high rates of poverty by reforming social assistance for better coverage, by improving benefit adequacy and activation measures for benefit recipients. Reinforce the delivery mechanisms to effectively reduce child poverty.	3. Reform social assistance and its financing further to ensure better coverage, adequacy of benefits, strengthened activation and targeted social services. Increase coverage of active labour market policies. Improve the cost-effectiveness, quality and accessibility of the healthcare system.
		5. Further encourage energy efficiency by implementing measures and providing incentives for reducing energy costs and shifting consumption towards energy-efficient products, including vehicles, buildings and heating systems. Promote competition in major energy networks and improve connectivity with EU energy networks.	6. Continue improving energy efficiency , especially of residential buildings and district heating networks, provide incentives for reducing energy costs and shift consumption towards energy-efficient products. Improve connectivity with EU energy networks and take steps towards liberalisation of the natural gas market, including provision of clear rules for third-party access to storage capacities.	4. Accelerate the development of gas and electricity interconnections to neighbouring Member States to diversify energy sources and promote competition through improved integration of the Baltic energy markets. Pursue efforts to further increase energy efficiency in transport, buildings and heating systems.
		6. Take measures to improve management and efficiency of the judiciary , in particular to reduce the backlog and length of procedures. Take steps to improve the insolvency regime and the mediation laws.	7. Complete pending reforms to improve the efficiency and quality of the judiciary and reduce the backlog and length of proceedings, including as regards insolvency. Put in place a comprehensive human resources policy and take steps to implement the mediation laws and streamline the arbitration court system.	5. Complete judicial reforms including the pending reforms of insolvency, arbitration and mediation frameworks to ensure a more business- and consumer-friendly legal environment. Step up public administration reforms , including by implementing state-owned enterprise management reform and increasing institutional and financial independence of the Competition Council.
		7. Continue reforms in higher education , inter alia, by implementing a new financing model that rewards quality, strengthens links with market needs and	5. Implement the planned reforms of higher education concerning, in particular, the establishment of a quality-rewarding financing model, reform of the	2. Step up implementation of the higher education reform , in particular through the establishment of an independent accreditation agency and a financing

		<p>research institutions, and avoids fragmentation of budget resources. Design and implement an effective research and innovation policy encouraging companies to innovate, including via tax incentives, upgrading infrastructure and rationalising research institutions.</p>	<p>accreditation system, consolidation of the institutions and promotion of internationalization. Take further steps to modernise research institutions based on the on-going independent assessment.</p>	<p>model that rewards quality. Provide career guidance at all education levels, improve the quality of vocational education and training, including by strengthening apprenticeship, and make progress as regards the employability of young people including by putting in place outreach measures for non-registered youth not in employment, education or training. Take steps for a more integrated and comprehensive research system also by concentrating financing towards internationally competitive research institutions.</p>
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	<p>1. Adopt additional fiscal measures of a permanent nature by the time of the 2012 budget to correct the excessive deficit in line with the Council recommendations under the EDP. Reinforce tax compliance and take full advantage of the economic recovery to further accelerate deficit reduction and ensure progress towards the medium-term objective by at least 0,5 % of GDP annually. Strengthen the fiscal framework, in particular by introducing enforceable and binding expenditure ceilings in the medium-term budgetary framework.</p> <p>2. Adopt the proposed implementing legislation on Pension System Reform. In order to enhance participation in the labour market, remove fiscal disincentives to work, especially for people at pensionable age.</p>	<p>1. Ensure planned progress towards the timely correction of the excessive deficit. To this end, fully implement the budget for the year 2012 and achieve the structural adjustment effort specified in the Council recommendation under the excessive deficit procedure. Thereafter, specify the measures necessary to ensure implementation of the budgetary strategy for the year 2013 and beyond as envisaged, ensuring an adequate structural adjustment effort to make sufficient progress towards the MTO, including meeting the expenditure benchmark, while minimising cuts in growth-enhancing expenditure. In that respect, review and consider increasing those taxes that are least detrimental to growth, such as housing and environmental taxation, including introducing car taxation, while reinforcing tax compliance. Strengthen the fiscal framework, in particular by introducing enforceable and binding expenditure ceilings in the medium-term budgetary framework.</p> <p>2. Adopt legislation on a comprehensive pension system reform. Align the statutory retirement age with life expectancy, establish clear rules for the indexation of pensions, and improve complementary savings schemes. Underpin pension reform with active ageing measures.</p>	<p>1. Ensure growth friendly fiscal consolidation and implement the budgetary strategy as planned, pursuing a structural adjustment effort that will enable Lithuania to reach the medium-term objective. Prioritise growth-enhancing expenditure. Continue to strengthen the fiscal framework, in particular by securing enforceable and binding expenditure ceilings in the medium-term budgetary framework. 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, while continuing to reinforce tax compliance.</p> <p>2. Adopt and implement legislation on a comprehensive pension system reform. Align the statutory retirement age with life expectancy, restrict access to early retirement, establish clear rules for the indexation of pensions, and promote the use of complementary savings schemes while ensuring implementation of ongoing reforms. Underpin pension reform with measures that promote the employability</p>	<p>1. Reinforce the budgetary measures for 2014 in the light of expenditure growth exceeding the benchmark and the emerging gap of 0,3 % of GDP in terms of structural effort based on the Commission services 2014 spring forecast, pointing to a risk of significant deviation relative to the preventive arm of the Stability and Growth Pact requirements. In 2015, strengthen the budgetary strategy to ensure the required adjustment of 0,5 % of GDP towards the medium-term objective. Thereafter ensure that the medium-term objective is adhered to. Complement the budgetary strategy with a further strengthened fiscal framework, in particular by ensuring binding expenditure ceilings when setting the medium-term budgetary framework. Further review the tax system and consider increasing those taxes that are least detrimental to growth, such as recurrent property and environmental taxation, while continuing to improve tax compliance.</p> <p>2. Adopt and implement legislation on a comprehensive pension system reform. In particular, align the statutory retirement age with life expectancy, restrict access to early retirement, establish clear rules for the indexation of pensions, and promote the use of complementary savings schemes. Underpin pension reform with measures that promote the employability of older workers.</p>

		of older workers.	
<p>3. Enhance labour market flexibility by amending the labour legislation to make it more flexible and to allow better use of fixed-term contracts. Amend the relevant legislation to ensure that the social assistance system does not contain disincentives to work.</p>	<p>3. Tackle high unemployment, in particular among youth, low-skilled and long-term unemployed, by focusing resources on active labour market policies while improving their efficiency. Enhance the effectiveness of apprenticeship schemes. Amend the labour legislation with regard to flexible contract agreements, dismissal provisions and flexible working time arrangements.</p> <p>4. Increase work incentives and strengthen the links between the social assistance reform and activation measures, in particular for the most vulnerable, to reduce poverty and social exclusion.</p>	<p>3. Tackle high unemployment amongst low-skilled and long-term by refocusing resources on active labour market policies while improving their coverage and efficiency. Improve the employability of young people, for example through a Youth Guarantee, enhance the implementation and effectiveness of apprenticeship schemes, and address persistent skill mismatches. 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> <p>4. Implement concrete targeted measures to reduce poverty and social exclusion. Continue strengthening the links between the cash social assistance reform and activation measures.</p>	<p>3. Better target active labour market policy measures to the low-skilled and long-term unemployed. Improve coverage and adequacy of unemployment benefits and link them to activation. Address persistent skills mismatches by improving the labour-market relevance of education inter alia based on skills forecast systems and promote life-long learning. In order to increase the employability of young people, prioritise offering quality apprenticeships, other forms of work-based learning, and strengthen partnership with the private sector. Review the appropriateness of labour legislation, in particular with regard to the framework for labour contracts and for working-time arrangements, in consultation with social partners.</p> <p>4. Ensure adequate coverage of those most in need and continue to strengthen the links between cash social assistance and activation measures.</p>
<p>4. Implement all aspects of the State-owned enterprise reform package by the end of 2011, ensuring a separation of ownership and regulatory functions, clear enterprise objectives, enhanced transparency and a separation of commercial and non-commercial activities.</p>	<p>5. Implement all aspects of the reform package of state-owned enterprises and in particular ensure a separation of ownership and regulatory functions and a separation of commercial and non-commercial activities. Install appropriate monitoring tools to assess the effectiveness of the reforms and ensure compliance of all state-owned enterprises with the requirements of the reform.</p>	<p>5. Complete the implementation of the reform of the State-Owned Enterprises, in particular to ensure separation of ownership and regulatory functions, and closely monitor compliance with the requirements of the reform.</p>	<p>5. Complete the implementation of the reform of state-owned enterprises as planned; in particular by finalising the separation of commercial and non-commercial activities, further professionalising executive boards and closely monitoring compliance with the requirements of the reform.</p>
<p>5. Improve the energy efficiency of buildings, including through a rapid implementation of the Holding Fund, and</p>	<p>6. Step up measures to improve the energy efficiency of buildings, including through removing disincentives and a</p>	<p>6. Step up measures to improve the energy efficiency of buildings, including through removing disincentives and rapid</p>	<p>6. Step up measures to improve the energy efficiency of buildings, through a rapid implementation of the holding fund.</p>

	take steps to shift taxation towards energy use.	rapid implementation of the holding fund. Promote competition in energy networks by improving interconnectivity with the Member States for both electricity and gas.	implementation of the holding fund. Promote competition in energy networks by improving interconnectivity with other Member States for both electricity and gas.	Continue the development of cross-border connections to neighbouring Member States for both electricity and gas to diversify energy sources and promote competition through improved integration of the Baltic energy markets.
	6. Take steps to improve start-up conditions and the delivery of construction permits, and to strengthen competition in the energy and retail sectors.			

 LU	<u>Country Specific Recommendations</u> <u>2011</u> SGP: 1, 2	<u>Country Specific Recommendations</u> <u>2012</u> SGP: 1, MIP: -	<u>Country Specific Recommendations</u> <u>2013</u> SGP: 1, MIP: -	<u>Country Specific Recommendations</u> <u>2014</u> SGP: 1 and MIP: -
	<p>1. Take advantage of the improving cyclical conditions, strengthen the fiscal effort and use unexpected additional revenue in order to further reduce the headline deficit and reach the medium-term objective in 2012.</p>	<p>1. Preserve a sound fiscal position by correcting any departure from a MTO that ensures the long-term sustainability of public finances, in particular taking into account implicit liabilities related to ageing. To this end, reinforce and rigorously implement the budgetary strategy, supported by sufficiently specified measures, for the year 2013 and beyond, including meeting the expenditure benchmark.</p>	<p>1. Preserve a sound fiscal position and remain at the medium-term objective so as to ensure the long-term sustainability of public finances, in particular by taking into account implicit liabilities related to ageing. Strengthen fiscal governance by adopting a medium-term budgetary framework covering the general government and including multi-annual expenditure ceilings, and by putting in place the independent monitoring of fiscal rules.</p>	<p>1. Preserve a sound fiscal position in 2014; significantly strengthen the budgetary strategy in 2015 to ensure that the medium-term objective is achieved and remain at the medium-term objective thereafter, in order to protect the long-term sustainability of public finances, in particular by taking into account implicit liabilities related to ageing. Strengthen fiscal governance by speeding up the adoption of a medium-term budgetary framework covering the general government and including multi-annual expenditure ceilings, and by putting into place the independent monitoring of fiscal rules. Further broaden the tax base, in particular on consumption.</p>
			<p>2. Take measures to address the debt-bias in corporate taxation and extend the application of the standard VAT rate.</p>	
	<p>2. Propose and implement a broad pension reform to ensure the long-term sustainability of the pension system, starting with measures that will increase the participation rate of older workers, in particular by discouraging early retirement. With a view to rising the effective retirement age, measures such as a link between the statutory retirement age and life expectancy, could be considered.</p>	<p>2. Strengthen the proposed pension reform by taking additional measures to increase the participation rate of older workers, in particular by preventing early retirement, and by taking further steps to increase the effective retirement age, including through linking the statutory retirement age to life expectancy, in order to ensure the long-term sustainability of the pension system.</p>	<p>3. Curb age-related expenditure by making long-term care more cost effective, in particular through a stronger focus on prevention, rehabilitation and independent living, strengthening the recently adopted pension reform, taking additional measures to curb early retirement and increasing the effective retirement age by aligning retirement age or pension benefits to change in life expectancy.</p>	<p>2. In view of ensuring fiscal sustainability, curb age-related expenditure by making long-term care more cost-effective, pursue the pension reform so as to increase the effective retirement age, including by limiting early retirement, by aligning retirement age or pension benefits to change in life expectancy. Reinforce efforts to increase the participation rate of older workers, including by improving their employability through lifelong learning.</p>
	<p>3. Take steps to reform, in consultation with social partners and in accordance with national practices, the system of</p>	<p>3. Take further steps to reform, in consultation with the social partners and in accordance with national practice, the</p>	<p>4. Beyond the current freeze, take further structural measures, in consultation with the social partners and in accordance with</p>	<p>3. Speed up the adoption of structural measures, in consultation with the social partners and in accordance with national</p>

	<p>wage bargaining and wage indexation, to ensure that wage growth better reflects developments in labour productivity and competitiveness.</p>	<p>wage bargaining and wage indexation system, with a view to preserve the competitiveness of the Luxembourg economy in the longer term, as a first step by maintaining the current one-year indexation.</p>	<p>national practices, to reform the wage setting system, including wage indexation, to improve its responsiveness to productivity and sectoral developments and labour market conditions and foster competitiveness. Step-up efforts to diversify the structure of the economy, fostering private investment in research, notably by developing cooperation between public research and firms.</p>	<p>practices, to reform the wage setting system including wage indexation with a view to improving the responsiveness of wages to productivity developments, in particular at sectoral level. Pursue the diversification of the structure of the economy, including by fostering private investment in research and further developing cooperation between public research and firms.</p>
	<p>4. Take steps to reduce youth unemployment by reinforcing training and education measures aimed at better matching young people's qualifications to labour demand.</p>	<p>4. Continue efforts to reduce youth unemployment by reinforcing stakeholders' involvement, and by strengthening training and education measures, in particular for those with low education levels, with the aim of better matching young people's skills and qualifications to labour demand.</p>	<p>5. Step up efforts to reduce youth unemployment by improving the design and monitoring of active labour market policies. Strengthen general and vocational education to better match young people's skills with labour demand, in particular for people with migrant background. Reinforce efforts to increase the participation rate of older workers, including by improving their employability through lifelong learning.</p>	<p>4. Pursue efforts to reduce youth unemployment for low-skilled jobs seekers, including those with a migrant background, through a coherent strategy, including by further improving the design and monitoring of active labour market policies, addressing skills mismatches, and reducing financial disincentives to work. To that effect, accelerate the implementation of the reform of general and vocational education and training to better match young people's skills with labour demand.</p>
		<p>5. Ensure that the targets for reducing greenhouse gas emissions from non-ETS (Emissions Trading System) activities will be met, in particular by increasing taxation on energy products.</p>	<p>6. Step up measures to meet the target for reducing non-ETS greenhouse gas emissions, in particular by increasing taxation on energy products for transport.</p>	<p>5. Develop a comprehensive framework and take concrete measures to meet the 2020 target for reducing greenhouse gas emissions from non-ETS activities, especially through the taxation of energy products for transports.</p>

 HU	<u>Country Specific Recommendations</u> <u>2011</u> SGP: 1, 2	<u>Country Specific Recommendations</u> <u>2012</u> SGP: 1, MIP: 1, 3, 4, 5	<u>Country Specific Recommendations</u> <u>2013</u> SGP: 1, MIP: 1, 2, 3, 4, 5, 7	<u>Country Specific Recommendations</u> <u>2014</u> SGP: 1 and MIP: 1, 2, 3, 5
	<p>1. Strengthen the fiscal effort in order to comply with the Council recommendation to correct the excessive deficit in a sustainable manner, inter alia by avoiding the structural deterioration in 2011 implicit in the planned 2 % of GDP budget surplus and ensure that the budget deficit is kept safely below the 3 % of GDP threshold in 2012 and beyond, contributing to the reduction of the high public debt ratio. Fully implement the announced fiscal measures and adopt additional measures of a permanent nature if needed at the latest in the 2012 budget to secure the budgetary target for that year. The 2012 budget should also identify the additional measures in order to attain the 2013 target in the convergence programme. Ensure progress towards the medium-term objective by at least 0,5 % of GDP annually until the MTO is reached and use possible windfall revenues to accelerate the fiscal consolidation.</p> <p>2. Adopt and implement regulations specifying the operational aspects of the new constitutional fiscal governance framework, including, inter alia, the numerical rules that will be implemented at the central and local level until the debt ratio has declined to below 50 % of GDP. Regarding the fiscal framework, implement and strengthen multiannual fiscal planning, improve the transparency of public finances and broaden the remit</p>	<p>1. Correct the excessive deficit by 2012 in a durable manner, by implementing the 2012 budget and the subsequently approved consolidation measures, while reducing the reliance on one-off measures. Thereafter, specify all structural measures necessary to ensure a durable correction of the excessive deficit and to make sufficient progress towards the MTO, including meeting the expenditure benchmark, and ensure sufficient progress towards compliance with the debt reduction benchmark. Also to help mitigate the accumulated macroeconomic imbalances, put the public debt ratio on a firm downward path.</p> <p>2. Revise the cardinal law on economic stability by putting the new numerical rules into a binding medium-term budgetary framework. Continue to broaden the analytical remit of the Fiscal Council, with a view to increasing the transparency of public finances.</p>	<p>1. Implement a credible and growth friendly fiscal strategy by specifying the necessary measures focusing on expenditure savings and preserve a sound fiscal position in compliance with the medium-term objective over the programme horizon. 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. Enhance the medium-term budgetary framework by making it more binding and by closely linking it to numerical rules. Broaden the mandatory remit and enhance the transparency of the Fiscal Council, including through systematic ex- post monitoring of compliance with numerical fiscal rules as well as the preparation of regular macro-fiscal forecasts and budgetary impact assessments of major policy proposals.</p>	<p>1. Reinforce the budgetary measures for 2014 in the light of the emerging gap relative to the Stability and Growth Pact requirements, namely the debt reduction rule, based on the Commission 2014 spring forecast. In 2015, and thereafter significantly strengthen the budgetary strategy to ensure reaching the medium-term objective and compliance with the debt reduction requirements in order to keep the general government debt ratio on a sustained downward path. Ensure the binding nature of the medium-term budgetary framework through systematic ex-post monitoring of compliance with numerical fiscal rules and the use of corrective mechanisms. Improve the transparency of public finances, including through broadening the mandatory remit of the Fiscal Council, by requiring the preparation of regular macro-fiscal forecasts and budgetary impact assessments of major policy proposals.</p>

	of the Fiscal Council .			
			<p>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. Improve portfolio quality by removing bad assets from banks' balance sheets, closely consult stakeholders on new policy initiatives and make sure that new policy measures do not increase moral hazard among borrowers. Enhance financial regulation and supervision, notably by giving more effective emergency powers to the Hungarian Financial Supervisory Authority and by establishing a bank resolution regime.</p>	<p>2. Help restore normal lending flows to the economy, inter alia by improving the design of and reducing the burden of taxes imposed on financial institutions. Adjust the financial transaction duty in order to avoid diverting savings from the banking sector and enhance incentives for using electronic payments. Investigate and remove obstacles to portfolio cleaning inter alia by tightening provisioning rules for restructured loans, removing obstacles to collateral foreclosure as well as increasing the speed and efficiency of insolvency proceedings. In this respect, closely consult stakeholders on new policy initiatives and ensure that these are well-targeted and do not increase moral hazard for borrowers. Further enhance financial regulation and supervision.</p>
	<p>3. Enhance participation in the labour market by alleviating the impact of the tax reform on low earners in a budget-neutral manner. Strengthen measures to encourage women's participation in the labour market by expanding childcare and pre- school facilities.</p>	<p>3. Make the taxation of labour more employment-friendly by alleviating the impact of the 2011 and 2012 tax changes on low earners in a sustainable, budget-neutral manner, for example by shifting part of the tax burden to energy taxes and recurrent taxes on property. Strengthen measures to encourage women's participation in the labour market, particularly by expanding childcare and pre-school facilities.</p>	<p>3. Ensure a stable, more balanced and predictable corporate tax system. Streamline corporate taxation and minimise distortions of resource allocation created by sector-specific taxes, so as to foster growth and employment. 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, and by shifting taxation away to environmental taxes. Fully implement and step up the already announced measures to improve tax compliance and reduce the cost of tax compliance.</p>	<p>3. Ensure a stable, more balanced and streamlined tax system for companies, including by phasing out distortive sector-specific taxes. Reduce the tax wedge for low-income earners, inter alia by improving the efficiency of environmental taxes. Step up measures to improve tax compliance – in particular to reduce VAT fraud – and reduce its overall costs.</p>
	<p>4. Take steps to strengthen the capacity of the Public Employment Service and other providers to increase the quality and</p>	<p>4. Strengthen the capacity of the Public Employment Service to increase the quality and effectiveness of training, job</p>	<p>4. Address youth unemployment, for example through a Youth Guarantee. Strengthen active labour market policy</p>	<p>4. Strengthen well-targeted active labour market policy measures, inter alia by accelerating the introduction of the</p>

<p>effectiveness of training, job search assistance and individualised services. Reinforce active labour market measures delivering positive evidence-based results. In consultation with stakeholders, introduce tailor-made programmes, for the low-skilled and other particularly disadvantaged groups.</p>	<p>search assistance and individualised services, with particular regard for disadvantaged groups. Strengthen the activation element in the public work scheme through effective training and job search assistance. Implement the National Social (Roma) Inclusion Strategy, and mainstream it with other policies.</p>	<p>measures and enhance the client profiling system of the Public Employment Service. Reduce the dominance of the public works scheme within employment measures and strengthen its activation elements. Reinforce training programmes to boost participation in lifelong learning. Continue to expand child-care facilities to encourage women's participation. 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>	<p>client profiling system of the Public Employment Service. Put in place the planned youth mentoring network and coordinate it with education institutions and local stakeholders to increase outreach. Review the public works scheme to evaluate its effectiveness in helping people find subsequent employment and further strengthen its activation elements. Consider increasing the period of eligibility for unemployment benefits, taking into account the average time required to find new employment and link to activation measures. Improve the adequacy and coverage of social assistance while strengthening the link to activation. In order to alleviate poverty, implement streamlined and integrated policy measures to reduce poverty significantly, particularly among children and Roma.</p>
<p>5. Improve the business environment by implementing all the measures envisaged for regulatory reform and lowering administrative burdens in the national reform programme; assess the effectiveness of current SME support policies and adjust public programmes in order to improve access to non-bank funding.</p>	<p>5. Implement measures envisaged to reduce the administrative burden. Ensure that public procurement and the legislative process support market competition and ensure a stable regulatory and business-friendly environment for financial and non-financial enterprises, including foreign direct investors. Reduce tax compliance costs and establish a stable, lawful and non-distortive framework for corporate taxation. Remove unjustifiable restrictions on the establishment of large-scale retail premises. Provide specific well-targeted incentive schemes to support innovative SMEs in the new innovation strategy.</p>	<p>5. Create a supportive business environment, in particular restore an attractive environment for foreign direct investors, by making the regulatory framework more stable and by fostering market competition. Ensure the full implementation of measures envisaged to reduce the administrative burden, improve competition in public procurement and take further adequate measures to tackle corruption. Strengthen further the judiciary. Remove recently introduced barriers in the services sector, including in retail services. Provide targeted incentives to support innovative enterprises.</p>	<p>5. Stabilise the regulatory framework and foster market competition, inter alia by removing barriers in the services sector. Take more ambitious steps to increase competition and transparency in public procurement, including better use of e-procurement and further reduce corruption and the overall administrative burden.</p>
	<p>6. Prepare and implement a national strategy on early school-leaving by ensuring adequate financing. Ensure that the implementation of the higher</p>	<p>6. Implement a national strategy on early school-leaving and ensure that the education system provides all young people with labour-market-relevant skills,</p>	<p>6. Implement a national strategy on early school leaving prevention with a focus on drop-outs from vocational education and training. Put in place a systematic</p>

		<p>education reform improves access to education for disadvantaged groups.</p>	<p>competences and qualifications. Improve access to inclusive mainstream education, for those with disadvantages, in particular Roma. Support the transition between different stages of education and towards the labour market. Implement a higher-education reform that enables greater tertiary attainment, particularly by disadvantaged students.</p>	<p>approach to promote inclusive mainstream education for disadvantaged groups, in particular Roma. Support the transition between different stages of education and towards the labour market, and closely monitor the implementation of the vocational training reform. Implement a higher-education reform that enables greater tertiary attainment, particularly by disadvantaged students.</p>
		<p>7. Reform the public transport system to make it more cost efficient. Increase the cross-border capacities of the electricity network, ensure the independence of the energy regulator and gradually abolish regulated energy prices.</p>	<p>7. Gradually abolish regulated energy prices while ensuring the effective protection of economically vulnerable consumers. Take further steps to ensure the independence of the national regulator. Ensure the financial sustainability of state owned enterprises in the transport sector by reducing operating costs and increasing revenues.</p>	<p>7. Review the impact of energy price regulation on incentives to invest and on competition in the electricity and gas markets. Take further steps to ensure the autonomy of the national regulator in establishing network tariffs and conditions. Take measures to increase energy efficiency in particular in the residential sector. Further increase the sustainability of the transport system, inter alia by reducing operating costs and reviewing the tariff system of state-owned enterprises in the transport sector.</p>

 MT	<u>Country Specific Recommendations</u> <u>2011</u> SGP: 1, 2	<u>Country Specific Recommendations</u> <u>2012</u> SGP: 1, MIP: -	<u>Country Specific Recommendations</u> <u>2013</u> SGP: 1, MIP: 2, 5	<u>Country Specific Recommendations</u> <u>2014</u> SGP: 1 and MIP: -
	<p>1. Ensure correction of the excessive deficit in 2011, in line with the EDP recommendations, standing ready to take additional measures so as to prevent possible slippages, and adopt concrete measures to back up the 2012 deficit target. Bring the high public debt ratio on a downward path and ensure adequate progress towards the MTO. With a view to strengthening the credibility of the medium-term consolidation strategy, define the required broad measures from 2013 onwards, embed the fiscal targets in a binding, rule-based multi-annual fiscal framework and improve the monitoring of budgetary execution.</p> <p>2. Take action to ensure the sustainability of the pension system such as by accelerating the progressive increase in the retirement age and by linking it to life expectancy. Accompany the higher statutory retirement age with a comprehensive active ageing strategy, discourage the use of early retirement schemes and encourage private pension</p>	<p>1. Reinforce the budgetary strategy in 2012 with additional permanent measures so as to ensure adequate progress towards the MTO and keep the deficit below 3 % of GDP without recourse to one-offs. Continue fiscal consolidation at an appropriate pace thereafter, so as to make sufficient progress towards the MTO, including meeting the expenditure benchmark, and towards compliance with the debt reduction benchmark, by specifying the concrete measures to back up the deficit targets from 2013, while standing ready to take additional measures in case of slippages. Implement, by end-2012 at the latest, a binding, rule-based multi-annual fiscal framework. Increase tax compliance and fight tax evasion, and reduce incentives towards indebtedness in corporate taxation.</p> <p>2. Take action, without further delay, to ensure the long-term sustainability of the pension system, comprising an increase in the effective retirement age, including through a significant acceleration of the progressive increase in the statutory retirement age compared to current legislation and through a clear link between the statutory retirement age and</p>	<p>1. Specify and implement the measures needed to achieve the annual structural adjustment effort set out in the Council recommendations under the EDP in order to correct the excessive deficit by 2014 in a sustainable and growth-friendly manner, limiting recourse to one-off/temporary measures. After correcting the excessive deficit, pursue the structural adjustment effort at an appropriate pace so as to reach the MTO by 2019. Put in place a binding, rule-based multiannual fiscal framework in 2013. Ensure concrete delivery of measures taken to increase tax compliance and fight tax evasion, and take action to reduce the debt bias in corporate taxation.</p> <p>2. To ensure the long-term sustainability of public finances, continue to reform the pension system to curb the projected increase in expenditure, including by measures such as accelerating the increase in the statutory retirement age, increasing the effective retirement age by aligning retirement age or pension benefits to changes in life expectancy and by</p>	<p>1. Correct the excessive deficit in a sustainable manner by 2014. In 2015, significantly strengthen the budgetary strategy to ensure the required structural adjustment of 0,6 % of GDP towards the medium-term objective. Thereafter, pursue a structural adjustment of at least 0,5 % of GDP each year, and more in good economic conditions or if needed to ensure that the debt rule is met in order to keep the general government debt ratio on a sustained downward path. Finalise the adoption of the Fiscal Responsibility Act with a view to putting in place a binding, rule-based multiannual fiscal framework and establishing an independent institution charged with the monitoring of fiscal rules and endorsing macroeconomic forecasts underpinning fiscal planning. Continue improving tax compliance and fighting tax evasion by ensuring the continued roll-out and evaluation of measures taken so far, while taking additional action, in particular by promoting the use of electronic means of payment.</p> <p>2. 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 by consecutively linking it to changes in life expectancy. Ensure that a comprehensive reform of the public health system delivers a cost-effective and sustainable</p>

savings.	life expectancy, and measures to encourage private pension savings. Take measures to increase the participation of older workers in the labour force and discourage the use of early retirement schemes.	encouraging private pension savings. Take measures to increase the employment rate of older workers by finalising and implementing a comprehensive active ageing strategy . Pursue health-care reforms to increase the cost-effectiveness of the sector, in particular by strengthening public primary care provision. Improve the efficiency and reduce the length of public procurement procedures.	use of available resources, such as strengthening primary care.
<p>3. Focus education outcomes more on labour market needs, notably by making additional efforts to improve access to higher education and by strengthening the effectiveness of the vocational training system. Take further measures to reduce early school-leaving by identifying, analysing and measuring its causes by 2012 and by setting up a regular monitoring and reporting mechanism on the success rate of the measures.</p>	<p>3. Take steps to reduce the high rate of early school leaving. Pursue policy efforts in the education system to match the skills required by the labour market. Enhance the provision and affordability of more childcare and out-of-school centres, with the aim of reducing the gender employment gap.</p>	<p>3. Continue to pursue policy efforts to reduce early school leaving, notably by setting up a comprehensive monitoring system, and increase the labour-market relevance of education and training to address skills gaps, including through the announced reform of the apprenticeship system. Continue supporting the improving labour-market participation of women by promoting flexible working arrangements, in particular by enhancing the provision and affordability of child-care and out-of-school centres.</p>	<p>3. Continue policy efforts to address the labour-market relevance of education and training and by stepping up efforts on the reform of the apprenticeship system. Further improve basic skills attainment and reduce early school leaving, in particular by finalising and implementing the announced national literacy strategy. Further improve the labour-market participation of women, in particular those wishing to re-enter the labour market by promoting flexible working arrangements.</p>
<p>4. Review and take the necessary steps to reform, in consultation with social partners and in accordance with national practices, the system of wage bargaining and wage indexation to ensure that wage growth better reflects developments in labour productivity and competitiveness.</p>	<p>4. Take the necessary further steps to reform, in consultation with social partners and in accordance with national practices, the system of wage bargaining and wage indexation, so as to better reflect developments in labour productivity and reduce the impact of prices of imports on the index.</p>		
<p>5. Strengthen efforts to reduce Malta's dependence on imported oil, by bringing forward investments in renewable energies and making full use of available EU funds to upgrade infrastructure and promote energy efficiency.</p>	<p>5. In order to reduce Malta's dependence on imported oil, step up efforts to promote energy efficiency and increase the share of energy produced from renewable sources by carefully monitoring the existing incentivising mechanisms and by prioritising the further development of infrastructure, including by completing the</p>	<p>4. Continue efforts to diversify the energy mix and energy sources, in particular through increasing the take up of renewable energy and the timely completion of the electricity link with Sicily. Maintain efforts to promote energy efficiency and reduce emissions</p>	<p>4. Diversify the energy mix in the economy, including by increasing the share of energy produced from renewable sources.</p>

		electricity link with Sicily.	from the transport sector.	
		<p>6. To strengthen the banking sector, take measures to mitigate potential risks arising from the large exposure to the real estate market. Take measures to further strengthen the provisions for loan impairment losses.</p>	<p>5. Take measures to further strengthen the provisions for loan-impairment losses in the banking sector to mitigate potential risks arising from exposure to the real estate market. Maintain policy effort to ensure strict banking sector supervision, including for the non-core domestic and internationally-oriented banks. Improve the overall efficiency of the judicial system, for example by reducing the time needed to resolve insolvency cases.</p>	<p>5. Continue efforts to increase the efficiency and reduce the length of public procurement procedures; encourage alternatives to debt-financing of companies through facilitating access to capital markets and developing venture capital funds; and increase the efficiency of the judicial system by ensuring a timely and efficient implementation of the planned judicial reform.</p>

 NL	<u>Country Specific Recommendations</u> <u>2011</u> SGP: 1, 2	<u>Country Specific Recommendations</u> <u>2012</u> SGP: 1, MIP: -	<u>Country Specific Recommendations</u> <u>2013</u> SGP: 1, MIP: 2	<u>Country Specific Recommendations</u> <u>2014</u> SGP: 1 and MIP: 2, 4
	<p>1. Implement the budgetary strategy for the year 2012, in line with the Council recommendations on correcting the excessive deficit, setting the high public debt ratio on a downward path. Thereafter, progress towards the medium-term objective in line with the Stability and Growth Pact requirements, respecting the overall spending ceilings and consolidation requirements, thereby ensuring that consolidation is sustainable and growth-friendly, by protecting expenditure in areas directly relevant for growth such as research and innovation, education and training.</p> <p>2. Take measures to increase the statutory retirement age by linking it to life expectancy, and underpin these measures with others to raise the effective retirement age and to improve the long-term sustainability of public finances. Prepare a blueprint for reforming long-term care in view of an ageing population.</p>	<p>1. Ensure timely and durable correction of the excessive deficit. To this end, fully implement the budgetary strategy for 2012 as envisaged. Specify the measures necessary to ensure implementation of the 2013 budget with a view to ensuring the structural adjustment effort specified in the Council recommendations under the excessive deficit procedure. Thereafter, ensure an adequate structural adjustment effort to make sufficient progress towards the MTO, including meeting the expenditure benchmark, and ensure sufficient progress towards compliance with the debt reduction benchmark whilst protecting expenditure in areas directly relevant for growth such as research and innovation, education and training. To this end, after the formation of a new Government, submit an update of the 2012 Stability Programme with substantiated targets and measures for the period beyond 2013.</p> <p>2. Take measures to increase the statutory retirement age, including linking it to life expectancy, and underpin these with labour market measures to support raising the effective retirement age, whilst improving the long-term sustainability of public finances. Adjust the second pension pillar to mirror the increase in the statutory retirement age, while ensuring an appropriate intra- and inter-generational division of costs and risks. Implement the planned reform in long-</p>	<p>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 achieve the structural adjustment effort specified in the Council recommendations under the EDP. Protect expenditure in areas directly relevant for growth such as education, innovation and research. 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> <p>3. Adjust the second pension pillar, in consultation with social partners, to ensure an appropriate intra- and inter-generational division of costs and risks. Underpin the gradual increase of the statutory retirement age with measures to increase the employability of older workers. Implement the planned reform of the long-term care system to ensure its cost-effectiveness and complement it with further measures to contain the increase in</p>	<p>1. Following the correction of the excessive deficit, reinforce the budgetary measures for 2014 in the light of the emerging gap of 0,5 % of GDP based on the Commission services 2014 spring forecast, pointing to a risk of significant deviation relative to the preventive arm of the Stability and Growth Pact requirements. In 2015, significantly strengthen the budgetary strategy to ensure reaching the medium-term objective and maintain it thereafter, and ensure that the debt rule is met in order to keep the general government debt ratio on a sustained downward path. Protect expenditure in areas directly relevant for growth such as education, innovation and research.</p> <p>3. Implement reforms of the second pillar of the pension system, ensuring an appropriate intra- and inter-generational distribution of costs and risks. Underpin the gradual increase of the statutory retirement age with measures to improve the employability of older workers. Implement the envisaged reform in the area of long-term care with a view to ensure sustainability, while ensuring fair access and the quality of services and monitor</p>

		term care and complement it with further measures to contain the increase in costs, in view of an ageing population.	costs, with a view to ensure sustainability.	its effects.
	3. Enhance participation in the labour market by reducing fiscal disincentives for second-income earners to work and draw up measures to support the most vulnerable groups and help them to re-integrate within the labour market.	3. Enhance participation in the labour market , particularly of older people, women, and people with disabilities and migrants, including by further reducing tax disincentives for second-income earners, fostering labour market transitions, and addressing rigidities.	4. Take further measures to enhance participation in the labour market , particularly of people at the margin of the labour market. Continue to reduce tax disincentives on labour , including by phasing-out of transferable tax credits for second income earners. Foster labour market transitions and address labour market rigidities , including by reforming employment protection legislation and the unemployment benefit system.	4. Take further measures to enhance labour market participation particularly among people at the margins of the labour market and to reduce tax disincentives on labour. Implement reforms of employment protection legislation and the unemployment benefit system, and further address labour market rigidities. In consultation with the social partners and in accordance with national practice, allow for more differentiated wage increases by making full use of the existing institutional framework.
	4. Promote innovation, private R&D investment and closer science-business links by providing suitable incentives in the context of the new enterprise policy ('Naar de top').	4. Promote innovation, private R&D investment and closer science-business links , as well as foster industrial renewal by providing suitable incentives in the context of the enterprise policy, while safeguarding accessibility beyond the strict definition of top sectors and preserving fundamental research.		
			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 by providing for a more market-oriented pricing mechanism in the rental market , and by further relating rents to household income in the social housing sector. Refocus social housing corporations to support households most in need.	2. When the economic environment allows, step up efforts to reform the housing market by accelerating the reduction in mortgage interest tax deductibility, by providing for a more market-oriented pricing mechanism in the rental market, and by further relating rents to household income in the social housing sector. Monitor the effects of the social housing reforms in terms of accessibility and affordability for low-income households. Continue efforts to refocus social housing policies to support households most in need.

<p>AT</p> 	<p><u>Country Specific Recommendations</u> <u>2011</u></p> <p>SGP: 1, 2</p>	<p><u>Country Specific Recommendations</u> <u>2012</u></p> <p>SGP: 1, MIP: -</p>	<p><u>Country Specific Recommendations</u> <u>2013</u></p> <p>SGP: 1, MIP: -</p>	<p><u>Country Specific Recommendations</u> <u>2014</u></p> <p>SGP: 1 and MIP: -</p>
	<p>1. Accelerate the correction of the excessive deficit, which is planned mainly on the expenditure side, thus bringing the high public debt ratio on a downward path, taking advantage of the ongoing economic recovery, in order to ensure an average annual fiscal effort of 0,75 % of GDP over the period 2011-2013 in line with the Council recommendations under the EDP. To this end, adopt and implement the necessary measures, including at the subnational level. Specify measures as needed to ensure adequate progress towards the medium-term objective in line with the Stability and Growth Pact (SGP) after correction of the excessive deficit.</p>	<p>1. Implement the 2012 budget as envisaged and reinforce and rigorously implement the budgetary strategy for the year 2013 and beyond; sufficiently specify measures (in particular at the sub-national level), to ensure a timely correction of the excessive deficit and the achievement of the average annual structural adjustment effort specified in the Council Recommendations under the EDP. Thereafter, ensure an adequate structural adjustment effort to make sufficient progress towards the MTO, including meeting the expenditure benchmark.</p>	<p>1. Implement the budget for the year 2013 as envisaged so as to correct the excessive deficit in a sustainable manner and achieve the average annual structural adjustment effort specified in the Council recommendations under the Excessive Deficit Procedure. After correction of the excessive deficit, pursue the structural adjustment effort at an appropriate pace so as to reach the MTO by 2015. Streamline fiscal relations between layers of government, for example simplifying the organisational setting and aligning spending and funding responsibilities.</p>	<p>1. Following the correction of the excessive deficit, reinforce the budgetary measures for 2014 in the light of the emerging gap of 0,5 % of GDP based on the Commission services 2014 Spring forecast and after taking into account additional consolidation measures announced by Austria, pointing to a risk of significant deviation relative to the preventive arm of the Stability and Growth Pact requirements. In 2015, significantly strengthen the budgetary strategy to ensure that the medium-term objective is reached and, thereafter, maintained, and ensure that the debt rule is met in order to keep the general government debt ratio on a sustained downward path. Further streamline fiscal relations between layers of government, for example by simplifying the organisational setting and aligning spending and funding responsibilities.</p>
	<p>2. Take steps to further strengthen the national budgetary framework by aligning legislative, administrative, revenue-raising and spending responsibilities across the different levels of government, in particular in the area of health care.</p>	<p>2. Take further steps to strengthen the national budgetary framework by aligning responsibilities across the federal, regional and local levels of government, in particular by implementing concrete reforms aimed at improving the organisation, financing and efficiency of healthcare and education.</p>		
	<p>3. In consultation with the social partners and according to national practices, take steps to further limit access to the current early retirement scheme for people with long insurance periods and take steps to</p>	<p>3. Bring forward the harmonisation of the statutory retirement age between men and women; enhance older workers' employability and monitor closely the implementation of the recent reforms</p>	<p>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>	<p>2. Improve the long-term sustainability of the pension system, in particular by bringing forward the harmonisation of the statutory retirement age for men and women, by increasing the effective</p>

<p>reduce the transition period for harmonisation of the statutory retirement age between men and women to ensure the sustainability and adequacy of the pension system. Apply strictly the conditions for access to the invalidity pension scheme.</p>	<p>restricting access to early exit channels in order to ensure that the effective retirement age is rising including through linking the statutory retirement age to life expectancy.</p>	<p>implement and monitor the recent reforms restricting access to early retirement and further improve older workers' employability in order to raise the effective retirement age and the employment rate of older workers.</p>	<p>retirement age and by aligning the retirement age to changes in life expectancy. Monitor the implementation of recent reforms restricting access to early retirement. Further improve the cost effectiveness and sustainability of healthcare and long-term care services.</p>
<p>4. Take measures to enhance participation in the labour market, including the following: reduce, in a budgetary neutral way, the effective tax and social security burden on labour, especially for low- and medium-income earners; implement the National Action Plan on the equal treatment of women and men in the labour market, including improvements in the availability of care services and of all-day school places to increase the options for women to work full-time and in the high gender pay gap; take steps to improve educational outcomes and prevent school drop-out.</p>	<p>4. Take steps to reduce the effective tax and social security burden on labour especially for low income earners with a view to increasing employment rates for older persons and women given the need to counteract the impact of demographic change on the working population. Shift the tax burden in a budgetary neutral way, towards real estate taxes, and environmental taxes. Reduce the high gender pay gap and enhance full-time employment opportunities for women, in particular through the provision of additional care services for dependants.</p> <p>5. Continue to implement measures to improve educational outcomes, especially of disadvantaged young people. Take measures to reduce drop-outs from higher education.</p>	<p>3. Take new measures to increase the labour market participation of women, namely by further improving child care and long-term care services and address the high gender pay and pension gaps. 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. 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> <p>5. Improve educational outcomes, in particular of disadvantaged young people, including by enhancing early childhood education and reducing the negative effects of early tracking. Further improve strategic planning in higher education and enhance measures to reduce drop-outs.</p>	<p>3. Reduce the high tax wedge on labour for low-income earners by shifting taxation to sources less detrimental to growth, such as recurrent taxes on immovable property, including by updating the tax base. Reinforce measures to improve labour market prospects of people with a migrant background, women and older workers. This includes further improving childcare and long-term care services and the recognition of migrants' qualifications. Improve educational outcomes in particular for disadvantaged young people including those with a migrant background, by enhancing early childhood education and reducing the negative effects of early tracking. Further improve strategic planning in higher education and enhance measures to reduce dropouts.</p>
		<p>4. Effectively implement the recent reforms of the health care system to make sure that the expected cost efficiency gains materialise. Develop a financially sustainable model for the provision of long-term care and put a stronger focus on prevention, rehabilitation and independent living.</p>	
<p>5. Take further steps to foster competition, in particular in the services</p>	<p>6. Take further steps to foster competition, in the services sectors, by</p>	<p>6. Further strengthen the powers and resources of the federal competition</p>	<p>4. Remove excessive barriers for services providers, including as regards</p>

	<p>sectors, by relaxing barriers to entry, removing unjustified restrictions on some professions, as well as enhancing the powers of the competition authority.</p> <p>Accelerate the adoption of the outstanding 'horizontal law' implementing the Services Directive.</p>	<p>removing barriers to market entry in the communications, transport and energy retail markets. Where unjustified restrictions on access to liberal professions exist, they should be removed. Enhance the powers of the federal competition authority and speed up the implementation of the competition law reform.</p>	<p>authority and monitor the implementation of the competition law reform. 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 fostering competition notably in the railway sector.</p>	<p>legal form and shareholding requirements and with respect to setting up interdisciplinary services companies. Review whether restrictions on entry into and conduct in regulated professions are proportionate and justified by general interest. Identify the reasons behind the low value of public contracts open to procurement under EU legislation. Substantially strengthen the resources of the Federal Competition Authority.</p>
		<p>7. Further restructure and continue to monitor those banks that benefited from public support, while avoiding excessive deleveraging. Further improve the cooperation and coordination of national policy decisions with financial sector supervisors in other countries.</p>	<p>7. With a view to maintaining financial stability continue to closely oversee the nationalised and partly nationalised banks and speed up their restructuring.</p>	<p>5. Continue to closely oversee and advance effectively the orderly restructuring of the nationalised and partly nationalised banks.</p>

<p>PL</p> 	<p><u>Country Specific Recommendations</u> <u>2011</u></p> <p>SGP: 1, 2</p>	<p><u>Country Specific Recommendations</u> <u>2012</u></p> <p>SGP: 1, MIP: -</p>	<p><u>Country Specific Recommendations</u> <u>2013</u></p> <p>SGP: 1, MIP: -</p>	<p><u>Country Specific Recommendations</u> <u>2014</u></p> <p>SGP: 1 and MIP: -</p>
	<p>1. Implement the measures announced in the draft 2012 Budget Law and take additional measures of a permanent nature if needed to reduce the general government deficit to below 3 % of GDP in 2012, in line with the Council recommendations under the EDP. While ensuring adequate progress towards the MTO, minimise cuts in growth-enhancing expenditure in the future.</p>	<p>1. Ensure planned progress towards the correction of the excessive deficit. To this end, fully implement the budget for the year 2012 and achieve the structural adjustment effort specified in the Council recommendations under the EDP. Thereafter, specify the measures necessary to ensure implementation of the budgetary strategy for the year 2013 and beyond as envisaged, ensuring an adequate structural adjustment effort to make sufficient progress towards the MTO, including meeting the expenditure benchmark. Minimise cuts in growth-enhancing expenditure in the future and improve tax compliance.</p>	<p>1. Reinforce and implement the budgetary strategy for the year 2013 and beyond, supported by sufficiently specified measures for both 2013 and 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. After the correction of the excessive deficit, pursue the structural adjustment effort that will enable Poland reaching the medium-term objective by 2016. With a view to improving the quality of public finances minimise cuts in growth-enhancing investment, reassess expenditure policies improving the targeting of social policies and increasing the cost effectiveness and efficiency of spending in the healthcare sector. Improve tax compliance, in particular by increasing the efficiency of the tax administration</p>	<p>1. Reinforce the budgetary strategy to ensure the correction of the excessive deficit in a sustainable manner by 2015 through achieving the structural adjustment effort specified in the Council recommendation under the Excessive Deficit Procedure. After the correction of the excessive deficit and until the medium-term objective is achieved, pursue an annual structural adjustment of 0,5 % of GDP as a benchmark. 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. In that regard, minimise cuts in growth-enhancing investment, improve the targeting of social policies and the cost effectiveness of spending and the overall efficiency of the healthcare sector, broaden the tax base for example by addressing the issue of an extensive system of reduced VAT rates, and improve tax compliance, in particular by increasing the efficiency of the tax administration. Establish an independent fiscal council.</p>
	<p>2. Enact legislation with a view to introducing a permanent expenditure rule by 2013. This rule should be based on sufficiently broad budgetary aggregates and should be consistent with the European system of accounts. Moreover, take measures to strengthen the</p>	<p>2. Speed up the reform of the fiscal framework by enacting legislation with a view to introducing a permanent expenditure rule by 2013. This rule should be consistent with the ESA. Take measures to strengthen the mechanisms of coordination among the different</p>	<p>2. Ensure the enactment of a permanent expenditure rule in 2013 consistent with the rules of the European System of Accounts. Take measures to strengthen annual and medium-term budgetary coordination mechanisms among different levels of government.</p>	

<p>mechanisms of coordination among the different levels of government in the medium-term and annual budgetary processes.</p>	<p>levels of government in the medium-term and annual budgetary processes.</p>		
<p>3. Raise as planned the statutory retirement age for uniformed services, continue steps to increase the effective retirement age, such as linking it to life expectancy. Establish a timetable to further improve the rules for farmers' contributions to the social security fund (KRUS) to better reflect individual incomes.</p> <p>5. Increase female labour market participation by taking measures to ensure stable funding for pre-school child-care arrangements, to increase enrolment rates of children under three years.</p>	<p>4. Reinforce efforts to increase the labour market participation of women and raise enrolment rates of children in both early childcare and pre-school education, by ensuring stable funding and investment in public infrastructure, the provision of qualified staff, and affordable access. Tackle entrenched practices of early retirement to increase exit ages from the labour market. Phase out the special pension scheme for miners with a view to integrating them into the general scheme. Take more ambitious, permanent steps to reform the KRUS to better reflect individual incomes.</p>	<p>4. Continue efforts to increase female labour market participation, in particular by investing in affordable quality childcare and pre-school education, 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. Phase out the special pension system for miners with a view to integrating them into the general scheme. Underpin the general pension reform with measures promoting the employability of older workers to raise exit ages from the labour market.</p>	<p>3. Continue efforts to increase female labour market participation, in particular by taking further steps to increase the availability of affordable quality childcare and pre-school education and ensuring stable funding. Include farmers in the general pension system, starting by speeding up the creation of the system for the assessment and recording of farmers' incomes. Phase out the special pension system for miners with a view to integrating them into the general scheme. Underpin the general pension reform by stepping up efforts to promote the employability of older workers to raise exit ages from the labour market.</p>
<p>4. Implement the proposed lifelong learning strategy, enhance apprenticeships and dedicated vocational training and education programmes for older workers and low-skilled workers. Strengthen links between science and industry by implementing the 'We build on Knowledge' programme ('Budujemy na Wiedzy'). Implement the higher education reform programme 'Partnership for Knowledge' ('Partnerstwo dla Wiedzy') so as to better align educational provision with labour market needs.</p>	<p>3. To reduce youth unemployment, increase the availability of apprenticeships and work-based learning, improve the quality of vocational training and adopt the proposed lifelong learning strategy. Better match education outcomes with the needs of the labour market and improve the quality of teaching. To combat labour market segmentation and in-work poverty, limit excessive use of civil law contracts and extend the probationary period to permanent contracts.</p>	<p>3. Strengthen efforts to reduce youth unemployment, for example through a Youth Guarantee, increase the availability of apprenticeships and work-based learning, strengthen cooperation between schools and employers and improve the quality of teaching. Adopt the proposed life-long learning strategy. Combat in-work poverty and labour market segmentation through better transition from fixed-term to permanent employment and by reducing the excessive use of civil law contracts.</p>	<p>2. Strengthen efforts to reduce youth unemployment, in particular by further improving the relevance of education to labour market needs, increasing the availability of apprenticeships and work-based learning places and by strengthening outreach to unregistered youth and the cooperation between schools and employers, in line with the objectives of a youth guarantee. Increase adult participation in lifelong learning in order to adjust skills supply to skills demand. Combat labour market segmentation by stepping up efforts to ensure a better transition from fixed-term to permanent employment and by reducing the excessive use of civil law contracts.</p>
<p>6. Take measures to improve incentives for investment in energy generation capacity with a view to encouraging low-</p>	<p>6. Step up efforts to improve incentives for investment in energy generation capacity and energy efficiency in the</p>	<p>6. Renew and extend energy generation capacity and improve efficiency in the whole energy chain. Speed up and extend</p>	<p>5. Renew and extend energy generation capacity and improve efficiency in the whole energy chain. Speed up and extend</p>

	<p>carbon emitting technologies, and to further develop cross-border electricity grid interconnections; develop a multiannual plan for investment in railway infrastructure and implement the rail transport master plan.</p>	<p>whole energy chain, speed up the development of the electricity grid, including cross-border interconnections, eliminate obstacles in electricity cross border exchange, and strengthen competition in the gas sector by phasing out regulated prices and by creating a gas trading platform. Strengthen the role and resources of the railway market regulator and ensure effective and swift implementation of railway investment projects. Reduce restrictions on professional services and simplify contract enforcement and requirements for construction permits.</p>	<p>the development of the electricity grid, including cross-border interconnections, and eliminate obstacles in electricity cross border exchange. Reinforce competition in the gas sector by phasing out regulated prices. Strengthen the role and resources of the railway market regulator and ensure effective implementation of railway investment projects without further delay. Accelerate efforts to increase broadband coverage. Improve waste and water management.</p>	<p>the development of the electricity grid, including cross-border interconnections to neighbouring Member States, and develop the gas interconnector with Lithuania. Ensure effective implementation of railway investment projects without further delay and improve the administrative capacity in this sector. Accelerate efforts to increase fixed broadband coverage. Improve waste management.</p>
	<p>7. Take steps to simplify legal procedures involved in enforcing contracts; revise construction and zoning legislation, with a view to streamlining appeal procedures and speeding up administrative procedures.</p>		<p>7. Take further steps to improve the business environment by simplifying contract enforcement and requirements for construction permits and by reducing tax compliance costs. Adopt and implement the planned liberalisation of access to professional services.</p>	<p>6. Take further steps to improve the business environment by simplifying contract enforcement and requirements for construction permits. Step up efforts to reduce costs and time spent on tax compliance by businesses. Complete the ongoing reform aimed at facilitating access to regulated professions.</p>
		<p>5. Take additional measures to ensure an innovation-friendly business environment, by ensuring better links between research, innovation and industry, and by establishing common priority areas and instruments supporting the whole innovation cycle; improve access to finance for research and innovation activities through guarantees and bridge financing.</p>	<p>5. Take additional measures to ensure an innovation-friendly business environment by strengthening the links between research, innovation and industrial policy, by further developing revolving instruments and tax incentives and by better targeting existing instruments to the different stages of the innovation cycle.</p>	<p>4. Improve the effectiveness of tax incentives in promoting R&D in the private sector as part of the efforts to strengthen the links between research, innovation and industrial policy, and better target existing instruments at the different stages of the innovation cycle.</p>

PT 	Country Specific Recommendations 2011	Country Specific Recommendations 2012	Country Specific Recommendations 2013	Country Specific Recommendations 2014 SGP: 1 and MIP: -
	Implement the measures as laid down in Implementing Decision 2011/344/EU and further specified in the Memorandum of Understanding of 17 May 2011 and its subsequent supplements.	Implement the measures as laid down in Implementing Decision 2011/344/EU and further specified in the Memorandum of Understanding of 17 May 2011 and its subsequent supplements.	To avoid duplication with measures set out in the Economic Adjustment Programme , there are no additional recommendations for Portugal.	<p>1. Implement the necessary fiscal consolidation measures for 2014 so as to achieve the fiscal targets and prevent the accumulation of new arrears. For the year 2015, implement a revised budgetary strategy in order to bring the deficit to 2,5 % of GDP, in line with the target set in the Excessive Deficit Procedure Recommendation, while achieving the required structural adjustment. Replace consolidation measures which the Constitutional Court considers unconstitutional by measures of similar size and quality as soon as possible. The correction of the excessive deficit should be done in a sustainable and growth-friendly manner, limiting recourse to one-off/temporary measures. After the correction of the excessive deficit, pursue the planned annual structural adjustment towards the medium-term objective, in line with the requirement of an annual structural adjustment of at least 0,5 % of GDP, more in good times, and ensure that the debt rule is met in order to put the high general debt ratio on a sustainable path. Prioritise expenditure-based fiscal consolidation and increase further the efficiency and quality of public expenditure. Maintain tight control of expenditure in central, regional and local administration. Continue the restructuring of the state-owned enterprises. Develop by the end of 2014 new comprehensive measures as part of the ongoing pension reform, aimed at improving the medium-</p>

				<p>term sustainability of the pension system. Control healthcare expenditure growth and proceed with the hospital reform. Review the tax system and make it more growth-friendly. Continue to improve tax compliance and fight tax evasion by increasing the efficiency of the tax administration. Strengthen the system of public financial management by swiftly finalising and implementing the comprehensive reform of the Budgetary Framework Law by the end of 2014. Ensure strict compliance with the Commitment Control Law. Effectively implement single wage and supplements' scales in the public sector from 2015 onwards.</p>
				<p>2. Maintain minimum wage developments consistent with the objectives of promoting employment and competitiveness. Ensure a wage setting system that promotes the alignment of wages and productivity at sectoral and/or firm level. Explore, in consultation with the social partners and in accordance with national practice, the possibility of mutually agreed firm-level temporary suspension of collective agreements. By September 2014, present proposals on mutually agreed firm-level temporary suspension of collective agreements and on a revision of the survival of collective agreements.</p>
				<p>3. Present, by March 2015, an independent evaluation of the recent reforms in the employment protection system, together with an action plan for possible further reforms to tackle labour market segmentation. Pursue the ongoing reform of active labour market policies and Public Employment Services aimed at increasing</p>

				<p>employment and labour participation rates, specifically by improving job counselling/job search assistance and activation/sanction systems with a view to reducing long-term unemployment and integrating those furthest away from the labour market. Address the high youth unemployment, in particular by effective skills anticipation and outreach to non-registered young people, in line with the objectives of a youth guarantee. Ensure adequate coverage of social assistance, including the minimum income scheme, while ensuring effective activation of benefit recipients.</p>
				<p>4. Improve the quality and labour-market relevance of the education system in order to reduce early school leaving and address low educational performance rates. Ensure efficient public expenditure in education and reduce skills mismatches, including by increasing the quality and attractiveness of vocational education and training and fostering cooperation with the business sector. Enhance cooperation between public research and business and foster knowledge transfer.</p>
				<p>5. Monitor banks' liquidity position and potential capital shortfalls, including by on-site thematic inspections and stress-testing. Assess the banks' recovery plans and introduce improvements to the evaluation process where necessary. Implement a comprehensive strategy to reduce the corporate debt overhang and reinforce efforts to widen the range of financing alternatives, including for early stages of business developments, by enhancing the efficiency of the debt restructuring tools (particularly PER and SIREVE) for viable companies,</p>

				<p>introducing incentives for banks and debtors to engage in restructuring processes at an early stage and improving the availability of financing via the capital market. Ensure that the identified measures support the reallocation of financing towards the productive sectors of the economy, including to viable SMEs, while avoiding risks to public finances and financial stability. Implement, by end September 2014, an early warning system mainly with supervisory purposes, to identify firms, including SMEs, with a high probability of default due to an excessive level of indebtedness, and which can, indirectly, promote early corporate debt restructuring.</p>
				<p>6. Implement the second and third packages of measures in the energy sector aimed at reducing energy costs for the economy, while eliminating the electricity tariff debt by 2020, and closely monitor implementation. Improve the cross-border integration of the energy networks and speed up implementation of the electricity and gas interconnection projects. Implement the comprehensive long-term transport plan and the "chronogram" setting out the ports sector reforms. Complete the transports concessions for the metropolitan areas of Lisbon and Oporto. Ensure that the renegotiations of the existing port concessions and the new authorisation schemes are performance-oriented and in line with internal market principles, in particular procurement rules. Ensure that the national regulatory authority for transport (AMT) is fully independent and operational by the end of September 2014. Ensure the financial sustainability of the state-owned</p>

				enterprises in the transport sector. Strengthen efficiency and competition in the railways sector, by implementing the plan for the competitiveness of CP Carga, after the transfer of the freight terminals while ensuring the management independence of the state-owned infrastructure manager and railway undertakings.
				7. Further improve the evaluation of the housing market , including by setting up, by the end of 2014, a more systematic monitoring and reporting framework and issue a comprehensive report on the shadow economy in that market. Continue efforts to carry out further inventories of regulatory burdens with a view to including, by March 2015, sectors not yet covered. Adopt and implement, by the end of September 2014, the outstanding licensing decrees and sectoral amendments. Remove, by the end of September 2014, remaining restrictions in the professional services sector and enact the professional bodies' amended by-laws which have not yet been adopted under the macroeconomic adjustment programme. Eliminate payment delays by the public sector. Ensure adequate resources of the national regulators and competition authority.
				8. Continue to rationalise and modernise central, regional and local public administration. Implement the reforms to enhance the efficiency of the judicial system and increase transparency. Step up efforts to evaluate the implementation of reforms undertaken under the macroeconomic adjustment programme as well as planned and future reforms. In

				particular, insert mandatory systematic ex ante and ex post assessments in the legislative process. Set up a functionally independent central evaluation unit at government level, which assesses and reports every six months on the implementation of these reforms, including consistency with the ex ante impact assessment, with corrective action if needed.
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 RO	Country Specific Recommendations 2011	Country Specific Recommendations 2012	<u>Country Specific Recommendations</u> <u>2013</u> SGP: 1, MIP: -	<u>Country Specific Recommendations</u> <u>2014</u> SGP: 2 and MIP: -
	Implement the measures laid down in Decision 2009/459/EC as amended by Decision 2010/183/EU, together with the measures laid down in Decision 2011/288/EU and further specified in the Memorandum of Understanding of 23 June 2009 and its subsequent supplements, and in the Memorandum of Understanding of 29 June 2011 and its subsequent supplements.	Implement the measures laid down in Decision 2009/459/EC, as amended by Decision 2010/183/EU, together with the measures laid down in Decision 2011/288/EU and further specified in the Memorandum of Understanding of 23 June 2009 and its subsequent supplements, and in the Memorandum of Understanding of 29 June 2011 and its subsequent supplements.	1. Complete the EU/IMF financial assistance programme.	1. Implement the EU/IMF financial assistance programme by fully addressing the policy conditionality - included in the Memorandum of Understanding of 6 November 2013 and its subsequent supplements - that complements and supports the implementation of these country-specific recommendations.
			2. Ensure growth-friendly fiscal consolidation and implement the budgetary strategy for the year 2013 and beyond as envisaged, thus ensuring achievement of the medium-term objective by 2015 . Improve tax collection by implementing a comprehensive tax compliance strategy and fight undeclared work. In parallel, explore ways to increase reliance on environmental taxes. Continue the pension reform started in 2010 by equalising the pensionable age for men and women and by promoting the employability of older workers.	2. Implement the budgetary strategy for 2014, significantly strengthen the budgetary effort to ensure reaching the medium-term objective in 2015 in line with commitments under the Balance of Payments programme and as reflected in the 2014 Convergence Programme, in particular by specifying the underlying measures, and remain at the medium-term objective thereafter. Improve tax collection by continuing to implement a comprehensive tax compliance strategy, stepping up efforts to reduce VAT fraud. Fight undeclared work. Reduce tax burden for low- and middle-income earners in a budget-neutral way. Finalise the pension reform started in 2010 by equalising the pensionable age for men and women.
			3. Pursue health sector reforms to increase its efficiency, quality and accessibility, in particular for disadvantaged people and remote and isolated communities. Reduce the excessive use of hospital care including by	3. Step up reforms in the health sector to increase its efficiency, quality and accessibility, including for disadvantaged people and remote and isolated communities. Increase efforts to curb informal payments, including through

			strengthening outpatient care.	proper management and control systems.
			<p>4. Improve labour market participation, as well as employability and productivity of the labour force, by reviewing and strengthening active labour market policies, to provide training and individualised services and promoting lifelong learning. Enhance the capacity of the National Employment Agency to increase the quality and coverage of its services. To fight youth unemployment, implement rapidly the National Plan for Youth Employment, including for example through a Youth Guarantee. To alleviate poverty, improve the effectiveness and efficiency of social transfers with a particular focus on children. Complete the social assistance reform by adopting the relevant legislation and strengthening its link with activation measures. Ensure concrete delivery of the National Roma integration strategy.</p>	<p>4. Strengthen active labour-market measures and the capacity of the National Employment Agency. Pay particular attention to the activation of unregistered young people. Strengthen measures to promote the employability of older workers. Establish, in consultation with social partners, clear guidelines for transparent minimum wage setting, taking into account economic and labour market conditions.</p> <p>6. In order to alleviate poverty, increase the efficiency and effectiveness of social transfers, particularly for children, and continue reform of social assistance, strengthening its links with activation measures. Step up efforts to implement the envisaged measures to favour the integration of Roma in the labour market, increase school attendance and reduce early school leaving, through a partnership approach and a robust monitoring mechanism.</p>
			<p>5. Speed up the education reform including the building up of administrative capacity at both central and local level and evaluate the impact of the reforms. Step up reforms in vocational education and training. Further align tertiary education with the needs of the labour market and improve access for disadvantaged people. Implement a national strategy on early school leaving focusing on better access to quality early childhood education, including for Roma children. Speed up the transition from institutional to alternative care for children deprived of parental care.</p>	<p>5. Increase the quality and access to vocational education and training, apprenticeships, tertiary education and of lifelong learning and adapt them to labour market needs. Ensure better access to early childhood education and care.</p>
			6. Strengthen governance and the	7. Step up efforts to strengthen the

			<p>quality of institutions and the public administration, in particular by improving the capacity for strategic and budgetary planning, by increasing the professionalism of the public service through improved human resource management and by strengthening the mechanisms for coordination between the different levels of government. Significantly improve the quality of regulations through the use of impact assessments, and systematic evaluations. Step up efforts to accelerate the absorption of EU funds in particular by strengthening management and control systems and improving public procurement.</p>	<p>capacity of public administration, in particular by improving efficiency, human resource management, the decision-making tools and coordination within and between different levels of government; and by improving transparency, integrity and accountability. Accelerate the absorption of EU funds, strengthen management and control systems, and improve capacity of strategic planning, including the multi annual budgetary element. Tackle persisting shortcomings in public procurement. Continue to improve the quality and efficiency of the judicial system, fight corruption at all levels, and ensure the effective implementation of court decisions.</p>
			<p>7. Improve and simplify the business environment in particular through reducing administrative burdens on SMEs and implementing a coherent e-government strategy. Ease and diversify access to finance for SMEs. Ensure closer links between research, innovation and industry, in particular by prioritising research and development activities that have the potential to attract private investment. Step up efforts to improve the quality, independence and efficiency of the judicial system in resolving cases and fight corruption more effectively.</p>	
			<p>8. Promote competition and efficiency in network industries, by ensuring the independence and capacity of national regulatory authorities, and by continuing the corporate governance reform of state-owned enterprises in the energy and transport sectors. Adopt a comprehensive long- term transport plan and improve broadband infrastructure. Continue to remove regulated gas and electricity prices</p>	<p>8. Promote competition and efficiency in energy and transport industries. Accelerate the corporate governance reform of state-owned enterprises in the energy and transport sectors and increase their efficiency. Improve and streamline energy efficiency policies. Improve the cross-border integration of energy networks and enable physical reverse flows in gas interconnections as a matter</p>

			and improve energy efficiency. Improve the cross-border integration of energy networks and speed up implementation of the gas interconnection projects.	of priority.
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 SI	<u>Country Specific Recommendations</u> <u>2011</u> SGP: 1, 2	<u>Country Specific Recommendations</u> <u>2012</u> SGP: 1, MIP: 3, 6, 7	<u>Country Specific Recommendations</u> <u>2013</u> SGP: 1, MIP: 1, 2, 3, 4, 5, 6, 7, 8, 9	<u>Country Specific Recommendations</u> <u>2014</u> SGP: 1, MIP: 1, 2, 3, 4, 5, 6, 7, 8
	<p>1. Achieve the 2011 deficit target, underpin the 2012 deficit target with concrete measures and implement the necessary consolidation rigorously, standing ready to adopt additional measures to prevent possible slippages. Underpin this required adjustment process over the programme period with additional measures to ensure the average annual fiscal effort in line with the Council recommendations under the EDP and adequate progress towards an appropriate medium-term objective. To this purpose, use structural measures to contain expenditure and address identified inefficiencies and implement a more binding medium-term budgetary framework. Accelerate the reduction of the deficit if economic or budgetary conditions turn out better than currently expected.</p>	<p>1. Implement the 2012 budget, and reinforce the budgetary strategy for 2013 with sufficiently specified structural measures, standing ready to take additional measures so as to ensure a correction of the excessive deficit in a sustainable manner by 2013 and the achievement of the structural adjustment effort specified in the Council recommendations under the excessive deficit procedure. Thereafter, ensure an adequate structural adjustment effort to make sufficient progress towards an appropriate MTO for the budgetary position, including meeting the expenditure benchmark. Strengthen the medium-term budgetary framework, including the expenditure rule, by making it more binding and transparent.</p>	<p>1. For the year 2013 and beyond, implement and reinforce the budgetary strategy, supported by sufficiently specified structural measures, to ensure the correction of the excessive deficit by 2015 in a sustainable manner and the improvement of the structural balance specified in the Council recommendation under the EDP. After the correction of the excessive deficit, pursue a structural adjustment effort that will enable Slovenia to reach the MTO which should be set in line with the Stability and Growth Pact by 2017. Durable correction of the fiscal imbalances requires the implementation of ambitious structural reforms, which would increase the adjustment capacity of the economy and boost potential growth and employment. Safeguard growth-friendly spending, adopt measures to improve tax compliance and implement measures on the expenditure side underpinned by systematic reviews of public expenditure at all government levels. To improve the credibility of consolidation, complete the adoption of a general government budget balance/surplus rule in structural terms, make the medium-term budgetary framework binding, encompassing and transparent, and strengthen the role of independent bodies monitoring fiscal policy by end 2013. Take measures to gradually reduce the contingent liabilities of the state.</p>	<p>1. Reinforce the budgetary strategy with sufficiently specified structural measures for the year 2014 and beyond, to ensure correction of the excessive deficit in a sustainable manner by 2015 through the achievement of the structural adjustment effort specified in the Council recommendation under the Excessive Deficit Procedure. 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. After the correction of the excessive deficit, pursue a structural adjustment of at least 0,5 % of GDP each year, and more in good economic conditions or to ensure that the debt rule is met in order to put the high general government debt ratio on a sustained downward path. To improve the credibility of fiscal policy, complete the adoption of a general government budget balance/surplus rule in structural terms, make the medium-term budgetary framework binding, encompassing and transparent, and establish the necessary legal basis for a functioning fiscal council defining its remit within the budgetary process and introducing clear procedural arrangements for monitoring budgetary outcomes as soon as possible. Launch a comprehensive review of expenditure covering state and local government levels, direct and indirect budget users and</p>

				municipality-owned providers of utilities and services in the area of healthcare by the end of 2014 with a view to realising budgetary savings in 2015 and beyond.
	<p>2. Take the required steps to ensure the long-term sustainability of the pension system, while preserving the adequacy of pensions. Increase the employment rate of older workers through later retirement, and by further developing active labour market policies and lifelong learning measures.</p>	<p>2. Take urgent steps to ensure the long-term sustainability of the pension system, while preserving the adequacy of pensions, by: (i) equalising the statutory retirement age for men and women; (ii) ensuring an increase in the effective retirement age, including through linking the statutory retirement age to life expectancy; (iii) reducing early retirement possibilities; and (iv) reviewing the indexation system for pensions. Increase the employment rate of older workers also by further developing active labour market policies and lifelong learning measures.</p>	<p>2. Strengthen the long-term sustainability of the pension system beyond 2020 by further adjusting all relevant parameters, including through linking the statutory retirement age to gains in life expectancy, while preserving the adequacy of pensions. Contain age-related expenditure on long-term care and improve access to services by refocusing care provision from institutional to home care, sharpening targeting of benefits, and reinforcing prevention to reduce disability/dependency.</p>	<p>2. Based on the public consultation, agree measures to ensure the sustainability of the pension system and adequacy of pensions beyond 2020, encompassing adjustments of key parameters, such as linking the statutory retirement age to gains in life expectancy and encouraging private contributions to the second pillar of the pension system. Contain age-related expenditure on long-term care by targeting benefits to those most in need and refocusing care provision from institutional to home care.</p>
	<p>3. Take further measures in the banking sector, where appropriate, to strengthen the balance sheets and the loan portfolio, with a view of enhancing the flow of credit to the real economy.</p>	<p>3. Take the required steps to build sufficient capital buffers in the banking sector and strongly promote the cleaning of balance sheets so that appropriate lending to productive activities can resume. Obtain fully-fledged third party verification of systemically important banks' stress loan-loss estimates.</p>	<p>4. Take the necessary steps, with input from European partners, to contract an independent external adviser in June 2013 to conduct a system-wide bank asset quality review. Complete this exercise in 2013, with faster progress in the cases of the two banks already subject to the state aid procedure, to accelerate their balance sheet repair. Stand ready to provide additional capital should the asset transfer or asset quality review reveal additional shortfalls. All measures, including objective assessments of capital needs, transfer of assets to Bank Asset Management Company, asset protection scheme, operational implementation of the restructuring measures should be implemented in full compliance with state aid rules in case state aid is involved. In parallel, develop by March 2014 and implement a comprehensive sector strategy to ensure arms-length management of reformed banks and to</p>	<p>4. Complete the privatisation of NKBM in 2014 as planned, prepare Abanka for privatisation in 2015, continue the prompt implementation of restructuring plans of the banks in receipt of State aid and the necessary consolidation of the banking sector. Based on the lessons from the asset quality review and stress test finalise the comprehensive action plan for banks in August 2014, including specific measures to improve governance, supervision, risk management, credit approval process and data quality and availability. Reinforce banks' capacity to work out non-performing loans by strengthening the internal asset management and restructuring units. Clarify the mandate of the Bank Asset Management Company by publishing a comprehensive management strategy and business plan by September 2014, detailing its role in restructuring of its assets, redemption targets, budgets, asset management plans</p>

			<p>substantially improve governance, risk management and profitability in the sector, including through consolidation where appropriate. Swiftly proceed with preparations for the announced privatisation of NKBM and establish, by September 2013, an ambitious timetable for the divestment of direct and indirect state shareholdings of banks.</p> <p>5. Review the bank regulatory framework by end 2013, and based on this review, strengthen supervisory capacity, transparency and statistical disclosure.</p>	<p>and expected returns, while ensuring adequate resources.</p> <p>8. Take effective measures to fight corruption, enhancing transparency and accountability, and introducing external performance evaluation and quality control procedures.</p>
	<p>4. Take steps, in consultation with the social partners and in accordance with national practices, to reduce asymmetries in rights and obligations guaranteed under permanent and temporary contracts. Renew efforts to tackle the parallel labour market resulting from 'student work'.</p>	<p>4. Adjust employment protection legislation as regards permanent contracts in order to reduce labour market segmentation, in consultation with social partners and in accordance with national practices. Further tackle the parallel labour market caused by student work.</p>	<p>3. Ensure that wage developments, including the minimum wage, support competitiveness and job creation. Monitor closely the effects of the recent labour market reform and if necessary identify the areas where further action is needed to foster job creation and tackle segmentation, including through the regulation for student work. Take further measures to increase employment of young tertiary graduates, older persons and the low-skilled by focusing resources on tailor-made active labour market policy measures while improving their effectiveness. Address the skills mismatch by improving the attractiveness of the relevant vocational education and training programmes and by further developing cooperation with the relevant stakeholders in assessing labour market needs.</p>	<p>3. Following consultation with social partners and in accordance with national practices, develop a comprehensive Social Agreement by the end of 2014 ensuring that wage developments, including the minimum wage, support competitiveness, domestic demand and job creation. Redefine the composition of the minimum wage and review its indexation system. Take measures for further decreasing segmentation, in particular addressing the efficiency of incentives for hiring young and older workers and the use of civil law contracts. Adopt the Act on Student Work. Prioritise outreach to non-registered young people ensuring adequate public employment services capacities. To increase employment of low-skilled and older workers, adapt the working environment to longer working life and focus resources on tailor-made active labour market policy measures, while improving their effectiveness. Address skills mismatches by improving the attractiveness of vocational education and training and by</p>

			further developing cooperation with the relevant stakeholders in assessing labour market needs.
	5. Set up a system to forecast skills and competencies needed to achieve a responsive labour market. Evaluate the effectiveness of the public employment service, notably on career guidance and counselling services, to improve the matching of skills with labour market needs.	5. Improve the matching of skills with labour market demand , particularly of low-skilled workers and tertiary graduates, and continue reforms of vocational education and training.	
		7. Following consultation with social partners and in accordance with national practice, ensure that wage growth, including minimum wage adaptation, supports competitiveness and job creation.	
	6. Streamline regulated professions and improves the administrative capacity of the Competition Protection Office, in order to enhance the business environment and attract investment.	6. Take further steps to strengthen market opening and speed up the reorganisation of professional services. Improve the business environment through: (i) implementing the reform of the Competition Protection Office, (ii) establishing a framework for state-owned enterprises guaranteeing arms-length management and high standards of corporate governance, and (iii) improving bankruptcy procedures, in particular in terms of timeliness and efficiency.	6. Accelerate the reform of regulated services, including a significant reduction of entry barriers. Improve the business environment , including through ensuring the independence of and providing sufficient and autonomous financing to the Competition Protection Agency. 7. Build on previous efforts to further reduce the length of judicial proceedings at first instance in litigious civil and commercial cases and the number of pending cases, in particular enforcement cases. 9. Identify and start to work on removing all existing legal and administrative impediments to sustainable restructuring of over-indebted/undercapitalised but viable companies through market-based solutions. In this context, take measures to ensure sufficient private burden sharing, to increase private investment, including
			7. Reduce obstacles to doing business in Slovenia in key areas for economic development rendering the country more attractive to foreign direct investment particularly through accelerated liberalisation of regulated professions, reduction of administrative burden including leaner authorisation schemes. Ensure sufficient budgetary autonomy for the Competition Protection Agency and increase its institutional independence. Streamline priorities and ensure consistency between the 2011 Research and Innovation and the 2013 Industrial Policy Strategies with the upcoming strategies on Smart Specialisation and Transport, ensure their prompt implementation and assessment of effectiveness. 6. Finalise a corporate restructuring master plan by the end of 2014 within clear priorities and effective

			<p>foreign direct investment, and to achieve efficiency gains in troubled companies as part of the restructuring process. Adopt the necessary legal framework for out-of-court restructuring by September 2013, ensuring that it is coherent with the existing provisions on insolvency and provides incentives for both creditors and shareholders to reach out-of-court restructuring agreements. Improve the enforcement of corporate insolvency procedures and in-court settlements, including swiftly resolving pending court cases related to bankruptcy procedures, in order to maximise recovery value and to facilitate the timely and efficient resolution of non-performing loans.</p>	<p>implementation process. Set up a central corporate restructuring task force monitoring and coordinating the overall restructuring process, providing the necessary expertise, guidance and advice, and facilitating the negotiation process between all stakeholders involved. Establish a list of the most urgent restructuring cases, while maximising the recovery value for creditors. Promote the use of the available legal mechanisms and international best practices to all stakeholders in the restructuring process. Evaluate recent changes in the insolvency legislation by September 2014, being ready to introduce any additional necessary measure. Further reduce the length of judicial proceedings at first instance in litigious civil and commercial cases including cases under the insolvency legislation, and the number of pending cases, in particular enforcement and insolvency cases.</p>
			<p>8. As part of the planned strategy of the government, to be completed by September 2013, classify core and non-core state assets according to economic criteria, with a view to divesting non-core assets. Make the Slovenia Sovereign Holding (SSH) fully operational in a timely manner, and transfer both ownership and management of all stakes to the SSH, potentially excluding those that are on the list for immediate full privatisation. Ensure professional management of the SSH from the outset, potentially including international expertise, and a clearly defined arms' length relationship with the companies involved. For core stakes, develop sector-specific strategies to improve profitability</p>	<p>5. Continue to implement the privatisations announced in 2013 with the time-frames set. Adopt a strategy for the Slovenian Sovereign Holding with a clear classification of assets in line with the timeline and definitions established in the 2014 Slovenian Sovereign Holding Act. By November 2014, commit to a short-term (one- to two- year horizon) divestment schedule for a number of well-targeted assets with a clear time scale. Make it fully operational as a vehicle for the management of assets remaining in State ownership and divestment of the assets earmarked according to the management acts, within the time frame stipulated by the law. By September 2014, adopt and implement a corporate</p>

			<p>and corporate governance. Introduce an obligatory and publicly available register of management and supervisory board appointments in state-owned enterprises with requirements for disclosure of interests. Ensure that the regulatory framework facilitates divestment of non-core state assets and that administrative hurdles are minimised.</p>	<p>governance code for state-owned enterprises to ensure professional, transparent and independent management.</p>
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 SK	<u>Country Specific Recommendation 2011</u> SGP: 1, 2, 3	<u>Country Specific Recommendations 2012</u> SGP: 1, MIP: -	<u>Country Specific Recommendations 2013</u> SGP: 1, 2, MIP: -	<u>Country Specific Recommendations 2014</u> SGP: 1 and MIP: -
	<p>1. Rigorously implement both the 2011 budget as envisaged and the planned specific measures of a permanent nature in 2012 and 2013, to reduce the deficit below 3 % of GDP by 2013 in line with Council recommendations on correcting the excessive deficit and ensure adequate progress towards the medium-term objective. Subject to this, safeguard growth-enhancing expenditure, and use available room to increase revenue through environmental and property taxes and by increasing the efficiency of VAT collection.</p>	<p>1. Take additional measures in 2012 and specify the necessary measures in 2013, to correct the excessive deficit in a sustainable manner and ensure the structural adjustment effort specified in the Council recommendations under the excessive deficit procedure. Implement targeted spending cuts, while safeguarding growth-enhancing expenditure, and step up efforts to improve the efficiency of public spending. Thereafter, ensure an adequate structural adjustment effort to make sufficient progress towards the MTO, including meeting the expenditure benchmark. Accelerate the setting up of the Fiscal Council and adopt rules on expenditure ceilings.</p> <p>2. Increase tax compliance, in particular by improving the efficiency of VAT collection; reduce distortions in taxation of labour across different employment types, also by limiting tax deductions; link real estate taxation to the market value of property; make greater use of environmental taxation.</p>	<p>1. Implement as envisaged the budget for the year 2013, so as to correct the excessive deficit in a sustainable manner and achieve the fiscal effort specified in the Council recommendations under EDP. After the correction of the excessive deficit, pursue the structural adjustment effort that will enable Slovakia to reach the medium-term objective by 2017. Avoid cuts in growth enhancing expenditure and step up efforts to improve the efficiency of public spending. Building on the pension reform already adopted, further improve the long term sustainability of public finance by reducing the financing gap in the public pension system and increasing the cost-effectiveness of the health-care sector.</p> <p>2. Speed up the implementation of the action plan to combat tax fraud and continue efforts to improve VAT collection, in particular by strengthening the analytical and audit capacity of the tax administration. Improve tax compliance. Link real-estate taxation to the market value of property.</p>	<p>1. Following the correction of the excessive deficit, reinforce the budgetary measures for 2014 in the light of the emerging gap of 0,3 % of GDP relative to the preventive arm of the Stability and Growth Pact requirements based on the Commission services 2014 Spring forecast. In 2015, ensure the required adjustment of 0,1 % of GDP towards the medium-term objective taking into account the expected weak economic conditions. Thereafter, until the medium-term objective is achieved, pursue an annual structural adjustment of 0,5 % of GDP as a benchmark. Further strengthen the fiscal framework, also by ensuring binding and enforceable expenditure ceilings. Improve the long-term sustainability of public finance by increasing the cost-effectiveness of the healthcare sector, in particular by rationalising hospital care and management and by strengthening primary care.</p> <p>2. Improve the efficiency of the tax administration by strengthening its audit, risk assessment and debt collection capacity. Link the basis for real-estate taxation to the market value of the property.</p>
	<p>2. Strengthen fiscal governance by adopting in 2011 and implementing from 2012 binding multi-annual expenditure ceilings, covering the central government</p>			

<p>and the social security system. In addition, introduce an independent Fiscal Council and ensure timely publication of budgetary data at all levels of the government.</p>			
<p>3. Enhance the long-term sustainability of public finances by further adjusting the pay-as-you-go pillar of the pension system also by changing the indexation mechanism and implement further measures with a view to raising the effective retirement age, in particular by linking the pensionable age to life expectancy. Introduce incentives to ensure the viability of the fully-funded pension pillar so as to progress towards fiscal sustainability while assuring adequate pensions.</p>	<p>3. Further adjust the pay-as-you-go pension pillar, mainly by changing the indexation mechanism, introducing a direct link between the statutory retirement age and life expectancy and introducing a sustainability factor in the pension calculation formula reflecting demographic change. Ensure the stability and viability also of the fully funded pillar.</p>		
<p>4. Take steps to increase employment and to support labour demand for the low-skilled unemployed by reducing the tax wedge for low-paid workers. In addition, introduce measures to improve the administrative capacity of public employment services with a view to improving targeting, design and evaluation of active labour market policies, especially for the young and long-term unemployed.</p>	<p>4. Enhance the administrative capacity of public employment services with a view to improving the targeting, design and evaluation of active labour market policies to ensure more individualised employment services for the young, the long-term unemployed, older workers and women. Ensure the provision of childcare facilities. Reduce the tax wedge for low-paid workers and adapt the benefit system.</p>	<p>3. Take measures to enhance the capacity of public employment services to provide personalised services to jobseekers and strengthen the link between activation measures and social assistance. More effectively address long-term unemployment through activation measures and tailored training. Improve incentives for women employment, by enhancing the provision of child-care facilities, in particular for children below three years of age. Reduce the tax wedge for low-paid workers and adapt the benefit system.</p>	<p>3. More effectively address long-term unemployment through activation measures, second-chance education and tailored quality training. Enhance the capacity of public employment services for case management, personalised counselling and activation of jobseekers, and strengthen the link between activation and social assistance. Effectively tackle youth unemployment by improving early intervention, in line with the objectives of a youth guarantee. Improve incentives for women's employment, by enhancing the provision of childcare facilities, in particular for children below three years of age.</p>
<p>5. Speed up the implementation of planned general education, vocational education and training reforms and take steps to improve the quality of higher education and its relevance to market needs. Develop a framework of incentives</p>	<p>5. Adopt and implement the youth action plan, in particular as regards the quality and labour market relevance of education and vocational training, including through the introduction of an apprenticeship scheme. Improve the</p>	<p>4. Step up efforts to address high youth unemployment, for example through a Youth Guarantee. Take steps to attract young people to the teaching profession and raise educational outcomes. In vocational education and training,</p>	<p>4. Take measures to increase the quality of teaching in order to raise educational outcomes. Reinforce the provision of work-based learning in companies in vocational education and training. Adapt accreditation, funding and governance</p>

	<p>for both individuals and employers to encourage participation of the low-skilled in lifelong learning.</p>	<p>quality of higher education by strengthening quality assurance and result orientation.</p> <p>6. Take active measures to improve access to and quality of schooling and pre-school education of vulnerable groups, including Roma. Ensure labour market reintegration of adults through activation measures and targeted employment services, second-chance education and short-cycle vocational training.</p>	<p>reinforce the provision of work-based learning in companies. In higher education, create more job-oriented bachelor programmes. Foster effective knowledge transfer by promoting cooperation between academia, research and the business sector. Step up efforts to improve access to high-quality and inclusive pre-school and school education for marginalised communities, including Roma.</p>	<p>measures to encourage the creation of profession-oriented bachelor-level programmes. Improve the quality and relevance of the science base and implement plans to foster effective knowledge transfer and cooperation between academia, research and business. Adopt systemic measures to improve access to high quality and inclusive pre-school and school education for marginalised communities, including Roma and take steps to increase their wider participation in vocational training and higher education.</p>
			<p>5. Step up efforts to make the energy market function better; in particular, to increase the transparency of the tariff-setting mechanism, enhance the accountability of the regulator. Strengthen interconnections with neighbouring countries. Improve energy efficiency in particular in buildings and industry.</p>	<p>5. Step up efforts to make the energy market function better, in particular by increasing the public transparency of the regulatory framework and by exploring the determinants of the high electricity network charges, in particular for industrial consumers. Building on the progress made so far, further develop interconnections with neighbouring countries, including with Ukraine, in accordance with the Memorandum of Understanding signed in April.</p>
	<p>6. Ensure the implementation of planned measures aimed at a more effective application of public procurement rules, a higher performance and transparency of the judicial system.</p>	<p>7. Strengthen the quality of the public service, including by improving management of human resources and strengthening analytical capacities. Further shorten the length of judicial proceedings and strengthen the role of the Public Procurement office as an independent body.</p>	<p>6. Take measures, including by amending the Act on Civil Service, to strengthen the independence of the public service. Improve the management of human resources in public administration. Step up efforts to strengthen analytical capacities in key ministries, also with a view to improving the absorption of EU funds. Implement measures to improve the efficiency of the judicial system. Promote alternative dispute resolution procedures and encourage their greater use.</p>	<p>6. Take measures, including by amending the Act on Civil Service, to increase the independence of the public service. Adopt a strategy to improve the management of human resources in public administration. Step up efforts to strengthen analytical capacity in key ministries with a view to adopting evidence-based policies, and improving the quality of policy impact assessment. Take steps to fight corruption and accelerate efforts to improve the efficiency and quality of the judicial system. Introduce measures to improve the business environment including for SMEs.</p>

				Step up efforts to improve the efficiency of public procurement.
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 FI	<u>Country Specific Recommendations</u> <u>2011</u> SGP: 1, 2	<u>Country Specific Recommendations</u> <u>2012</u> SGP: 1, MIP: 5	<u>Country Specific Recommendations</u> <u>2013</u> SGP: 1, MIP: 3, 4, 5	<u>Country Specific Recommendations</u> <u>2014</u> SGP: 1, MIP: 2, 4, 5
	<p>1. Continue the fiscal consolidation using any windfall revenue to reduce the deficit, while taking additional measures to maintain the fiscal position above the medium-term objective, in particular through compliance with the medium-term expenditure benchmark.</p> <p>2. Take further measures to achieve productivity gains and cost savings in public service provision, including structural changes, in order to respond to the challenges arising from population ageing.</p> <p>3. Target active labour market measures better on the long- term unemployed and young people.</p> <p>4. Take measures to improve the employability of older workers and their participation in lifelong learning. Take</p>	<p>1. Preserve a sound fiscal position in 2012 and beyond by correcting any departure from the MTO that ensures the long-term sustainability of public finances. To this end, reinforce and rigorously implement the budgetary strategy, supported by sufficiently specified measures, for the year 2013 and beyond, including meeting the expenditure benchmark.</p> <p>Continue to carry out annual assessments of the size of the ageing-related sustainability gap and adjust public revenue and expenditure in accordance with the long-term objectives and needs. Integrate the local government sector better in the system of multi-annual fiscal framework including through measures to control expenditure.</p> <p>2. Take further measures to achieve productivity gains and cost savings in public service provision, including structural changes and efficiency-enhancing territorial administrative reforms, also in order to respond to the challenges arising from an ageing population.</p> <p>3. Implement the ongoing measures to improve the labour market position of young people and the long-term unemployed, with a particular focus on skills development. Take further steps to improve the employment rate of older workers, including by reducing early exit</p>	<p>1. Pursue a growth-friendly fiscal policy and preserve a sound fiscal position as envisaged, ensuring compliance with the MTO over the programme horizon. Continue to carry out annual assessments of the size of the ageing-related sustainability gap and adjust public revenue and expenditure in accordance with long-term objectives and needs. Ensure the cost-effectiveness and sustainability of long-term care and put a stronger focus on prevention, rehabilitation and independent living.</p> <p>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, including social and healthcare services.</p> <p>3. Take further steps to increase the employment rate of older workers, including by improving their employability and reducing early exit pathways, increasing the effective retirement age by aligning retirement age or pension benefits to changes in life</p>	<p>1. Limit the emerging gap relative to the medium-term objective, ensure to return to it in 2015 and respect it thereafter as planned. Ensure that the debt criterion is fulfilled, while pursuing a growth-friendly fiscal policy. Implement rapidly the reforms set out in the structural policy programme and government spending limits and fiscal plan for 2015-2018 in order to reduce the fiscal sustainability gap and strengthen conditions for growth.</p> <p>2. Ensure effective implementation of the ongoing administrative reforms concerning municipal structure and social and healthcare services, in order to increase the cost-effectiveness in the provision of public services.</p> <p>3. Improve the use of the full labour force potential in the labour market, including by improving the employment rate and the employability of older workers, and increasing the effective retirement age, by reducing early exit pathways and aligning the retirement age or pension benefits to</p>

	<p>further steps, in consultation with social partners and in accordance with national practices, to encourage older workers to stay in the labour market, by measures to reduce early exit and increase the effective retirement age. In view of the already existing system of linking pension benefits to life expectancy, consider a link between the statutory retirement age and life expectancy.</p>	<p>pathways. Take measures to increase the effective retirement age taking into account the improved life expectancy.</p>	<p>expectancy. Implement and monitor closely the impact of on-going measures to improve the labour-market position of young people and the long-term unemployed, with a particular focus on the development of job-relevant skills.</p>	<p>changes in life expectancy. Improve the labour-market prospects of young people and the long-term unemployed, with a particular focus on vocational education and targeted activation measures.</p>
	<p>5. Take further measures to open up further the service sector, by redesigning the regulatory framework and removing restrictions in order to facilitate new entry into service sector markets, especially in the retail sector.</p>	<p>4. Continue enhancing competition in product and service markets, especially in the retail sector, by ensuring the effective implementation of the new Competition Act and the new programme on promoting healthy competition. Continue to take measures to increase the efficiency of municipal service provision, including increasing, where appropriate, the share of services subject to competitive bidding, and to ensure competition neutrality between private and public undertakings. Take further steps to ensure that competition law fines have a sufficiently deterrent effect.</p>	<p>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>	<p>4. Continue efforts to enhance competition in product and service markets, especially in the retail sector, by implementing the programme on promoting healthy competition, including amendments of the land use and building act to make it more supportive to healthy competition.</p>
		<p>5. In order to strengthen productivity growth and external competitiveness, continue efforts to diversify the business structure, in particular by hastening the introduction of planned measures to broaden the innovation base while continuing to align wage and productivity developments fully respecting the role of social partners and in line with national practices.</p>	<p>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; continue to improve the overall energy efficiency in the economy. 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>	<p>5. Continue to boost Finland's capacity to deliver innovative products, services and high-growth companies in a rapidly changing environment, and continue the diversification of industry, in particular by improving the business environment to strengthen investment in Finland and further facilitating smaller firms' entry into export markets. Step up the development of cross-border gas connection to Estonia.</p>

 SE	<u>Country Specific Recommendations</u> <u>2011</u> SGP: 1	<u>Country Specific Recommendations</u> <u>2012</u> SGP: 1, MIP: 2	<u>Country Specific Recommendations</u> <u>2013</u> SGP: 1, MIP: 2, 3	<u>Country Specific Recommendations</u> <u>2014</u> SGP: 1 and MIP: 2, 3
	<p>1. Keep fiscal policy on a path that ensures that the medium-term objective continues to be met.</p>	<p>1. Preserve a sound fiscal position in 2012 and beyond by implementing the budgetary strategy as envisaged and ensuring continued achievement of the MTO.</p>	<p>1. Implement the measures necessary to pursue a growth-friendly fiscal policy and preserve a sound fiscal position ensuring compliance with the medium-term objective over the programme horizon.</p>	<p>1. Continue to pursue a growth-friendly fiscal policy and preserve a sound fiscal position, ensuring that the medium-term budgetary objective is adhered to throughout the period covered by the Convergence Programme, also with a view to the challenges posed on the long-term sustainability of public finances by an ageing population.</p>
	<p>2. Take preventive action to deal with the macroeconomic risks associated with rising house prices and household indebtedness. A broad set of measures could be considered, such as reviews of the mortgage system, including the capital requirements of banks, rent regulation, property taxation and construction permits.</p>	<p>2. Take further preventive measures to strengthen the stability of the housing and mortgage market in the medium term, including by fostering prudent lending, reducing the debt bias in the financing of housing investments, and tackling constraints in housing supply and rent regulations.</p>	<p>2. Continue addressing risks related to private debt by reducing the debt bias in housing taxation by phasing out tax deductibility of interest payments on mortgages or/and increasing property taxes. Take further measures to foster prudent lending by measures promoting amortisation of mortgages. Further reduce the debt-bias in corporate taxation.</p> <p>3. Improve the efficiency of the housing market by continued reforms of the rent setting system and strengthening the freedom of contract between individual tenants and landlords. Promote increased competition in the construction sector and review the planning, zoning and approval processes with the aim of increasing transparency, shortening lead times and reducing entry barriers for construction companies.</p>	<p>2. Moderate household sector credit growth and private indebtedness. To this end, reduce the effects of the debt bias in personal income taxation by gradually limiting tax deductibility of interest payments on mortgages and/or by increasing recurrent property taxes. Take further measures to increase the pace of amortisation of mortgages.</p> <p>3. Further improve the efficiency of the housing market through continued reforms of the rent-setting system. In particular, allow more market-oriented rent levels by moving away from the utility value system and further liberalising certain segments of the rental market, and greater freedom of contract between individual tenants and landlords. Decrease the length and complexity of the planning and appeal processes, by reducing and merging administrative requirements, harmonising building requirements and standards across municipalities and increasing transparency for land allotment procedures. Encourage</p>

				municipalities to make their own land available for new housing developments.
	<p>3. Monitor and improve the labour market participation of young people and other vulnerable groups.</p>	<p>3. Take further measures to improve the labour market participation of youth and vulnerable groups, e.g. by improving the effectiveness of active labour market measures, facilitating the transition from school to work, promoting policies to increase demand for vulnerable groups and improving the functioning of the labour market. Review the effectiveness of the current reduced VAT rate for restaurants and catering services in support of job creation.</p>	<p>4. Reinforce efforts to improve the labour-market integration of low-skilled young people and people with a migrant background by stronger and better targeted measures to improve their employability and the labour demand for these groups. Step up efforts to facilitate the transition from school to work, including via a wider use of work-based learning, apprenticeships and other forms of contracts combining employment and education. Complete the Youth Guarantee to better cover young people not in education or training. Complete and draw conclusions from the review of the effectiveness of the current reduced VAT rate for restaurants and catering services in support of job creation.</p>	<p>4. Take appropriate measures to improve basic skills and facilitate the transition from education to the labour market, including through a wider use of work-based training and apprenticeships. Reinforce efforts to target labour market and education measures more effectively towards low-educated young people and people with a migrant background. Increase early intervention and outreach to young people who are unregistered with the public services.</p>
		<p>4. Take further measures in the upcoming research and innovation bill to continue improving the excellence in research and to focus on improving the commercialisation of innovative products and the development of new technologies.</p>		

 UK	<u>Country Specific Recommendations</u> <u>2011</u> SGP: 1, 2	<u>Country Specific Recommendations</u> <u>2012</u> SGP: 1, MIP: 2, 3, 6	<u>Country Specific Recommendations</u> <u>2013</u> SGP: 1, MIP: 2, 3, 5, 6	<u>Country Specific Recommendations</u> <u>2014</u> SGP: 1 and MIP: 2, 3, 5, 6
	<p>1. Implement the planned fiscal consolidation aiming at a deficit of 6,2 % of GDP in 2012-2013, in line with Council recommendations on correcting the excessive deficit, and setting the high public debt ratio on a downward path when the excessive deficit is corrected by the end of the programme period. Ensure no slippage from the ambitious spending reduction targets, thereby strengthening long-term sustainability; and, subject to this, prioritise growth-enhancing expenditure.</p>	<p>1. Fully implement the budgetary strategy for the financial year 2012-13 and beyond, supported by sufficiently specified measures, to ensure a timely correction of the excessive deficit in a sustainable manner and the achievement of the structural adjustment effort specified in the Council recommendations under the EDP and to set the high public debt ratio on a sustained downward path. Subject to reinforcing the budgetary strategy for the financial year 2013-14 and beyond, prioritise growth-enhancing expenditure to avoid the risk that a further weakening of the medium-term outlook for growth will negatively impact on the long-term sustainability of public finances.</p>	<p>1. Implement a reinforced budgetary strategy, supported by sufficiently specified measures, for the year 2013-14 and beyond. Ensure the correction of the excessive deficit in a sustainable manner by 2014/15, and the achievement of the fiscal effort specified in the Council recommendations under the EDP 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. Pursue a differentiated, growth-friendly approach to fiscal tightening, including through prioritising timely capital expenditure with high economic returns and through a balanced approach to the composition of consolidation measures and promoting medium and long-term fiscal sustainability. In order to raise revenue, make greater use of the standard rate of VAT.</p>	<p>1. Reinforce the budgetary strategy, endeavouring to correct the excessive deficit in a sustainable manner in line with the Council recommendation under the Excessive Deficit Procedure. Pursue a differentiated, growth-friendly approach to fiscal tightening by prioritising capital expenditure. To assist with fiscal consolidation, consideration should be given to raising revenues through broadening the tax base. Address structural bottlenecks related to infrastructure, skills mismatches and access to finance for SMEs to boost growth in the export of both goods and services.</p>
	<p>2. Develop a programme of reform which addresses the destabilising impact of the house price cycle on public finances, the financial sector and the economy, with a view to alleviating problems of affordability and the need for state subsidy for housing. A broad set of measures and policy instruments could be considered including reforms to the mortgage market, financial regulation, property tax and the planning system in order to prevent</p>	<p>2. Address the destabilising impact of high and volatile house prices and high household debt by implementing a comprehensive housing reform programme to increase housing supply and alleviate problems of affordability and the need for state subsidisation of housing. Pursue further reforms to the housing market, including the mortgage and rental markets, financial regulation and property taxation to prevent excessive volatility and</p>	<p>2. Take further action to increase housing supply, including through further liberalisation of spatial planning laws and an efficient operation of the planning system. Ensure that housing policy, including the Help to Buy scheme does not encourage excessive and imprudent mortgage lending; and promote greater supply to avoid higher house prices.. Pursue reforms including to land and property taxation to reduce distortions and</p>	<p>2. Increase the transparency of the use and impact of macro-prudential regulation in respect of the housing sector by the Bank of England's Financial Policy Committee. Deploy appropriate measures to respond to the rapid increases in property prices in areas that account for a substantial share of economic growth in the United Kingdom, particularly London, and mitigate risks related to high mortgage indebtedness. Monitor the Help to Buy 2</p>

excessive volatility.	distortions in the housing market.	promote timely residential construction. Take steps to improve the functioning of rental markets, in particular by making longer rental terms more attractive to both tenants and landlords.	scheme and adjust it if deemed necessary. Consider reforms to the taxation of land and property including measures on the revaluation of property to alleviate distortions in the housing market. Continue efforts to increase the supply of housing.
3. Take steps by 2012 to ensure that a higher share of young people enters the labour market with adequate skills and to improve the employability of 18 to 24-year-olds who left education or training without qualifications. Address skill shortages by increasing the numbers attaining intermediate skills, in line with labour market needs.	3. Continue to improve the employability of young people , in particular those not in education, employment or training, including by using the Youth Contract. Ensure that apprenticeship schemes are taken up by more young people, have a sufficient focus on advanced and higher-level skills, and involve more small and medium-sized businesses. Take measures to reduce the high proportion of young people aged 18-24 with very poor basic skills.	3. Building on the Youth Contract, step up measures to address youth unemployment , for example through a Youth Guarantee. Increase the quality and duration of apprenticeships, simplify the system of qualifications and strengthen the engagement of employers, particularly in the provision of advanced and intermediate technical skills. Reduce the number of young people aged 18-24 who have very poor basic skills, including through effectively implementing the Traineeships programme.	3. Maintain commitment to the Youth Contract , especially by improving skills that meet employer needs. Ensure employer engagement by placing emphasis on addressing skills mismatches through more advanced and higher level skills provision and furthering apprenticeship offers. Reduce the number of young people with low basic skills.
4. Take measures, within current budgetary plans, to reduce the number of workless households by targeting those who are inactive because of caring responsibilities, including lone parents.	4. Step up measures to facilitate the labour market integration of people from jobless households . Ensure that planned welfare reforms do not translate into increased child poverty. Fully implement measures aiming to facilitate access to childcare services.	4. Enhance efforts to support low-income households and 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. Accelerate the implementation of planned measures to reduce the costs of childcare and improve its quality and availability.	4. Continue efforts to reduce child poverty in low-income households, by ensuring that the Universal Credit and other welfare reforms deliver adequate benefits with clear work incentives and support services. Improve the availability of affordable quality childcare.
5. Implement measures already announced and continue to work to improve the availability of bank and non-bank financing to the private sector and in particular to SMEs while recognising potential challenges on the demand side. Encourage competition within the banking sector and explore with the market ways to improve access to non-bank financing such as venture and risk capital and debt issued on public markets.	5. Further improve the availability of bank and non-bank financing to the private sector , in particular to SMEs. Support competition within the banking sector, in particular through measures to reduce barriers to entry, increase transparency and facilitate switching between banks as recommended by the Independent Commission on Banking and explore ways to improve access to venture and risk capital and other forms of	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. Reduce barriers to entry in the banking sector, lower switching costs and facilitate the emergence of challenger banks through a divestiture of banking assets. Effectively implement the Financial Policy Committee's recommendations	5. Continue efforts to improve the availability of bank and non-bank financing to SMEs . Ensure the effective functioning of the Business Bank and support an increased presence of challenger banks.

		non-bank lending.	on prudent assessment of bank capital requirements and on addressing identified capital shortfalls.	
		6. Pursue a long-term strategy for improving the capacity and quality of the UK's network infrastructure , including measures to address pressures in transport and energy networks by promoting more efficient and robust planning and decision-making processes, and harnessing appropriate public or private financing arrangements.	6. Take measures to facilitate a timely increase in network infrastructure investment, especially by promoting more efficient and robust planning and decision-making processes. Provide a stable regulatory framework for investment in new energy capacity, including in renewable energy. Improve the capacity and quality of transport networks by providing greater predictability and certainty on planning and funding and by harnessing the most effective mix of public and private capital sources.	6. Follow up on the National Infrastructure Plan by increasing the predictability of the planning processes as well as providing clarity on funding commitments. Ensure transparency and accountability by providing consistent and timely information on the implementation of the Plan.

Euro Area 	<u>Council Recommendations 2011</u>	<u>Council Recommendations 2012</u>	<u>Council Recommendations 2013</u>	<u>Council Recommendations 2014</u>
		<p>1. Strengthen the working methods of the Eurogroup to allow it to take responsibility for the aggregate policy stance in the euro area, effectively responding to changes in the economic environment, and to lead the coordination of economic policy in the context of the strengthened surveillance framework which applies to the euro area Member States.</p>		
		<p>2. Intensify policy cooperation in the Eurogroup by sharing information and discussing budgetary plans and the plans of major reforms with potential spillovers effects on the euro area. Ensure that such reforms are undertaken that are necessary for a stable and robust euro area, including the implementation of the recommendations which the Council has addressed to individual euro area Member States and which, in addition to addressing challenges at national level, have an impact on the euro area as a whole.</p>	<p>1. Take responsibility for the aggregate policy stance in the euro area in order to ensure the good functioning of the euro area to increase growth and employment, and to take forward the work on deepening Economic and Monetary Union. Allow the Eurogroup to play a central role in the strengthened surveillance framework applicable to euro area Member States to coordinate and monitor reforms at national and at the euro area level that are necessary for a stable and robust euro area and to ensure policy coherence, and in the preparation of the Euro Summits.</p>	<p>4. Take forward work on deepening Economic and Monetary Union and contribute to the improvement of the economic surveillance framework in the context of the reviews foreseen for end 2014.</p>
	<p>1. Strictly adhere to the budgetary targets set out in their 2011 Stability Programmes as well as the Memoranda of Understanding in Member States receiving EU/IMF financial assistance and, where applicable, reinforce consolidation efforts in line with the opinion delivered by the Council. In particular, ensure adequate fiscal efforts with a view to correcting</p>	<p>3. Strengthen fiscal discipline and fiscal institutions at both national and sub-national levels to enhance market confidence in the medium and long-term sustainability of public finances in the euro area. Following the agreement by the euro area Heads of State or Government in July and October 2011 and on 2 March 2012, advance the transposition of</p>		

<p>excessive deficits and approaching medium-term budgetary objectives. Use any fiscal windfalls to accelerate adjustment. This should also help to improve public debt dynamics.</p>	<p>Directive 2011/85/EU to the end of 2012 and strengthen fiscal governance further, in particular by introducing in the national legislation of all euro area Member States the rules for balanced budget in structural terms and the automatic correction mechanisms.</p>		
<p>2. Ensure fiscal discipline at both national and sub-national levels, notably by introducing or reinforcing sufficiently strong and binding fiscal frameworks.</p> <p>3. Continue to implement reforms to social security systems that ensure fiscal sustainability with due regard to the adequacy of pensions and social benefits, notably by aligning pension systems with the national demographic situation.</p>	<p>4. Based on the European Council Conclusions of 1-2 March 2012, ensure a coherent aggregate fiscal stance in the euro area by pursuing fiscal consolidation as set out in Council recommendations and decisions, in line with the rules of the Stability and Growth Pact, which take into account the country-specific macro-financial situations. Member States affected by significant and potentially rising risk premia should limit deviations from the nominal balance targets even against worse-than-expected macroeconomic conditions; other Member States should let the automatic stabilisers play along the adjustment path assessed in structural terms and stand ready to review the pace of consolidation should macroeconomic conditions deteriorate further. Composition of government expenditure and revenues should reflect the growth impact of spending items and revenue sources. In particular, all the available budgetary margins should be used to foster public investment in the euro area, including by taking into account cross-country differences in the cost of funding.</p>	<p>2. Ensure that the Eurogroup monitors and coordinates fiscal policies of the euro area Member States and the aggregate fiscal stance for the euro area as a whole to ensure a growth friendly and differentiated fiscal policy. To this end the Eurogroup should discuss the Commission opinions of the draft budgetary plans of each of the euro area Member States, and the budgetary situation and prospects for the euro area as a whole on the basis of the overall assessment by the Commission of the draft budgetary plans and their interaction. The coordination shall contribute to ensuring that the pace of fiscal consolidation is differentiated according to the fiscal and economic situation of the euro area Member States with the budgetary adjustment defined in structural terms in line with the Stability and Growth Pact, allowing the automatic stabilisers to function along the adjustment path and that, in view of reinforcing the credibility of fiscal policy over the medium term, fiscal consolidation is supported by an overall efficient and growth-friendly mix of expenditure and revenue and by appropriate structural reforms which enhance the economic growth potential.</p>	<p>2. Coordinate fiscal policies of the euro area Member States, in close cooperation with the Commission, in particular when assessing draft budgetary plans to ensure a coherent and growth-friendly fiscal stance across the euro area. Improve the quality and sustainability of public finances by prioritising material and immaterial investment at national and EU levels. Ensure that national fiscal frameworks, including national fiscal councils, are strong.</p>
<p>4. Improve the functioning and stability of the financial system, following up immediately on the forthcoming EU-wide</p>	<p>5. Take action to improve the functioning and stability of the financial system in the euro area. Accelerate the steps towards a</p>	<p>3. Assess, in the framework of the Eurogroup, the reasons behind the differences in lending rates especially to</p>	<p>3. Ensure the resilience of the banking system, in particular by taking the necessary action in the follow up of the</p>

<p>stress tests to ensure that the banking sector continues to strengthen its resilience to possible further losses or funding constraints and that non-viable financial institutions are able to restructure or exit the market without creating undue tensions on financial markets.</p>	<p>more integrated financial architecture, comprising banking supervision and cross-border crisis resolution.</p>	<p>SMEs across the euro area Member States; explore the consequences of the fragmentation of the financial markets in the euro area and contribute to ways to overcome it.</p> <p>4. Building on the recapitalisation and the restructuring of the past years, promote further balance-sheet repair among banks as a means to reverse fragmentation in the single market and improve the flow of credit to the real economy, particularly SMEs. To this end: (a) ensure that the balance sheet assessments and stress tests to be conducted by the Single Supervisory Mechanism (SSM) in co-operation with the European Banking Authority (EBA) are concluded in accordance with the agreed timeline; (b) ensure a level playing field in applying burden-sharing requirements in the recapitalisation of banks; (c) ensure the availability of credible fiscal backstops in the context of balance sheet assessments and stress tests; (d) remove supervisory incentives for banks to match asset and liabilities within national borders; and (e) accelerate the necessary steps to establish the Banking Union, as outlined by the European Council.</p>	<p>asset quality review and the stress tests, and by implementing the Banking Union regulations and taking forward the further work foreseen in the SRM transition period. Stimulate private sector investment and increase the flow of credit to the economy via actions to improve access to credit by SMEs, deepening of capital markets, restarting the securitisation market, based on the proposals and the calendar in the Commission Communication on long-term financing of the European economy.</p>
<p>5. Pursue further tax reforms which give priority to growth- friendly sources of taxation while preserving overall tax revenues, in particular by lowering taxes on labour to make work pay; when reducing public expenditure, protect growth-enhancing items such as spending on research and development, education and energy efficiency; where necessary adjust wage setting arrangements and indexation mechanisms, in consultation</p>	<p>6. Implement structural reforms, which also promote flexible wage adjustments, and which — together with a differentiated fiscal stance — would promote an orderly unwinding of intra-euro area macroeconomic imbalances and thus growth and jobs. This would include action at national level which reflects the country-specific situation and takes account of the Council recommendations to individual euro area Member States.</p>	<p>5. Coordinate ex ante the major economic reform plans of the Member States whose currency is the euro. Monitor the implementation of structural reforms, notably in the labour and product markets and assess their impact on the euro area, taking into account the Council recommendations to individual euro area Member States. Promote further adjustment in the euro area, ensuring a correction of external and internal</p>	<p>1. Promote and monitor, in close cooperation with the Commission, the implementation of structural reforms in those areas most relevant for the smooth functioning of the euro area in order to foster growth and convergence and adjustment of internal and external imbalances. Assess and stimulate progress in delivering on reform commitments in euro area Member States experiencing excessive imbalances and in reform</p>

	<p>with social partners and in accordance with national practices, so as to ensure that wages are evolving in line with productivity, competitiveness and the employment situation.</p>		<p>imbalances, inter alia by following thoroughly the reforms that address distortions to saving and investment behaviour in Member States with both current account deficits and surpluses. Take the necessary steps for an effective implementation of the Macroeconomic Imbalances Procedure, notably by assessing progress in reform commitments in Member States experiencing excessive imbalances and in reform implementation in Member States with imbalances requiring decisive action to limit negative spillovers to the rest of the euro area.</p>	<p>implementation in the euro area Member States with imbalances requiring decisive action, to limit negative spillovers to the rest of the euro area. Foster appropriate policies in countries with large current account surpluses to contribute to positive spillovers. Regularly hold thematic discussions on structural reforms in the labour and product markets with potentially large spillovers, focussing on reducing the high tax wedge on labour and reforming services markets.</p>
	<p>6. Introduce further reforms to enhance competition in service sectors, in particular by removing unjustified restrictions on professional services, retailing and network industries.</p>			
	<p>7. Fully implement the commitments made in the Euro Plus Pact so as to enhance growth, competitiveness and employment within the area.</p>			
			<p>6. In line with the AGS 2013, it is crucial for the euro area member states to take collective and significant measures in order to tackle the social consequences of the crisis and the rising unemployment levels. The situation of unemployed young people is particularly worrying and bold action is recommended along the lines of the Compact for Growth and jobs and the EU Youth Guarantee. Further reforms to facilitate access to employment, prevent early withdrawals from the labour market, reduce the cost of labour, combat labour market segmentation and support innovation are recommended.</p>	

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LANGUAGE VERSION

Original: EN

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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.

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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

Manuscript completed in July 2014.

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