

BUSINESSEUROPE REFORM BAROMETER QUESTIONNAIRE 2026

ASSESSMENT BY EACH MEMBER FEDERATION

Austria

1. EU Competitiveness

Question 1	To what extent do you consider the European Commission's overall policy stance supportive of competitiveness and growth compared to 12 months ago?	Unchanged
Question 2	What are your expectations of the new commission from the point of view of regulatory burden (will the EC President deliver on her promises)?	Unchanged
Question 3	What are your overall expectations about the next European Commission ?	Slightly worse
Question 4	How do you think the EU investment environment is seen by global firms compared to 12 months ago?	Slightly worse
Question 5	What does your federation see as the main challenges threatening the attractiveness of the EU as an investment environment vis-à-vis international competitors?	<ol style="list-style-type: none"> 1. Energy prices 2. Environmental Policies 3. Regulatory Environment 4. Fragmentation of the Single Market 5. Availability of Labour

Question 6	What are the main obstacles to private R&D investments faced by companies in your Member State?	<ol style="list-style-type: none"> 1. Limited access to finance and lack of long-term capital 2. Shortages of skilled workers 3. Regulatory barriers
Question 7	What are the main obstacles to AI uptake by companies in your market ?	<ol style="list-style-type: none"> 1. Insufficient investments in digital infrastructure 2. High costs of adopting and integrating AI solutions 3. Regulatory barriers

2. National Recovery and Resilience Plans

Question 8	How satisfied or dissatisfied are you with the way your country is implementing so far the national recovery and resilience plan in the past year?	Neutral
Question 9	How satisfied or dissatisfied are you with the involvement of social partners in the implementation so far of your national recovery and resilience plan?	Dissatisfied
Question 10	How effective do you think the European Commission is being in ensuring strong implementation of the reforms in the national recovery and resilience plans across the EU?	Somewhat confident

Question 11	If you are dissatisfied with the implementation so far of your national recovery and resilience plan, why?	<ol style="list-style-type: none">1. Bureaucracy2. Time of authorities to take decisions3. Capacity of projects to change profile of the economy
Question 12	Open question: Which best practices from the RRP could be leveraged for future programmes, and which pitfalls should be avoided?	---

3. Assessment of Country Specific recommendations 2025 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	<p>Reinforce overall defence spending and readiness in line with the European Council conclusions of 6 March 2025. Adhere to the maximum growth rates of net expenditure recommended by the Council on [date]. Implement the set of reforms and investments underpinning the extended adjustment period as recommended by the Council on [date]. Take decisive action to safeguard the sustainability of public finances, including by improving the fiscal sustainability of the healthcare, long-term care and pension systems, by, among other things, streamlining underused hospital infrastructure, improving the cost-effectiveness of healthcare and long-term care, strengthening expenditure control and significantly increasing the effective retirement age. Simplify and rationalise fiscal relationships and responsibilities across layers of government and ensure financing and spending responsibilities are clearly aligned. Improve the tax mix to reduce the high tax wedge on labour and support inclusive and sustainable growth in a challenging fiscal environment.</p>	Important	Mixed	<p>Reinforce overall defence spending sustainability of public finances Pension reform</p>
CSR 2	<p>In view of the applicable deadlines for the timely completion of reforms and investments under Regulation (EU) 2021/241, ensure the effective implementation of the recovery and resilience plan, including the REPowerEU chapter. Accelerate the implementation of cohesion policy programmes (ERDF, JTF, ESF+), building, where appropriate, on the opportunities offered by the mid-term review. Make optimal use of EU instruments, including the opportunities provided by the InvestEU and the Strategic Technologies for Europe Platform, to improve competitiveness.</p>	Helpful (but not a priority)	Satisfactory	<p>effective implementation of the recovery and resilience plan,</p>

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 3	Promote business dynamism, and the creation and growth of young companies, including by providing better access to venture and growth capital and removing barriers hindering investment from institutional investors in equity instruments. Improve the translation of the high levels of R&D investment into marketable solutions and step up the use of (advanced) digital technologies by companies. Simplify regulation, reduce administrative burden, particularly for SMEs, accelerate permitting procedures and strengthen competition to lower prices.	Important	Mixed	Promote business dynamism,... Simplify regulation, reduce administrative burden ...
CSR 4	Tackle high energy costs including through a reform of the Electricity Act, by improving the flexibility of the energy system and incentivising power purchase agreements. Reduce overall reliance on fossil fuels and accelerate the roll-out of renewable energy and the required infrastructure, particularly by simplifying permitting procedures and putting in place dedicated acceleration areas. Further reduce emissions, particularly in the transport sector and by advancing industrial decarbonisation. Improve energy efficiency.	Extremely important	Mixed	Tackling of high energy costs very important otherwise overzealous decarbonisations plans are very contraproductive for (energy-intensive)Industry
CSR 5	Create incentives to boost the numbers of hours worked overall and the full-time labour market participation of women, including by improving quality and availability of childcare services. Improve labour market outcomes for older workers and for disadvantaged groups, such as low-skilled job seekers and people with a migrant background, and raise the levels of basic skills, starting from an early age, notably at school level. Step up policy efforts aimed at the provision and acquisition of skills and competences needed for the green transition.	Important	Mixed	Create incentives to boost the numbers of hours worked overall and the full-time labour market

4. Reform Progress in your Member State in 2025

How would you assess reform progress in 2025, for the following broad areas:

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

Is there any example of an economic reform, specific to your country that BusinessEurope could highlight in its 2025 Reform Barometer?

5. Reform priorities for 2026

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 1	Budgetary framework and fiscal governance	Budget consolidation	yes
Priority 2	Public administration	Enhancing the interaction between federal-provincial and local branches of govt	no
Priority 3	Energy prices	High energy prices to be addressed	yes
Priority 4	Business environment (incl. SME policies)	Supply side economics must be of higher priority vs to distributive measures	no
Priority 5	Pension systems and active ageing	Pension reform to be addressed	no

6. Savings and Investments Union

Question 1	How satisfied or dissatisfied are you with the way your country is implementing the adopted CMU proposals? Why?	Neutral
Question 2	Are you satisfied with the way the banking sector in your country operates? Why?	Neutral
Question 3	Do companies in your country face difficulties to access finance in your country and what type of financing is most common?	Some of them do have problems. Bank loans are very common for small companies larger companies have further options (Bonds and shares)
Question 4	Are there specific barriers in your country that hinder accessing financing from other countries (EU and non EU)?	There are specific barriers on behalf of millitary investment projects
Question 5	What do you see as the top three SIU-related reforms that would most improve the investment environment in your country?	<ol style="list-style-type: none"> 1. Financial Literacy must be enhanced, 2. Stronger emphasis on Private Pension funds, 3. Tax reform on behalf of Private Pension Funds (no Taxes for private Pension Fund saving and capital accumulation period but private Pensions received should be taxed)

7. Pillar II and Taxes

Question 1	How do you assess the EU's overall tax policy stance in terms of promoting growth, competitiveness and investment compared to 12 months ago?	The same
Question 2	How burdensome has the administrative and compliance workload related to Pillar Two become for companies in your country compared to your expectations one year ago?	The same
Question 3	How do you assess the impact of Pillar Two on the attractiveness of the EU as an investment location relative to other major jurisdictions (e.g., US, Asia overall, particular markets like China and India)?	Significantly worse
Question 4	Which safeguards or adjustments to Pillar Two do you consider most necessary for maintaining the competitiveness of European companies? (Select up to 3)	<ol style="list-style-type: none"> 1. Simplification of compliance rules 2. Temporary safe harbours 3. More flexibility in Qualified Refundable Tax Credits (QRTCs)
Question 5	What do you see as the top three tax-related reforms that would most improve the EU investment environment?	<p>Scrapping of Pillar II; (further) Harmonization of Taxes covered by EU-Directives; no new EU-Taxes (own resources)</p>
Question 6	Which types of tax incentives would most strengthen Europe's ability to attract investment in green and digital technologies?	<ol style="list-style-type: none"> 1. Enhanced R&D and innovation tax incentives 2. Accelerated or full expensing for green/digital assets 3. Qualified Refundable Tax Credits (QRTCs)

Belgium

1. EU Competitiveness

Question 1	To what extent do you consider the European Commission's overall policy stance supportive of competitiveness and growth compared to 12 months ago?	Significantly better
Question 2	What are your expectations of the new commission from the point of view of regulatory burden (will the EC President deliver on her promises)?	Increased significantly
Question 3	What are your overall expectations about the next European Commission ?	Unchanged
Question 4	How do you think the EU investment environment is seen by global firms compared to 12 months ago?	Slightly better
Question 5	What does your federation see as the main challenges threatening the attractiveness of the EU as an investment environment vis-à-vis international competitors?	<ol style="list-style-type: none"> 1. Innovation capacity 2. Fragmentation of the Single Markert 3. Energy prices 4. Regulatory Environment 5. Skills gap

Question 6	What are the main obstacles to private R&D investments faced by companies in your Member State?	<ol style="list-style-type: none"> 1. Shortage of skilled workers 2. Low profitability leaves firms with fewer internal resources for R&D. 3. Administrative burden
Question 7	What are the main obstacles to AI uptake by companies in your market ?	<ol style="list-style-type: none"> 1. High costs of adopting and integrating AI solutions. 2. Concerns about cybersecurity and data protection 3. Lack of workers with the digital and AI-related skills needed

2. National Recovery and Resilience Plans

Question 8	How satisfied or dissatisfied are you with the way your country is implementing so far the national recovery and resilience plan in the past year?	Neutral
Question 9	How satisfied or dissatisfied are you with the involvement of social partners in the implementation so far of your national recovery and resilience plan?	Neutral
Question 10	How effective do you think the European Commission is being in ensuring strong implementation of the reforms in the national recovery and resilience plans across the EU?	Not confident

Question 11	If you are dissatisfied with the implementation so far of your national recovery and resilience plan, why?	1. Projects not designed for the private sector
Question 12	Open question: Which best practices from the RRP could be leveraged for future programmes, and which pitfalls should be avoided?	---

3. Assessment of Country Specific recommendations 2025 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	<p>Official recommendation : Reinforce overall defence spending and readiness in line with the European Council conclusions of 6 March 2025. Adhere to the maximum growth rates of net expenditure recommended by the Council on [date], with a view to bringing an end to the situation of an excessive deficit while making use of the allowance under the national escape clause for higher defence expenditure. Implement the set of reforms and investments underpinning the extended adjustment period as recommended by the Council on [date] 2025. Make the long-term care system more cost-effective.</p> <p>FEB-VBO input: Submit the medium-term fiscal-structural plan in a timely manner. In line with the requirements of the reformed Stability and Growth Pact, limit the growth in net expenditure in 2025 to a rate consistent with, inter alia, putting the general government debt on a plausibly downward trajectory over the medium term and reducing the general government deficit towards the 3% of GDP Treaty reference value. Address the expected increase in age-related expenditure, including by making the long-term care system more cost-effective. Reform the tax and benefits system to strengthen incentives to work by shifting the tax burden away from labour and by reviewing the design of benefits. Finance the labour tax reduction, including by reducing tax expenditure. In particular, take steps to phase out fossil fuel subsidies, including by shifting excise duties from electricity to fossil fuels.</p>	Extremely important	Mixed	

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 2	<p>Official recommendation : In view of the applicable deadlines for the timely completion of reforms and investments under Regulation (EU) 2021/241, ensure the effective implementation of the recovery and resilience plan, including the REPowerEU chapter. Accelerate the implementation of cohesion policy programmes (ERDF, JTF, ESF+), building, where appropriate, on the opportunities offered by the mid-term review. Make optimal use of EU instruments, including the scope provided by Invest EU and the Strategic Technologies for Europe Platform, to improve competitiveness.</p> <p>FEB-VBO input : Address labour shortages and skills mismatches, including for the green transition, and strengthen activation policies to further integrate disadvantaged groups into the labour market. Improve the performance and equity of the education and training systems and continue reforms to strengthen the teaching profession.</p>	Extremely important	Satisfactory	
CSR 3	<p>Official recommendation : Simplify regulation, improve regulatory tools, reduce administrative burden, and remove barriers to trade and competition, in particular in the services sector and regulated professions, to improve the business environment and business dynamics. Increase innovation diffusion by targeting R&D public support to companies with the highest growth potential and by fostering the job mobility of workers.</p> <p>FEB-VBO input : Improve the business environment and business dynamics by reducing regulatory burden and complexity, and by easing the restrictions in the service sector.</p>	Extremely important	Satisfactory	

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 4	<p>Official recommendation Reduce overall reliance on fossil fuels, including by stepping up energy efficiency improvements and reducing fossil fuel use in buildings, and by further incentivising industry to decarbonise. Provide incentives and remove barriers to increase the use and supply of public transport, low-emission transport and active mobility. Accelerate the roll-out of renewable energies and upgrade grid infrastructure by further streamlining permitting procedures, by adopting legal frameworks to boost investment in renewable energy installations and by facilitating energy sharing. Take specific steps to phase out fossil fuel subsidies, in particular in the transport and heating sector, including by shifting excise duties from electricity to fossil fuels. Take further action on sustainable agriculture by improving water quality and by reducing nutrient losses.</p> <p>FEB-VBO input : Wind down the emergency energy support measures in force, using the related savings to reduce the government deficit, as soon as possible in 2023 and 2024. Should renewed energy price increases necessitate new or continued support measures, ensure that these are targeted at protecting vulnerable households and firms, fiscally affordable, and preserve incentives for energy savings.</p> <p>Ensure prudent fiscal policy, in particular by limiting the nominal increase in nationally financed net primary expenditure in 2024 to not more than 2%. Preserve nationally financed public investment and ensure the effective absorption of RRF grants and other EU funds, in particular to foster the green and digital transitions.</p> <p>For the period beyond 2024, continue to pursue a medium-term fiscal strategy of gradual and sustainable consolidation, combined with investments and reforms conducive to higher sustainable growth, to achieve a prudent medium-term fiscal position.</p> <p>Strengthen efforts to improve the efficiency of long-term care.</p> <p>Pursue the reform of the taxation and benefits system to reduce disincentives to work by shifting the tax burden away from labour and by simplifying the tax and benefits system.</p> <p>Review tax expenditures to reduce their economic, social and environmental harmful impact.</p>	Extremely important	Mixed	

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 5	<p>Official recommendation : Address labour shortages and skills mismatches, including for the green transition. Strengthen the effectiveness and targeting of active labour market policies to further integrate disadvantaged groups into the labour market, in particular people with a low level of education, older workers, people with a migrant background and persons with disabilities. Improve the performance and equity of the education and training systems and enhance their labour market relevance, in particular in ICT and STEM fields. Continue reforms to strengthen the teaching profession by developing more flexible and attractive career paths and training for teachers.</p> <p>FEB-VBO input: Address labour shortages and skills mismatches, in particular by strengthening activation policies (including guidance) to integrate disadvantaged groups into the labour market. Improve the performance and equity of the education and training systems and continue reforms to strengthen the teaching profession.</p>	Extremely important	Satisfactory	
CSR 6	<p>No official recommendation.</p> <p>FEB-VBO input: Reduce overall reliance on fossil fuels by stepping up energy efficiency improvements and the reduction of fossil fuel use in buildings, by further stimulating the decarbonisation of industry and by promoting the use and supply of public transport as well as soft mobility. Accelerate the deployment of renewable energies and related grid infrastructure by further streamlining the permitting procedures, including by reducing the length of appeal procedures, and by adopting legal frameworks to further boost investments in renewable energy installations and facilitate energy sharing. Step up policy efforts aimed at the provision and acquisition of skills and competences needed for the green transition.</p>	Important	Unsatisfactory	

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 7	<p>No official recommendation.</p> <p>FEB-VBO input : In 2023, ensure prudent fiscal policy, in particular by limiting the growth of nationally financed primary current expenditure below medium-term potential output growth, taking into account continued temporary and targeted support to households and firms most vulnerable to energy price hikes and to people fleeing Ukraine. Stand ready to adjust current spending to the evolving situation. Expand public investment for the green and digital transitions, and for energy security taking into account the REPowerEU initiative, including by making use of the Recovery and Resilience Facility and other Union funds. For the period beyond 2023, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring credible and gradual debt reduction and fiscal sustainability in the medium term through gradual consolidation, investment and reforms. Prioritise reforms to improve the fiscal sustainability of long-term care, including by promoting a cost-efficient use of the different care settings. Reform the taxation and benefit systems to reduce disincentives to work by shifting the tax burden away from labour and by simplifying the tax and benefit system. Reduce tax expenditures and make the tax system more investment-neutral.</p>	Important	Unsatisfactory	
CSR 8	<p>No official recommendation.</p> <p>FEB-VBO input : Address labour shortages and skills mismatches, notably by improving the performance and inclusiveness of the education and training system, enhancing the quality and labour market relevance of the vocational education and training and developing more flexible and attractive career paths and training for teachers.</p>	Important	Mixed	

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 9	<p>No official recommendation.</p> <p>FEB-VBO input : Reduce overall reliance on fossil fuels by stepping up energy efficiency improvements and the reduction of fossil fuel use in buildings, promoting the use and supply of public transport as well as soft mobility and accelerating the deployment of renewable energies and related grid infrastructure by further streamlining the permitting procedures including by reducing the length of appeal procedures and adopting framework conditions to boost investments in solar energy installations</p>	Important	Unsatisfactory	
CSR 10	<p>No official recommendation.</p> <p>FEB-VBO input : In 2022, use the Recovery and Resilience Facility to finance additional investment in support of the recovery while pursuing a prudent fiscal policy. Preserve nationally financed investment. When economic conditions allow, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions and ensuring fiscal sustainability in the medium term. At the same time, enhance investment to boost growth potential. Pay particular attention to the composition of public finances, on both the revenue and expenditure sides of the budget, and to the quality of budgetary measures in order to ensure a sustainable and inclusive recovery. Prioritise sustainable and growth-enhancing investment, in particular investment supporting the green and digital transition. Give priority to fiscal structural reforms that will help provide financing for public policy priorities and contribute to the long-term sustainability of public finances, including, where relevant, by strengthening the coverage, adequacy and sustainability of health and social protection systems for all.</p>	Irrelevant	Mixed	

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 11	<p>No official recommendation.</p> <p>FEB-VBO input : Take all necessary measures, in line with the general escape clause of the Stability and Growth Pact, to effectively address the COVID-19 pandemic, sustain the economy and support the ensuing recovery. When economic conditions allow, pursue fiscal policies aimed at achieving prudent medium-term fiscal positions and ensuring debt sustainability, while enhancing investment. Reinforce the overall resilience of the health system and ensure the supply of critical medical products.</p>	---	---	
CSR 12	<p>No official recommendation.</p> <p>FEB-VBO input: Mitigate the employment and social impact of the COVID-19 crisis, notably by promoting effective active labour market measures and fostering skills development.</p>	---	---	
CSR 13	<p>No official recommendation.</p> <p>FEB-VBO input : Ensure effective implementation of the measures to provide liquidity to assist SMEs and the self-employed and improve the business environment. Front-load mature public investment projects and promote private investment to foster the economic recovery. Focus investment on the green and digital transition, in particular on infrastructure for sustainable transport, clean and efficient production and use of energy, the circular economy, digital infrastructure, such as 5G and Gigabit Networks, and research and innovation.</p>	Important	Unsatisfactory	

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 14	<p>No official recommendation.</p> <p>FEB-VBO input : Remove disincentives to work and strengthen the effectiveness of active labour market policies, in particular for the low-skilled, older workers and people with a migrant background. Improve the performance and inclusiveness of the education and training systems and address skills mismatches.</p>	Extremely important	Unsatisfactory	
CSR 15	<p>No official recommendation.</p> <p>FEB-VBO input : Focus investment-related economic policy on sustainable transport, including upgrading rail infrastructure, the low carbon and energy transition and research and innovation, in particular in digitalisation, taking into account regional disparities. Tackle the growing mobility challenges, by reinforcing incentives and removing barriers to increase the supply and demand of collective and low emission transport.</p>	Helpful (but not a priority)	Mixed	
CSR 16	<p>No official recommendation.</p> <p>FEB-VBO input : Reduce the regulatory and administrative burden to incentivise entrepreneurship and remove barriers to competition in services, particularly telecommunication, retail and professional services.</p>	Extremely important	Satisfactory	

4. Reform Progress in your Member State in 2025

How would you assess reform progress in 2025, for the following broad areas:

Taxation and Public Finances	---
Business environment (regulation/access to markets)	---
Labour market	---
Innovation and skills	---
Access to finance and financial stability	---

Is there any example of an economic reform, specific to your country that BusinessEurope could highlight in its 2025 Reform Barometer?

5. Reform priorities for 2026

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

6. Savings and Investments Union

Question 1	How satisfied or dissatisfied are you with the way your country is implementing the adopted CMU proposals? Why?	Neutral
Question 2	Are you satisfied with the way the banking sector in your country operates? Why?	Satisfied
Question 3	Do companies in your country face difficulties to access finance in your country and what type of financing is most common?	As always, too little financing through capital
Question 4	Are there specific barriers in your country that hinder accessing financing from other countries (EU and non EU)?	No
Question 5	What do you see as the top three SIU-related reforms that would most improve the investment environment in your country?	Don't know

7. Pillar II and Taxes

Question 1	How do you assess the EU's overall tax policy stance in terms of promoting growth, competitiveness and investment compared to 12 months ago?	The same
Question 2	How burdensome has the administrative and compliance workload related to Pillar Two become for companies in your country compared to your expectations one year ago?	The same
Question 3	How do you assess the impact of Pillar Two on the attractiveness of the EU as an investment location relative to other major jurisdictions (e.g., US, Asia overall, particular markets like China and India)?	---
Question 4	Which safeguards or adjustments to Pillar Two do you consider most necessary for maintaining the competitiveness of European companies? (Select up to 3)	---
Question 5	What do you see as the top three tax-related reforms that would most improve the EU investment environment?	/
Question 6	Which types of tax incentives would most strengthen Europe's ability to attract investment in green and digital technologies?	---

Bulgaria

1. EU Competitiveness

Question 1	To what extent do you consider the European Commission's overall policy stance supportive of competitiveness and growth compared to 12 months ago?	Unchanged
Question 2	What are your expectations of the new commission from the point of view of regulatory burden (will the EC President deliver on her promises)?	Increased slightly
Question 3	What are your overall expectations about the next European Commission ?	Slightly better
Question 4	How do you think the EU investment environment is seen by global firms compared to 12 months ago?	Unchanged
Question 5	What does your federation see as the main challenges threatening the attractiveness of the EU as an investment environment vis-à-vis international competitors?	<ol style="list-style-type: none"> 1. Energy prices 2. Regulatory environment 3. Skills gap 4. Availability of labour 5. Environmental policies

Question 6	What are the main obstacles to private R&D investments faced by companies in your Member State?	<ol style="list-style-type: none"> 1. Limited access to finance and lack of long-term patient capital 2. Shortages of skilled workers 3. Low profitability leaves firms with fewer internal resources for R&D.
Question 7	What are the main obstacles to AI uptake by companies in your market ?	<ol style="list-style-type: none"> 1. Lack of workers with the digital and AI-related skills needed 2. High costs of adopting and integrating AI solutions. 3. Concerns about cybersecurity and data protection

2. National Recovery and Resilience Plans

Question 8	How satisfied or dissatisfied are you with the way your country is implementing so far the national recovery and resilience plan in the past year?	Neutral
Question 9	How satisfied or dissatisfied are you with the involvement of social partners in the implementation so far of your national recovery and resilience plan?	Dissatisfied
Question 10	How effective do you think the European Commission is being in ensuring strong implementation of the reforms in the national recovery and resilience plans across the EU?	Somewhat confident

Question 11	If you are dissatisfied with the implementation so far of your national recovery and resilience plan, why?	<ol style="list-style-type: none"> 1. Bureaucracy 2. Time of authorities to take decisions 3. Inadequate sectoral targeting (digital, energy, not the relevant sectors)
Question 12	Open question: Which best practices from the RRP could be leveraged for future programmes, and which pitfalls should be avoided?	<p>Best practices:</p> <ul style="list-style-type: none"> -The clear link between investment measures and structural reforms has proven effective and should be preserved. -The focus on digitalisation and green transition provides a long-term strategic direction that should continue in future programmes. -Milestones and targets create discipline and transparency in implementation. <p>Pitfalls to avoid:</p> <ul style="list-style-type: none"> -Excessive administrative burden and slow approval procedures significantly delay project execution. -Insufficient involvement of social partners and business organisations reduces the relevance and impact of measures. -Sectoral targeting should be better aligned with the real needs of the economy, including manufacturing, skills development, and innovation capacity. -The design of some instruments remains too complex for SMEs, limiting their participation.

3. Assessment of Country Specific recommendations 2025 in detail

	Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
<p>CSR 1</p> <p>Official recommendation : Reinforce overall defence spending and readiness in line with the European Council conclusions of 6 March 2025. Adhere to the maximum growth rates of net expenditure recommended by the Council on [date], while making use of the allowance under the national escape clause for higher defence expenditure.</p> <p>BIA input : CSR 1-Reinforce overall defence and security spending and readiness while ensuring debt sustainability in line with the European Council conclusions of 6 March 2025. Adhere to the maximum growth rates of net expenditure recommended by the Council on 20 June 2025, while making use of the allowance under the national escape clause for higher defence expenditure.</p>	Extremely important	Mixed	The recommendation is appropriate given the need to reinforce defence readiness while maintaining fiscal sustainability. Bulgaria has taken steps to increase defence spending, but medium-term planning and adherence to expenditure ceilings require stronger consistency and predictability.
<p>CSR 2</p> <p>In view of the applicable deadlines for the timely completion of reforms and investments under Regulation (EU) 2021/241, urgently accelerate the implementation of the recovery and resilience plan. Accelerate the implementation of cohesion policy programmes (ERDF, JTF, ESF+, CF), building, where appropriate, on the opportunities offered by the mid-term review. Make optimal use of EU instruments, including the scope provided by the InvestEU and the Strategic Technologies for Europe Platform, to improve competitiveness.</p>	Extremely important	Unsatisfactory	Implementation of the recovery and resilience plan remains significantly delayed, and absorption of cohesion funds continues to face administrative and procedural bottlenecks. Stronger coordination, streamlined procedures and better use of EU instruments are needed to improve competitiveness and ensure timely delivery of reforms and investments.

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 3	<p>Create the enabling conditions to boost competitiveness by improving the functioning and the capacity of the public administration, including at regional level. Simplify regulation, improve regulatory tools and reduce administrative burden to create a level playing field for business. Improve the effectiveness of anti-corruption measures, particularly in high-level corruption cases. Improve the quality of public procurement procedures and strengthen the independence and functioning of regulators. Increase the impact and effectiveness of public R&D investment by focusing research and innovation in fewer institutions and improve the commercialisation of research output.</p>	Extremely important	Mixed	<p>The CSR correctly highlights structural weaknesses in public administration, regulatory quality and anti-corruption enforcement. Some progress has been made, but implementation remains uneven. Public procurement, regulator independence and the effectiveness of public R&D investment require substantial improvement to support competitiveness.</p>

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 4	<p>Reduce reliance on fossil fuels, including by promoting market liberalisation, accelerating the roll-out of renewables, particularly by designating areas with fasttrack permitting for wind installations. Take specific steps to phase out fossil-fuel subsidies including by removing the subsidies supporting coal-based electricity production and district heating. Increase the flexibility of the electricity system to reduce wholesale price volatility, in particular by broadening the scope for aggregation and demand-response and by ensuring sufficient storage capacities. Upgrade the electricity grid infrastructure at distribution level by rolling out smart grid infrastructure and by upgrading lines and substations. Tackle energy poverty by developing an up-to-date information system on energy-poor and energy-vulnerable households and supporting them with targeted policy measures. Encourage energy efficiency measures in industry. Promote the roll-out and uptake of sustainable urban, public and rail transport, including by accelerating the development of the necessary infrastructure. Improve water and waste management by tackling institutional weaknesses and investing in infrastructure to ensure the sustainable use of resources.</p>	Extremely important	Unsatisfactory	<p>Progress on the clean energy transition remains limited. Fossil-fuel subsidies persist, renewable deployment is slowed by regulatory uncertainty, and grid infrastructure upgrades lag behind needs. Measures to address energy poverty and promote sustainable transport are insufficient, and water and waste management continue to face institutional and investment gaps.</p>

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 5	<p>Strengthen competence-based teaching and learning. Improve teaching quality with initial, continuous and needs-based teacher training. Improve the quality, labour market relevance and inclusiveness of education and training, including for Roma and other disadvantaged groups. Address labour shortages, by effectively implementing measures to increase the employment level of persons with disabilities, people with a lower level of education, Roma and inactive persons. Reinforce skills acquisition to boost competitiveness and support the green and digital transition. Address social inclusion by improving access to integrated employment and social services, and by providing more effective minimum income support. Improve access to health services, including by reducing out-of-pocket payments and tackling the shortages and uneven distribution of health professionals with a view to boosting the effectiveness, accessibility and capacity of the health system.</p>			Not applicable for Bulgaria.

4. Reform Progress in your Member State in 2025

How would you assess reform progress in 2025, for the following broad areas:

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

Is there any example of an economic reform, specific to your country that BusinessEurope could highlight in its 2025 Reform Barometer?

A positive example is the continued digitalisation of public services, including the expansion of e-government platforms and the introduction of new electronic administrative procedures for businesses. These measures contribute to reducing administrative burden and improving transparency, although further integration and interoperability are still needed to maximise their impact.

5. Reform priorities for 2026

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 1	Business environment & regulatory efficiency	Streamline administrative procedures for businesses by accelerating digitalisation, reducing duplicative reporting requirements, and introducing mandatory regulatory impact assessments with business participation.	yes
Priority 2	Labour market & skills	Implement a comprehensive skills strategy focused on digital, technical, and green competencies, including stronger VET–business cooperation and targeted measures to address labour shortages.	yes
Priority 3	Energy transition & competitiveness	Accelerate investment in grid modernisation, renewable energy deployment, and storage capacity, while ensuring predictable regulatory conditions and targeted support for energy-intensive industries.	yes
Priority 4	Innovation, R&D and digitalisation	Introduce incentives for private R&D investment, expand access to innovation funding for SMEs, and strengthen cooperation between universities, research centres, and industry.	yes
Priority 5	Access to finance & capital markets	Improve access to long-term financing by developing capital market instruments, reducing administrative barriers for investment funds, and supporting the uptake of EU-level financial tools.	yes

6. Savings and Investments Union

Question 1	How satisfied or dissatisfied are you with the way your country is implementing the adopted CMU proposals? Why?	Neutral The implementation of the adopted CMU proposals has been steady but uneven. While certain regulatory steps have been taken, progress remains limited in areas such as capital market development, investor participation, and the availability of long-term financing instruments. Administrative complexity and slow institutional coordination continue to hinder the full impact of the reforms. Overall, the approach is balanced, but more consistent efforts are needed to translate EU-level initiatives into practical improvements for businesses.
Question 2	Are you satisfied with the way the banking sector in your country operates? Why?	Satisfied The banking sector remains stable, well-capitalised, and resilient, with good liquidity and conservative risk management. However, access to long-term financing instruments and capital market development remain limited.
Question 3	Do companies in your country face difficulties to access finance in your country and what type of financing is most common?	Companies generally rely on bank lending as the primary source of financing. Access to long-term, patient capital and equity financing remains limited, particularly for SMEs and innovative firms. Venture capital and capital market instruments are underdeveloped.
Question 4	Are there specific barriers in your country that hinder accessing financing from other countries (EU and non EU)?	Cross-border financing is constrained by administrative complexity, limited capital market depth, regulatory fragmentation, and insufficient awareness among SMEs of available EU-level financial instruments.

Question 5	What do you see as the top three SIU-related reforms that would most improve the investment environment in your country?	<ol style="list-style-type: none"> 1. Developing deeper and more integrated capital markets, including simplified procedures for issuing bonds and equity. 2. Improving access to EU-level financial instruments through better coordination, advisory support, and reduced administrative burden. 3. Strengthening the ecosystem for venture capital and private equity, including incentives for long-term investment and clearer regulatory frameworks.
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7. Pillar II and Taxes

Question 1	How do you assess the EU's overall tax policy stance in terms of promoting growth, competitiveness and investment compared to 12 months ago?	The same
Question 2	How burdensome has the administrative and compliance workload related to Pillar Two become for companies in your country compared to your expectations one year ago?	Higher
Question 3	How do you assess the impact of Pillar Two on the attractiveness of the EU as an investment location relative to other major jurisdictions (e.g., US, Asia overall, particular markets like China and India)?	Neutral

Question 4	Which safeguards or adjustments to Pillar Two do you consider most necessary for maintaining the competitiveness of European companies? (Select up to 3)	<ol style="list-style-type: none"> 1. Simplification of compliance rules 2. Better alignment with OECD administrative guidance 3. Investment-friendly design of top-up tax calculations
Question 5	What do you see as the top three tax-related reforms that would most improve the EU investment environment?	<ol style="list-style-type: none"> 1. Greater tax certainty through simplified and harmonised rules across Member States. 2. Incentives supporting green and digital investments, including targeted tax credits. 3. Streamlined cross-border tax procedures to reduce administrative burden for companies operating in multiple jurisdictions.
Question 6	Which types of tax incentives would most strengthen Europe's ability to attract investment in green and digital technologies?	<ol style="list-style-type: none"> 1. Enhanced R&D and innovation tax incentives 2. Accelerated or full expensing for green/digital assets 3. Qualified Refundable Tax Credits (QRTCs)

Croatia

1. EU Competitiveness

Question 1	To what extent do you consider the European Commission's overall policy stance supportive of competitiveness and growth compared to 12 months ago?	Slightly better
Question 2	What are your expectations of the new commission from the point of view of regulatory burden (will the EC President deliver on her promises)?	Increased slightly
Question 3	What are your overall expectations about the next European Commission ?	Unchanged
Question 4	How do you think the EU investment environment is seen by global firms compared to 12 months ago?	Slightly better
Question 5	What does your federation see as the main challenges threatening the attractiveness of the EU as an investment environment vis-à-vis international competitors?	<ol style="list-style-type: none"> 1. Regulatory Environment 2. Tax Regime 3. Energy prices 4. Availability of labour 5. Demographic change

Question 6	What are the main obstacles to private R&D investments faced by companies in your Member State?	<ol style="list-style-type: none"> 1. Administrative burden 2. Regulatory barriers 3. Inadequate ecosystem (links with universities, research centers)
Question 7	What are the main obstacles to AI uptake by companies in your market ?	<ol style="list-style-type: none"> 1. High costs of adopting and integrating AI solutions 2. Lack of workers with the digital and AI-related skills needed 3. Insufficient investments in digital infrastructure

2. National Recovery and Resilience Plans

Question 8	How satisfied or dissatisfied are you with the way your country is implementing so far the national recovery and resilience plan in the past year?	Satisfied
Question 9	How satisfied or dissatisfied are you with the involvement of social partners in the implementation so far of your national recovery and resilience plan?	Neutral
Question 10	How effective do you think the European Commission is being in ensuring strong implementation of the reforms in the national recovery and resilience plans across the EU?	Somewhat confident

<p>Question 11</p>	<p>If you are dissatisfied with the implementation so far of your national recovery and resilience plan, why?</p>	<ol style="list-style-type: none"> 1. Projects not designed for the private sector 2. Capacity of projects to change profile of the economy 3. Time of authorities to take decisions
<p>Question 12</p>	<p>Open question: Which best practices from the RRP could be leveraged for future programmes, and which pitfalls should be avoided?</p>	<p>Building on the lessons of the (RRP, EU programmes should retain the strong strategic focus on competitiveness and procedural simplification, while avoiding excessive administrative complexity, unrealistic timelines, and insufficient institutional preparedness at national level. The new Multiannual Financial Framework (MFF), with competitiveness placed at the centre of EU policy and a dedicated fund representing around 30% of the EU budget, is therefore a welcome and long-awaited shift towards strengthening the EU's technological and industrial position globally.</p> <p>Among good practices that should be carried forward, CEA highlights the horizontal requirement that at least 37% of funding be allocated to green and digital objectives, regardless of region, sector or individual reform KPIs. This approach has successfully mobilised investment across Member States and helped narrow the gap in green and digital investment between less developed countries and the EU average.</p> <p>At the same time, several weaknesses must be addressed. In the area of green investment, a major challenge that should not be repeated is the introduction of new regulatory requirements without clear, practical guidance on implementation, both for governments and for RRP beneficiaries. In addition, differences between RRP rules and those under the Multiannual Financial Framework have led many Member States to establish parallel coordination and implementation systems, resulting in inefficient use of resources, slower processes, and frustration among beneficiaries who struggled to understand diverging requirements.</p> <p>Moreover, national reform programmes have often been overly extensive, with the volume of EU-driven regulatory changes to national strategies and legislation exceeding what can realistically be implemented in a timely and thorough manner. Finally, the quality and timeliness of stakeholder involvement in programme design and implementation have varied significantly across Member States, pointing to the need for stronger and more consistent oversight by the European Commission in future programming cycles.</p>

3. Assessment of Country Specific recommendations 2025 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	<p>Official recommendation: Reinforce overall defence and security spending and readiness while ensuring debt sustainability in line with the European Council conclusions of 6 March 2025. Adhere to the maximum growth rates of net expenditure recommended by the Council on 21 January 2025, while making use of the allowance under the national escape clause for higher defence expenditure.</p> <p>CEA input : Reinforce overall defence spending and readiness in line with the European Council conclusions of 6 March 2025. Adhere to the maximum growth rates of net expenditure recommended by the Council on 21 January 2025, while making use of the allowance under the national escape clause for higher defence expenditure.</p>	Important	Satisfactory	<p>On defence spending, Croatia is progressing with improvements in readiness and modernization. However, relative spending levels are below most EU peers in CEE region, and most capability enhancements are ongoing rather than fully realised. The EC’s autumn forecast indicates that Croatia’s net public expenditure is set to grow by 9.6 % in 2025, well above the recommended 6.4 % ceiling. It also may exceed the 4.9 % limit in 2026. Croatia though remains among EU members with relatively low and declining public debt level, below 60% of GDP. This paradigm held during the “honeymoon” period around and after euro area accession, marked by strong GDP growth driven by reforms, a temporary boost to productivity, exceptionally favourable financing conditions, record EU funds, and elevated inflation that filled the budget and reduced the debt ratio through strong domestic demand and nominal GDP growth—factors the Government itself admits are losing momentum. Given the accumulation of fiscal risks in 2026, including slower growth in private consumption, lack of recovery in the euro area, higher spending on wages, pensions, defence, and healthcare, as well as higher financing costs, Croatia will remain close to breaching the EU’s 3% of GDP deficit limit. Any further loss of discipline on the expenditure side could easily trigger an Excessive Deficit Procedure, significantly constraining development prospects, as occurred between 2014 and 2017.</p>

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 2	<p>In view of the applicable deadlines for the timely completion of reforms and investments under Regulation (EU) 2021/241, accelerate the implementation of the recovery and resilience plan, including the REPowerEU chapter. Accelerate the implementation of cohesion policy programmes (ERDF, JTF, ESF+, CF), building, where appropriate, on the opportunities offered by the mid-term review. Make optimal use of EU instruments, including the opportunities provided by the InvestEU programme and the Strategic Technologies for Europe Platform, to improve competitiveness.</p>	Important	Mixed	<p>Croatia has achieved most of its fulfilled milestones under NRRP through implementation of reforms and regulatory measures, while progress remains comparatively slower in delivering complex infrastructure investments. This poses a particular challenge given the hard deadlines for completing investments by the end of the Programme in June 2026. Despite an acceleration in disbursements, there are increasing indications that a number of projects have not yet started or are significantly delayed.</p> <p>In key sectors such as the economy, healthcare, and education, investment projects worth several hundred million euros have yet to commence. As a result, there is a serious risk that a substantial share of allocated funds will remain unused, leading to a loss of EU budget resources. According to the State Audit Office, Croatia has achieved only 22.9% of performance indicators related to investments, further underlining the urgency of reallocating funds toward projects with higher levels of readiness and implementation capacity.</p> <p>Given that Croatia has drawn EUR 5.3 billion from the NRRP—only about 53% of the total allocation—and that roughly two-thirds of public investment is financed by EU funds, transparent and efficient management of these resources must be treated as a national priority. At the midpoint of the 2021-2027 MFF, the actual absorption rate of EU funds — measured by resources the European Commission has transferred to Croatia’s national budget — remains low at just 11.5%. Despite the final deadline for drawing down funds being the end of 2029, this current pace suggests a serious risk that a large share of allocated resources will remain unused. Croatia’s absorption rate lags significantly behind the EU average, and unless implementation is substantially accelerated, missed opportunities to invest in economic development, productivity, and competitiveness may become more likely over the longer term.</p>

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 3	<p>Address the fragmentation of public research institutes and universities by setting goals in performance agreements that promote consolidation, collaboration, and, where relevant, mergers, backed by financial incentives to boost scientific output and public return on R&D investment. Foster investments in research and innovation. Boost access to diverse sources of financing for businesses and promote capital markets by further facilitating the participation of retail investors, including in the bond market, addressing barriers to listing, and strengthening corporate governance to improve the attractiveness of the stock market. Further simplify regulation, improve regulatory tools and reduce administrative burden through digitalisation to facilitate business creation and expansion. Reinforce the capacity and efficiency of the public administration at the local level by merging functions and/or municipalities.</p>	Important	Mixed	<p>Main CEA positions: 1. Reduce the tax and parafiscal burden by at least 20% by the end of 2025, in line with commitments under the National Recovery and Resilience Plan (NRRP). 2. Strengthen partnerships between the private sector and educational institutions, introduce new STEM study programmes, and actively promote STEM fields among girls and young women. 3. Boost research, development and innovation (R&D&I) by establishing innovation sandboxes to support start-ups and facilitate the testing and scaling of new technologies and business models. 4. Enhance cooperation between industry and public administration, with a strong focus on fast, high-quality and user-friendly digitalisation of public services. 5. Strengthen digital and network infrastructure in rural areas to enable a successful digital transition, supported by simplified spatial planning procedures and faster permitting processes.</p>

	Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
<p>CSR 4</p> <p>Official recommendation : Address high electricity prices for businesses by accelerating deployment and grid connection of renewable energy projects. Further upgrade electricity transmission and distribution grids, invest in electricity storage and advance the roll-out of smart meters. Streamline permitting, including for energy communities, and simplify the procedures for installing solar photovoltaic facilities in multi-apartment buildings. Accelerate the implementation of energy efficiency measures, especially in residential buildings and reduce the dependence on fossil fuels in the heating sector, including by accelerating the use of efficient and green solutions, such as heat pumps. Reduce reliance on fossil fuels and energy demand in the transport sector by promoting sustainable urban transport, rail and the electrification of road transport, including by reviewing targeted taxation incentives. Take concrete steps to phase out fossil fuel subsidies in particular in the transport sector. Address the recent decline in the share of renewables in transport by revising the rules on biofuels.</p> <p>CEA input : Address high electricity prices for businesses by accelerating deployment and grid connection of renewable energy projects. Further upgrade electricity transmission and distribution grids, invest in electricity storage and advance the roll-out of smart meters. Streamline permitting, including for energy communities, and simplify the procedures for installing solar photovoltaic facilities in multi-apartment buildings. Accelerate the implementation of energy efficiency measures, especially in residential buildings, reduce the dependence on fossil fuels in the heating sector, and accelerate the installation of heat pumps. Reduce reliance on fossil fuels and energy demand in the transport sector by promoting sustainable urban transport, rail and the electrification of road transport, including by reviewing targeted taxation incentives. Take concrete steps to phase out fossil fuel subsidies in particular in the transport sector. Address the recent decline in the share of renewables in transport by revising the rules on biofuels.</p>	<p>Important</p>	<p>Unsatisfactory</p>	<p>Energy prices have become a key factor in corporate investment decisions. If energy costs for businesses in Croatia remain significantly above the EU average and misaligned with other global economic regions, new production investment Multiannual Financial Framework MFF should address this competitiveness gap through a dedicated mechanism or an Energy Competitiveness Fund, supporting investments that can sustainably stabilise energy prices over the long term. A 10% increase in electricity prices reduces employment by 1–1.5pp. Delivering the green transition and expanding Croatia’s industrial base requires EUR 33.8 billion in investments in a modern, resilient power grid by 2030, while only EUR 10.8 billion has currently been secured. Given this substantial funding gap, additional EU funding sources must be explored alongside urgent measures to mobilise private investment. Advanced energy infrastructure is essential for integrating new industries and projects that lower energy costs and strengthen system resilience, including green hydrogen, geothermal energy, battery production, alternative fuels, electric vehicles and charging infrastructure, and smart grids. Croatian mandatory pension funds are ready to finance the modernisation of the power system. EU funding could be complemented by co-financing from domestic pension funds, which currently do not make use of their available infrastructure investment limits.</p>

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 5	<p>Reduce labour and skills shortages by removing obstacles to labour force participation, ensuring stronger educational foundations at every level, in particular for basic and science, technology, engineering and mathematics (STEM) skills, strengthening upskilling and reskilling, better targeting active labour market policies to vulnerable groups, and strengthening efforts to attract, develop and retain talent. Strengthen labour market policies and their coordination with social services. Reduce poverty and income inequality by increasing the adequacy of social benefits, including pensions, while maintaining fiscal sustainability. Improve access to formal home- and community-based long-term care. Promote balanced geographical distribution of health workers and facilities, investments in e-health, and closer cooperation between all levels of public administration on health policy.</p>	Important	Mixed	<p>CEA supports education reforms, particularly the introduction of a modular approach in vocational education. However, the simultaneous decline in student numbers and growth in employment is creating resource imbalances and increasing system inefficiencies. A high number of unfilled university places points to a mismatch between educational supply and young people's interests. Despite higher spending, international assessment results remain below expectations, and rising teacher salaries have not delivered measurable improvements in teaching quality. Strengthening dual education and work-based learning is therefore essential to better connect schools with employers and promote the acquisition of practical skills, including beyond upper-secondary education.</p> <p>Extending the duration of primary education could improve basic literacy, better align teaching with children's developmental needs, and mitigate teachers' workload imbalances. HUP also highlights education vouchers as an effective tool for lifelong learning and labour-market adaptation amid rapid technological change. In a period of rapid digital transformation and demographic change, adult education is becoming essential for maintaining competitiveness and social cohesion. The education voucher system, developed through programmes of the European Social Fund and the Croatian Employment Service, has proven to be an effective instrument for promoting lifelong learning and reskilling. It enables the working-age population to acquire new, labour-market-relevant skills - particularly in digital technologies, the green transition, and sectors facing labour shortages - at a lower personal cost. By strengthening the network of training providers and developing micro-credentials aligned with the Croatian Qualifications Framework, vouchers can become one of the most cost-effective ways to invest in skills and knowledge.</p>

4. Reform Progress in your Member State in 2025

How would you assess reform progress in 2025, for the following broad areas:

Taxation and Public Finances	Unsatisfactory
Business environment (regulation/access to markets)	Mixed
Labour market	No progress
Innovation and skills	Mixed
Access to finance and financial stability	Satisfactory

Is there any example of an economic reform, specific to your country that BusinessEurope could highlight in its 2025 Reform Barometer?

It is crucial to reduce the tax burden on highly skilled labour and to increase the currently very low employment rate of young people (aged 15–29) in order to raise productivity from just two-thirds of the EU average. As part of an ambitious income tax relief strategy aimed at reaching the level of the top five EU Member States, Croatia could reduce the tax wedge by around 10 percentage points from 43.5% by further raising the threshold for the higher personal income tax rate, capping the base for health contributions, and reinstating incentives for young people. Minimum wages should be also adjusted on the basis of productivity/inflation formula, hence depoliticized.

5. Reform priorities for 2026

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 1	Taxation Policy	Continue reduction of the overall labour tax burden (including healthcare contributions) and para-fiscal fees, funded by broadening tax base including raising taxes on income from assets and short-term rental activity	yes
Priority 2	Functioning of the labour market, including framework for labour contracts & undeclared work	Increase labour market flexibility, reduce administrative burdens, strengthen digital processes, and ensure mandatory implementation of the Pay Transparency Directive, alongside continued efforts to digitalize foreign workers' employment	yes
Priority 3	Active labour market policies, incentives to work & labour market participation	Enhance re/upskilling strategies via co-financing education programs to acquire green and digital knowledge and skills; Education programmes' adjustment according to labour market needs and smart specialization strategy. Reduce absenteeism through financial disincentive of unjustified use of sick leave;	yes
Priority 4	Public administration	Reduce the number of local government units by merging financially unsustainable units; Reduce medium-term cost in healthcare through overly generous entitlement reforms	no

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 5	Renewable energy, energy infrastructure & networks	Unblock 2,600 MWh capex in renewable capacity for electricity generation. Scrap the difference between electricity prices paid by corporates and citizens, final electricity market design according to main trading partners' best practice.	no
Priority 6	Healthcare	Strengthen sick-leave controls, reduce abuse, and ensure a fairer distribution of sick-leave costs between the Croatian Health Insurance Fund (HZZO) and employers	no
Priority 7	Public procurement & concessions	Further alignment with EU rules, simplification of procedures, stronger digitalisation, and incorporation of proposals from CEA members into future amendments.	no

6. Savings and Investments Union

Question 1	How satisfied or dissatisfied are you with the way your country is implementing the adopted CMU proposals? Why?	Neutral
Question 2	Are you satisfied with the way the banking sector in your country operates? Why?	Satisfied Croatian banks offer competitive interest rates for corporate clients and housing loans especially in quality segments
Question 3	Do companies in your country face difficulties to access finance in your country and what type of financing is most common?	Bank credit financing is the most common instrument whereby SMEs and start-ups face the greatest constraints, especially when seeking long-term financing for capex, innovation, scaling. Banks still require substantial collateral, and favour established clients with stable cash flows
Question 4	Are there specific barriers in your country that hinder accessing financing from other countries (EU and non EU)?	---
Question 5	What do you see as the top three SIU-related reforms that would most improve the investment environment in your country?	1. Strengthen venture capital and growth equity ecosystems, including fund-of-funds structures, 2. Reduce regulatory and listing costs for SMEs and mid-caps, 3. Improve cross-border capital market integration and passporting within the EU

7. Pillar II and Taxes

Question 1	How do you assess the EU's overall tax policy stance in terms of promoting growth, competitiveness and investment compared to 12 months ago?	Much less supportive
Question 2	How burdensome has the administrative and compliance workload related to Pillar Two become for companies in your country compared to your expectations one year ago?	Higher
Question 3	How do you assess the impact of Pillar Two on the attractiveness of the EU as an investment location relative to other major jurisdictions (e.g., US, Asia overall, particular markets like China and India)?	Significantly worse
Question 4	Which safeguards or adjustments to Pillar Two do you consider most necessary for maintaining the competitiveness of European companies? (Select up to 3)	<ol style="list-style-type: none"> 1. More flexibility in Qualified Refundable Tax Credits (QRTCs) 2. Investment-friendly design of top-up tax calculations 3. Temporary safe harbours
Question 5	What do you see as the top three tax-related reforms that would most improve the EU investment environment?	Labour and sales tax cuts funded by property and rental income and inheritance taxes, harmonization of corporate taxation across EU, expansion and stabilization of R&D tax credits alongside extension of the tax loss carryforward and introduction of a tax loss carryback mechanism with 10Y lookback period
Question 6	Which types of tax incentives would most strengthen Europe's ability to attract investment in green and digital technologies?	<ol style="list-style-type: none"> 1. Qualified Refundable Tax Credits (QRTCs) 2. Enhanced R&D and innovation tax incentives 3. Accelerated or full expensing for green/digital assets

Cyprus

1. EU Competitiveness

Question 1	To what extent do you consider the European Commission's overall policy stance supportive of competitiveness and growth compared to 12 months ago?	Slightly better
Question 2	What are your expectations of the new commission from the point of view of regulatory burden (will the EC President deliver on her promises)?	Increased slightly
Question 3	What are your overall expectations about the next European Commission ?	Slightly better
Question 4	How do you think the EU investment environment is seen by global firms compared to 12 months ago?	Slightly better
Question 5	What does your federation see as the main challenges threatening the attractiveness of the EU as an investment environment vis-à-vis international competitors?	<ol style="list-style-type: none"> 1. Regulatory environment 2. Energy prices 3. Skills gap 4. Availability of labour 5. Environmental policies

Question 6	What are the main obstacles to private R&D investments faced by companies in your Member State?	<ol style="list-style-type: none"> 1. Limited access to finance and lack of long-term patient capital 2. Shortages of skilled workers 3. Administrative burden
Question 7	What are the main obstacles to AI uptake by companies in your market ?	<ol style="list-style-type: none"> 1. Insufficient investments in digital infrastructure 2. Lack of workers with the digital and AI-related skills needed 3. High costs of adopting and integrating AI solutions.

2. National Recovery and Resilience Plans

Question 8	How satisfied or dissatisfied are you with the way your country is implementing so far the national recovery and resilience plan in the past year?	Satisfied
Question 9	How satisfied or dissatisfied are you with the involvement of social partners in the implementation so far of your national recovery and resilience plan?	Satisfied
Question 10	How effective do you think the European Commission is being in ensuring strong implementation of the reforms in the national recovery and resilience plans across the EU?	Somewhat confident

Question 11	If you are dissatisfied with the implementation so far of your national recovery and resilience plan, why?	---
Question 12	Open question: Which best practices from the RRP could be leveraged for future programmes, and which pitfalls should be avoided?	Best practices to leverage: Clear reform–investment linkages with measurable milestones and targets

3. Assessment of Country Specific recommendations 2025 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	<p>Official recommendation : Reinforce overall defence spending and readiness in line with the European Council conclusions of 6 March 2025. Ensure that net expenditure respects the path recommended by the Council on 21 January 2025</p> <p>OEB input : Reinforce overall defence spending</p>	Important	Mixed	



		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 2	<p>Official recommendation : In view of the applicable deadlines for the timely completion of reforms and investments under Regulation (EU) 2021/241, accelerate the implementation of the recovery and resilience plan, including the REPowerEU chapter. Accelerate the implementation of the cohesion policy programme (ERDF, JTF, ESF+, CF), building, where appropriate, on the opportunities offered by the mid-term review. Make optimal use of EU instruments, including the opportunities provided by the InvestEU and the Strategic Technologies for Europe Platform, to improve competitiveness.</p> <p>OEB input : Accelerate the implementation of the recovery and resilience plan, including the REPowerEU chapter.</p>	Extremely important	Satisfactory	
CSR 3	<p>Official recommendation : Strengthen research and innovation and the commercialisation of research results by fostering public and private R&D investment, enhancing research-business synergies, and adopting a continuous long-term research and innovation strategy with input-output indicators and multiannual funding. Facilitate the diversification of the economy and further productive investment by enabling alternative saving and investment instruments, increasing financial literacy, facilitating the participation in capital markets and improving access to non-bank financing opportunities for businesses. Simplify regulation, improve regulatory tools and reduce administrative burden, especially focusing on improving licensing and permitting procedures for investment and setting up new businesses. Improve the governance of state-owned enterprises by aligning it with international best practices, including merit-based nomination of boards, ownership policy and performance-based management.</p> <p>OEB input : Strengthen research and innovation</p>	Extremely important	No progress	



		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 4	<p>Official recommendation : Reduce overall reliance on fossil fuels and further diversify energy supply, notably by developing energy interconnections with neighbouring countries, scaling-up funding for energy efficiency, promoting sustainable transport and upgrading the electricity grid and energy storage facilities, to accommodate an increasing share of renewables. Address energy poverty. Step up investments in water, waste water, and waste management infrastructure, promote sustainable water use practices, and strengthen efforts to prevent waste and improve the separate collection of municipal and packaging waste. Improve the implementation of climate adaptation measures, by focusing on improving the institutional framework governing climate adaptation</p> <p>OEB input : Reduce overall reliance on fossil fuels and further diversify energy supply</p>	Extremely important	Mixed	
CSR 5	<p>Official recommendation : Address labour shortages and skills mismatches by strengthening labour market participation of young people, further increasing the capacity and attractiveness of vocational education and training as well as promoting adult learning. Step up policy efforts to strengthen green and digital skills. Further increase participation in early childhood education and care, improve basic skills, and increase students' participation in science, technology, engineering and mathematics (STEM) fields. Improve the availability of and access to long-term care services by introducing a modern, adequately funded, integrated long-term care model.</p> <p>OEB input : Address labour shortages and skills mismatches</p>	Extremely important	No progress	

4. Reform Progress in your Member State in 2025

How would you assess reform progress in 2025, for the following broad areas:

Taxation and Public Finances	Excellent
Business environment (regulation/access to markets)	Satisfactory
Labour market	Mixed
Innovation and skills	Mixed
Access to finance and financial stability	No progress

Is there any example of an economic reform, specific to your country that BusinessEurope could highlight in its 2025 Reform Barometer?

Modern tax reform: Cyprus passed a wide-ranging tax reform package aimed at simplifying the tax system, reducing burdens for households and businesses, enhancing fairness and competitiveness, and supporting growth and investment. Key elements include raising the tax-free threshold and restructuring brackets for personal income tax, new deductions for families, housing and green investments, adjustments to corporate tax incentives, and measures to broaden the tax base and improve compliance. This is the first major overhaul of the tax code in over two decades and strengthens both equity and competitiveness in the economy.

5. Reform priorities for 2026

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 1	Renewable energy, energy infrastructure & networks	Accelerate grid reinforcement, smart-meter rollout and system-flexibility markets.	yes
Priority 2	Digitalisation of public administration and public services	Redesign high-volume public services end-to-end around digital identity, e-signatures and the “once-only” principle, with measurable reductions in time, cost and administrative burden.	yes
Priority 3	Housing	Expand affordable and market-rate housing supply through faster planning.	yes
Priority 4	Justice system	The Justice Reform is in the pipeline and must be eventually completed in order for Cyprus to regain its trust from local businesses and foreign investors.	yes
Priority 5	Pension systems and active ageing	A new pension system is being designed as to ensure pension sustainability and labour-market resilience.	yes



6. Savings and Investments Union

<p>Question 1</p>	<p>How satisfied or dissatisfied are you with the way your country is implementing the adopted CMU proposals? Why?</p>	<p>Neutral</p>
<p>Question 2</p>	<p>Are you satisfied with the way the banking sector in your country operates? Why?</p>	<p>Satisfied</p>
<p>Question 3</p>	<p>Do companies in your country face difficulties to access finance in your country and what type of financing is most common?</p>	<p>Companies in Cyprus do face difficulties in accessing finance, particularly SMEs and start-ups.</p> <p>Bank lending remains the dominant source of financing, but access is constrained by strict collateral requirements, conservative risk assessment and lengthy approval processes.</p> <p>Equity financing, venture capital and private equity are still relatively underdeveloped, limiting options for innovative and high-growth firms.</p> <p>Alternative instruments (corporate bonds, crowdfunding, green or transition finance) exist but are used only to a limited extent.</p> <p>EU funding instruments (RRF, structural funds, EIB/EIF-backed schemes) play an important complementary role, especially where private financing is harder to secure.</p>

Question 4	Are there specific barriers in your country that hinder accessing financing from other countries (EU and non EU)?	Small market size and limited depth of the local financial system, high compliance and due-diligence requirements, limited availability of non-bank and capital-market financing
Question 5	What do you see as the top three SIU-related reforms that would most improve the investment environment in your country?	Strengthening SIU's binding authority and coordination role, full digitalisation and time-bound procedures, expansion of scope and sectoral expertise

7. Pillar II and Taxes

Question 1	How do you assess the EU's overall tax policy stance in terms of promoting growth, competitiveness and investment compared to 12 months ago?	The same
Question 2	How burdensome has the administrative and compliance workload related to Pillar Two become for companies in your country compared to your expectations one year ago?	Higher



Question 3	How do you assess the impact of Pillar Two on the attractiveness of the EU as an investment location relative to other major jurisdictions (e.g., US, Asia overall, particular markets like China and India)?	Significantly worse
Question 4	Which safeguards or adjustments to Pillar Two do you consider most necessary for maintaining the competitiveness of European companies? (Select up to 3)	<ol style="list-style-type: none"> 1. Simplification of compliance rules 2. Temporary safe harbours 3. Investment-friendly design of top-up tax calculations
Question 5	What do you see as the top three tax-related reforms that would most improve the EU investment environment?	Tax simplification and certainty, competitive and investment-friendly tax incentives, effective coordination without over-harmonisation.
Question 6	Which types of tax incentives would most strengthen Europe's ability to attract investment in green and digital technologies?	<ol style="list-style-type: none"> 1. Incentives for digital infrastructure and AI adoption 2. Tax credits for strategic net-zero technologies 3. Qualified Refundable Tax Credits (QRTC)

Czech Republic

1. EU Competitiveness

Question 1	To what extent do you consider the European Commission's overall policy stance supportive of competitiveness and growth compared to 12 months ago?	Unchanged
Question 2	What are your expectations of the new commission from the point of view of regulatory burden (will the EC President deliver on her promises)?	Increase slightly
Question 3	What are your overall expectations about the next European Commission ?	Slightly better
Question 4	How do you think the EU investment environment is seen by global firms compared to 12 months ago?	Unchanged
Question 5	What does your federation see as the main challenges threatening the attractiveness of the EU as an investment environment vis-à-vis international competitors?	<ol style="list-style-type: none"> 1. Regulatory environment 2. Energy prices 3. Availability of labour 4. Innovation capacity 5. Fragmentation of the Single Market

Question 6	What are the main obstacles to private R&D investments faced by companies in your Member State?	<ol style="list-style-type: none"> 1. Regulatory barriers 2. Limited access to finance and lack of long-term patient capital 3. Administrative burden
Question 7	What are the main obstacles to AI uptake by companies in your market ?	<ol style="list-style-type: none"> 1. Insufficient investments in digital infrastructure 2. Lack of workers with the digital and AI-related skills needed 3. Regulatory barriers

2. National Recovery and Resilience Plans

Question 8	How satisfied or dissatisfied are you with the way your country is implementing so far the national recovery and resilience plan in the past year?	Satisfied
Question 9	How satisfied or dissatisfied are you with the involvement of social partners in the implementation so far of your national recovery and resilience plan?	Satisfied
Question 10	How effective do you think the European Commission is being in ensuring strong implementation of the reforms in the national recovery and resilience plans across the EU?	Completely confident



<p>Question 11</p>	<p>If you are dissatisfied with the implementation so far of your national recovery and resilience plan, why?</p>	<p>Bureaucracy</p>
<p>Question 12</p>	<p>Open question: Which best practices from the RRP could be leveraged for future programmes, and which pitfalls should be avoided?</p>	<p>Positive elements:</p> <ol style="list-style-type: none"> 1) Performance-based model (i.e. emphasis on results and outcomes rather than allocation spending and formal processes) contributes to a more effective achievement of policy objectives. 2) Combination of investment and reforms proves beneficial for advancing structural reforms and increasing the efficiency of investments. <p>Negative elements:</p> <ol style="list-style-type: none"> 1) Risk of incorrectly defined milestones and targets, milestones often misaligned with real-world changes. Setting of milestones and targets requires sufficient time and expertise. 2) Limited flexibility of the plan, rigid milestone setting with limited possibility of revisions. Nevertheless flexibility increased significantly in 2025 - this should be retained. 3) High administrative burden – The requirements for demonstrating the achievement of milestones and targets should be proportionate to the principle of performance-based financing. 4) Involvement of social partners and other stakeholders - while currently satisfactory - is necessary from the very beginning to ensure the right design of the plan, ownership and effective implementation. 5) In some areas, it is difficult to define the most appropriate reform.



3. Assessment of Country Specific recommendations 2025 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	<p>Official recommendation : Reinforce overall defence spending and readiness in line with the European Council conclusions of 6 March 2025. Adhere to the maximum growth rates of net expenditure recommended by the Council on 21 January 2025, while making use of the allowance under the national escape clause for higher defence expenditure. Reduce the tax burden on low-income workers. Increase revenue from recurrent property taxes. Improve the incentives for people close to retirement to continue working.</p> <p>SPCR input : strengthen overall defense spending and preparedness</p>	Extremely important	Satisfactory	The Czech Republic is to spend 2.35% of GDP on defense this year, which is in line with NATO commitments. However, the budget is currently provisional and the final amount of spending is yet to be confirmed.
CSR 2	<p>Official recommendation : In view of the applicable deadlines for the timely completion of reforms and investments under Regulation (EU) 2021/241, accelerate the implementation of the recovery and resilience plan, including the REPowerEU chapter. Accelerate the implementation of cohesion policy programmes (ERDF, JTF, ESF+, CF), building, where appropriate, on the opportunities offered by the mid-term review. Make optimal use of EU instruments, including the scope provided by the InvestEU and the Strategic Technologies for Europe Platform, to improve competitiveness.</p> <p>SPCR input : Accelerate the implementation of of the Recovery and Resilience Plan, including the REPowerEU chapter. Accelerate the implementation of cohesion policy programmes (ERDF, JST, ESF+, CF)</p>	Important	Mixed	There have been positive changes. The implementation of the NRRP and cohesion policy programs has accelerated. However, limits still remain.



	Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
<p>CSR 3</p> <p>Official recommendation : Strengthen the capacity of Czechia’s public administration to attract, retain and develop talent, particularly to attract people with analytical, managerial and IT skills. Strengthen strategic steering capacities to improve consistency across policies. Simplify urban planning and reduce administrative burden by improving digitalisation, capacity and the management of construction offices. Incentivise and simplify cooperation among municipal administrations. Provide support for administrative capacity building and target this support to structurally affected regions.</p> <p>SPCR input : Strengthen the ability of the Czech public administration to attract, retain and develop talent. Strengthen strategic management capacities, simplify spatial planning and reduce administrative burden by supporting digitalization</p>	<p>Important</p>	<p>Mixed</p>	<p>Czech public administration still has limits in its efficiency, however, we expect permitting processes to become more efficient thanks to the preparation of the new Building Act.</p>
<p>CSR 4</p> <p>Official recommendation : Strengthen capital markets, business access to non-bank finance and the conditions for saving, investment and innovation by promoting household investments in capital markets and by improving existing long-term savings products’ effectiveness in mobilising new long-term investments. Encourage institutional investor participation in listed and unlisted shares, as well as venture capital and private equity. Increase the use of financial instruments, including by strengthening the capacity of the National Development Bank to mobilise private funding to boost competitiveness and the decarbonisation of the economy. Support the creation of start-ups and spinoffs, for example by improving legislation on employee stock option plans. Boost innovation, including by facilitating technology transfer from academia to business. Better tap the potential of R&D tax benefits to stimulate innovation in the private sector.</p> <p>SPCR input : Strengthen capital markets, improve businesses' access to non-bank financing and the conditions for savings, investment and innovation by supporting household investment in capital markets</p>	<p>Important</p>	<p>Mixed</p>	<p>There have been positive changes, such as the reduction of regulation of some pension products. The regulation of employee shares is also positive. However, limits still remain.</p>



		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 5	<p>Official recommendation : Reduce reliance on fossil fuels, notably for road transport, heating and power generation. Provide further incentives for the roll-out of large-scale renewable energy capacity, notably by running renewable power auctions and by promoting the use of long-term power purchase agreements. Increase investment in electricity grids to enhance fossil-free flexibility and enable the electrification of transport and industrial processes. Ensure the swift implementation of the full functionalities of the Electricity Data Centre. Enact measures to reduce energy consumption and the carbon intensity of the buildings sector, especially of the public building stock.</p> <p>SPCR input : Reduce dependence on fossil fuels, particularly in the areas of road transport, heating and power generation. Provide further incentives for the deployment of large-scale renewable energy capacities. Increase investment in electricity systems.</p>	Important	Mixed	The share of renewable energy in heating and electricity generation has been growing for a long time, but the share in transport has not been increased. More investment is needed in electricity systems.



	Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
<p>CSR 6</p> <p>Official recommendation : Lower the tax and benefit disincentives for parents to return to work and improve the supply of childcare and care services to encourage more women to enter the labour market. Strengthen the competitiveness of the economy and reduce labour shortages by addressing skills mismatches, simplifying the recognition of foreign qualifications and increasing the labour market participation of underrepresented groups. Boost educational outcomes by increasing participation in tertiary education, reducing dropout rates and providing more student support. Increase the number of students and graduates in science, technology, engineering and mathematics, especially women. Expand access to general secondary education, enable students to transition between general and vocational education, and provide more support for disadvantaged schools and pupils, including Roma.</p> <p>SPCR input : Reduce tax and benefit disincentives for parents to return to work, reduce labour shortages, improve educational outcomes and increase the number of science students and graduates.</p>	<p>Helpful (but not a priority)</p>	<p>Mixed</p>	<p>---</p>

4. Reform Progress in your Member State in 2025

How would you assess reform progress in 2025, for the following broad areas:

Taxation and Public Finances	Mixed
Business environment (regulation/access to markets)	Mixed
Labour market	---
Innovation and skills	Mixed
Access to finance and financial stability	No progress

Is there any example of an economic reform, specific to your country that BusinessEurope could highlight in its 2025 Reform Barometer?

Important laws were passed last year regarding payroll evidence, making tax deduction for research and development more attractive, and employee stock options. However, reform efforts in these areas need to be further developed. Significant measures were adopted to increase flexibility in labour-law relationships (“Flexi-Amendment” to the Labour Code). Further reforms aimed at stimulating labour market dynamics were also introduced, including a comprehensive redesign of unemployment benefits, providing higher income security in the event of job loss or change, while at the same time actively motivating jobseekers to find new employment.

In the social sphere, a new concept and design of the state/social benefits was implemented. A key pension reform was adopted, extending the statutory retirement age and addressing the status of workers in so-called demanding professions. Reforms in the digitalisation of HR and payroll processes, as well as employer reporting obligations vis-à-vis public authorities, are also continuing.

5. Reform priorities for 2026

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 1	Taxation policy	Strengthen competitiveness of the Czech companies (for example accelerated depreciation)	yes
Priority 2	Business environment	Lower administration burden, strengthen the business environment	yes
Priority 3	Research & innovation	Support for applied research – finalize measures to make tax deductions for research and development more attractive and increase funding for industrial applied research.	no
Priority 4	Renewable energy, energy infrastructure & networks	Ensure investments in infrastructure, reduce final energy prices	Yes partly
Priority 5	Functioning of the labour market, including framework for labour contracts & undeclared work	Reduce labour shortage	Yes partly



6. Savings and Investments Union

<p>Question 1</p>	<p>How satisfied or dissatisfied are you with the way your country is implementing the adopted CMU proposals? Why?</p>	<p>Satisfied In recent years, investors' access to equity investments has generally improved, for example, and the Czech Republic also offers relatively high tax and other incentives for long-term pension investments. The activities of the national development bank, which carries out activities in the public interest, are also satisfactory. The new government is proposing, among other things, an incentive depreciation policy for investments in startups. However, a more significant effort to increase the number of titles on the Prague Stock Exchange would be beneficial.</p>
<p>Question 2</p>	<p>Are you satisfied with the way the banking sector in your country operates? Why?</p>	<p>Satisfied The banking sector in the Czech Republic is generally among the most stable in the EU.</p>
<p>Question 3</p>	<p>Do companies in your country face difficulties to access finance in your country and what type of financing is most common?</p>	<p>Some companies may face the problem of relatively high interest rates, which can be an obstacle, especially for start-ups. The Czech Republic would generally benefit from improved access to alternative financing, such as employee shares or equity financing in general.</p>
<p>Question 4</p>	<p>Are there specific barriers in your country that hinder accessing financing from other countries (EU and non EU)?</p>	<p>There are general obstacles to investment such as slow permitting processes, the NIMBY effect, bureaucratic burdens on business, or a less favorable approach to investment incentives compared to some neighboring countries.</p>



Question 5	What do you see as the top three SIU-related reforms that would most improve the investment environment in your country?	For example, the revision of securitization rules and the effort to make capital available to retail investors (in the Czech Republic, savings in bank accounts or investments in foreign assets generally prevail) or the integration of financial markets in the EU.
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7. Pillar II and Taxes

Question 1	How do you assess the EU’s overall tax policy stance in terms of promoting growth, competitiveness and investment compared to 12 months ago?	The same
Question 2	How burdensome has the administrative and compliance workload related to Pillar Two become for companies in your country compared to your expectations one year ago?	Higher
Question 3	How do you assess the impact of Pillar Two on the attractiveness of the EU as an investment location relative to other major jurisdictions (e.g., US, Asia overall, particular markets like China and India)?	Significantly worse
Question 4	Which safeguards or adjustments to Pillar Two do you consider most necessary for maintaining the competitiveness of European companies? (Select up to 3)	In general: Pillar 2 is a competitive disadvantage for the Czech Republic in attracting investment and supporting research. Pillar 2 may reduce the effectiveness of tax deductions for research and development or investment incentives. In light of the current changes and the exclusion of the USA from the scope of Pillar 2, a significant revision of Pillar 2 is necessary.



Question 5	What do you see as the top three tax-related reforms that would most improve the EU investment environment?	Some measures included in the SIU (tax support for long-term investment) or in the CMU (removal of tax obstacles for cross-border investors). But in general we see investment limits mainly at the national level.
Question 6	Which types of tax incentives would most strengthen Europe’s ability to attract investment in green and digital technologies?	<ol style="list-style-type: none"> 1. Enhanced R&D and innovation tax incentives 2. Incentives for digital infrastructure and AI adoption

Denmark

1. EU Competitiveness

Question 1	To what extent do you consider the European Commission's overall policy stance supportive of competitiveness and growth compared to 12 months ago?	Slightly better
Question 2	What are your expectations of the new commission from the point of view of regulatory burden (will the EC President deliver on her promises)?	Unchanged
Question 3	What are your overall expectations about the next European Commission ?	Unchanged
Question 4	How do you think the EU investment environment is seen by global firms compared to 12 months ago?	Slightly worse
Question 5	What does your federation see as the main challenges threatening the attractiveness of the EU as an investment environment vis-à-vis international competitors?	<ol style="list-style-type: none"> 1. Regulatory environment 2. Innovation capacity 3. Fragmentation of the Single Market 4. Lack of infrastructure, incl. digital 5. Energy prices

Question 6	What are the main obstacles to private R&D investments faced by companies in your Member State?	<ol style="list-style-type: none"> 1. Regulatory Barriers 2. Administrative burden 3. Shortage of skilled workers
Question 7	What are the main obstacles to AI uptake by companies in your market ?	<ol style="list-style-type: none"> 1. Other : Uncertainty, including the long-term effects of regulation, especially the EU AI Act 2. Lack of workers with the digital and AI-related skills needed 3. Lack of a business case (low ROI)

2. National Recovery and Resilience Plans

Question 8	How satisfied or dissatisfied are you with the way your country is implementing so far the national recovery and resilience plan in the past year?	Satisfied
Question 9	How satisfied or dissatisfied are you with the involvement of social partners in the implementation so far of your national recovery and resilience plan?	Satisfied
Question 10	How effective do you think the European Commission is being in ensuring strong implementation of the reforms in the national recovery and resilience plans across the EU?	Somewhat confident

Question 11	If you are dissatisfied with the implementation so far of your national recovery and resilience plan, why?	---
Question 12	Open question: Which best practices from the RRP could be leveraged for future programmes, and which pitfalls should be avoided?	It will be fruitful to identify practices under RPP which have the added advantage of contributing to EU overall competitiveness. While COVID-19 may have been the catalyst for RPP, the focus ought to shift towards competitiveness, as this is a long-term challenge for the EU member states.

3. Assessment of Country Specific recommendations 2025 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	Reinforce overall defence spending and readiness in line with the European Council conclusions of 6 March 2025. Adhere to the maximum growth rates of net expenditure recommended by the Council on 21 January 2025, while making use of the allowance under the national escape clause for higher defence expenditure.	Important	Satisfactory	The government has yet to specify how it will use the many additional funds for defense. It is crucial that national competencies in the defense area are built up.

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 2	In view of the applicable deadlines for the timely completion of reforms and investments under Regulation (EU) 2021/241, ensure the effective implementation of the recovery and resilience plan, including the REPowerEU chapter. Accelerate the implementation of cohesion policy programmes (ERDF, JTF, ESF+), building, where appropriate, on the opportunities offered by the mid-term review. Make optimal use of EU instruments, including the scope provided by the InvestEU and the Strategic Technologies for Europe Platform, to improve competitiveness	Important	Satisfactory	
CSR 3	Address the productivity gap between large and small companies by supporting SMEs to innovate and adopt new technologies, notably in sectors with emerging potential. Boost innovative businesses by improving access to venture capital and private equity and the framework conditions for initial public offerings.	Extremely important	Unsatisfactory	
CSR 4	Reduce reliance on fossil fuels by supporting clean and efficient energy production and use, and by accelerating electrification across sectors. Address increasing demand and flexibility needs by providing incentives to make the electricity network upgrades needed at transmission and distribution level, and by promoting demand response, energy storage and other clean flexibility solutions. In line with planned measures, reduce the intensity of agricultural and farming activities. Strengthen the circular economy and waste management policies by promoting waste prevention and the reuse of municipal and other waste, increasing recycling rates, reducing food waste and shifting away from the incineration of municipal waste for heat generation to using cleaner sources.	Important	Mixed	The Government has introduced an array of demand-side reforms that effectively support the green transition. On the supply-side, however, serious concerns regarding the availability and price and clean energy remain, especially regarding the access to electricity and biomethane

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 5	Address the skills shortages to meet labour market needs, including by stepping up action to tackle attainment inequalities in education and training and to ensure the provision and acquisition of the skills needed for the green and digital transition. Implement measures to improve the affordability of housing.	Extremely important	Mixed	It is very positive that skill shortage has become a country specific recommendation for Denmark, as shortage of labour - in general and wrt. to specific skills - is an ongoing challenge. Further reforms than those already implemented by the Government are however necessary, largely due to a shrinking domestic workforce and demographic changes in the coming years.

4. Reform Progress in your Member State in 2025

How would you assess reform progress in 2025, for the following broad areas:

Taxation and Public Finances	Unsatisfactory
Business environment (regulation/access to markets)	Unsatisfactory
Labour market	Satisfactory
Innovation and skills	Mixed
Access to finance and financial stability	No progress

Is there any example of an economic reform, specific to your country that BusinessEurope could highlight in its 2025 Reform Barometer?

5. Reform priorities for 2026

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 1	Taxation policy	Lower corporate tax to a more competitive level to encourage investment. Simplify the tax system by eliminating unnecessary and burdensome taxes	no
Priority 2	Business environment (incl. SME policies)	Denmark must introduce a burden reduction target of 25%. Denmark must establish “reality checks” in all ministerial departments. Give the ministerial group for burden reduction a stronger mandate.	yes
Priority 3	Active labour market policies, incentives to work & labour market participation	Reform the retirement schemes (early retirement, senior pension and early retirement), which will increase employment by 10-20,000 people overall. Everyone who requests cash benefits should, as a rule, be assessed as job-ready with a requirement to be available for the labour market.	yes

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 4	Single market, competition & state aid	The European Commission must ensure that Member States effectively implement and enforce existing EU rules. The European Commission must speed up the process of harmonising standards so that companies can avoid unnecessary costs for product development and documentation of regulatory compliance when they act globally. The European Commission must strengthen controls and increase European cooperation on companies' compliance with EU product legislation.	no
Priority 5	Public Administration	The number of public employees in administration must return to the same level as before COVID19. For educators, teachers, office workers, care workers and nurses, working hours must be increased so that in all municipalities and regions they reach the same level as the relevant professional group's average working hours in the tenth best municipality and the best region, respectively. There is great potential in reducing sick leave among employees in the municipalities and regions.	yes

6. Savings and Investments Union

Question 1	How satisfied or dissatisfied are you with the way your country is implementing the adopted CMU proposals? Why?	Neutral Denmark has a well-functioning pension system raising large amounts of capital as well as access to investment products supporting household savings being channeled into the capital markets. However not much progress has been made over the past years in developing the capital markets further. Danish pension savings are increasingly invested outside Europe since returns within Europe have been modest.
Question 2	Are you satisfied with the way the banking sector in your country operates? Why?	Very satisfied We experience a good dialogue with representatives of the banking sector. Most companies applying for financing through the banking sector are approved, and rejections are based on objective criteria.
Question 3	Do companies in your country face difficulties to access finance in your country and what type of financing is most common?	In general, access to finance is satisfactory for Danish companies, with most companies facing difficulties being characterised by weak solvency ratios or similar. The most widely used type of financing is through the banking system with almost 40 per cent of Danish firms applying for bank loans within the last year.
Question 4	Are there specific barriers in your country that hinder accessing financing from other countries (EU and non EU)?	Withholding taxes on cross-border portfolio investment. Currently taxes are withheld on dividends after which foreign investors should apply for a refund where lower taxes apply, forming an unnecessary administrative burden for investors.
Question 5	What do you see as the top three SIU-related reforms that would most improve the investment environment in your country?	Improve the Danish retail savings account ("Aktiesparekonto"), changing the tax scheme such that returns are taxed at the time of withdrawal. Provide further incentives for pension schemes for investing within Europe, especially by lowering or abolishing withholding tax on dividends. Increase competition within the capital market infrastructure, simplifying listing requirements and harmonising rules where appropriate.

7. Pillar II and Taxes

Question 1	How do you assess the EU's overall tax policy stance in terms of promoting growth, competitiveness and investment compared to 12 months ago?	The same
Question 2	How burdensome has the administrative and compliance workload related to Pillar Two become for companies in your country compared to your expectations one year ago?	The same
Question 3	How do you assess the impact of Pillar Two on the attractiveness of the EU as an investment location relative to other major jurisdictions (e.g., US, Asia overall, particular markets like China and India)?	Significantly worse
Question 4	Which safeguards or adjustments to Pillar Two do you consider most necessary for maintaining the competitiveness of European companies? (Select up to 3)	<ol style="list-style-type: none"> 1. Simplification of compliance rules 2. Temporary safe harbours 3. Investment-friendly design of top-up tax calculations

<p>Question 5</p>	<p>What do you see as the top three tax-related reforms that would most improve the EU investment environment?</p>	<ul style="list-style-type: none"> - An effective Capital Markets Union for business investment - More coordinated implementation of EU tax rules, incl. EU binding rulings - Genuine simplification of EU tax law, incl. repeal of redundant rules <p>Completing the Capital Markets Union to ensure cheaper, deeper and more accessible financing for companies, not least for scale-ups and long-term investments across borders.</p> <p>EU tax directives are formally harmonised, but divergent national implementation and interpretation in practice fragment the Single Market. Greater coordination, common guidance and stronger convergence in application would significantly reduce compliance costs and legal uncertainty, including more effective and timely access for member states and taxpayers to binding clarification from the Court of Justice of the EU on the correct interpretation of EU tax law, ensuring uniform application across member states.</p> <p>This includes real simplification of overlapping EU tax frameworks, notably ATAD and DAC, and the repeal of existing EU tax rules that are no longer strictly necessary following the adoption of the EU Minimum Tax Directive, in order to reduce administrative burdens and restore coherence in the EU tax acquis.</p>
<p>Question 6</p>	<p>Which types of tax incentives would most strengthen Europe’s ability to attract investment in green and digital technologies?</p>	<ol style="list-style-type: none"> 1. Enhanced R&D and innovation tax incentives 2. Accelerated or full expensing for green/digital assets 3. Incentives for digital infrastructure and AI adoption

Estonia

1. EU Competitiveness

Question 1	To what extent do you consider the European Commission's overall policy stance supportive of competitiveness and growth compared to 12 months ago?	Slightly better
Question 2	What are your expectations of the new commission from the point of view of regulatory burden (will the EC President deliver on her promises)?	Unchanged
Question 3	What are your overall expectations about the next European Commission ?	Slightly better
Question 4	How do you think the EU investment environment is seen by global firms compared to 12 months ago?	Unchanged
Question 5	What does your federation see as the main challenges threatening the attractiveness of the EU as an investment environment vis-à-vis international competitors?	<ol style="list-style-type: none"> 1. Regulatory environment 2. Access to finance 3. Environmental policies 4. Tax regime 5. Other : Unit labor cost
Question 6	What are the main obstacles to private R&D investments faced by companies in your Member State?	<ol style="list-style-type: none"> 1. Shortage of skilled workers 2. Low profitability leaves firms with fewer internal resources for R&D. 3. Regulatory barriers

Question 7	What are the main obstacles to AI uptake by companies in your market ?	<ol style="list-style-type: none"> 1. Lack of workers with the digital and AI-related skills needed 2. Insufficient investments in digital infrastructure 3. Lack of a business case (low ROI)
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2. National Recovery and Resilience Plans

Question 8	How satisfied or dissatisfied are you with the way your country is implementing so far the national recovery and resilience plan in the past year?	Neutral
Question 9	How satisfied or dissatisfied are you with the involvement of social partners in the implementation so far of your national recovery and resilience plan?	Satisfied
Question 10	How effective do you think the European Commission is being in ensuring strong implementation of the reforms in the national recovery and resilience plans across the EU?	Somewhat confident
Question 11	If you are dissatisfied with the implementation so far of your national recovery and resilience plan, why?	---
Question 12	Open question: Which best practices from the RRP could be leveraged for future programmes, and which pitfalls should be avoided?	Measures should be designed according to the biggest impact and discussed with stakeholders.

3. Assessment of Country Specific recommendations 2025 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	<p>Official recommendation : Reinforce overall defence spending and readiness in line with the European Council conclusions of 6 March 2025. Adhere to the maximum growth rates of net expenditure recommended by the Council on 21 January 2025, while making use of the allowance under the national escape clause for higher defence expenditure. Broaden the tax base by tapping into taxes that are less detrimental to growth. Ensure sustainable financing for spending needs including defence, and healthcare and longterm care to improve accessibility and affordability, while safeguarding against inflationary pressure.</p> <p>EE’s input : Submit the medium-term fiscal-structural plan in a timely manner. In line with the requirements of the reformed Stability and Growth Pact, limit the growth in net expenditure in 2025 to a rate consistent with, inter alia, reducing the general government deficit below the 3% of GDP Treaty reference value and keeping the general government debt at a prudent level over the medium term.</p>	Extremely important	Unsatisfactory	<p>The plan is there, but it's unsustainable. Economy has grown about 45% through past 6 years, but government expenditures increased about 70%. The budget deficit in 2025 was about 1% of GDP, but 2026 budget is in 4,5% deficit.</p>
CSR 2	<p>Official recommendation : In view of the applicable deadlines for the timely completion of reforms and investments under Regulation (EU) 2021/241, ensure the effective implementation of the recovery and resilience plan, including the REPowerEU chapter. Accelerate the implementation of the cohesion policy programme (ERDF, JTF, ESF+, CF), building, where appropriate, on the opportunities offered by the mid-term review. Make optimal use of EU instruments, including the scope provided by the InvestEU and the Strategic Technologies for Europe Platform, to improve competitiveness.</p> <p>EE’s input: Broaden the tax base</p>	Contrary to Federation advice	Unsatisfactory	<p>One new tax was introduced, several existing tax rates were raised. Present government also abandoned some tax hikes but no budget cuts which can mean future tax rate hikes.</p>

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 3	<p>Official recommendation : Focus investment on research and innovation by prioritising funding for applied research. Improve access to finance, especially for small and medium-sized enterprises and companies in remote regions, to facilitate innovative investment, for example investment in the green and digital transitions, including by promoting institutional investor participation in the venture capital and equity market.</p> <p>EE's input : improve access to and financing of healthcare and long term care</p>	Important	Unsatisfactory	There is a lot of inefficiency in the system. Currently reforms are planned.
CSR 4	<p>Official recommendation : Improve energy efficiency by taking new financing and support measures to meet the targets of the long-term renovation strategy. Reduce overall reliance on fossil fuels and the share of oil shale in the energy mix by investing in renewable energy and by promoting energy storage. Increase energy security, for example by ensuring the sufficient capacity of electricity interconnections. Raise resource productivity through bio-based innovation. Take further action to increase the availability and use of sustainable and less polluting transport, including by electrification of the rail network, renewal of the stock of road vehicles, and integration of public transport systems.</p> <p>EE's input: Strengthen social protection, inter alia to address old-age poverty and by extending the coverage of unemployment benefits, in particular to those with short work spells and in non-standard forms of work.</p>	Important	Mixed	Material depreciation is one of the lowest in Europe among unemployed. Paying adequate pensions will be enormous challenge in the future since the working age population is shrinking fast and private pension funds was made voluntary in 2021. The tax raises would cut the competitiveness deeply.

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 5	<p>Official recommendation : Improve labour productivity and skills supply through action on reskilling and upskilling, by reducing early school leaving, by improving the job market relevance of the education and training system, in particular by meeting the growing demand for specialists in science, technology, engineering and mathematics, and by better attracting and retaining talent. Step up policy measures aimed at the provision and acquisition of skills and competences needed for the green transition. Reduce the risk of poverty by strengthening social protection for older people, single-person households and people with disabilities by increasing the adequacy and efficiency of the benefit system, and for the unemployed, inter alia by extending the coverage of unemployment benefits, in particular to those in non-standard forms of work, while maintaining fiscal sustainability.</p> <p>EE's input : Reduce the share of oil shale in the energy mix and raise resource productivity through bio-based innovation.</p>	Helpful (but not a priority)	Satisfactory	Shale oil share in energy mix has significantly decreased, but it is necessary to hold some supply reserves until alternative controllable power sources have been found.
CSR 6	<p>No official recommendation.</p> <p>EE's input : Improve labour productivity and skills supply through reskilling and upskilling, and by better attracting and retaining talent.</p>	Extremely important	Mixed	Draft law was recently introduced which would raise immigration quota marginally. Upskilling and reskilling measures are in focus in Unemployment bureau reforms as well as in vocational studies etc. Very little has become into force so far.

4. Reform Progress in your Member State in 2025

How would you assess reform progress in 2025, for the following broad areas:

Taxation and Public Finances	Unsatisfactory
Business environment (regulation/access to markets)	Mixed
Labour market	Satisfactory
Innovation and skills	Satisfactory
Access to finance and financial stability	No progress

Is there any example of an economic reform, specific to your country that BusinessEurope could highlight in its 2025 Reform Barometer?

5. Reform priorities for 2026

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 1	Budgetary framework and fiscal governance	cut expenses to regain budgetary balance	no
Priority 2	Skills, Vocational Education and Training & adult learning	Bring better accordance to labor market needs in higher education, improve quality of science studies in general education level, improve motivation to participate in upskilling and reskilling especially among unemployed.	yes
Priority 3	Digitalisation of businesses	enhance and support investments in digitalisation and automation	---
Priority 4	Digitalisation of public administration and public services	simplify and cut administrative burden in order to digitalise and enhance data-based decision making	yes
Priority 5	Research & innovation	pragmatisation and cooperation in public R&D	---

6. Savings and Investments Union

Question 1	How satisfied or dissatisfied are you with the way your country is implementing the adopted CMU proposals? Why?	Neutral
Question 2	Are you satisfied with the way the banking sector in your country operates? Why?	Very satisfied
Question 3	Do companies in your country face difficulties to access finance in your country and what type of financing is most common?	Normally not an issue, but during the crisis years since 2020 foreign investors have decreased their investments in Estonia.
Question 4	Are there specific barriers in your country that hinder accessing financing from other countries (EU and non EU)?	Stock market in EU is very fragmented
Question 5	What do you see as the top three SIU-related reforms that would most improve the investment environment in your country?	Enhance investment within member states

7. Pillar II and Taxes

Question 1	How do you assess the EU’s overall tax policy stance in terms of promoting growth, competitiveness and investment compared to 12 months ago?	The same
Question 2	How burdensome has the administrative and compliance workload related to Pillar Two become for companies in your country compared to your expectations one year ago?	The same
Question 3	How do you assess the impact of Pillar Two on the attractiveness of the EU as an investment location relative to other major jurisdictions (e.g., US, Asia overall, particular markets like China and India)?	Significantly worse
Question 4	Which safeguards or adjustments to Pillar Two do you consider most necessary for maintaining the competitiveness of European companies? (Select up to 3)	---
Question 5	What do you see as the top three tax-related reforms that would most improve the EU investment environment?	Cut in administrative burden that would allow MS to cut public sector and tax burden. The Omnibus initiative doesn't help when EC on the other hand creates more and more new regulation to comply. In case of Estonia the Pillar 2 itself creates more administrative burden since our CIT system. To be more competitive we need less regulation and obligations in EU, not more.
Question 6	Which types of tax incentives would most strengthen Europe’s ability to attract investment in green and digital technologies?	Other : lower tax burden in general, because 1) the higher the tax burden the less own finances companies have for investments and 2) the less attractive is EU as business environment, companies want to invest in.

Finland

1. EU Competitiveness

Question 1	To what extent do you consider the European Commission's overall policy stance supportive of competitiveness and growth compared to 12 months ago?	Unchanged
Question 2	What are your expectations of the new commission from the point of view of regulatory burden (will the EC President deliver on her promises)?	Decreased slightly
Question 3	What are your overall expectations about the next European Commission ?	Unchanged
Question 4	How do you think the EU investment environment is seen by global firms compared to 12 months ago?	Slightly better
Question 5	What does your federation see as the main challenges threatening the attractiveness of the EU as an investment environment vis-à-vis international competitors?	<ol style="list-style-type: none"> 1. Regulatory environment 2. Fragmentation of the Single Market 3. Access to finance 4. Demographic change 5. Lack of infrastructure, incl. digital

Question 6	What are the main obstacles to private R&D investments faced by companies in your Member State?	<ol style="list-style-type: none"> 1. Limited access to finance and lack of long-term patient capital 2. Inadequate ecosystem (links with universities, research centers) 3. Shortage of skilled workers
Question 7	What are the main obstacles to AI uptake by companies in your market ?	<ol style="list-style-type: none"> 1. Lack of a business case (low ROI) 2. High costs of adopting and integrating AI solutions 3. Insufficient investments in digital infrastructure

2. National Recovery and Resilience Plans

Question 8	How satisfied or dissatisfied are you with the way your country is implementing so far the national recovery and resilience plan in the past year?	Neutral
Question 9	How satisfied or dissatisfied are you with the involvement of social partners in the implementation so far of your national recovery and resilience plan?	Neutral
Question 10	How effective do you think the European Commission is being in ensuring strong implementation of the reforms in the national recovery and resilience plans across the EU?	Somewhat confident

Question 11	If you are dissatisfied with the implementation so far of your national recovery and resilience plan, why?	<ol style="list-style-type: none"> Capacity of projects to change profile of the economy Inadequate sectoral targeting (digital, energy, not relevant sectors)
Question 12	Open question: Which best practices from the RRP could be leveraged for future programmes, and which pitfalls should be avoided?	Avoid spreading out the resources, more targeted approach

3. Assessment of Country Specific recommendations 2025 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	<p>Official recommendation : Reinforce overall defence spending and readiness in line with the European Council conclusions of 6 March 2025. Adhere to the maximum growth rates of net expenditure recommended by the Council on 21 January 2025, while making use of the allowance under the national escape clause for higher defence expenditure. Implement the set of reforms and investments underpinning the extended adjustment period as recommended by the Council on 21 January 2025. Improve the efficiency of public spending by taking into account the results of the spending reviews. Pursue the reform of the social security system to increase the efficiency of the social benefits system, improve incentives to work and support the long-term sustainability of public finances, while addressing the needs of the vulnerable groups.</p> <p>EK input : Public finances + defence expenditure</p>	Extremely important	Satisfactory	Defence spending and readiness improved. Public finances still unsatisfactory but a broad parliamentary commitment to fulfill EU legislation. Introduction of a national debt brake.

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 2	<p>Official recommendation : In view of the applicable deadlines for the timely completion of reforms and investments under Regulation (EU) 2021/241, ensure the effective implementation of the recovery and resilience plan, including the REPowerEU chapter. Accelerate the mplementation of cohesion policy programmes (ERDF, JTF, ESF+), building, where appropriate, on the opportunities offered by the mid-term review. Make optimal use of EU instruments, including the scope provided by the InvestEU and the Strategic Technologies for Europe Platform, to improve competitiveness.</p> <p>EK input : RRP</p>	Important	Mixed	
CSR 3	<p>Official recommendation : Pursue the R&D target of 4% by 2030 and improve the commercialisation of innovation by i) stepping up the cooperation between businesses and academia through joint industry-university projects, and ii) improving the entrepreneurship skills and support for researchers.</p> <p>EK input : R&D spending</p>	Extremely important	Satisfactory	
CSR 4	<p>Official recommendation : Reduce reliance on fossil fuels by boosting public and private investment in the decarbonisation of industry and transport, including through electrification, as well as in the development of green technologies.</p> <p>EK input : Decarbonisation</p>	Important	Mixed	

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 5	<p>Official recommendation : Strengthen active labour market policies for all and address skills shortages by reskilling and upskilling the workforce and widening the higher-education offer, in particular for the skills most in demand in the labour market. Ensure that the reform of social and healthcare services: i) improves the delivery and cost-effectiveness of and access to social and healthcare services, including long-term care, and ii) addresses inefficiencies.</p> <p>EK input : Labour market policies + social and healthcare services</p>	Important	Mixed	

4. Reform Progress in your Member State in 2025

How would you assess reform progress in 2025, for the following broad areas:

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

Is there any example of an economic reform, specific to your country that BusinessEurope could highlight in its 2025 Reform Barometer?

Finland lowered the highest marginal tax rate by around 7 p.p. in 2026. This will bring the highest marginal tax rate from around 59 % to 52 % (depending somewhat on municipality). In addition, a special withholding tax scheme for foreign experts was improved and, under certain conditions, expanded to Finnish nationals returning to Finland after a long stay abroad.

5. Reform priorities for 2026

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 1	Budgetary framework and fiscal governance	Commit to the new budgetary framework and debt brake.	yes
Priority 2	Taxation policy	Refrain from harmful tax increases when consolidating public finances. Seek measures to improve tax structure to boost growth.	yes
Priority 3	Pension systems and active ageing	Find additional ways to limit the increase in age-related spending, including pensions.	no
Priority 4	Healthcare	Further improve cost-efficiency of health and social services.	yes

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 5	Housing	Seek targeted measures to relaunch the residential property market after a prolonged weakness	no

6. Savings and Investments Union

Question 1	How satisfied or dissatisfied are you with the way your country is implementing the adopted CMU proposals? Why?	Satisfied
Question 2	Are you satisfied with the way the banking sector in your country operates? Why?	Dissatisfied Additional regulatory burden because of national legislation. More difficult access to finance.
Question 3	Do companies in your country face difficulties to access finance in your country and what type of financing is most common?	Bank financing is very common. Availability of finance has become more difficult.

Question 4	Are there specific barriers in your country that hinder accessing financing from other countries (EU and non EU)?	No specific national barriers but general obstacles on the single market
Question 5	What do you see as the top three SIU-related reforms that would most improve the investment environment in your country?	Legislation to improve the participation of households in the capital market (investing in stocks and mutuals funds, ...), overall deregulation

7. Pillar II and Taxes

Question 1	How do you assess the EU's overall tax policy stance in terms of promoting growth, competitiveness and investment compared to 12 months ago?	More supportive
Question 2	How burdensome has the administrative and compliance workload related to Pillar Two become for companies in your country compared to your expectations one year ago?	The same
Question 3	How do you assess the impact of Pillar Two on the attractiveness of the EU as an investment location relative to other major jurisdictions (e.g., US, Asia overall, particular markets like China and India)?	Significantly worse
Question 4	Which safeguards or adjustments to Pillar Two do you consider most necessary for maintaining the competitiveness of European companies? (Select up to 3)	<ol style="list-style-type: none"> 1. Simplification of compliance rules 2. Enhanced certainty for SMEs in multinational groups 3. Temporary safe harbours

Question 5	What do you see as the top three tax-related reforms that would most improve the EU investment environment?	<ol style="list-style-type: none"> 1) simplification of DAC, 2) decluttering of ATAD (interest deduction limitations and CFC rules), 3) tax treatment of remote work
Question 6	Which types of tax incentives would most strengthen Europe's ability to attract investment in green and digital technologies?	<ol style="list-style-type: none"> 1) Enhanced R&D and innovation tax incentives 2) Incentives for digital infrastructure and AI adoption 3) Accelerated or full expensing for green/digital assets

France

1. EU Competitiveness

Question 1	To what extent do you consider the European Commission's overall policy stance supportive of competitiveness and growth compared to 12 months ago?	Slightly better
Question 2	What are your expectations of the new commission from the point of view of regulatory burden (will the EC President deliver on her promises)?	Increased slightly
Question 3	What are your overall expectations about the next European Commission ?	Unchanged
Question 4	How do you think the EU investment environment is seen by global firms compared to 12 months ago?	Slightly worse
Question 5	What does your federation see as the main challenges threatening the attractiveness of the EU as an investment environment vis-à-vis international competitors?	<ol style="list-style-type: none"> 1. Other : US tariffs 2. Energy prices 3. Regulatory environment 4. Environmental policies 5. Fragmentation of the Single Market

Question 6	What are the main obstacles to private R&D investments faced by companies in your Member State?	<ol style="list-style-type: none"> 1. Low profitability leaves firms with fewer internal resources for R&D. 2. Regulatory barriers 3. Limited access to finance and lack of long-term patient capital
Question 7	What are the main obstacles to AI uptake by companies in your market ?	<ol style="list-style-type: none"> 1. Insufficient investments in digital infrastructure 2. Regulatory barriers 3. Lack of business case (low ROI)

2. National Recovery and Resilience Plans

Question 8	How satisfied or dissatisfied are you with the way your country is implementing so far the national recovery and resilience plan in the past year?	Satisfied
Question 9	How satisfied or dissatisfied are you with the involvement of social partners in the implementation so far of your national recovery and resilience plan?	Neutral
Question 10	How effective do you think the European Commission is being in ensuring strong implementation of the reforms in the national recovery and resilience plans across the EU?	Not confident

Question 11	If you are dissatisfied with the implementation so far of your national recovery and resilience plan, why?	<ol style="list-style-type: none"> 1. Bureaucracy 2. Projects not designed for the private sector 3. Time of authorities to take decisions
Question 12	Open question: Which best practices from the RRP could be leveraged for future programmes, and which pitfalls should be avoided?	Sprinkling risk: Funds dispersed across too many schemes, diluting critical mass for strategic sectors like industry, skills, and R&D despite high needs.

3. Assessment of Country Specific recommendations 2025 in detail

	Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
<p>CSR 1</p> <p>Official recommendation : Reinforce overall defence spending and readiness in line with the European Council conclusions of 6 March 2025. Adhere to the maximum growth rates of net expenditure recommended by the Council on 21 January 2025, with a view to bringing an end to the situation of an excessive deficit. Implement the set of reforms and investments underpinning the extended adjustment period as recommended by the Council on 21 January 2025.</p> <p>MEDEF input : Reinforce overall defence and security spending and readiness while ensuring debt sustainability in line with the European Council conclusions of 6 March 2025. Adhere to the maximum growth rates of net expenditure recommended by the Council on 21 January 2025, with a view to bringing an end to the situation of an excessive deficit. Implement the set of reforms and investments underpinning the extended adjustment period as recommended by the Council on 21 January 2025.</p>	Extremely important	Unsatisfactory	

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 2	<p>Official recommendation : In view of the applicable deadlines for the timely completion of reforms and investments under Regulation (EU) 2021/241, ensure the effective implementation of the recovery and resilience plan, including the REPowerEU chapter. Accelerate the implementation of cohesion policy programmes (ERDF, JTF, ESF+), building, where appropriate, on the opportunities offered by the mid-term review. Make optimal use of EU instruments, including the scope provided by the InvestEU and the Strategic Technologies for Europe Platform, to improve competitiveness.</p> <p>MEDEF input : In view of the applicable deadlines for the timely completion of reforms and investments under Regulation (EU) 2021/241, ensure the effective implementation of the recovery and resilience plan, including the REPowerEU chapter. Accelerate the implementation of cohesion policy programmes (ERDF, JTF, ESF+), building, where appropriate, on the opportunities offered by the mid-term review. Make optimal use of EU instruments, including the opportunities provided by the InvestEU programme and the Strategic Technologies for Europe Platform, to improve competitiveness.</p>	Important	Mixed	
CSR 3	Further simplify regulation, reduce administrative burden and regulatory restrictions on firms, in particular in the services sector. Strengthen business R&D intensity by better targeting public support schemes that incentivise business R&D and promote diffusion of innovation, and by making the ecosystem that supports collaboration between academia and businesses more effective. Improve SME digitalisation, including by improving the effectiveness of existing public support measures dedicated to this objective	Extremely important	No progress	

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 4	Accelerate the reduction of greenhouse gas emissions by removing barriers and providing incentives to increase the demand and supply of low-emission transport modes and vehicles, by stepping up energy efficiency and reducing reliance on fossil fuels in buildings through incentivising deep renovations. Accelerate the deployment of renewable energy projects including by further streamlining permitting procedures and by completing the setting up of the ‘renewables acceleration areas’. Promote demand-side flexibility and storage technologies, and ensure sufficient investment in electricity grid capacity including in cross-border interconnections.	Important	Unsatisfactory	
CSR 5	Further address skills shortages by supporting access to training for low-skilled and older people and improving the labour market relevance of the training offer. Improve educational outcomes and reduce inequalities in education including by ensuring that all disadvantaged students benefit from improved educational support. Strengthen the teaching profession, including by improving working conditions and initial and continuous training of teachers. Prevent and reduce child poverty, by removing barriers that hinder parents’ labour market integration and access to quality early childhood education and care for the most disadvantaged households.	Important	Mixed	

4. Reform Progress in your Member State in 2025

How would you assess reform progress in 2025, for the following broad areas:

Taxation and Public Finances	Unsatisfactory
Business environment (regulation/access to markets)	No progress
Labour market	No progress
Innovation and skills	Unsatisfactory
Access to finance and financial stability	No progress

Is there any example of an economic reform, specific to your country that BusinessEurope could highlight in its 2025 Reform Barometer?

The European union must reinforce its pro-business policy agenda to restore competitiveness. The French 2017 reforms offer a model, demonstrating that sustained cuts in production taxes, labor market flexibility, investment incentives, and red-tape reduction can yield tangible results: substantial factory and job creations.

5. Reform priorities for 2026

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 1	Budgetary framework and fiscal governance	Tighten public finances via spending cuts, aim at quickly returning to a deficit below 3% of GDP while reducing taxation	no
Priority 2	Business environment (incl. SME policies)	Concrete progress is needed on the simplification agenda. A simplification bill has been on the table for three years, yet no tangible advances have materialized for businesses to curb the stock and flow of regulations	yes
Priority 3	Pension systems and active ageing	Restore the 2023 reform as soon as possible	no
Priority 4	Active labour market policies, incentives to work & labour market participation	Reform unemployment benefits	yes
Priority 5	Taxation policy	(i) Promote a real simplification agenda of the EU tax legislation with bold initiatives such as removing withholding taxes within the EU and enhancing the existing EU Tax Directives in the Direct Taxation field as well as Tax certainty ; (ii) Continue exploring actively the simplification of Pillar 2 rules, beyond what has been agreed by the OECD's Inclusive framework on 5 January 2026	No (or only very partially)

I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
<p>Priority 6</p> <p>Digital connectivity, infrastructure & market functioning</p>	<p>Concerning Cloud and AI development Act (CAIDA) : Current estimates for Europe's computing infrastructures highlight a gap between available capacity and requirements, particularly to meet the growing demand for artificial intelligence. The Draghi report recognises the importance of increasing computing capacity in the EU as an essential element of a mature data economy, supporting many established and emerging digital use cases, including the development of AI. Recommendations :</p> <ul style="list-style-type: none"> ☐ In line with the Omnibus approach supported by MEDEF, any new regulatory initiative should primarily aim at rationalising the existing legal framework and fully leveraging already adopted EU legislation, rather than introducing overlapping or redundant requirements. ☐ MEDEF calls for a thorough assessment of market demand for computing capacity in order to adapt the policy response. ☐ The MEDEF stresses that, at the level of European standards, it is not relevant to distinguish computing capacity according to its use. ☐ The MEDEF stresses that the complexity and length of procedures constitute an obstacle to investment in Europe and that the CADA must not add new constraints on companies. ☐ The MEDEF calls for clarification on the revision of the European directives on public procurement before proposing new standards. ☐ MEDEF calls for investment in new energy sources to encourage the creation of data centres, while avoiding the introduction of new parallel environmental and energy regulation requirements. 	<p>no</p>

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 6 (continued)		<p>☑ The MEDEF calls for European digital sovereignty to be strengthened by adopting a clear policy of trusted clouds, with competitive alternatives to the GAFAMs by integrating a voluntary European "High+" security level, guaranteeing real control of sensitive and strategic data. In addition, the revision of the Data Governance Act must harmonise the regulation of data intermediaries, guarantee their neutrality and security via a single certification, and include strategic industrial data to consolidate trust and boost the single market.</p>	

6. Savings and Investments Union

Question 1	How satisfied or dissatisfied are you with the way your country is implementing the adopted CMU proposals? Why?	Neutral
Question 2	Are you satisfied with the way the banking sector in your country operates? Why?	Very satisfied

<p>Question 3</p>	<p>Do companies in your country face difficulties to access finance in your country and what type of financing is most common?</p>	<p>1) Overall, there are no financing difficulties. However, there may be gaps in financing for scale-ups. More funds would be needed to offer exits to investors from previous rounds and to provide the necessary funds for the company's development. 2) French companies use a mix of financing, with debt playing an important role. This observation may vary depending on the size and profile of the company. It is also important to note the sluggishness of the stock market. This can be explained in particular by national constraints on the competitiveness of companies, but also largely by poor European regulation in recent decades (MiFID, etc.).</p>
<p>Question 4</p>	<p>Are there specific barriers in your country that hinder accessing financing from other countries (EU and non EU)?</p>	<p>France has a mechanism for screening foreign investments from outside the EU/EEA in certain sensitive sectors (defense, critical infrastructure, strategic technologies, health, etc.) that requires prior authorization for non-European investors to invest in or finance French companies. Certain investments cannot be made freely if the investor is based outside the EU/EEA and if the activity is considered strategic. This mechanism is legitimate and does not appear to pose any difficulties to date.</p> <p>French entities cooperating with foreign partners in European programs (Horizon Europe for exemple) must pay attention to the rules governing eligibility for funding: entities from countries not associated with a program are not automatically eligible for funding. They may sometimes participate, but without funding or under specific conditions (e.g., essential contribution to the project, specific agreement).</p> <p>Other differences between tax, accounting, and financial reporting regimes between countries create additional costs for foreign investors, but this is not unique to France.</p> <p>The existence of withholding taxes on cross-border financing and investment, as well as the administrative burden associated with such withholding taxes.</p>

Question 5	What do you see as the top three SIU-related reforms that would most improve the investment environment in your country?	Accelerated suppression of production taxes (in particular the CVAE in France), Single digital portal for industrial permits, Removal of withholding taxes on cross-border financing and investment
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7. Pillar II and Taxes

Question 1	How do you assess the EU’s overall tax policy stance in terms of promoting growth, competitiveness and investment compared to 12 months ago?	Less supportive
Question 2	How burdensome has the administrative and compliance workload related to Pillar Two become for companies in your country compared to your expectations one year ago?	Higher
Question 3	How do you assess the impact of Pillar Two on the attractiveness of the EU as an investment location relative to other major jurisdictions (e.g., US, Asia overall, particular markets like China and India)?	Significantly worse
Question 4	Which safeguards or adjustments to Pillar Two do you consider most necessary for maintaining the competitiveness of European companies? (Select up to 3)	<ol style="list-style-type: none"> 1. Simplification of compliance rules 2. Temporary safe Harbour and More flexibility in Qualified Refundable Tax Credits (QRTCs) 3. Investment-friendly design of top-up tax calculations

Question 5	What do you see as the top three tax-related reforms that would most improve the EU investment environment?	<ul style="list-style-type: none"> (i) Temporarily suspend application of Pillar II until the practical implementation of the OECD Inclusive Framework's agreement of 5 January 2026 has fully landed ; (ii) a real simplification agenda of EU Tax Legislation as opposed to cosmetic changes ; (iii) Removal of withholding taxes on cross-border financing and investment.
Question 6	Which types of tax incentives would most strengthen Europe's ability to attract investment in green and digital technologies?	<ul style="list-style-type: none"> 1. Enhanced R&D and innovation tax incentives 2. Qualified Refundable Tax Credits (QRTCs) 3. Accelerated or full expensing for green/digital assets

Germany

1. EU Competitiveness

Question 1	To what extent do you consider the European Commission's overall policy stance supportive of competitiveness and growth compared to 12 months ago?	Unchanged
Question 2	What are your expectations of the new commission from the point of view of regulatory burden (will the EC President deliver on her promises)?	Unchanged
Question 3	What are your overall expectations about the next European Commission ?	Slightly worse
Question 4	How do you think the EU investment environment is seen by global firms compared to 12 months ago?	Unchanged
Question 5	What does your federation see as the main challenges threatening the attractiveness of the EU as an investment environment vis-à-vis international competitors?	<ol style="list-style-type: none"> 1. Regulatory environment 2. Tax regime 3. Fragmentation of the Single Market 4. Energy prices 5. Availability of labour

Question 6	What are the main obstacles to private R&D investments faced by companies in your Member State?	<ol style="list-style-type: none"> 1. Regulatory barriers 2. Limited access to finance and lack of long-term patient capital 3. Shortage of skilled workers
Question 7	What are the main obstacles to AI uptake by companies in your market ?	<ol style="list-style-type: none"> 1. Insufficient investments in digital infrastructure 2. Lack of workers with the digital and AI-related skills needed 3. Other : Germany’s industry-heavy structure and SME dominance, whilst regular barriers and concerns about data protection are also relevant factors

2. National Recovery and Resilience Plans

Question 8	How satisfied or dissatisfied are you with the way your country is implementing so far the national recovery and resilience plan in the past year?	Dissatisfied
Question 9	How satisfied or dissatisfied are you with the involvement of social partners in the implementation so far of your national recovery and resilience plan?	Very dissatisfied

Question 10	How effective do you think the European Commission is being in ensuring strong implementation of the reforms in the national recovery and resilience plans across the EU?	Somewhat confident
Question 11	If you are dissatisfied with the implementation so far of your national recovery and resilience plan, why?	<ol style="list-style-type: none"> 1. Time of authorities to take decisions 2. Capacity of projects to change profile of the economy 3. Bureaucracy
Question 12	Open question: Which best practices from the RRP could be leveraged for future programmes, and which pitfalls should be avoided?	<p>Practices should always be tailored to the specific (crisis)-situation. In general, clear milestones should be set, after the consultation of relevant stakeholders, and later monitored and regularly communicated in a transparent manner.</p>

3. Assessment of Country Specific recommendations 2025 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	<p>Reinforce overall defence spending and readiness in line with the European Council conclusions of 6 March 2025. Submit the medium-term fiscal-structural plan by end July 2025, as planned. In line with the requirements of the reformed Stability and Growth Pact, limit the growth in net expenditure in 2025 and 2026 to a rate consistent with putting the general government debt on a plausibly downward trajectory over the medium term and maintaining the general government deficit below the 3% of GDP Treaty reference value, while making use of the allowance under the national escape clause for higher defence expenditure. Strengthen public investment by tackling bottlenecks in planning and execution at all levels of government. Improve the quality of public finances by containing transfers from the federal budget to the pension system and reviewing the efficiency of public spending. Safeguard the long-term sustainability of the pension system, while maintaining pension adequacy, including by promoting longer working lives and reducing the incentives for early retirement. Improve the tax mix to support inclusive growth and sustainable competitiveness, in particular for second earners.</p>	Extremely important	Mixed	<p>Germany has made mixed progress on CSR 1. Defence spending is being substantially increased, with current budget plans projecting expenditure of around 3.5% of GDP by 2029, which underlines efforts to strengthen defence readiness. The medium-term fiscal-structural plan was submitted in August, later than foreseen due to the formation of the new government. While the plan appears broadly compliant with the reformed EU fiscal rules, several assumptions are highly optimistic, and consolidation needs – notably from 2027 onwards – are not yet fully resolved. Public investment has been strengthened, but the overall step-up should have been greater had important investment areas not been shifted out of the core budget into special funds. Progress on pension sustainability remains completely insufficient: recent measures expand benefits and increase federal transfers, moving in the opposite direction of what is required to address demographic pressures. Advances in the tax mix and spending efficiency are only limited. While investment incentives and future corporate tax reductions are positive, the latter come too late. Broader reforms, particularly to increase employment incentives for second earners and improve spending efficiency, remain outstanding.</p>

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 2	<p>In view of the applicable deadlines for the timely completion of reforms and investments under Regulation (EU) 2021/241, ensure the effective implementation of the recovery and resilience plan, including the REPowerEU chapter. Accelerate the implementation of cohesion policy programmes (ERDF, JTF and ESF+), building, where appropriate, on the opportunities offered by the mid-term review. Make optimal use of EU instruments, including the scope provided by the InvestEU and the Strategic Technologies for Europe Platform, to improve competitiveness.</p>	Important	Unsatisfactory	<p>Accelerating the implementation of the Recovery and Resilience Plan, including the REPowerEU chapter, continues to offer important potential to support Germany’s green and digital transitions and to ensure timely use of EU funds. Progress depends in particular on improving administrative processes and approval procedures, which remain a challenge. Cohesion policy programmes also stand to benefit from more effective coordination and execution. The strategic use of EU instruments such as InvestEU and STEP remains key to strengthen competitiveness and mobilise private investment.</p>

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 3	<p>Boost innovation by facilitating research commercialisation and by increasing public funding for transformative innovation. Facilitate the diversification of the economy, business dynamism and boost private investment by supporting entrepreneurship, improving access to finance for start-ups and scale-ups, simplifying regulation, and reducing administrative burden. Speed up the digitalisation of the public administration, including by improving the geographic coverage of digital public services and facilitating cooperation between governmental levels. Accelerate the roll-out of very high-capacity digital communication networks, also involving the private sector. Improve the conditions for housing investments by simplifying regulation and procedures, reviewing rental law and mobilising additional building land, with the concurrent aim of tackling the housing affordability challenges.</p>	Extremely important	Unsatisfactory	<p>Certain steps have been taken in 2025 to support innovation, digitalisation and housing. Legal changes aim to speed up fibre optic and mobile network rollout, and research and development spending are an important focus on the government agenda, including support for digital and AI related projects. The “Bau Turbo” law seeks to simplify housing planning and approvals. The establishment of the Federal Ministry for Digital Transformation and Government Modernisation is a promising step, although its impact will ultimately depend on how effectively it can implement its agenda. Nevertheless, housing construction remains below the government’s targets, high costs and administrative hurdles continue to slow private investment, and the digital infrastructure rollout is progressing slowly – limiting the overall impact on entrepreneurship, technology commercialisation and private-sector investment.</p>

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 4	Further reduce the overall degree of dependency on fossil fuels and facilitate the expansion of renewable energy. Focus investment on efficient and integrated energy systems, including by upgrading the electricity network, ensuring cost-efficient expansion and flexibility to support the integration of renewable energy and to adapt to fluctuating demand and supply to meet increased balancing needs. Accelerate the process of decarbonising the buildings and transport sectors, including by renovating the rail network	Extremely important	Unsatisfactory	Certain steps have been taken in 2025 to reduce dependence on fossil fuels and expand renewable energy. The government has taken initial measures regarding hydrogen-capable gas power plants and introduced support for electricity costs for industry. Legal frameworks for CO ₂ capture, transport, and storage are being developed. However, key elements remain pending: a comprehensive carbon management strategy, long-term plans for negative emissions, further hydrogen-related decisions, and additional regulatory simplifications. Energy prices and gas costs remain high by international standards and are likely to stay elevated unless decisive measures are taken. These factors continue to constrain the pace of decarbonisation in buildings, transport, and industry, while also affecting the international competitiveness of German companies.

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 5	<p>Increase labour supply and tackle the shortage of skilled workers, notably by increasing hours worked, strengthening basic, green and digital skills and better attracting and retaining talent from non-EU countries. Improve education outcomes, including by promoting excellence and providing targeted support to disadvantaged groups. Improve the availability and quality of early childhood education and care and whole-day schools to encourage carers, often women, to work and to promote equal opportunities for all children.</p>	Extremely important	Unsatisfactory	<p>In 2025, the German government has taken only limited steps to increase labour supply, notably through funding for early childhood education and care and initial measures to attract skilled workers from outside the EU. While these actions are welcome, they remain insufficient to address persistent shortages and gaps in workforce skills. Further efforts are needed to expand education and care, accelerate digital and green skills development, and improve the recognition of foreign qualifications to strengthen labour-market participation. Tax incentives like the "Aktivrente" are expensive, and it is unclear whether they will have a positive effect on employment or mainly result in windfall effects.</p>

4. Reform Progress in your Member State in 2025

How would you assess reform progress in 2025, for the following broad areas:

Taxation and Public Finances	Mixed
Business environment (regulation/access to markets)	Unsatisfactory
Labour market	Unsatisfactory
Innovation and skills	Mixed
Access to finance and financial stability	No progress

Is there any example of an economic reform, specific to your country that BusinessEurope could highlight in its 2025 Reform Barometer?

(1) Investment & Taxes: Germany’s investment acceleration program introduced a gradual corporate tax cut from 15 % (2028) to 10 % (2032) and reduced the tax on retained profits under the retention regime from 28.25 % to 25 %, while reintroducing triple-rate accelerated depreciation for 2025-2027 investments. These measures provide immediate investment incentives, though growth effects from the corporate tax cuts are expected only from 2029. (2) E-mobility: Germany raised the eligible company EV price cap, introduced arithmetically declining depreciation for newly purchased electric vehicles, and extended EV tax exemptions to 2035 to support e-mobility and industrial investment. (3) Skilled migration: Germany launched a central ‘Work-and-Stay Agency’ to streamline skilled migration, supporting labor market needs and improving digital, transparent procedures.

5. Reform priorities for 2026

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 1	Business environment (incl. SME policies)	Dramatically reduce bureaucracy and slash red tape, speed up planning and approval procedures, and implement end-to-end e-government. Create a business environment that is competitive, innovation-friendly, and attractive for investment.	yes
Priority 2	Healthcare	Reduce costs and increase efficiency; align the hospital landscape with actual demand by focusing on facilities essential to meeting healthcare needs; optimize structures and processes to use resources effectively; strengthen individual responsibility by creating incentives that encourage personal accountability for health; finance non-insurance services in line with regulatory policy by ensuring funding for non-covered services complies with legal requirements.	no
Priority 3	Taxation policy	Improve the general tax environment and reduce the effective corporate tax burden; expand R&D allowances and strengthen venture capital for technology start-ups. Provide greater support for construction of affordable housing and climate-friendly projects, and ensure permanent electricity tax relief for energy-intensive industries, including hydrogen-based technologies, while reducing bureaucratic hurdles.	yes

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 4	Digitalisation of public administration and public services	Advance the digitalisation of administrative services at all levels and simplify, accelerate, and standardise planning and licensing procedures to cut red tape, reduce bureaucratic burdens, and improve conditions for investment and industrial competitiveness, with the newly established Digital & State-Modernisation Ministry guiding and supporting these reforms. The government is developing a digital work-and-stay agency to accelerate economic migration.	yes
Priority 5	Active labour market policies, incentives to work & labour market participation	Basic income support reform; reform of transfer withdrawal rates; reduce skills mismatches; improve early vocational guidance and marketdriven traineeship placements; improve job counselling, transfer and placement; facilitate the employment of skilled third-country workers.	yes

6. Savings and Investments Union

Question 1	How satisfied or dissatisfied are you with the way your country is implementing the adopted CMU proposals? Why?	Neutral
Question 2	Are you satisfied with the way the banking sector in your country operates? Why?	Neutral
Question 3	Do companies in your country face difficulties to access finance in your country and what type of financing is most common?	German companies generally have good access to finance, with bank lending remaining the most common source of corporate financing. Access to capital market instruments such as corporate bonds is mainly available to larger firms. Venture capital and other alternative financing options are limited in Germany compared with markets such as the US, which can make it more challenging for startups and high-growth SMEs to secure funding beyond traditional bank loans.
Question 4	Are there specific barriers in your country that hinder accessing financing from other countries (EU and non EU)?	In Germany, companies generally face few direct barriers to accessing financing from other countries. However, regulatory differences, legal uncertainties, and varying tax treatments across jurisdictions can complicate cross-border investment, particularly for smaller and mid-sized firms.

Question 5	What do you see as the top three SIU-related reforms that would most improve the investment environment in your country?	The top three SIU reforms for Germany are to reduce regulatory, legal, and tax barriers that hinder cross-border financing; to revitalise alternative financing channels, including securitisation and venture capital; and to mobilise retail and institutional savings toward productive long-term investments, for example through reforms under the IORP-II framework (Institutions for Occupational Retirement Provision). We advocate for a hybrid pension model, where approximately 80% of the expected benefit or capital is guaranteed, while the remaining 20% can be invested more flexibly without a fixed promise. This approach enables higher potential long-term returns, reduces rigid funding pressure for IORPs, and makes occupational pensions more attractive to younger employees, who value higher expected returns and are generally less risk-averse.
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7. Pillar II and Taxes

Question 1	How do you assess the EU’s overall tax policy stance in terms of promoting growth, competitiveness and investment compared to 12 months ago?	Less supportive
Question 2	How burdensome has the administrative and compliance workload related to Pillar Two become for companies in your country compared to your expectations one year ago?	Much higher
Question 3	How do you assess the impact of Pillar Two on the attractiveness of the EU as an investment location relative to other major jurisdictions (e.g., US, Asia overall, particular markets like China and India)?	Significantly worse

Question 4	Which safeguards or adjustments to Pillar Two do you consider most necessary for maintaining the competitiveness of European companies? (Select up to 3)	<ol style="list-style-type: none"> 1. Simplification of compliance rules 2. Better alignment with OECD administrative guidance 3. Temporary safe harbours
Question 5	What do you see as the top three tax-related reforms that would most improve the EU investment environment?	<ol style="list-style-type: none"> 1. Tax decluttering and simplification of corporate tax rules across the EU – to reduce compliance costs, legal uncertainty, and cross-border distortions. 2. Reform of Pillar Two implementation – including material simplification as promised in the G7 understanding. 3. Incentives for long-term investment and innovation – such as tax credits for R&D, green investments, and capital expenditure, to encourage productive investments across the EU.
Question 6	Which types of tax incentives would most strengthen Europe’s ability to attract investment in green and digital technologies?	<ol style="list-style-type: none"> 1. Qualified Refundable Tax Credits (QRTCs) 2. Enhanced R&D and innovation tax incentives 3. Accelerated or full expensing for green/digital assets 4. Other : In general, broad reductions in tax rates are welcome.

Greece

1. EU Competitiveness

Question 1	To what extent do you consider the European Commission's overall policy stance supportive of competitiveness and growth compared to 12 months ago?	Slightly better
Question 2	What are your expectations of the new commission from the point of view of regulatory burden (will the EC President deliver on her promises)?	Decreased slightly
Question 3	What are your overall expectations about the next European Commission ?	Slightly worse
Question 4	How do you think the EU investment environment is seen by global firms compared to 12 months ago?	Significantly worse
Question 5	What does your federation see as the main challenges threatening the attractiveness of the EU as an investment environment vis-à-vis international competitors?	<ol style="list-style-type: none"> 1. Energy prices 2. Regulatory environment 3. Skills gap 4. Environmental policies 5. Demographic change

Question 6	What are the main obstacles to private R&D investments faced by companies in your Member State?	<ol style="list-style-type: none"> 1. Inadequate ecosystem (links with universities, research centers) 2. Administrative burdens 3. Regulatory barriers
Question 7	What are the main obstacles to AI uptake by companies in your market ?	<ol style="list-style-type: none"> 1. Lack of workers with the digital and AI-related skills needed 2. Insufficient investments in digital infrastructure 3. Other : lack of appropriate data

2. National Recovery and Resilience Plans

Question 8	How satisfied or dissatisfied are you with the way your country is implementing so far the national recovery and resilience plan in the past year?	Dissatisfied
Question 9	How satisfied or dissatisfied are you with the involvement of social partners in the implementation so far of your national recovery and resilience plan?	Dissatisfied
Question 10	How effective do you think the European Commission is being in ensuring strong implementation of the reforms in the national recovery and resilience plans across the EU?	Not confident

Question 11	If you are dissatisfied with the implementation so far of your national recovery and resilience plan, why?	<ol style="list-style-type: none">1. Bureaucracy2. Projects not designed for the private sector3. Time of authorities to take decisions
Question 12	Open question: Which best practices from the RRP could be leveraged for future programmes, and which pitfalls should be avoided?	---

3. Assessment of Country Specific recommendations 2025 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	<p>Official recommendation : Reinforce overall defence spending and readiness in line with the European Council conclusions of 6 March 2025. Adhere to the maximum growth rates of net expenditure recommended by the Council on 21 January 2025, while making use of the allowance under the national escape clause for higher defence expenditure. Continue efforts to improve tax compliance, including through further centralisation and digitalisation of customs and tax inspections and improve the tax system’s predictability. Further improve the effectiveness and efficiency of its public administration by fully implementing the multi-level governance framework. Pursue the ongoing reduction of the stock of non-performing loans held by banks and credit servicers by accelerating liquidation-related court proceedings.</p> <p>SEV input :</p> <ul style="list-style-type: none"> • Continue efforts to improve tax compliance, including through further centralisation and digitalisation of customs and tax inspections and improve the tax system’s predictability. • Further improve the effectiveness and efficiency of its public administration by fully implementing the multi-level governance framework 	Important	Mixed	A key development are the personal income tax reductions announced for after 2026. Their impact on the job market dynamics and the dynamics of enterprise growth in the coming years is expected to be positive and will have to be monitored carefully.

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 2	<p>Official recommendation : In view of the applicable deadlines for the timely completion of reforms and investments under Regulation (EU) 2021/241, accelerate implementation of the recovery and resilience plan, including the REPowerEU chapter. Accelerate the implementation of cohesion policy programmes (ERDF, JTF, ESF+, CF), building, where appropriate, on the opportunities offered by the mid-term review. Make optimal use of EU instruments, including the scope provided by the InvestEU and the Strategic Technologies for Europe Platform, to improve competitiveness.</p> <p>SEV input :</p> <ul style="list-style-type: none"> Accelerate implementation of the recovery and resilience plan, including the REPowerEU chapter. Accelerate the implementation of cohesion policy programmes (ERDF, JTF, ESF+, CF). Make optimal use of EU instruments. 	Extremely important	Mixed	Going forward it is important to ensure that the funds are used efficiently to cover remaining gaps in infrastructure that is key to increase the efficiency of supply chains and business operation.

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 3	<ul style="list-style-type: none"> Simplify regulation, improve regulatory tools and reduce administrative burden for companies by streamlining and digitalising administrative processes, completing the regulatory frameworks for environmental licensing and granting concession agreements on the seashore. Review and remove the high entry barriers to the exercise of professional services and to new entrants to product markets. Improve the governance of the national research, development and innovation system by reducing the fragmentation of research policy management and funding sources, and by facilitating access to finance for start-ups and scale-ups, including developing local private equity and venture capital markets with state-sponsored initiatives to mobilise investment. Streamline judicial proceedings and curtail their length by accelerating civil proceedings, adopting a code on alternative dispute resolution mechanisms, revising the code of judges, and accelerating the judicial resolution of disputes related to public procurement. 	Extremely important	Mixed	<ul style="list-style-type: none"> The government is making reasonable efforts to reduce the administrative burden on companies in a coherent and organised manner, recognising this as a top priority. Cooperation between the government and social partners to identify burdens suitable for reduction has also begun. However, no specific national simplification plan has yet been adopted, and the pace of simplification efforts remains insufficient. Most importantly, with regard to new legislation, open consultations are often too short in duration, which significantly limits their effectiveness. At the same time, there is a lack of cooperation during the pre-consultation phase. As a result, social partners are unable to participate at the most critical stage, when the main direction and strategy of a reform are defined. With regard to the judicial system, numerous reforms have been implemented over the past two to three years. However, their actual effectiveness in accelerating the delivery of justice

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 3 (cont)				<p>has yet to become evident. From a business perspective, the specific recommendations on codes are of secondary importance; the primary concern is the timely and efficient delivery of justice.</p> <p>* Simplification of licensing for industry now needs to be paired with adequate spatial planning, that will ensure new investment has appropriate land to establish itself, with the necessary public infrastructure as transport and energy networks, and that existing industries, if they want to grow, can expand on nearby plots, unless there are concrete reasons not to do so. Today, uncertainties and inconsistent legislation pose a serious bottleneck to new investment that could contribute to national growth and the, stated as a policy goal, change of the "economic model" of the country. The project of new spatial planning that consists of Special Frameworks for key sectors like Industry, RWEs and Raw Materials as well as Special Environmental Studies for the Natura protected regions need to be fully aligned with recent EU law, including REDII, NZIA, CRMA etc</p>

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 4	<ul style="list-style-type: none"> Developing non-fossil flexibility solutions, including demand-response and storage, which will contribute in making electricity prices more affordable; recalibrating energy taxes to incentivise electrification; taking concrete steps to phase out fossil fuel subsidies in particular in the industrial sector; and increasing the capacity of electricity networks by streamlining the licensing process for new transmission networks and by improving the quality of the distribution network to reduce technical and non-technical losses. Accelerate the decarbonisation of the transport sector under a comprehensive strategy with reforms and investment in the shift to electric mobility, upgrading urban and inter-regional public transport, and improving railway infrastructure and operations, including by undertaking the short-term organisational reform work required and the accelerated deployment of the European Rail Traffic Management System on the railway network to improve interoperability, efficiency and safety. Draw up a plan for climate-proofing key infrastructure, including the water supply; reform the institutional framework to improve the capacity and accountability of local water service providers; and take steps to increase private insurance coverage against natural disaster-related damages. 	—	Mixed	Regarding the decarbonization of the transport sector, planning of infrastructure for the needs of cargo and efficient logistics has been completely absent during the past decades. Eg rail networks pass next to industrial areas without connections, the planned logistics hubs of Athens are advancing with respect to the licensing process during the past decades, but there is no plan to support them with adequate road and rail connections etc. As a result congestion, higher costs and delays burden the competitiveness of the economy, make it disproportionately reliant on road haulage. A shift in rhetoric has only recently started, but needs to also reflect on actions and project planning and execution.

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 4 (cont)				<p>- Regarding climate: Greece is advancing climate adaptation by integrating water security and natural disaster risks into national planning, embedding climate scenarios in river basin, flood risk and water management frameworks, and supporting the climate-proofing of water networks and disaster-resilient infrastructure through Recovery and Resilience Facility investments. However, progress remains uneven and largely planning-driven: Greece still lacks a binding, end-to-end framework for climate-proofing critical infrastructure, with clear prioritisation, timelines and dedicated financing. Limited local capacity and accountability—particularly among water service providers—continue to constrain implementation, while adaptation policy remains overly focused on post-disaster response, with insufficient emphasis on prevention, nature-based solutions and the expansion of insurance coverage to reduce long-term fiscal and social exposure to climate risks.</p>

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 5	<p>Official recommendation : Increase the rate of women and vulnerable groups in work or looking for work, and help more young people find work by promoting more flexible work arrangements, expanding formal early childhood care and education and long-term care, reinforcing active labour market policies, and tackling skill mismatches. Improve educational outcomes by enhancing continuous professional development for teachers focused on competence-based approaches and aligning student assessment to these approaches, improving school autonomy, and expanding teacher evaluation. Address poverty and social exclusion by further increasing the effectiveness and efficiency of the social protection system.</p> <p>SEV input:</p> <ul style="list-style-type: none"> • Increase the rate of women and vulnerable groups in work or looking for work, and help more young people find work by promoting more flexible work arrangements, expanding formal early childhood care and education and long-term care, reinforcing active labour market policies, and tackling skill mismatches. 	Important	Mixed	<p>Despite certain provisions of the recent labour law 5239/2025 that could, in theory, strengthen women’s participation in the labour market (e.g. the extension of protection against dismissal, including maternity protection, to adoptive mothers), as well as others that favour flexible forms of employment (e.g. greater flexibility regarding the four-day working week and the employee’s right to request the allocation of annual leave), no significant progress has been made in strengthening childcare facilities and long-term care services, nor in addressing skills mismatches.</p>

4. Reform Progress in your Member State in 2025

How would you assess reform progress in 2025, for the following broad areas:

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

Is there any example of an economic reform, specific to your country that BusinessEurope could highlight in its 2025 Reform Barometer?

5. Reform priorities for 2026

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 1	Access to finance & growth financing (incl. CMU)	Design funding and financing tools that are directly related to a measurable increase of productivity	no
Priority 2	Wages & wage setting	Ensure the proper implementation of the new tripartite social agreement of social partners and the Ministry of Labour on collective bargaining (signing of collective labour agreements, extension and the procedures to mediation and compulsory arbitration), following the EU 2022/2041.	yes
Priority 3	Functioning of the labour market, including framework for labour contracts & undeclared work	Interconnection of all information systems for the monitoring of labour market, along with the rationalisation of penalties.	Yes, interconnection is in the agenda. No, rationalisation of penalties is not in the agenda.

<p>Priority 4</p>	<p>Skills, Vocational Education and Training & adult learning</p>	<p>Strengthen the alignment of skills, VET and adult learning policies and actions with identified business and labour-market needs, by prioritising sector-specific, employer-driven training and work-based learning.</p>	<p>---</p>
<p>Priority 5</p>	<p>Transport</p>	<p>Ensure that infrastructure is put in place that will allow companies to have access to efficient intramodal transport and in particular take non regional road haulage out of congested urban networks, with appropriate infrastructure and connections to rail, ports, airports, industrial areas, logistics centers.</p>	<p>It is expected that they will enter the agenda</p>

6. Savings and Investments Union

<p>Question 1</p>	<p>How satisfied or dissatisfied are you with the way your country is implementing the adopted CMU proposals? Why?</p>	<p>Neutral Legislation-wise, a lot has been done to implement the CMU proposals, such as the recent incentives to SMEs for entering the capital market, raising the threshold for issuing a prospectus from 5million to 8 million euros and increasing the threshold for exemption from the obligation to issue a prospectus for offers <1million (from <100.000), or legislating the Hellenic Asset Protection Scheme (Hercules initiative). However, more needs to be done, to move from the bank- centric financial system to a more complementary one between banks and capital markets, such as introducing a long term financial literacy and culture policy to boost retail investors active participation, incentives for large companies to enter the main market, or incentives for SMEs to enter the secondary market, as a "bridge" between main and secondary market.</p>
<p>Question 2</p>	<p>Are you satisfied with the way the banking sector in your country operates? Why?</p>	<p>Neutral On one hand: High annual credit growth rate (16.1% total financing of non-financial corporations compared to 3% in the eurozone), consistently higher rate of credit expansion to non-financial corporations in Greece compared to the eurozone average over the last three years, high capital adequacy ratios, lower ratio of non-performing loans to total loans (3.6%, compared to 3.8% in December 2024) a demonstration of the progress made by the banking sector in Greece. On the other hand, bureaucracy and red tape in transactions with business remains high, together with persistent liquidity problems and cost of bank credit that are mainly faced by SMEs</p>
<p>Question 3</p>	<p>Do companies in your country face difficulties to access finance in your country and what type of financing is most common?</p>	<p>Banking finance and own financing remain the most common type of financing for Greek companies, with grants or subsidies also used by a significant part of companies, higher than other EU countries. Difficulties are faced mainly by SMEs relate to the cost of finance, existence of prior debts, difficulty in complying with esg criteria or concrete business plan.</p>

Question 4	Are there specific barriers in your country that hinder accessing financing from other countries (EU and non EU)?	Regulatory and administrative burdens, higher financing costs, strong reliance on bank financing combined with limited use of capital markets and alternative instruments, which reduces integration into international financing channels.
Question 5	What do you see as the top three SIU-related reforms that would most improve the investment environment in your country?	Introduce a long term financial literacy and culture policy to boost retail investors active participation, incentives for large companies to enter the main market, or incentives for SMEs to enter the secondary market, as a "bridge" between main and secondary market.

7. Pillar II and Taxes

Question 1	How do you assess the EU's overall tax policy stance in terms of promoting growth, competitiveness and investment compared to 12 months ago?	The same
Question 2	How burdensome has the administrative and compliance workload related to Pillar Two become for companies in your country compared to your expectations one year ago?	The same
Question 3	How do you assess the impact of Pillar Two on the attractiveness of the EU as an investment location relative to other major jurisdictions (e.g., US, Asia overall, particular markets like China and India)?	Significantly worse

Question 4	Which safeguards or adjustments to Pillar Two do you consider most necessary for maintaining the competitiveness of European companies? (Select up to 3)	<ol style="list-style-type: none"> 1. Investment-friendly design of top-up tax calculations 2. Simplification of compliance rules 3. More flexibility in Qualified Refundable Tax Credits (QRTCs)
Question 5	What do you see as the top three tax-related reforms that would most improve the EU investment environment?	<ol style="list-style-type: none"> 1. Ensuring workability of recent tax recommendations in the Clean Industrial Deal 2. Boost R&D incentives to anchor innovation in Europe 2. Expand and streamline systems for advance tax rulings to provide certainty for investors.
Question 6	Which types of tax incentives would most strengthen Europe's ability to attract investment in green and digital technologies?	<ol style="list-style-type: none"> 1. Accelerated or full expensing for green/digital assets 2. Enhanced R&D and innovation tax incentives 3. Incentives for digital infrastructure and AI adoption

Hungary

1. EU Competitiveness

Question 1	To what extent do you consider the European Commission's overall policy stance supportive of competitiveness and growth compared to 12 months ago?	Unchanged
Question 2	What are your expectations of the new commission from the point of view of regulatory burden (will the EC President deliver on her promises)?	Unchanged
Question 3	What are your overall expectations about the next European Commission ?	Unchanged
Question 4	How do you think the EU investment environment is seen by global firms compared to 12 months ago?	Slightly worse
Question 5	What does your federation see as the main challenges threatening the attractiveness of the EU as an investment environment vis-à-vis international competitors?	<ol style="list-style-type: none"> 1. Energy prices 2. Regulatory environment 3. Environmental policies 4. Availability of labour 5. Innovation capacity



Question 6	What are the main obstacles to private R&D investments faced by companies in your Member State?	<ol style="list-style-type: none"> 1. Administrative burden 2. Shortage of skilled workers 3. Limited access to finance and lack of long term patient capital
Question 7	What are the main obstacles to AI uptake by companies in your market ?	<ol style="list-style-type: none"> 1. Lack of workers with the digital and AI-related skills needed 2. Insufficient investments in digital infrastructure 3. Regulatory barriers

2. National Recovery and Resilience Plans

Question 8	How satisfied or dissatisfied are you with the way your country is implementing so far the national recovery and resilience plan in the past year?	Very dissatisfied
Question 9	How satisfied or dissatisfied are you with the involvement of social partners in the implementation so far of your national recovery and resilience plan?	Dissatisfied
Question 10	How effective do you think the European Commission is being in ensuring strong implementation of the reforms in the national recovery and resilience plans across the EU?	Somewhat confident



Question 11	If you are dissatisfied with the implementation so far of your national recovery and resilience plan, why?	1. Bureaucracy 2. Other : (no access to RRF funds)
Question 12	Open question: Which best practices from the RRP could be leveraged for future programmes, and which pitfalls should be avoided?	---

3. Assessment of Country Specific recommendations 2025 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	<p>Reinforce overall defence spending and readiness in line with the European Council conclusions of 6 March 2025. Adhere to the maximum growth rates of net expenditure recommended by the Council on 18 February 2025, with a view to bringing an end to the situation of an excessive deficit while making use of the allowance under the national escape clause for higher defence expenditure. Wind down the emergency energy support measures. Pursue effective coordination and clear demarcation of macroeconomic policies to ensure fiscal and external sustainability. Phase out remaining price and interest-rate caps, and equivalent measures, to reduce distortive effects and facilitate the smooth transmission of monetary policy. Strengthen the medium-term budgetary framework, align the preparation of annual budgets with the budgetary year and limit discretion in the implementation of annual budgets. Improve the long-term sustainability of the pension system, while preserving adequacy, in particular by addressing income inequalities.</p>	Helpful (but not a priority)	Unsatisfactory	



		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 2	<p>In view of the applicable deadlines for the timely completion of reforms and investments under Regulation (EU) 2021/241, urgently accelerate the implementation of the recovery and resilience plan, including the REPowerEU chapter, swiftly implementing the necessary measures to ensure the protection of the EU’s financial interests. Accelerate the implementation of cohesion policy programmes (ERDF, JTF, ESF+, CF), building, where appropriate, on the opportunities offered by the mid-term review. Make optimal use of EU instruments, including the opportunities provided by the InvestEU and the Strategic Technologies for Europe Platform, to improve competitiveness</p>	Important	No progress	
CSR 3	<p>Improve the regulatory framework and enhance competition in product markets and services, in particular in retail, by avoiding arbitrary administrative interventions, tailor-made legislation providing undue advantage or disadvantage to specific companies and market-distorting state-supported transactions and by reducing the use of emergency measures to what is strictly necessary, in line with the principles of the single market and the rule of law. Stimulate the development of capital markets by increasing tax and regulatory incentives. Strengthen the innovation framework for the public sector and businesses by improving the predictability of public R&D spending and better targeting existing measures towards SMEs.</p>	Extremely important	Unsatisfactory	



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		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 4	Accelerate the diversification of fossil fuel supply to phase out dependence on Russian sources and take concrete steps to phase out fossil-fuel subsidies, in particular those related to excise duties on diesel and those hindering electrification in the residential sector. Improve flexibility and competition in the electricity sector, by strengthening the balancing market and boosting cross-border electricity trading. Improve water resilience through natural water retention and strengthened administrative capacities, and improve circularity, in particular by strengthening waste treatment capacities.	Important	No progress	
CSR 5	Improve education outcomes and tertiary attainment rate, and increase the participation of disadvantaged groups, particularly Roma, in quality mainstream education by further increasing the attractiveness of the teaching profession and the share of pupils obtaining an upper-secondary qualification that gives access to tertiary education.	Important	Unsatisfactory	
CSR 6	Increase access to effective active labour market measures, in particular by providing upskilling and reskilling opportunities to the most disadvantaged groups, and ensure effective social dialogue. Improve the adequacy of social assistance and unemployment benefits, and ensure access to essential services for all. Target support measures in the housing sector to low-income households and increase housing supply, including for social housing.	Important	Unsatisfactory	

4. Reform Progress in your Member State in 2025

How would you assess reform progress in 2025, for the following broad areas:

Taxation and Public Finances	Unsatisfactory
Business environment (regulation/access to markets)	No progress
Labour market	Unsatisfactory
Innovation and skills	Unsatisfactory
Access to finance and financial stability	Mixed

Is there any example of an economic reform, specific to your country that BusinessEurope could highlight in its 2025 Reform Barometer?

5. Reform priorities for 2026

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 1	Energy efficiency	Competitive energy prices for the corporate sector	no
Priority 2	Business environment (incl. SME policies)	Improve business environment, reduce regulatory and administrative burden, enhance competition	no
Priority 3	Skills, Vocational Education and Training & adult learning	Improve availability of skilled labor	no
Priority 4	Corruption	Reduce corruption	no
Priority 5	Access to finance & growth financing (incl. CMU)	Get access to RRF funds	no



6. Savings and Investments Union

Question 1	How satisfied or dissatisfied are you with the way your country is implementing the adopted CMU proposals? Why?	---
Question 2	Are you satisfied with the way the banking sector in your country operates? Why?	---
Question 3	Do companies in your country face difficulties to access finance in your country and what type of financing is most common?	---
Question 4	Are there specific barriers in your country that hinder accessing financing from other countries (EU and non EU)?	---
Question 5	What do you see as the top three SIU-related reforms that would most improve the investment environment in your country?	---

7. Pillar II and Taxes

Question 1	How do you assess the EU’s overall tax policy stance in terms of promoting growth, competitiveness and investment compared to 12 months ago?	---
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Question 2	How burdensome has the administrative and compliance workload related to Pillar Two become for companies in your country compared to your expectations one year ago?	Higher
Question 3	How do you assess the impact of Pillar Two on the attractiveness of the EU as an investment location relative to other major jurisdictions (e.g., US, Asia overall, particular markets like China and India)?	---
Question 4	Which safeguards or adjustments to Pillar Two do you consider most necessary for maintaining the competitiveness of European companies? (Select up to 3)	---
Question 5	What do you see as the top three tax-related reforms that would most improve the EU investment environment?	---
Question 6	Which types of tax incentives would most strengthen Europe's ability to attract investment in green and digital technologies?	---

Ireland

1. EU Competitiveness

Question 1	To what extent do you consider the European Commission's overall policy stance supportive of competitiveness and growth compared to 12 months ago?	Slightly better
Question 2	What are your expectations of the new commission from the point of view of regulatory burden (will the EC President deliver on her promises)?	Increased slightly
Question 3	What are your overall expectations about the next European Commission ?	Unchanged
Question 4	How do you think the EU investment environment is seen by global firms compared to 12 months ago?	Slightly worse
Question 5	What does your federation see as the main challenges threatening the attractiveness of the EU as an investment environment vis-à-vis international competitors?	<ol style="list-style-type: none"> 1. Fragmentation of the Single Market 2. Access to finance (Capital Markets) 3. Regulatory environment 4. Innovation capacity 5. Lack of infrastructure, incl. digital
Question 6	What are the main obstacles to private R&D investments faced by companies in your Member State?	<ol style="list-style-type: none"> 1. Limited access to finance and lack of long term patient capital 2. Administrative burden 3. Shortages of skilled workers

Question 7	What are the main obstacles to AI uptake by companies in your market ?	<ol style="list-style-type: none"> 1. Lack of workers with the digital and AI-related skills needed 2. High costs of adopting and integrating AI solutions 3. Other : Lack of certainty about RDI
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2. National Recovery and Resilience Plans

Question 8	How satisfied or dissatisfied are you with the way your country is implementing so far the national recovery and resilience plan in the past year?	Neutral
Question 9	How satisfied or dissatisfied are you with the involvement of social partners in the implementation so far of your national recovery and resilience plan?	Neutral
Question 10	How effective do you think the European Commission is being in ensuring strong implementation of the reforms in the national recovery and resilience plans across the EU?	Somewhat confident
Question 11	If you are dissatisfied with the implementation so far of your national recovery and resilience plan, why?	---
Question 12	Open question: Which best practices from the RRP could be leveraged for future programmes, and which pitfalls should be avoided?	NRRP is not very relevant for us as scale of programme is small and mostly public sector focused

3. Assessment of Country Specific recommendations 2025 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	<p>Official recommendation : Reinforce overall defence spending and readiness in line with the European Council conclusions of 6 March 2025. Ensure that net expenditure respects the path recommended by the Council on 21 January 2025. Reduce the risks related to the high degree of concentration in Ireland’s tax revenue, including by broadening the tax base and reviewing the scope and impact of tax expenditures. Address the expected increase in age-related spending by making the healthcare system more cost-effective.</p> <p>IBEC input : Reinforce overall defence and security spending and readiness while ensuring debt sustainability in line with the European Council conclusions of 6 March 2025. Ensure that net expenditure respects the path recommended by the Council on 21 January 2025. Reduce the risks related to the high degree of concentration in Ireland's tax revenue, including by broadening the tax base and reviewing the scope and impact of tax expenditures. Address the expected increase in age-related spending by making the healthcare system more cost-effective.</p>	Important	Satisfactory	<p>The Irish government has placed a strong emphasis on improving Irish defence capabilities through considerable investment domestically and strong participation as part of the EU defence funds, whilst maintaining military neutrality. Whilst more work needs to be done in broadening the tax base away from corporate tax receipts, the government has begun to attempt to claw back annual budget overruns.</p>

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 2	In view of the applicable deadlines for the timely completion of reforms and investments under Regulation (EU) 2021/241, ensure the effective implementation of the recovery and resilience plan, including the REPowerEU chapter. Accelerate the implementation of cohesion policy programmes (ERDF, JTF, ESF+), building, where appropriate, on the opportunities offered by the mid-term review. Make optimal use of EU instruments, including the opportunities provided by the InvestEU and the Strategic Technologies for Europe Platform, to improve competitiveness.	Important	Mixed	Ireland is placing a renewed emphasis on domestic R&D, particularly with the announcement of the R&D compass in budget 2026. The InvestEU programme provides a strong resource with which Ireland can add to its investment in domestic technologies. There is still scope with which to fully implement this.
CSR 3	Improve the business environment by increasing public R&D investment and supporting the increase of business R&D investment - including through more direct funding instruments - to improve the productivity of domestic businesses, in particular of small and medium enterprises.	Extremely important	Satisfactory	Domestic R&D in Ireland has fallen behind European leaders despite the performance of multinational companies. As mentioned above., Ireland has placed a renewed emphasis on domestic R&D having increased the tax credit from 30% to 35% in budget 2026 as well as unveiling an 'R&D compass' with which to develop further R&D policies. The Irish government should increase the scope of R&D by including process innovation and greater direct public funding

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 4	<p>Reduce overall reliance on fossil fuels and accelerate the deployment of renewables, including by streamlining the planning and permitting framework. Increase efforts to improve the flexibility of the electricity grid and modernise and expand capacity to reduce curtailment. Develop and implement a strategy to promote demand-side response. Implement additional measures that support energy efficiency in private and public buildings to reduce energy bills and energy system costs. Ensure that the connection of large energy users to the electricity grid is linked to additional renewable capacity and system flexibility. Support investment in and strengthen sustainable transport, including public transport, taking into account regional disparities. Accelerate the installation of public charging points for zero-emission vehicles.</p>	Extremely important	Satisfactory	<p>Ireland is undertaking substantial investment in modernising and developing its electrical grid. Likewise interconnector projects, such as the Celtic interconnector with France, are anticipated to come online in the coming years. However, permitting remains a considerable issue in the substantial investment</p>
CSR 5	<p>Increase investment in water infrastructure, to improve water quality and reduce leakages. Accelerate investments to speed up the circular economy. Further develop both waste treatment infrastructure associated with the higher steps of the waste hierarchy and economic instruments to prevent waste and increase reused, remanufactured and recycled content.</p>	Extremely important	Satisfactory	<p>Ireland is currently undertaking considerable investment in its water infrastructure but the demand remains high owing to a growing population, business needs, and years of underinvestment. The speed with which water projects and updates to infrastructure can be granted will be critical.</p>

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 6	Further increase the supply of social and affordable housing. Tackle capacity constraints in the residential construction sector by improving enabling infrastructure, land management and planning, financing conditions, labour supply and productivity. Strengthen the labour market and social inclusion of disadvantaged groups, in particular persons with disabilities and single parents, by putting in place better targeted outreach and upskilling.	Extremely important	Unsatisfactory	Social and affordable housing remains a key constraint in the Irish economy. The National Development Plan has incorporated renewed housing targets but delivery remains slow, with an approximate need of 60k housing units p/a. As of Q3 2025 additional housing units only amounted to 24,384

4. Reform Progress in your Member State in 2025

How would you assess reform progress in 2025, for the following broad areas:

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

Is there any example of an economic reform, specific to your country that BusinessEurope could highlight in its 2025 Reform Barometer?

Access to finance remains a key barrier, particularly for smaller member states with shallower equity markets. Addressing this requires reform at both a European level through completion of the Savings and Investment Union, and at a domestic level via the removal of punitive regulations/levies on retail and institutional investment.

5. Reform priorities for 2026

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 1	Housing and infrastructure	Acceleration of proposals relating to planning and permitting reform.	yes
Priority 2	Energy	Continued development of the National grid and alternative energy sources. Reducing electricity costs through non-market charge reform	yes
Priority 3	Research & innovation	Expansion of tax allowances/subsidies as well as the scope of R&D.	yes
Priority 4	Skills, Vocational Education and Training & adult learning	Investment and support of upskilling and lifelong learning. Renewed emphasis on employer-led training	yes
Priority 5	Access to finance	Completion of CMU and banking Union in order to increase equity market capital	yes

6. Savings and Investments Union

Question 1	How satisfied or dissatisfied are you with the way your country is implementing the adopted CMU proposals? Why?	Dissatisfied
Question 2	Are you satisfied with the way the banking sector in your country operates? Why?	Dissatisfied
Question 3	Do companies in your country face difficulties to access finance in your country and what type of financing is most common?	Yes. Bank finance is the most common.
Question 4	Are there specific barriers in your country that hinder accessing financing from other countries (EU and non EU)?	Small domestic market. Punitive measures surrounding the holding of Irish equities.
Question 5	What do you see as the top three SIU-related reforms that would most improve the investment environment in your country?	Harmonisation of investment rules (mutual recognition) and regulated fees. Removal of withholding charges. Creation of pan-European investment products.

7. Pillar II and Taxes

Question 1	How do you assess the EU's overall tax policy stance in terms of promoting growth, competitiveness and investment compared to 12 months ago?	The same
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Question 2	How burdensome has the administrative and compliance workload related to Pillar Two become for companies in your country compared to your expectations one year ago?	Higher
Question 3	How do you assess the impact of Pillar Two on the attractiveness of the EU as an investment location relative to other major jurisdictions (e.g., US, Asia overall, particular markets like China and India)?	Significantly worse
Question 4	Which safeguards or adjustments to Pillar Two do you consider most necessary for maintaining the competitiveness of European companies? (Select up to 3)	<ul style="list-style-type: none"> - Simplification of compliance rules - Better alignment with OECD administrative guidance - Temporary safe harbours - More flexibility in Qualified Refundable Tax Credits (QRTCs) - Investment-friendly design of top-up tax calculations
Question 5	What do you see as the top three tax-related reforms that would most improve the EU investment environment?	<ol style="list-style-type: none"> 1. Removal of withholding taxes on cross-border financial investments. 2. Accelerated Depreciation on investments. 3. Implementation of the simplification omnibus with an aim of hitting the Commission's targets of a 25% reduction in the reporting burden to business.
Question 6	Which types of tax incentives would most strengthen Europe's ability to attract investment in green and digital technologies?	<ol style="list-style-type: none"> 1. Enhanced R&D and innovation tax incentives 2. Accelerated or full expensing for green/digital assets 3. Qualified Refundable Tax Credits (QRTCs) Incentives for digital infrastructure and AI Adoption 4. Tax credits for strategic net-zero technologies

Italy

1. EU Competitiveness

Question 1	To what extent do you consider the European Commission's overall policy stance supportive of competitiveness and growth compared to 12 months ago?	Significantly better
Question 2	What are your expectations of the new commission from the point of view of regulatory burden (will the EC President deliver on her promises)?	Increased slightly
Question 3	What are your overall expectations about the next European Commission ?	Slightly better
Question 4	How do you think the EU investment environment is seen by global firms compared to 12 months ago?	Unchanged
Question 5	What does your federation see as the main challenges threatening the attractiveness of the EU as an investment environment vis-à-vis international competitors?	<ol style="list-style-type: none"> 1. Regulatory environment 2. Energy prices 3. Fragmentation of the Single Market 4. Access to finance 5. Environmental policies

<p>Question 6</p>	<p>What are the main obstacles to private R&D investments faced by companies in your Member State?</p>	<ol style="list-style-type: none"> 1. Limited access to finance and lack of long-term patient capital 2. Inadequate ecosystem (links with universities, research centers 3. Other : Limited awareness among Italian SMEs of the economic value of intangible assets as outputs of research and development activities, as well as of the competitive advantage that can be derived from them in terms of market positioning, growth, and the ability to attract investment. Public research system still too far from businesses. It is necessary to go on and further apply the NRRP approach – From Research to Business, further strengthening business-academia partnership and increasing the focus on the application and commercialization of research results. To strengthen the R&D system it is necessary to extend the application of the KPI recently introduced by the Ministry of University and Research to the entire public research and technology transfer system. To support private R&S investment it is important to enhance Research, Development and Innovation tax credit.
<p>Question 7</p>	<p>What are the main obstacles to AI uptake by companies in your market ?</p>	<ol style="list-style-type: none"> 1. Lack of workers with the digital and AI-related skills needed 2. High costs of adopting and integrating AI solutions 3. Concerns about cybersecurity and data protection

2. National Recovery and Resilience Plans

Question 8	How satisfied or dissatisfied are you with the way your country is implementing so far the national recovery and resilience plan in the past year?	Satisfied
Question 9	How satisfied or dissatisfied are you with the involvement of social partners in the implementation so far of your national recovery and resilience plan?	Satisfied
Question 10	How effective do you think the European Commission is being in ensuring strong implementation of the reforms in the national recovery and resilience plans across the EU?	Somewhat confident
Question 11	If you are dissatisfied with the implementation so far of your national recovery and resilience plan, why?	---
Question 12	Open question: Which best practices from the RRP could be leveraged for future programmes, and which pitfalls should be avoided?	Define less stringent timelines, accompanied by more milestones and targets to keep the execution phases under close surveillance

3. Assessment of Country Specific recommendations 2025 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	<p>Official recommendation : Reinforce overall defence spending and readiness in line with the European Council conclusions of 6 March 2025. Adhere to the maximum growth rates of net expenditure recommended by the Council on 21 January 2025, with a view to bringing an end to the situation of an excessive deficit. Implement the set of reforms and investments underpinning the extended adjustment period as recommended by the Council on 21 January 2025. In line with fiscal sustainability objectives, make the tax system more conducive to growth, by further fighting tax evasion, reducing the labour tax wedge and the remaining tax expenditures, including those related to value added tax and environmentally harmful subsidies, as well as updating cadastral values as part of a broader review of housing-related policies, while ensuring fairness. Step up efforts to improve the efficiency and effectiveness of public expenditure. Mitigate the effects of ageing on potential growth and fiscal sustainability, including by limiting the use of early-retirement schemes and by addressing demographic challenges, also attracting and retaining high quality workforce.</p>			

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1 (cont)	<p>Confindustria's input : Reinforce overall defence and security spending and readiness while ensuring debt sustainability in line with the European Council conclusions of 6 March 2025. Adhere to the maximum growth rates of net expenditure recommended by the Council on 21 January 2025, with a view to bringing an end to the situation of an excessive deficit. Implement the set of reforms and investments underpinning the extended adjustment period as recommended by the Council on 21 January 2025. In line with fiscal sustainability objectives, make the tax system more conducive to growth, by further fighting tax evasion, reducing the labour tax wedge and the remaining tax expenditures, including those related to value added tax and environmentally harmful subsidies, as well as updating cadastral values, building on the medium-term fiscal-structural plan commitment as part of a broader review of housing-related policies, while ensuring fairness. Step up efforts to improve the efficiency and effectiveness of public expenditure. Mitigate the effects of ageing on potential growth and fiscal sustainability, including by further limiting the use of early-retirement schemes and by addressing demographic challenges, also attracting and retaining high quality workforce.</p>	Extremely important	Mixed	<p>This year the reduction in the tax wedge is worth noting. On the other hand, related to the tax evasion, It appears that many of the measures introduced have had a limited impact in terms of revenue recovery but have instead led to significant complications for operators.</p> <p>Work remains to be done on tax expenditures and environmentally harmful subsidies.</p> <p>Nothing has been done to update the cadastral values.</p> <p>In terms of housing policies, the housing plan is slowly gaining ground with the introduction of initial measures that are mostly fiscal.</p>

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 2	<p>Official recommendation : In view of the applicable deadlines for the timely completion of reforms and investments under Regulation (EU) 2021/241, accelerate the implementation of the recovery and resilience plan, including the REPowerEU chapter. Accelerate the implementation of cohesion policy programmes (ERDF, JTF, ESF+), building, where appropriate, on the opportunities offered by the mid-term review. Make optimal use of EU instruments, including the scope provided by the InvestEU and the Strategic Technologies for Europe Platform, to improve competitiveness.</p> <p>Confindustria input : In view of the applicable deadlines for the timely completion of reforms and investments under Regulation (EU) 2021/241, accelerate the implementation of the recovery and resilience plan, including the REPowerEU chapter. Accelerate the implementation of cohesion policy programmes (ERDF, JTF, ESF+), building, where appropriate, on the opportunities offered by the mid-term review. Make optimal use of EU instruments, including the opportunities provided by the InvestEU programme and the Strategic Technologies for Europe Platform, to improve competitiveness.</p>	Extremely important	Mixed	<p>1) In 2025, the NRRP (National Recovery and Resilience Plan) focused on the final stage of implementation, in line with the European Commission Communication “NextGenerationEU – The road to 2026”, which confirms that i) there will be no extension, and ii) objectives must be completed within the 2026 timeframe. Therefore, the approach was very practical: to make the Plan clearer and more stable, so keeping implementation on track in the final stage.</p>

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 2 (cont)				<p>The main lever was a two-step amendment process under Article 21 of the Regulation: a technical revision in June and a more structural revision in November. This was approved by the Commission and reflected in the Council Implementing Decision, with final confirmation through ECOFIN. These changes had two main effects: i) first, they streamlined the performance framework (reducing the total number of EU objectives from 614 to 575) and relied on “better alternatives” to reduce administrative burdens while keeping the policy goals unchanged; ii) in addition, they shifted resources away from measures that were slower or harder to complete towards actions that were more ready and could be implemented faster.</p> <p>A key feature of the latest revision is the increased use of financial instruments (such as funds and schemes managed through implementing bodies), to make delivery more flexible and quicker, with more standard procedures and faster spending cycles. This also makes it even more important to clarify responsibilities and control arrangements, with continuous monitoring and reporting, to ensure timeliness, transparency and auditability.</p> <p>Following the revision, an implementing decree is being prepared, with further simplifications and the full roll-out of some financial vehicles.</p>

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 2 (cont)				<p>Progress in the first half of 2025 is positive in terms of achieved objectives, but the main challenge remains the final stage: a large share of targets is concentrated in 2026 (159 objectives in the first half of the year). In public works, the number of completed projects increased, but there are still no clear signs of faster delivery times; on the contrary, the average duration of completed projects is rising, which calls for close monitoring to remain consistent with the final deadline.</p> <p>In this context, the REPowerEU chapter, while improving in administrative progress, still shows a more delayed implementation and spending profile and therefore needs an additional push to turn measures into results that can be certified within the closing timeframe.</p> <p>2) The mid-term review should be focused on supporting businesses and competitiveness; it represents an opportunity to align cohesion policy with emerging economic and geopolitical needs, while at the same time fostering territorial development.</p> <p>3) The opportunities provided by the STEP Platform can help improve the competitiveness of European industry. However, it is necessary that the instrument is appropriate with the objectives to be pursued (for example, real support for productive investments by large companies throughout the country).</p>

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 3	<p>Official recommendation : Support innovation by further strengthening business-academia linkages, innovation procurement, corporate venture capital and opportunities for talents. Boost the role of universities in innovation by increasing their focus on commercialisation of research results and by improving the career path of researchers. Promote growth and aggregation of SMEs and start-ups. Implement an industrial strategy including to reduce the territorial divide, by streamlining current policy measures and taking into account key infrastructure projects.</p> <p>Confindustria input : Support innovation by further strengthening business-academia linkages, innovation procurement, corporate venture capital and opportunities for talents. Boost the role of universities in innovation by further increasing their focus on commercialisation of research results and by improving the career path of researchers. Promote growth and aggregation of SMEs and start-ups, also in light of the commitments in the medium-term fiscal-structural plan. Implement an industrial strategy including to reduce the territorial divide, by streamlining current policy measures and taking into account key infrastructure projects.</p>	Extremely important	Satisfactory	<p>In line with European and national priorities, the Strategic Plan for the ZES outlines a development framework aimed both at strengthening established industrial specializations and fostering new high-innovation segments. By combining qualitative assessments with quantitative business data, it identifies eight key sectors and three cross-cutting technological domains. This approach is designed to capitalize on the opportunities arising from the ecological and digital transitions.</p> <p>Through the reform of the Industrial Property Code (Legislative Decree No. 30/2005), Law No. 102/2023 introduced the possibility for universities and research institutions to establish technology transfer offices in order to promote the valorisation of industrial property rights, including by fostering collaboration with companies.</p>

Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 3 (cont)		<p>These offices must be staffed with personnel possessing appropriate professional qualifications to carry out activities related to the promotion of industrial property. This provision represents a relevant element in strengthening cooperation between the research system and the productive sector in innovation activities, with a focus on the commercial exploitation of innovative results. However, for the reform to deliver structural and measurable outcomes, a strong commitment from the entire public research system is required, so as to make the new regulatory framework truly effective in strengthening both the economic valorisation of research results and collaboration with companies. The research system has already, to a large extent, established technology transfer offices; nevertheless, the effectiveness of this measure will depend on the quality of implementation, in particular on the degree of effective coordination with companies and on the strengthening of skills and professional capacities within these structures.</p>

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 3 (cont)				<p>In this direction, Confindustria is working to promote the diffusion of an intellectual property culture within companies and to support greater business involvement in technology transfer processes with research institutions. Finally, the reform of intellectual property should be framed as one component of a broader set of actions launched under the NRRP to strengthen the national R&D&I system, increasingly based on structured public-private partnerships and on mechanisms capable of translating knowledge into innovation, competitiveness, and market uptake. Overall, the reform path, consistent with the recommendation, represents an important step towards supporting innovation, competitiveness, and the valorisation of research results, while remaining strongly dependent on effective implementation and the full involvement of all stakeholders.</p>

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 3 (cont)				<p>It is essential to further strengthen business-academia partnership, further increasing the focus on the application and commercialization of research results. To support private R&S investment it is important to enhance Research, Development and Innovation tax credit.</p> <p>To strengthen the R&D system it is necessary to extend the application of the KPI recently introduced by the Ministry of University and Research to the entire public research and technology transfer system.</p>

	Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
<p>CSR 4</p> <p>Official recommendation : Increase the efficiency of the public administration and strengthen administrative capacity, particularly at local level. Further reduce the backlog and disposition time of the justice system. Address remaining restrictions to competition, including in local public services, business services and railways.</p> <p>Confindustria input : Further increase the effectiveness and capacity of the public administration and further strengthen administrative capacity, particularly at local level. Further reduce the backlog and disposition time of the justice system. Address remaining restrictions to competition, including in local public services, business services and railways.</p>	Important	Satisfactory	<p>The NRRP requires a significant reduction of the civil case backlog. By 30 June 2026, pending civil proceedings must be reduced by 90% compared to the baseline of 31 December 2022. Based on the latest monitoring, this goal appears achievable, since Tribunals and Courts of Appeal have already achieved reductions above 80%.</p> <p>On disposition time (DT), the NRRP target is a 40% reduction in civil sector and a 25% reduction in criminal justice by June 2026, compared to the 2019 baseline. In civil justice, the latest data shows a reduction of 27.8%. The main weakness concerns the first-instance courts: where the increase in registrations (+1.7%) is not balanced by an increase in definitions, with a consequent increase in pending cases that do not reduce the DT.</p>

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 4 (cont)				<p>The Government expects to reach the civil DT target by relying on three factors: i) the expected impact by the Decree-Law no. 117 of 8 August 2025 on “Urgent measures on justice” including the use of remote judges and online hearings in the courts under the greatest pressure; ii) the 5% tolerance margin allowed under the NRRP target; and iii) the possibility to point to objective and unforeseeable factors that have hindered progress, such as the increasing of new registrations (for example in labour disputes and international protection cases). In criminal justice, by contrast, the DT improvement is already above target, reaching a reduction of 37.8%.</p> <p>Although, in recent years, many measures have been adopted to simplify the relationship between businesses and public administration, as well as to strengthen administrative capacity, companies still perceive public administration as inefficient. In addition to further targeted interventions, greater emphasis should be placed on monitoring the introduced reforms, in order to ensure their effective implementation and, where necessary, to take corrective action.</p>

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 5	Accelerate electrification and intensify efforts for the deployment of renewable energy, including by reducing fragmentation of permitting regulation and investing in the electricity grid. Address climate-related risks and mitigate their economic impact, through more institutional coordination, nature-based solutions and climate insurance coverage. Tackle remaining inefficiencies in water and waste management by reducing infrastructural gaps.	Important	Mixed	National legislation regarding suitable/acceleration areas for the installation of renewable power plants is not yet completed, permitting procedures are still too time consuming and it has been defined a ban for photovoltaic panels on agricultural lands
CSR 6	Promote job quality and reduce labour market segmentation, also to support adequate wages, and increase labour market participation, in particular for underrepresented groups, including by further strengthening active labour market policies and improving affordable access to quality child- and long-term care, taking into account regional disparities. Keep-up the efforts to tackle undeclared work, particularly in the most affected sectors. Continue promoting post-secondary VET and in-work training in high-demand sectors to address short-term skills needs, while strengthening adult learning by expanding work-based learning in high-growth sectors. Improve educational outcomes, with a focus on disadvantaged students, including by strengthening basic skills.	Extremely important	Mixed	---

4. Reform Progress in your Member State in 2025

How would you assess reform progress in 2025, for the following broad areas:

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

Is there any example of an economic reform, specific to your country that BusinessEurope could highlight in its 2025 Reform Barometer?

1. The Tax Reform still needs to be finalized. The revision process should finally be completed by implementing the changes to the VAT system with focus to the VAT rates, exemptions and special schemes, VAT deduction rules, and the VAT Group.
2. Law 171/2025 extends the Single ZES for Southern Italy to include Marche and Umbria, i.e. the two additional Italian “transition regions” as identified by EU rules. The aim is to enable these regions to access the same administrative simplifications (authorisation-related) and economic benefits (tax incentives) as the other regions in the ZES. This measure shifts the approach away from purely statistical territorial boundaries and toward EU-style categories of regions by development level, in line with cohesion policy classifications.
3. Law No. 167 of 2025 (for regulatory simplification and improving the quality of legislation) introduces for the first time an annual act for simplification, legislative consolidation and reorganization, as well as generational impact assessments for measures that have significant environmental or social effects on future generations. These are important tools that move in the direction of ensuring legal certainty and consolidating a regulatory environment that is simple, clear, predictable, and proportionate. For far too long, enterprises have been witnessing a pathological phase of rule-making at every level, which must be remedied.
4. Law No. 182/2025 provides for simplifications for businesses and citizens. In particular, the measure introduces provisions in the field of labour law and urban-planning simplifications for staff housing in the tourism, hospitality and thermal spa sectors, and establishes a new window for a preferential settlement allowing the cumulation of incentives for electricity production from photovoltaic plants with tax relief for environmental investments made by SMEs. Moreover, the law intervenes in several areas of interest to businesses (e.g. ex officio annulment, pallet interchange, labour, navigation, environment, public security administrative procedures, and arms manufacturing) and includes a package of repeals which, among other things, abolishes the possibility of transmitting data on daily receipts to the Revenue Agency through advanced cash collection systems and other forms of electronic payment.

5. Reform priorities for 2026

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 1	Justice System	The reform of the regulatory framework on the administrative liability of entities pursuant to Legislative Decree no. 231/2001. In particular, among others, it is necessary to: rethink its application for smaller companies, increase the rewarding effectiveness of organizational models; fill the gaps relating to the indications relating to the contents of these models; review the procedural rules and sanctioning provisions, especially with reference to precautionary measures.	yes
Priority 2	Tax administration, tax evasion & tax avoidance	The compliance simplification process must be improved in order to achieve concrete benefits in terms of time and cost savings for taxpayers. The use of technological tools, also used to combat tax evasion, at the same time should ensure simplification and protection for taxpayers. Furthermore, this simpler and more automated scenario should lead to a reduction in penalties proportionate to the seriousness of the violation. Common guidelines should come from the European Commission.	yes
Priority 3	Active labour market policies, incentives to work & labour market participation	Continue reducing the labour tax wedge that, despite the measures adopted, remains significantly above the EU average, improving the fairness and sustainability of the tax and social contribution system across economic sectors	yes

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 4	<p>Active labour market policies, incentives to work & labour market participation</p> <p>Functioning of the labour market, including framework for labour contracts & undeclared work</p>	<p>it is necessary to renew the policy tool "Decontribuzione Sud" with the aim of encouraging and attracting investment by large companies in Southern Italy as a lever for the area's industrial revival. Targeted industrial policies should rest on two pillars: developing evolutionary paths from existing specializations, and promoting new frontier production and technologies. Both actions require stronger attractiveness to trigger entrepreneurial initiatives and to offset the competitive gaps that still persist, both internal and external to the local business fabric.</p>	<p>yes</p>
Priority 5	<p>Renewable energy, energy infrastructure & networks</p>	<p>Align Italian energy prices to those of other EU Countries through 1) the increase of grid interconnection with other EU Countries, such as Spain, and extra-EU territories, including Nord African Countries; 2) the revision of Italian energy mix enabling the installation of large scale renewables and nuclear plants; 3) reconsider gas transmission network charges allocation; 4) promote PPA and long term contracts of renewable electricity for industrial consumers with public guarantees.</p>	<p>---</p>

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 6	Business environment (incl. SME policies)	It is necessary to promptly adopt “Costo Zero”, Confindustria’s document containing 80 immediately applicable, cost-neutral simplification proposals aimed at improving the business environment and reducing administrative burdens. Despite broad methodological consensus, implementation has been slow and fragmented: only a limited number of proposals have been approved, while many remain under review or have not yet been discussed. What is now needed is strong political commitment, better coordination among ministries, and a consistent interpretation of simplification policies, avoiding the assumption that removing regulatory requirements necessarily entails negative budgetary impacts.	---
Priority 7	Education	Continue sustaining the implementation of successful measures promoted in VET, most importantly for higher technical institutes, and strengthening adult learning by expanding work-based learning promoting, with a key role for social partners’ bilateral funds for training	yes
Priority 8	Taxation policy	In terms of taxation policy, it is necessary to promptly adopt simplifications in the implementation of Pillar Two. It would also be necessary to revisit the considerations relating to Pillar One, ensuring coordinated and agreed adoption at the European level, also with a view to overcoming the web taxes adopted by individual national states, including Italy.	---

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 9	<p>Access to finance growth financing (incl. CMU)</p> <p>Financial services and financial stability</p> <p>Sustainable Finance</p>	<p>Strengthening the competitiveness of the European economy requires completing the Banking Union and relying on the integration of capital markets, overcoming the fragmentation that prevents intermediaries from operating effectively across the euro area and facilitating the movement of capital.</p> <p>Close monitoring is warranted regarding the evolution of the package of proposals presented on 4 December 2025 by the European Commission as part of the Strategy for the creation of a Savings and Investments Union, which includes measures to streamline and strengthen supervision, remove barriers to market integration and leverage scale, and foster innovation.</p> <p>It is also necessary to strengthen the role of institutional investors, particularly pension funds and insurance companies, as long-term investors, and to promote the mobilisation of private savings.</p> <p>At the same time, in light of the implementation of the Basel III reform and its mandates, it is essential to improve banking regulation in a more balanced and proportionate manner. In this regard, flexibilities should be introduced in the EBA’s provisions on the definition of default in cases of distressed restructuring. It must also be ensured that banking regulation on ESG risks is simplified, in order to genuinely facilitate companies’ transition without crowding out financial support for businesses.</p>	

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 10	Research & Innovation	To strengthen the R&D system it is necessary to extend the application of the KPI recently introduced by the Ministry of University and Research to the entire public research and technology transfer system.	---
Priority 11	Regional development & local public service	The implementation of the mid term review of cohesion policy represents to align cohesion policy with emerging economic and geopolitical needs, while at the same time fostering territorial development. In this sense, it will be crucial that it will focus on supporting businesses and competitiveness.	yes
Priority 12	Healthcare	Healthcare is strategic for social stability and national security, demographic development and economic growth. At EU level, it is necessary to reinforce actions oriented to consider the entire Life Science industrial chain as a fundamental asset on which focus new reforms and investments (i.e. Life Science Strategy - European Commission), especially to guaranteeing greater sustainability of the health systems and also to incentivate research and development in strategic sectors (i.e. Pharmaceutical Package, Health Package on biotech and medical devices). To this end, it is also necessary to fully implement the secondary use of health data by companies for research purposes (European Health Data Space).	---

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 13	Research & Innovation	To strengthen the R&D system it is necessary to extend the application of the KPI recently introduced by the Ministry of University and Research to the entire public research and technology transfer system.	---
Priority 14	Research & Innovation	To support private R&S investment it is important to enhance Research, Development and Innovation tax credit.	---
Priority 15	Justice system	<p>In light of the results of the monitoring of the NRRP justice indicators, it is essential that the strengthening of staffing levels in the judicial offices facing the greatest difficulties in reducing backlogs and disposing of cases does not remain a merely emergency response aimed solely to achieve the PNRR targets.</p> <p>On the contrary, a structural increase in the number of judges and administrative staff in the most heavily burdened offices and courts should become a justice policy choice, also eliminating, with new regulatory interventions, the territorial disparities of the Judicial Offices.</p>	---

6. Savings and Investments Union

<p>Question 1</p>	<p>How satisfied or dissatisfied are you with the way your country is implementing the adopted CMU proposals? Why?</p>	<p>Neutral In Italy, Law 91/2025 (the 2024 European Delegation Law) has been enacted. Among other things, it sets out the principles and criteria for delegating powers to the Government to align the national legal framework with the measures introduced by the Listing Act. In this context, no implementing measures have yet been adopted.</p>
<p>Question 2</p>	<p>Are you satisfied with the way the banking sector in your country operates? Why?</p>	<p>Neutral In Italy, we have a solid banking sector, following years marked by a rigorous process of NPL reduction, consolidation, and capital strengthening. This process, to varying degrees and with different intensities, has affected all classes of intermediaries, including both major banks and Less Significant Institutions. For businesses, this represents a value. Indeed, it is essential to be able to rely on the support of sound and efficient banking intermediaries. At the same time, it is equally essential that soundness and efficiency translate into a strong capacity to respond promptly and effectively to companies' investment and development needs. Financial rules must therefore ensure the right balance between safeguarding the stability of financial markets and supporting the real economy. This is a guiding principle that should inspire the actions of regulators. In this regard, it should instead be noted that over the past 15 years—following the effects of the global financial crisis—there has been a continuous proliferation of banking regulations, resulting in a significant increase in the prudential capital requirements that banks must hold against loans granted to businesses. Indeed, overly rigid rules have been introduced, allowing only limited margins of discretion for the banking sector in assessing the actual financial health of corporate clients and in granting possible loan restructuring or renegotiation measures.</p>

<p>Question 3</p>	<p>Do companies in your country face difficulties to access finance in your country and what type of financing is most common?</p>	<p>The most common type of financing in Italy is bank lending, although some progress has been made in developing other sources, in particular private equity, venture capital, and listings. Businesses face difficulties in accessing finance mainly because Italian capital markets are underdeveloped. In this regard, it is crucial to strengthen the role of institutional investors, particularly pension funds and insurance companies, as long-term investors, and to promote the mobilisation of private savings. At the same time, it is important to help small businesses improve their financial literacy.</p>
<p>Question 4</p>	<p>Are there specific barriers in your country that hinder accessing financing from other countries (EU and non EU)?</p>	<p>European capital markets are fragmented and not integrated. This situation is a source of higher costs for market participants, including businesses.</p>
<p>Question 5</p>	<p>What do you see as the top three SIU-related reforms that would most improve the investment environment in your country?</p>	<p>Eligibility and clarification of equity investment by institutional investors; Listing Act implementation; More integrated and efficient supervision.</p>

7. Pillar II and Taxes

Question 1	How do you assess the EU’s overall tax policy stance in terms of promoting growth, competitiveness and investment compared to 12 months ago?	Less supportive
Question 2	How burdensome has the administrative and compliance workload related to Pillar Two become for companies in your country compared to your expectations one year ago?	The same
Question 3	How do you assess the impact of Pillar Two on the attractiveness of the EU as an investment location relative to other major jurisdictions (e.g., US, Asia overall, particular markets like China and India)?	Significantly worse
Question 4	Which safeguards or adjustments to Pillar Two do you consider most necessary for maintaining the competitiveness of European companies? (Select up to 3)	<ol style="list-style-type: none"> 1. Simplification of compliance rules 2. Temporary safe harbours 3. More flexibility in Qualified Refundable Tax Credits (QRTCs)

<p>Question 5</p>	<p>What do you see as the top three tax-related reforms that would most improve the EU investment environment?</p>	<p>1. Greater tax harmonisation across Member States Reducing divergences in corporate tax systems — including tax bases, incentives and anti-abuse rules — would enhance legal certainty, lower compliance costs for cross-border businesses and make the EU more attractive for long-term investment.</p> <p>2. Simplification and stability of tax rule and proportionate implementation of Pillar Two A consistent and harmonised application of the OECD/G20 Pillar Two rules across the EU is crucial to preserve the Union’s investment attractiveness. A simpler, more predictable and stable tax framework is essential for investors. Streamlined procedures, timely interpretative guidance and fewer frequent legislative changes would reduce regulatory risk and support investment decisions.</p> <p>3. Targeted tax incentives for strategic investments EU-coordinated tax incentives for key sectors — such as the green transition, digitalisation, innovation and research and development — would strengthen Europe’s competitiveness and help attract capital to high-value-added activities.</p> <p>4. Dispute resolution and legal certainty Strengthening EU-wide mechanisms for resolving tax disputes would materially improve investor confidence. > Make Mutual Agreement Procedures (MAPs) faster and more binding in practice. > Expand the use of mandatory arbitration and ensure consistent outcomes across Member States. > Improve coordination between tax authorities to reduce double taxation risks. This would be particularly valuable for cross-border groups making long-term capital allocation decisions.</p> <p>5. Improved withholding tax relief and refund mechanisms Inefficient withholding tax systems remain a major barrier to cross-border investment. > Accelerate and digitise withholding tax relief at source</p>
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<p>Question 5 (continued)</p>		<ul style="list-style-type: none"> > Standardise documentation requirements across Member States > Implement the FASTER Directive effectively and uniformly <p>This would directly improve cash-flow predictability for investors, particularly institutional investors.</p> <p>6. Pro-investment treatment of equity financing</p> <p>Many EU tax systems still favour debt over equity.</p> <ul style="list-style-type: none"> > Introduce or expand allowances for corporate equity (ACE) > Reduce the tax bias that discourages equity-financed investment > Support capital market deepening and financial stability <p>This would be especially relevant for scale-ups, infrastructure projects and green investments.</p>
<p>Question 6</p>	<p>Which types of tax incentives would most strengthen Europe's ability to attract investment in green and digital technologies?</p>	<ol style="list-style-type: none"> 1. Incentives for digital infrastructure and AI adoption 2. Accelerated or full expensing for green/digital assets 3. Qualified Refundable Tax Credits (QRTCs) 4. Enhanced R&D and innovation tax incentives

Latvia

1. EU Competitiveness

Question 1	To what extent do you consider the European Commission's overall policy stance supportive of competitiveness and growth compared to 12 months ago?	Slightly worse
Question 2	What are your expectations of the new commission from the point of view of regulatory burden (will the EC President deliver on her promises)?	Decreased slightly
Question 3	What are your overall expectations about the next European Commission ?	Slightly worse
Question 4	How do you think the EU investment environment is seen by global firms compared to 12 months ago?	Unchanged
Question 5	What does your federation see as the main challenges threatening the attractiveness of the EU as an investment environment vis-à-vis international competitors?	<ol style="list-style-type: none"> 1. Other : Security 2. Demographic change 3. Regulatory environment 4. Availability of labour 5. Access to finance

Question 6	What are the main obstacles to private R&D investments faced by companies in your Member State?	<ol style="list-style-type: none"> 1. Low profitability leaves firms with fewer internal resources for R&D 2. Shortage of skilled workers 3. Limited access to finance and lack of long-term patient capital
Question 7	What are the main obstacles to AI uptake by companies in your market ?	<ol style="list-style-type: none"> 1. High costs of adopting and integrating AI solutions 2. Lack of workers with the digital and AI-related skills needed 3. Administrative burden

2. National Recovery and Resilience Plans

Question 8	How satisfied or dissatisfied are you with the way your country is implementing so far the national recovery and resilience plan in the past year?	Neutral
Question 9	How satisfied or dissatisfied are you with the involvement of social partners in the implementation so far of your national recovery and resilience plan?	Dissatisfied
Question 10	How effective do you think the European Commission is being in ensuring strong implementation of the reforms in the national recovery and resilience plans across the EU?	Somewhat confident

Question 11	If you are dissatisfied with the implementation so far of your national recovery and resilience plan, why?	<ol style="list-style-type: none"> 1. Bureaucracy 2. Inadequate sectoral targeting (digital, energy, not the relevant sectors) 3. Projects not designed for the private sector
Question 12	Open question: Which best practices from the RRP could be leveraged for future programmes, and which pitfalls should be avoided?	<p>Pros: Entrepreneurs evaluate RRP more positively where there is a one-stop approach, digital applications, clear support programs with a specific goal, and where support is focused on productivity/digitalization</p> <p>Cons: Support instruments are being implemented too slowly and clumsily, with excessive bureaucracy and complex conditions, which reduces the real impact of RRP on innovation/digitalisation and competitiveness.</p>

3. Assessment of Country Specific recommendations 2025 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	<p>Reinforce overall defence spending and readiness in line with the European Council conclusions of 6 March 2025. Adhere to the maximum growth rates of net expenditure recommended by the Council on 21 January 2025, while making use of the allowance under the national escape clause for higher defence expenditure. Make public finances fit to cope with rising structural spending needs including for defence, healthcare and social protection, such as by broadening taxation to sources less detrimental to growth, moving informal or undeclared activities into the formal economy, and redirecting expenditure to priority areas based on public spending reviews.</p>	Important	Mixed	
CSR 2	<p>In view of the applicable deadlines for the timely completion of reforms and investments under Regulation (EU) 2021/241, accelerate the implementation of the recovery and resilience plan, including the REPowerEU chapter. Accelerate the implementation of cohesion policy programmes (ERDF, JTF, ESF+, CF), building, where appropriate, on the opportunities offered by the mid-term review. Make optimal use of EU instruments, including the scope provided by the InvestEU and the Strategic Technologies for Europe Platform, to improve competitiveness.</p>	Important	Mixed	

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 3	Simplify regulation, improve regulatory tools and reduce administrative burden on companies. Improve access to finance for small and medium-sized enterprises, including by stimulating competition in the financial markets and promoting public lending and guarantee schemes to facilitate investments of strategic importance, in particular in the areas of the green transition, scaling-up and commercialisation of innovations, and regional development. Facilitate private investment in research and innovation, including by pursuing further reforms in the higher education system to strengthen cooperation between businesses and academia.	Important	Mixed	
CSR 4	Reduce reliance on fossil fuels and increase energy security by accelerating the deployment of renewable energy, particularly wind and solar. Improve permitgranting procedures and electricity grid queue management, and promote energy storage, demand response and market-based flexibility solutions. Reduce primary and final energy consumption, and carbon intensity by strengthening energy efficiency measures, especially in the buildings sector, and by promoting further electrification. Accelerate the decarbonisation of transport, especially road transport, by promoting the uptake of electric vehicles, the production and distribution of renewable transport fuels and the expansion of recharging infrastructure. Increase resource efficiency and the transition to a circular economy through eco-innovation and sustainable resource management practices.	Important	Mixed	

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 5	<p>Address labour and skills shortages, in particular in science, technology, engineering and mathematics (STEM) and in other specialisations needed for the green transition, for research and for digitalisation, as well as in the social and healthcare sectors, including through targeted upskilling and reskilling and improved working conditions. Strengthen social protection to reduce inequality, including by improving the adequacy of old-age pensions and the access to quality social services, notably home care, while maintaining fiscal sustainability. Strengthen the adequacy and accessibility of the health system to improve health outcomes, including by providing additional human and financial resources, broadening the statutory benefits package and reducing out-of-pocket payments. Increase the availability and quality of social and affordable energy-efficient housing, including through renovations.</p>	Important	Unsatisfactory	

4. Reform Progress in your Member State in 2025

How would you assess reform progress in 2025, for the following broad areas:

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

Is there any example of an economic reform, specific to your country that BusinessEurope could highlight in its 2025 Reform Barometer?

5. Reform priorities for 2026

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 1	Budgetary framework and fiscal governance	Implement decisive expenditure consolidation in public administration - reduce structural spending in the public sector to stop the growth of public debt and strengthen fiscal resilience.	no
Priority 2	Functioning of the labour market, including framework for labour contracts & undeclared work	Adopt a Human Capital Development Strategy aligned with demographic and migration challenges; Modernise labour legislation to increase labour-market flexibility.	no
Priority 3	Skills, Vocational Education and Training & adult learning	Adopt a Human Capital Development Strategy; Improve forecasting of skills demand, link training funding to outcomes, and ensure faster upskilling/reskilling pathways, especially for sectors facing persistent shortages; Prioritise STEM education and training.	yes
Priority 4	Public administration	Boost public-sector efficiency by reducing administrative burden and duplicative functions.	no

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 5	Healthcare	Increase timely access to essential health services (primary care, diagnostics, and workforce capacity), reduce waiting times, and strengthen prevention.	no

1. Savings and Investments Union

Question 1	How satisfied or dissatisfied are you with the way your country is implementing the adopted CMU proposals? Why?	Dissatisfied Latvia still has a very low level of market capitalization (only 3% of GDP), which lags behind not only the EU level (where the average is 54% of GDP), but also its Baltic neighbors.
Question 2	Are you satisfied with the way the banking sector in your country operates? Why?	Neutral The volume of lending (as % of GDP) in Latvia significantly lags behind the eurozone average. There have been significant signs of recovery over the past year, as the volume of loans issued to both companies and households has been increasing by >10% YOY, with the growth rate exceeding the growth rate of GDP.

Question 3	Do companies in your country face difficulties to access finance in your country and what type of financing is most common?	Access to finance has been significantly improved over the past year. Latvia's central bank emphasizes that the main constraints tend to come from high collateral and risk requirements, creditworthiness / transparency issues (especially among SMEs) and banks' cautious risk appetite. Bank loans and credit lines remain the most common financing source for Latvian companies.
Question 4	Are there specific barriers in your country that hinder accessing financing from other countries (EU and non EU)?	The most important barriers are legal/institutional uncertainties (especially around insolvency and enforcement), differences in collateral and securities rules, high compliance/AML requirements, and limited transparency/credit data for SMEs.
Question 5	What do you see as the top three SIU-related reforms that would most improve the investment environment in your country?	<ul style="list-style-type: none"> 1) Boost long-term savings and retail participation in capital markets 2) Harmonise insolvency & enforcement rules 3) EU-wide framework for startups and growth companies

8. Pillar II and Taxes

Question 1	How do you assess the EU's overall tax policy stance in terms of promoting growth, competitiveness and investment compared to 12 months ago?	The same
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Question 2	How burdensome has the administrative and compliance workload related to Pillar Two become for companies in your country compared to your expectations one year ago?	The same
Question 3	How do you assess the impact of Pillar Two on the attractiveness of the EU as an investment location relative to other major jurisdictions (e.g., US, Asia overall, particular markets like China and India)?	Neutral
Question 4	Which safeguards or adjustments to Pillar Two do you consider most necessary for maintaining the competitiveness of European companies? (Select up to 3)	<ol style="list-style-type: none"> 1. Simplification of compliance rules 2. Temporary safe harbours 3. Enhance certainty for SMEs in multinational groups
Question 5	What do you see as the top three tax-related reforms that would most improve the EU investment environment?	Single EU-level simplification package that reduces duplication across reporting layers, harmonises definitions and reporting requirements
Question 6	Which types of tax incentives would most strengthen Europe's ability to attract investment in green and digital technologies?	<ol style="list-style-type: none"> 1. Enhanced R&D and innovation tax incentives 2. Qualified Refundable Tax Credits (QRTCs) 3. Incentives for digital infrastructures and AI adoption

Lithuania

1. EU Competitiveness

Question 1	To what extent do you consider the European Commission's overall policy stance supportive of competitiveness and growth compared to 12 months ago?	Slightly better
Question 2	What are your expectations of the new commission from the point of view of regulatory burden (will the EC President deliver on her promises)?	---
Question 3	What are your overall expectations about the next European Commission ?	Slightly better
Question 4	How do you think the EU investment environment is seen by global firms compared to 12 months ago?	Slightly worse
Question 5	What does your federation see as the main challenges threatening the attractiveness of the EU as an investment environment vis-à-vis international competitors?	<ol style="list-style-type: none"> 1. Access to finance 2. Availability of labour 3. Fragmentation of the single Market 4. Innovation capacity 5. Regulatory environment

Question 6	What are the main obstacles to private R&D investments faced by companies in your Member State?	<ol style="list-style-type: none"> 1. Limited access to finance and lack of long-term patient capital 2. Inadequate ecosystem (links with universities research centers) 3. Administrative burden
Question 7	What are the main obstacles to AI uptake by companies in your market ?	<ol style="list-style-type: none"> 1. Concerns about cybersecurity and data protection 2. High costs of adopting and integrating AI solutions 3. Insufficient investment in digital infrastructure

2. National Recovery and Resilience Plans

Question 8	How satisfied or dissatisfied are you with the way your country is implementing so far the national recovery and resilience plan in the past year?	Satisfied
Question 9	How satisfied or dissatisfied are you with the involvement of social partners in the implementation so far of your national recovery and resilience plan?	Satisfied
Question 10	How effective do you think the European Commission is being in ensuring strong implementation of the reforms in the national recovery and resilience plans across the EU?	Completely confident
Question 11	If you are dissatisfied with the implementation so far of your national recovery and resilience plan, why?	---

Question 12	Open question: Which best practices from the RRP could be leveraged for future programmes, and which pitfalls should be avoided?	One is the linking of reform indicators to RRF funding. Currently, those reforms have to be adjusted, which poses risks of losing part of RRF funding.
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3. Assessment of Country Specific recommendations 2025 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	Reinforce overall defence spending and readiness in line with the European Council conclusions of 6 March 2025. Adhere to the maximum growth rates of net expenditure recommended by the Council on [date], while making use of the allowance under the national escape clause for higher defence expenditure. Provide adequate financing for healthcare, social protection and general public services. Improve tax compliance and broaden the tax base to sources less detrimental to growth.	Extremely important	Mixed	Without a doubt, we can be proud that next year Lithuania will allocate 5.38 percent of GDP to defense financing. However, it is also obvious that a larger part of this will be financed with borrowed funds, and sustainable revenues are not foreseen to sustain such defense financing after 2028. And the short-sighted tax reforms being implemented are destroying the stability of the business environment.

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 2	<p>Official recommendation : In view of the applicable deadlines for the timely completion of reforms and investments under Regulation (EU) 2021/241, accelerate the implementation of the recovery and resilience plan, including the REPowerEU chapter. Accelerate the implementation of cohesion policy programmes (ERDF, JTF, ESF+, CF), building, where appropriate, on the opportunities offered by the mid-term review. Make optimal use of EU instruments, including the scope provided by the InvestEU and the Strategic Technologies for Europe Platform, to improve competitiveness.</p> <p>LPK input : In view of the applicable deadlines for the timely completion of reforms and investments under Regulation (EU) 2021/241, accelerate the implementation of the recovery and resilience plan, including the REPowerEU chapter. Accelerate the 16 EN SWD(2025)95 – Second-stage country analysis on social convergence in line with the Social Convergence Framework (SCF), 2025. EN 11 implementation of cohesion policy programmes (ERDF, JTF, ESF+, CF), building, where appropriate, on the opportunities offered by the mid-term review. Make optimal use of EU instruments, including the scope provided by the InvestEU and the Strategic Technologies for Europe Platform, to improve competitiveness.</p>	Extremely important	Unsatisfactory	The very long development of investment plans, preparation of their measures and long implementation mean that it is currently unclear whether we will be able to absorb the EU funds received. It would be disappointing if the economic recovery measures were not used.

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 3	<p>Official recommendation : Improve access to finance for small and medium-sized enterprises including by stimulating competition in financial services and participation in financial markets and through automatic enrolment in the second-pillar pension scheme. Facilitate investment in R&D and support innovative capacity, including by reviewing and streamlining existing tax incentives for R&D, incentivize the university network to foster business-science linkages, and incentivizing enrolment in post-secondary education in science, technology, engineering and mathematics (STEM) fields. Address regional disparities by improving the legal and institutional framework to promote intermunicipal cooperation and development of local clusters in order to attract investments to regions, and to improve provision of public services, including the coordination of public transport routes and modes.</p> <p>LPK input : Improve access to finance for small and medium-sized enterprises including by stimulating competition in financial services and participation in financial markets and through automatic enrolment in the second-pillar pension scheme. Facilitate investment in R&D and support innovative capacity, including by reviewing and streamlining existing tax incentives for R&D, optimising the university network to foster business-science linkages, and incentivising enrolment in post-secondary education in science, technology, engineering and mathematics (STEM) fields. Address regional disparities by improving the legal and institutional framework to promote intermunicipal cooperation and development of local clusters in order to attract investments to regions, and to improve provision of public services, including the coordination of public transport routes and modes.</p>	Extremely important	Unsatisfactory	<p>Access to capital in Lithuania is among the lowest in the EU, and progress so far has been slow. Efforts to improve access to capital should be doubled. The recent second-pillar pension reform in Lithuania is concerning, as those who have opted out are likely to rely on state social support in the future. Therefore, participation in and contributions to the second pension pillar should continue to be encouraged, and people should be educated about the financial and investment benefits and risks (of opting out) for retirement. R&D funding and support are currently limited. This is due to restricted access to capital, an insufficiently efficient innovation ecosystem, limited</p>

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 3 (cont)				<p>cooperation with scientific institutions, and a high administrative burden associated with innovation (especially when specific tax incentives are applied). Even if young people are considered to choose STEM professions, insufficient development of mathematical skills limits the opportunities to choose studies in this field. Regional policy is implemented, but it lacks consistency and a systematic approach not only to the business component, but also to the socio-economic environment for those working in the regions (or potentially entering them).</p>

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 4	Further reduce reliance on fossil fuels and imported energy and ensure sufficient capacity in and access to the electricity grid with a view to maintaining a fast pace of deployment of renewable energy. Make buildings more energy efficient to reduce energy poverty, and continue to take action to phase out non-targeted fossil-fuel subsidies notably ones for heating. Increase resource productivity to progress towards a circular economy, by focusing on resource efficiency and the transformation and decarbonisation of industrial production. Increase the uptake of public and sustainable transport.	Extremely important	Satisfactory	We would think that the transformation is going quite well. Of course, transforming energy-intensive sectors is difficult and there are also problems with access to capital.
CSR 5	Make the health system more resilient and improve health outcomes by strengthening access to primary and preventive care and increasing the availability of health workers. Address income inequality, poverty and social exclusion by increasing the coverage, adequacy and effectiveness of the social protection system, improving the design of the tax system, improving access to and quality of social housing, and increasing the adequacy of old-age pensions, while maintaining the sustainability of the pension system.	Important	Satisfactory	It is obvious that the demographic situation in the country is deteriorating. This is also associated with the growing problem of the long-term sustainability of the health and pension systems. The reforms and solutions implemented so far do not fully meet the challenges of the future.

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 6	<p>Improve the quality, equity and efficiency of the general education system, particularly addressing the urban-rural achievement gap, while increasing the attractiveness of the teaching profession to address persistent shortages and ageing in the workforce. Address the skills mismatch by increasing the labour market relevance of higher education, promoting the acquisition of green skills, improving adult learning including for unemployed people, low-skilled people and other vulnerable groups, and increasing the coverage of active labour market policies through improved incentives to participate.</p>	Extremely important	Unsatisfactory	<p>The country's education system has been a cause for concern for many years, as the skills of young people are quite poor (especially in mathematics). The reforms underway so far have not yielded the expected results. The areas of specialization being trained in the country do not meet the needs of the country's labor market. Progress has been made, but it is insufficient. and here two things need to be distinguished. First, if the education system has prepared a specialist who is not in demand in the market, he may need to be retrained. Second, it is necessary to ensure an effective retraining system that would respond to transforming businesses (using more robotization and digitalization solutions).</p>

4. Reform Progress in your Member State in 2025

How would you assess reform progress in 2025, for the following broad areas:

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

Is there any example of an economic reform, specific to your country that BusinessEurope could highlight in its 2025 Reform Barometer?

Two reforms are worth mentioning. First, the reform of the second pillar of pensions, which will allow you to withdraw accumulated funds and withdraw from the second pillar of pensions completely from 2026. Second, the tax reform, which increases corporate income tax for the second time in two years, introduces a surcharge on non-life insurance contracts, and reforms the immovable property tax.

5. Reform priorities for 2026

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 1	Access to finance & growth financing (incl. CMU)	Create incentives for more financial institutions to operate in the domestic market. A single EU capital market is important and could change the situation in the country.	yes
Priority 2	Business environment (incl. SME policies)	The stability of the business environment is currently reduced and difficult to restore. New, critically unassessed and unsustainable tax reforms are increasing the uncertainty of the country's business environment.	no
Priority 3	Research & innovation	Even after many years, Lithuania allocates about 1 percent of GDP to R&D. Business-science cooperation is fragmented. Existing incentives and support do not yet ensure the effective functioning of the innovation ecosystem.	yes
Priority 4	Single market, competition & state aid	It is estimated that trade barriers between EU countries can be equated to 40 percent customs tariffs. As international trade growth slows, improving the efficiency of the single market and reducing barriers could significantly boost economic growth across the EU.	no

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 5	Public administration	To revitalize solutions to reduce the administrative burden on the business environment.	yes

6. Savings and Investments Union

Question 1	How satisfied or dissatisfied are you with the way your country is implementing the adopted CMU proposals? Why?	Dissatisfied
Question 2	Are you satisfied with the way the banking sector in your country operates? Why?	Dissatisfied
Question 3	Do companies in your country face difficulties to access finance in your country and what type of financing is most common?	In principle, only larger, long-established companies can benefit from bank financing. Smaller companies undertaking riskier investments are looking for alternative sources of financing (including issuing their own bonds).

Question 4	Are there specific barriers in your country that hinder accessing financing from other countries (EU and non EU)?	<p>Limited track record of companies – Many Lithuanian SMEs and startups are relatively young and lack a proven financial history, which makes foreign investors cautious. Small domestic market – Lithuania’s small population (around 2.8 million) limits the potential scale of domestic operations, reducing attractiveness for foreign investors seeking larger markets. Fragmented innovation ecosystem – Cooperation between private companies, universities, and research institutions is still developing, making it harder to present scalable, high-quality projects for international financing.</p> <p>Regulatory and administrative hurdles.</p>
Question 5	What do you see as the top three SIU-related reforms that would most improve the investment environment in your country?	<ol style="list-style-type: none"> 1. Integration of the single capital maekt. 2. Increase competition. 3. Development of flexible small and risk taking business financing instruments. 4. Ensure scale-up financing measures.

9. Pillar II and Taxes

Question 1	How do you assess the EU’s overall tax policy stance in terms of promoting growth, competitiveness and investment compared to 12 months ago?	The same
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Question 2	How burdensome has the administrative and compliance workload related to Pillar Two become for companies in your country compared to your expectations one year ago?	The same
Question 3	How do you assess the impact of Pillar Two on the attractiveness of the EU as an investment location relative to other major jurisdictions (e.g., US, Asia overall, particular markets like China and India)?	Significantly worse
Question 4	Which safeguards or adjustments to Pillar Two do you consider most necessary for maintaining the competitiveness of European companies? (Select up to 3)	<ol style="list-style-type: none"> 1. Simplification of compliance rules 2. Temporary safe harbours 3. Investment-friendly design of top-up tax calculations
Question 5	What do you see as the top three tax-related reforms that would most improve the EU investment environment?	<ol style="list-style-type: none"> 1. Harmonization and simplification of corporate taxation. 2. Enhanced and predictable R&D and innovation tax incentives. 3. Tax neutrality for cross-border investment and capital flows.
Question 6	Which types of tax incentives would most strengthen Europe's ability to attract investment in green and digital technologies?	<ol style="list-style-type: none"> 1. Accelerated or full expensing for green/digital assets 2. Enhanced R&D and innovation tax incentives 3. Incentives for digital infrastructure and AI adoption

Malta

1. EU Competitiveness

Question 1	To what extent do you consider the European Commission's overall policy stance supportive of competitiveness and growth compared to 12 months ago?	Slightly better
Question 2	What are your expectations of the new commission from the point of view of regulatory burden (will the EC President deliver on her promises)?	Increased slightly
Question 3	What are your overall expectations about the next European Commission ?	Slightly better
Question 4	How do you think the EU investment environment is seen by global firms compared to 12 months ago?	Unchanged
Question 5	What does your federation see as the main challenges threatening the attractiveness of the EU as an investment environment vis-à-vis international competitors?	<ol style="list-style-type: none"> 1. Regulatory environment 2. Availability of labour 3. Environmental policies 4. Tax regime 5. Lack of infrastructure, incl. digital

Question 6	What are the main obstacles to private R&D investments faced by companies in your Member State?	<ol style="list-style-type: none"> 1. Limited access to finance and lack of long-term patient capital 2. Shortages of skilled workers 3. Low profitability leaves firms with fewer internal resources for R&D
Question 7	What are the main obstacles to AI uptake by companies in your market ?	<ol style="list-style-type: none"> 1. Lack of workers with the digital and AI-related skills needed 2. Lack of business case (low ROI) 3. High costs of adopting and integrating AI solutions

2. National Recovery and Resilience Plans

Question 8	How satisfied or dissatisfied are you with the way your country is implementing so far the national recovery and resilience plan in the past year?	Neutral
Question 9	How satisfied or dissatisfied are you with the involvement of social partners in the implementation so far of your national recovery and resilience plan?	Dissatisfied
Question 10	How effective do you think the European Commission is being in ensuring strong implementation of the reforms in the national recovery and resilience plans across the EU?	Not confident

Question 11	If you are dissatisfied with the implementation so far of your national recovery and resilience plan, why?	<ol style="list-style-type: none"> 1. Projects not designed for the private sector 2. Capacity of projects to change profile of the economy 3. Bureaucracy
Question 12	Open question: Which best practices from the RRP could be leveraged for future programmes, and which pitfalls should be avoided?	Social partners have not been updated on the uptake of projects.

3. Assessment of Country Specific recommendations 2025 in detail

	Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
<p>CSR 1</p> <p>Official recommendation : Reinforce overall defence spending and readiness in line with the European Council conclusions of 6 March 2025. Adhere to the maximum growth rates of net expenditure recommended by the Council on 21 January 2025, with a view to bringing an end to the situation of an excessive deficit. Wind down the emergency energy support measures. To address remaining aggressive tax planning risks, introduce a withholding tax on outbound payments or equivalent defensive measures, and amend rules on non-domiciled companies.</p> <p>MCCEI input: Reinforce Defence and Security Spending and Readiness while ensuring debt sustainability.</p>	Important	Unsatisfactory	We strongly advocate for fiscal discipline, urging the government to prioritise capital investment over recurrent spending to ensure a high return on investment and long-term debt sustainability.

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 2	<p>Official recommendation : In view of the applicable deadlines for the timely completion of reforms and investments under Regulation (EU) 2021/241, ensure the effective implementation of the recovery and resilience plan, including the REPowerEU chapter. Accelerate the implementation of cohesion policy programmes (ERDF, JTF, ESF+, CF), building, where appropriate, on the opportunities offered by the mid-term review. Make optimal use of EU instruments, including the scope provided by the InvestEU and the Strategic Technologies for Europe Platform, to improve competitiveness.</p> <p>MCCEI input : Ensure the effective implementation of the recovery and resilience plan; accelerate the implementation of the cohesion policy programmes. Make optimal use of EU instruments.</p>	Extremely important	Insatisfactory	We insist on a reduction in bureaucracy to ensure all milestones and targets are met.
CSR 3	<p>Official recommendation : Promote investment in research and innovation, including by increasing public R&D investment and stimulating private R&D investment, for example through R&D tax incentives.</p> <p>MCCEI input : Promote investment in research and development</p>	Important	No progress	We consider R&D crucial for economic renewal and call for a modern industrial policy that links funding directly to increased productivity and high-value niches.

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 4	<p>Official recommendation : Accelerate the deployment of renewable energy by promoting large-scale projects and small-scale investments in direct energy production and consumption. Reduce energy demand through improved energy efficiency in buildings. Reduce emissions from road transport and address traffic congestion by promoting quality and efficient public transport, stepping up investments in active mobility infrastructure and discouraging car usage. Phase out fossil fuel subsidies, including emergency energy support measures.</p> <p>MCCEI input : Accelerate the development of renewable energy by promoting large-scale projects and small-scale investments.</p>	Important	Unsatisfactory	We call for a phased withdrawal of blanket energy subsidies in favour of targeted incentives for renewable energy because current subsidies discourage private green investment.
CSR 5	<p>Official recommendation : Strengthen the quality and labour-market relevance of education and training to address low educational outcomes as well as the severe shortage and mismatch of skills, also in the area of science, technology, engineering and mathematics (STEM) and the green transition, in particular by fostering basic skills of students, the initial and continuous training of teachers as well as promoting enrolment in vocational education and training, and in adult learning for the low-skilled. Strengthen the inclusiveness of education and training.</p> <p>MCCEI input : Strengthen the quality and labour-market relevance of education and training to address low educational outcomes and the high shortage and mismatch of skills.</p>	Extremely important	Mixed	The skills gap is a critical threat to competitiveness and we demand that the national curriculum be better aligned with industry needs to reverse the brain drain.

4. Reform Progress in your Member State in 2025

How would you assess reform progress in 2025, for the following broad areas:

Taxation and Public Finances	Mixed
Business environment (regulation/access to markets)	No progress
Labour market	Mixed
Innovation and skills	No progress
Access to finance and financial stability	Mixed

Is there any example of an economic reform, specific to your country that BusinessEurope could highlight in its 2025 Reform Barometer?

N/A

5. Reform priorities for 2026

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 1	Digitalisation of businesses	Better ROI for applicants towards a better take-up	yes
Priority 2	Justice system	Faster/ More efficient/ Introduction of Commercial Court	yes
Priority 3	Public procurement & concessions	More transparency on variations / Tender Publication Foresight	no
Priority 4	Tax administration, tax evasion & tax avoidance	Continued improvement on the positive results registered in 2025 in the interest of ethical business	yes
Priority 5	Transport	Traffic mitigation / transport costs	yes

6. Savings and Investments Union

Question 1	How satisfied or dissatisfied are you with the way your country is implementing the adopted CMU proposals? Why?	Neutral
Question 2	Are you satisfied with the way the banking sector in your country operates? Why?	Dissatisfied Malta has issues with correspondent banking. Besides there is lack of specialisation on innovative sectors like tech/ aviation / virtual assets etc.
Question 3	Do companies in your country face difficulties to access finance in your country and what type of financing is most common?	Maltese companies face delays and issues with collaterals.
Question 4	Are there specific barriers in your country that hinder accessing financing from other countries (EU and non EU)?	Problematic clearance of payments with third countries.
Question 5	What do you see as the top three SIU-related reforms that would most improve the investment environment in your country?	Investment of savings of dormant financial resources through the creation of innovative schemes.

7. Pillar II and Taxes

Question 1	How do you assess the EU’s overall tax policy stance in terms of promoting growth, competitiveness and investment compared to 12 months ago?	Less supportive
Question 2	How burdensome has the administrative and compliance workload related to Pillar Two become for companies in your country compared to your expectations one year ago?	The same
Question 3	How do you assess the impact of Pillar Two on the attractiveness of the EU as an investment location relative to other major jurisdictions (e.g., US, Asia overall, particular markets like China and India)?	Significantly worse
Question 4	Which safeguards or adjustments to Pillar Two do you consider most necessary for maintaining the competitiveness of European companies? (Select up to 3)	<ol style="list-style-type: none"> 1. Simplification of compliance rules 2. More flexibility in Qualified Refundable Tax Credits (QRTCs). 3. Enhanced certainty for SMEs in multinational groups
Question 5	What do you see as the top three tax-related reforms that would most improve the EU investment environment?	<p>Scrapping of Pillar II; (further) Harmonization of Taxes covered by EU-Directives; no new EU-Taxes (own resources)</p>
Question 6	Which types of tax incentives would most strengthen Europe’s ability to attract investment in green and digital technologies?	<ol style="list-style-type: none"> 1. Accelerated or full expensing for green/digital assets 2. Tax credits for strategic net-zero technologies 3. Incentives for digital infrastructure and AI Adoption

Poland

1. EU Competitiveness

Question 1	To what extent do you consider the European Commission's overall policy stance supportive of competitiveness and growth compared to 12 months ago?	Slightly better
Question 2	What are your expectations of the new commission from the point of view of regulatory burden (will the EC President deliver on her promises)?	Unchanged
Question 3	What are your overall expectations about the next European Commission ?	Slightly better
Question 4	How do you think the EU investment environment is seen by global firms compared to 12 months ago?	Unchanged
Question 5	What does your federation see as the main challenges threatening the attractiveness of the EU as an investment environment vis-à-vis international competitors?	<ol style="list-style-type: none"> 1. Regulatory environment 2. Energy prices 3. Environmental policies 4. Tax regime 5. Innovation capacity
Question 6	What are the main obstacles to private R&D investments faced by companies in your Member State?	<ol style="list-style-type: none"> 1. Administrative burden 2. Inadequate ecosystem (links with universities, research centers) 3. Regulatory barriers

Question 7	What are the main obstacles to AI uptake by companies in your market ?	<ol style="list-style-type: none"> 1. Lack of a business case (low ROI) 2. Concerns about cybersecurity and data protection 3. Regulatory barriers
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2. National Recovery and Resilience Plans

Question 8	How satisfied or dissatisfied are you with the way your country is implementing so far the national recovery and resilience plan in the past year?	Dissatisfied
Question 9	How satisfied or dissatisfied are you with the involvement of social partners in the implementation so far of your national recovery and resilience plan?	Neutral
Question 10	How effective do you think the European Commission is being in ensuring strong implementation of the reforms in the national recovery and resilience plans across the EU?	Somewhat confident
Question 11	If you are dissatisfied with the implementation so far of your national recovery and resilience plan, why?	<ol style="list-style-type: none"> 1. Time of authorities to take decisions 2. Difficulty in forming consortia 3. Bureaucracy
Question 12	Open question: Which best practices from the RRP could be leveraged for future programmes, and which pitfalls should be avoided?	---

3. Assessment of Country Specific recommendations 2025 in detail

	Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
<p>CSR 1</p> <p>Official recommendation : Reinforce overall defence spending and readiness in line with the European Council conclusions of 6 March 2025. Adhere to the maximum growth rates of net expenditure recommended by the Council on 21 January 2025, with a view to bringing an end to the situation of an excessive deficit while making use of the allowance under the national escape clause for higher defence expenditure. Improve the efficiency of public spending, including through better targeting of social benefits, improving the budgetary process, providing more transparency in investment planning and using standardised procedures for project assessment and selection more extensively. Front-load mature public investment projects and promote private investment to further the economic recovery. Ensure the adequacy of future pension benefits and strengthen the sustainability of the pension system, including by taking measures on the effective retirement age and reforming preferential pension schemes.</p> <p>Lewiatan input : Reinforce overall defence and security spending and readiness while ensuring debt sustainability in line with the European Council conclusions of 6 March 2025. Adhere to the maximum growth rates of net expenditure recommended by the Council on 21 January 2025, with a view to bringing an end to the situation of an excessive deficit while making use of the allowance under the national escape clause for higher defence expenditure. Improve the efficiency of public spending, including through better targeting of social benefits, improving the budgetary process, providing more transparency in investment planning and using standardised procedures for project assessment and selection more extensively. Front-load mature public</p>			

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1 (cont)	investment projects and promote private investment to further the economic recovery. Ensure the adequacy of future pension benefits and strengthen the sustainability of the pension system, including by taking measures on the effective retirement age and reforming preferential pension schemes. maximum growth rates of net expenditure recommended by the Council on 21 January 2025, with a view to bringing an end to the situation of an excessive deficit while making use of the allowance under the national escape clause for higher defence expenditure. Improve the efficiency of public spending, including through better targeting of social benefits, improving the budgetary process, providing more transparency in investment planning and using standardised procedures for project assessment and selection more extensively. Front-load mature public investment projects and promote private investment to further the economic recovery. Ensure the adequacy of future pension benefits and strengthen the sustainability of the pension system, including by taking measures on the effective retirement age and reforming preferential pension schemes.	Important	No progress	

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 2	<p>Official recommendation : In view of the applicable deadlines for the timely completion of reforms and investments under Regulation (EU) 2021/241, accelerate the implementation of the recovery and resilience plan, including the REPowerEU chapter. Accelerate the implementation of cohesion policy programmes (ERDF, JTF, ESF+, CF), building, where appropriate, on the opportunities offered by the mid-term review. Make optimal use of EU instruments, including the scope provided by the InvestEU and the Strategic Technologies for Europe Platform, to improve competitiveness.</p> <p>Lewiatan input : In view of the applicable deadlines for the timely completion of reforms and investments under Regulation (EU) 2021/241, accelerate the implementation of the recovery and resilience plan, including the REPowerEU chapter. Accelerate the implementation of cohesion policy programmes (ERDF, JTF, ESF+, CF), building, where appropriate, on the opportunities offered by the mid-term review. Make optimal use of EU instruments, including the opportunities provided by the InvestEU programme and the Strategic Technologies for Europe Platform, to improve competitiveness.</p>	Important	Unsatisfactory	

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 3	Simplify regulation, improve regulatory tools and ensure the legal framework is stable and clear for the business sector. Introduce measures to reduce the administrative burden placed on companies. Encourage competition in public procurement processes, making them more efficient and less cumbersome, especially for SMEs. Strengthen science-business links by improving support structures, implementing targeted funding schemes, and creating incentives for researchers to engage with the private sector. Improve and modernise the public research system by making research careers more attractive, raising public R&I investment, and supporting research institutions. Focus investment-related economic policy on innovation.	Important	Satisfactory	

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 4	<p>Promote balanced electricity price signals that support investments in clean electricity generation by adjusting taxes and levies on electricity for households and industry relative to those on fossil fuels. Boost grid capacity and flexibility, increase cross-border electricity trading, and limit restrictions to cases justified under EU energy market rules, particularly in cases involving constraints in allocating national capacity. Reduce the reliance on fossil fuels by accelerating the phasing-out of coal in the heating sector by transitioning to decarbonised systems that integrate renewable energy, improve energy efficiency, and phase out fossil-fuel subsidies, especially those related to coal mining. Improve climate adaptation governance, particularly policies focused on the management, protection, and sustainable use of water resources, incorporating current assessments of climate change impacts to ensure the long-term sustainability of sectors and activities dependent on water ecosystem services.</p>	Important	Mixed	<p>The government ended in 2025 a support scheme that guaranteed fixed electricity price for households. It also introduced dynamic tariffs as a possible choice for final customers. These two actions are indeed a promotion of balanced electricity price signals that supports flexible energy consumptions with regard to market prices. Currently, some regulations that are to enhance grid capacity for new RES sources are being prepared. The aim is to clear the backlog of RES investments by eliminating the projects that are not being developed. We still wait for heating decarbonization strategy as well as national plan for energy and climate, both planned for publishing in 2026 r. Some subsidies for coal mines are expected to stay due to the need of reducing social costs of phasing out coal plants and providing miners with strong financial support in case of closing down mines. With regard to water savings policy the government launched a financial programme "My Water" to support building small retention pools by citizens.</p>

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 5	<p>Official recommendation : Foster quality and inclusive education and skills relevant to the labour market, including green and digital skills, step up participation in STEM fields in higher education, and improve the quality of teacher education and further strengthen the efficiency of vocational education and training. Facilitate and increase adult participation in learning, including in non-formal learning and in areas key for Poland’s competitiveness. Take steps to increase the participation of disadvantaged groups in the labour market, including through effective education to employment transitions.</p> <p>Lewiatan input : Supporting high-quality and inclusive education and skills needed in the labor market, including green and digital skills, increasing participation in STEM fields in higher education and improving the quality of teacher education, and further improving the effectiveness of vocational education and training. Supporting and increasing adult participation in learning programs, including non-formal learning, in areas key to Poland's competitiveness. Taking action to increase the participation of disadvantaged groups in the labor market, including through effective education enabling vocational retraining.</p>	Important	Mixed	<p>The recommendation rightly emphasizes the need to develop digital, green, and STEM skills, and it also correctly highlights inclusive education and retraining programmes. Despite high employment levels, Poland faces labour shortages in many sectors and a growing skills gap. Increasing the participation of disadvantaged groups and improving the quality of vocational education is both necessary and urgent.</p> <p>Progress in programmes supporting digital skills is visible, especially in the long-term skills and digitalisation strategy. However, full integration of STEM in the education system and modern infrastructure is still lacking, as confirmed by reports indicating shortages of teachers and low STEM competence levels among students. In Poland, staffing shortages in mathematics and science persist, along with the need for better teacher preparation. Progress in this area is moderate – systemic actions exist, but their effects are limited by staffing and financial constraints.</p>

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 5 (cont)				<p>The government supports vocational education (VET), yet there is still a lack of modern equipment, qualified staff, and curricula are being adapted too slowly. In terms of adult learning, Poland has implemented a lifelong learning (LLL) approach and continues to develop educational opportunities for adults. This direction is good, but the scale of actions is insufficient – more financial support and better integration of educational services are needed.</p> <p>Regarding the inclusion of disadvantaged groups in the labour market, some actions are being taken, but their effectiveness is moderate – major issues, such as low activity rates among women and persons with disabilities, remain unresolved. The recommendation is undoubtedly accurate because it addresses key challenges faced by Poland: skills shortages, low adult participation in education, labour shortages, and the need to modernise the education system, particularly vocational education.</p>

4. Reform Progress in your Member State in 2025

How would you assess reform progress in 2025, for the following broad areas:

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

Is there any example of an economic reform, specific to your country that BusinessEurope could highlight in its 2025 Reform Barometer?

In June 2025, a reform of the labor market, public employment services, and migration law was implemented. The reform concerning public employment services focused primarily on the services themselves rather than on instruments supporting employers. The migration law introduced a number of bureaucratic requirements and has been assessed negatively by employers, as it has significantly hindered access to foreign workers, created substantial administrative chaos, and lengthened the waiting time for the legalization of employment for foreign nationals, thereby negatively affecting the competitiveness of Polish enterprises.

5. Reform priorities for 2026

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 1	Tax administration, tax evasion & tax avoidance	Keeping promised 6 month vacatio legis	no
Priority 2	Healthcare	Change of financing healthcare system	no
Priority 3	Renewable energy, energy infrastructure & networks	---	Yes and no
Priority 4	Budgetary framework and fiscal governance	start information campaign about need of cutting social spendings	no
Priority 5	---	---	---

6. Savings and Investments Union

Question 1	How satisfied or dissatisfied are you with the way your country is implementing the adopted CMU proposals? Why?	Neutral It is difficult to identify significant actions in this area.
Question 2	Are you satisfied with the way the banking sector in your country operates? Why?	Satisfied A high level of innovation and an attempt to remain competitive despite a very difficult and volatile regulatory environment.
Question 3	Do companies in your country face difficulties to access finance in your country and what type of financing is most common?	<p>1: Research (PARP, Raport o stanie sektora małych i średnich przedsiębiorstw w Polsce or NBP, Rozwój systemu finansowego w Polsce w 2023 r.) indicates, for example, that own funds are important for Polish SMEs, while in the area of external financing they rely on leasing, instalment sales, trade credit, and financing from the banking sector</p> <p>2: It depends; for example start-ups, R&D, or small businesses in some regions may encounter financing problems but the overall response is that financing problems, at the general level, are moderate or below moderate. Debt recovery and management remains a significant challenge, also for regulatory reasons.</p>
Question 4	Are there specific barriers in your country that hinder accessing financing from other countries (EU and non EU)?	---

Question 5	What do you see as the top three SIU-related reforms that would most improve the investment environment in your country?	<ol style="list-style-type: none"> 1) Reducing the regulatory burden on asset managers and the barriers to fund distribution will eliminate unnecessary duplication, lower costs and improve competitiveness. Ultimately, the EU citizens will benefit from greater investment opportunities and lower fees" as indicated in EU, The Directorate-General for Financial Stability, Financial Services and Capital Markets Union „Savings and Investments Union Fostering integration, scale and efficient supervision in the single market" 2) Solutions aimed at financial education for EU citizens and information policy concerning the capital market
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7. Pillar II and Taxes

Question 1	How do you assess the EU’s overall tax policy stance in terms of promoting growth, competitiveness and investment compared to 12 months ago?	Less supportive
Question 2	How burdensome has the administrative and compliance workload related to Pillar Two become for companies in your country compared to your expectations one year ago?	Higher
Question 3	How do you assess the impact of Pillar Two on the attractiveness of the EU as an investment location relative to other major jurisdictions (e.g., US, Asia overall, particular markets like China and India)?	Significantly worse

Question 4	Which safeguards or adjustments to Pillar Two do you consider most necessary for maintaining the competitiveness of European companies? (Select up to 3)	<ol style="list-style-type: none"> 1. Simplification of compliance rules 2. Temporary safe harbours 3. Investment friendly design of top-up tax calculations
Question 5	What do you see as the top three tax-related reforms that would most improve the EU investment environment?	<ol style="list-style-type: none"> 1. Redesign of investment incentives under GloBE, with greater use of refundable credits, grants and non-CIT instruments that support investment without reducing the GloBE ETR. 2. EU-level pressure on the OECD to expand simplifications for low-risk jurisdictions like EU, including greater flexibility for Qualified Tax Incentives (QTI). 3. Greater stability and predictability of tax law, including EU support in addressing post-investment difficulties arising from the introduction of Pillar Two.
Question 6	Which types of tax incentives would most strengthen Europe's ability to attract investment in green and digital technologies?	<ol style="list-style-type: none"> 1. Qualified Refundable Tax Credits (QRTCs) 2. Enhanced R&D and innovation tax incentives 3. Other : Expansion of non-CIT-based incentives (PIT, social contributions), and direct grants or subsidies, which support green and digital investments without reducing the GloBE ETR.

Portugal

1. EU Competitiveness

Question 1	To what extent do you consider the European Commission's overall policy stance supportive of competitiveness and growth compared to 12 months ago?	Slightly better
Question 2	What are your expectations of the new commission from the point of view of regulatory burden (will the EC President deliver on her promises)?	Increased slightly
Question 3	What are your overall expectations about the next European Commission ?	Unchanged
Question 4	How do you think the EU investment environment is seen by global firms compared to 12 months ago?	Unchanged
Question 5	What does your federation see as the main challenges threatening the attractiveness of the EU as an investment environment vis-à-vis international competitors?	<ol style="list-style-type: none"> 1. Regulatory environment 2. Energy prices 3. Tax regime 4. Access to finance 5. Innovation capacity
Question 6	What are the main obstacles to private R&D investments faced by companies in your Member State?	<ol style="list-style-type: none"> 1. Limited access to finance and lack of long-term patient capital 2. Shortages of skilled workers 3. Administrative burden

Question 7	What are the main obstacles to AI uptake by companies in your market ?	<ol style="list-style-type: none"> 1. Lack of workers with the digital and AI-related skills needed 2. Administrative burden 3. High costs of adopting and integrating AI solutions
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2. National Recovery and Resilience Plans

Question 8	How satisfied or dissatisfied are you with the way your country is implementing so far the national recovery and resilience plan in the past year?	Neutral
Question 9	How satisfied or dissatisfied are you with the involvement of social partners in the implementation so far of your national recovery and resilience plan?	Dissatisfied
Question 10	How effective do you think the European Commission is being in ensuring strong implementation of the reforms in the national recovery and resilience plans across the EU?	Somewhat confident
Question 11	If you are dissatisfied with the implementation so far of your national recovery and resilience plan, why?	<ol style="list-style-type: none"> 1. Time of authorities to take decisions 2. Bureaucracy 3. Projects not designed for the private sector

Question 12	Open question: Which best practices from the RRP could be leveraged for future programmes, and which pitfalls should be avoided?	In the Portuguese RRP, “mobilizing agendas” have proven to be a good model for an alliance between companies and the scientific and technological system, enabling the acceleration of productive innovation and reindustrialization. Major pitfalls to be avoided: Excessive bureaucracy and delays in the analysis and approval of applications. Complexity of rules, delays in clarifying them as well as in stabilizing the IT management platforms. Licensing-related problems.
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3. Assessment of Country Specific recommendations 2025 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	<p>Official recommendation : Reinforce overall defence spending and readiness in line with the European Council conclusions of 6 March 2025. Adhere to the maximum growth rates of net expenditure recommended by the Council on 21 January 2025, while making use of the allowance under the national escape clause for higher defence expenditure. Take action to ensure the medium-term fiscal sustainability of the pension system.</p> <p>CIP input : Reinforce overall defence and security spending and readiness while ensuring debt sustainability in line with the European Council conclusions of 6 March 2025. Adhere to the maximum growth rates of net expenditure recommended by the Council on 21 January 2025, while making use of the allowance under the national escape clause for higher defence expenditure. Take action to ensure the medium-term fiscal sustainability of the pension system.</p>	Extremely important	Mixed	<p>Even if the net expenditure is projected to increase above the maximum growth rate recommended by the Council, Portuguese general government balance is expected to be 0,3% of GDP, in 2025, contributing to a reduction in the government debt-to-GDP ratio and so to debt sustainability. In 2026, general government balance is projected to be 0,1% of GDP, allowing for the continued reduction of the debt-to-GDP ratio. There are measures to slightly relieve the tax burden on the economy (both on labour and corporate income), but there are signs of an increase in the rigidity of spending, making it more difficult to reconcile fiscal balance with further reductions in the tax burden.</p> <p>A significant increase of overall defence and security spending and readiness is still not visible.</p>

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 2	<p>Official recommendation : In view of the applicable deadlines for the timely completion of reforms and investments under Regulation (EU) 2021/241, accelerate the implementation of the recovery and resilience plan, including the REPowerEU chapter. Accelerate the implementation of cohesion policy programmes (ERDF, JTF, ESF+, CF), building, where appropriate, on the opportunities offered by the mid-term review. Make optimal use of EU instruments, including the scope provided by the InvestEU and the Strategic Technologies for Europe Platform, to improve competitiveness.</p> <p>CIP input : In view of the applicable deadlines for the timely completion of reforms and investments under Regulation (EU) 2021/241, accelerate the implementation of the recovery and resilience plan, including the REPowerEU chapter. Accelerate the implementation of cohesion policy programmes (ERDF, JTF, ESF+, CF), building, where appropriate, on the opportunities offered by the mid-term review. Make optimal use of EU instruments, including the opportunities provided by the InvestEU programme and the Strategic Technologies for Europe Platform, to improve competitiveness.</p>	Extremely important	Mixed	<p>Financial implementation of NRR has increased from 29% in the beginning of 2025 to 49% in the end of the year.</p> <p>A pragmatic reprogramming of the RRP was carried out, eliminating unfeasible investments and concentrating resources in areas with the greatest capacity for delivery, particularly in terms of business projects. The implementation of cohesion policy programmes is still not satisfactory, but some progresses are expected.</p>

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 3	<p>Official recommendation : Simplify regulation, improve regulatory tools and reduce administrative burden on businesses, mainly by reducing barriers to industrial licensing and removing other obstacles to their capacity to scale up and boost innovation and productivity. Foster private investment into venture capital and private equity for local businesses, including public-private risk sharing, and improve financial literacy. Increase the efficiency of administrative and tax courts, to decrease the length of proceedings. Improve the effectiveness of the tax system, particularly by strengthening the efficiency of its administration and reducing the associated administrative burden. Foster evidence-based policy making including by conducting ex post public policy evaluations. Sustain the focus of investment-related economic policy on research and innovation. Strengthen stakeholders' involvement and increase transparency in the preparation of public policies.</p> <p>CIP input : Simplify regulation, improve regulatory tools and reduce administrative burden on businesses, mainly by reducing barriers to industrial licensing and removing other obstacles to their capacity to scale up and boost innovation and productivity. Foster private investment into venture capital and private equity for local businesses, including public-private risk sharing, and improve financial literacy. Further increase the efficiency of administrative and tax courts, to decrease the length of proceedings. Improve the effectiveness of the tax system, particularly by strengthening the efficiency of its administration and reducing the associated administrative burden. Foster evidence-based policy making including by conducting ex post public policy evaluations. Sustain the focus of investment-related economic policy on research and innovation. Strengthen stakeholders' involvement and increase transparency in the preparation of public policies.</p>	Extremely important	Mixed	<p>Simplify regulation, improve regulatory tools and reduce administrative burden on businesses: work is in progress but not finished (and so not implemented).</p> <p>There has been significant progress in the capacity of the Portuguese National Promotional Bank to mobilize new financial instruments (both debt and equity), directly or through banks and private venture capital, offered to companies.</p> <p>Minor progresses in the area of tax simplification.</p>

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 4	<p>Reduce overall reliance on fossil fuels in the transport sector in particular by phasing out fossil-fuel subsidies, and by investing in sustainable transport, particularly in rail, taking into account regional disparities. Further accelerate the roll-out of renewables by providing a predictable, regulatory framework with clear and digital procedures for permitting including for collective self-consumption and renewable energy communities. Enhance stability in the electricity market through long-term contracts, investment in energy storage capacities and demand-side response tools. Strengthen the capacity of the electricity transmission and distribution grid, improve connection procedures and increase their transparency to incentivise investments in the national network. Step up policy efforts aimed at the provision and acquisition of skills, and competences needed for the green transition, particularly for the public administration. Accelerate investment in energy efficiency by promoting financial schemes to attract private investment and supporting households experiencing energy poverty. Improve the conditions for the transition towards a circular economy, particularly by increasing waste prevention, recycling and reuse to reduce landfill and incinerator waste. Improve water management to strengthen climate change adaptation and ensure long-term economic and environmental resilience. Implement an integrated water management strategy and streamline water governance. Promote investments in wastewater collection and treatment, the reduction of leaks and water monitoring, develop nature-based solutions, water body rehabilitation and improve water efficiency and reuse.</p>	Important	Mixed	<p>Portugal has made very significant progress in the energy sector, mainly in electrical system. However, CIP believes that the path forward must always take into account the competitiveness of the economy, which depends on technological rationality with the selection of the most appropriate energy vectors for each application. For CIP, technological neutrality and the transition to sustainable fuels are also essential.</p> <p>With regard to the “efforts aimed at the provision and acquisition of skills, and competences needed for the green transition, particularly for the public administration”: There is no noticeable effort being made, and the major problem of a shortage of personnel in environmental licensing remains.</p> <p>The approval of an Action Plan for a Circular Economy, as well as the National Roadmap for Sustainable Development, has been dragging on for far too long. And regarding waste, there has been no significant improvement in collection and sorting, and consequently in recycling.</p>

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 4 (cont)				With regard to water, a significant effort has been made, justifying, in this particular aspect, the satisfactory rating.
CSR 5	Ensure equal access to quality health and long-term care, while preserving the sustainability of the National Health Service. Address skills mismatches by improving the skills level of the population and by making education and adult learning more relevant to the needs of the labour market. Address housing affordability and availability in high demand areas, by eliminating barriers to renting vacant houses and renovating derelict buildings and promote efficient public transport connections to reduce the pressure on house prices in urban centres and improve the attractiveness of other territories.	Important	Unsatisfactory	

4. Reform Progress in your Member State in 2025

How would you assess reform progress in 2025, for the following broad areas:

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

Is there any example of an economic reform, specific to your country that BusinessEurope could highlight in its 2025 Reform Barometer?

5. Reform priorities for 2026

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 1	Business environment (incl. SME policies)	Reduce regulatory and administrative burdens	yes
Priority 2	Tax administration, tax evasion & tax avoidance	Reduce the tax burden on companies	yes
Priority 3	Housing	Reform of labor legislation that promotes a balance between the flexibility of companies and the protection of workers	yes
Priority 4	Access to finance & growth financing (incl. CMU)	Address the need for business to strengthen their financial structure and recapitalize, through appropriate financial instruments	yes
Priority 5	Skills, Vocational Education and Training & adult learning	Prioritize vocational training, linking it with the labour market needs, deeply involving business associations and companies.	yes

6. Savings and Investments Union

Question 1	How satisfied or dissatisfied are you with the way your country is implementing the adopted CMU proposals? Why?	Not able to assess
Question 2	Are you satisfied with the way the banking sector in your country operates? Why?	Dissatisfied As we can read in Draghi report, banks are typically ill-equipped to finance innovative companies: they lack the expertise to screen and monitor them and have difficulties valuing their (largely intangible) collateral. Also in Portugal, the banking system continues to fail in channeling financial resources to productive sectors and, above all, to innovative projects.
Question 3	Do companies in your country face difficulties to access finance in your country and what type of financing is most common?	Portuguese firms, especially SMEs, rely heavily on Portuguese banks (and particularly short term credit). Venture capital and private equity markets remain shallow, with venture capital representing only 0.02% of GDP compared to an EU average of 0.08% in 2023.
Question 4	Are there specific barriers in your country that hinder accessing financing from other countries (EU and non EU)?	Most barriers that hinder accessing financing from other countries are not country specific. Accessing financing from other countries is not an option for most Portuguese SME's. Yet, at the end of 2024, 65% of the face value of long-term debt securities issued by resident non-financial companies (only 0.2% of resident non-financial companies did so, mostly big companies) was held by non-resident investors. Companies integrated into groups accounted for 97% of the total long-term debt securities issued by non-financial companies.

Question 5	What do you see as the top three SIU-related reforms that would most improve the investment environment in your country?	Strengthening the capacity of the Portuguese Development Bank to provide a broad range of financial instruments – debt and equity – to companies, while simultaneously supporting the development of venture capital and private equity markets. Tax incentives to stimulate long-term individual savings instruments for retirement.
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7. Pillar II and Taxes

Question 1	How do you assess the EU’s overall tax policy stance in terms of promoting growth, competitiveness and investment compared to 12 months ago?	The same
Question 2	How burdensome has the administrative and compliance workload related to Pillar Two become for companies in your country compared to your expectations one year ago?	Higher
Question 3	How do you assess the impact of Pillar Two on the attractiveness of the EU as an investment location relative to other major jurisdictions (e.g., US, Asia overall, particular markets like China and India)?	Significantly worse
Question 4	Which safeguards or adjustments to Pillar Two do you consider most necessary for maintaining the competitiveness of European companies? (Select up to 3)	<ol style="list-style-type: none"> 1. Simplification of compliance rules 2. Investment friendly design of top-up tax calculations 3. More flexibility in Qualified Refundable Tax Credits (QRTC)s
Question 5	What do you see as the top three tax-related reforms that would most improve the EU investment environment?	BEFIT, FASTER and Omnibus Simplification Packages

Question 6	Which types of tax incentives would most strengthen Europe's ability to attract investment in green and digital technologies?	<ol style="list-style-type: none">1. Accelerated or full expensing for green/digital assets2. Enhanced R&D and innovation tax incentives3. Incentives for digital infrastructure and AI adoption.
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Romania

1. EU Competitiveness

Question 1	To what extent do you consider the European Commission's overall policy stance supportive of competitiveness and growth compared to 12 months ago?	Slightly better
Question 2	What are your expectations of the new commission from the point of view of regulatory burden (will the EC President deliver on her promises)?	Increased slightly
Question 3	What are your overall expectations about the next European Commission ?	Unchanged
Question 4	How do you think the EU investment environment is seen by global firms compared to 12 months ago?	Unchanged
Question 5	What does your federation see as the main challenges threatening the attractiveness of the EU as an investment environment vis-à-vis international competitors?	<ol style="list-style-type: none"> 1. Innovation capacity 2. Regulatory environment 3. Energy prices 4. Access to finance 5. Skills gap



Question 6	What are the main obstacles to private R&D investments faced by companies in your Member State?	<ol style="list-style-type: none"> 1. Other : Slow pace of legislative changes affecting R&D, including prolonged delays in adopting and implementing reforms to the R&D fiscal credit framework. In Romania’s case, the measures discussed with the Ministry of Finance to improve the R&D tax credit have been advancing extremely slowly, discouraging companies from planning or scaling R&D investments. 2. Limited access to finance and lack of long-term patient capital 3. Shortages of skilled workers
Question 7	What are the main obstacles to AI uptake by companies in your market ?	<ol style="list-style-type: none"> 1. Lack of workers with the digital and AI-related skills needed 2. High costs of adopting and integrating AI solutions 3. Insufficient investments in digital infrastructure

2. National Recovery and Resilience Plans

Question 8	How satisfied or dissatisfied are you with the way your country is implementing so far the national recovery and resilience plan in the past year?	Dissatisfied
Question 9	How satisfied or dissatisfied are you with the involvement of social partners in the implementation so far of your national recovery and resilience plan?	Dissatisfied



Question 10	How effective do you think the European Commission is being in ensuring strong implementation of the reforms in the national recovery and resilience plans across the EU?	Somewhat confident
Question 11	If you are dissatisfied with the implementation so far of your national recovery and resilience plan, why?	<ol style="list-style-type: none"> 1. Bureaucracy 2. Capacity of projects to change profile of the economy 3. Inadequate sectoral targeting (digital, energy, not the relevant sectors) 4. Other : Delays in implementation and extensive over-contracting of projects, creating pressure on administrative capacity and increasing the risk of non-completion within NRRP deadlines. State-driven delays with implementing some key reforms are delaying payments.
Question 12	Open question: Which best practices from the RRP could be leveraged for future programmes, and which pitfalls should be avoided?	<p>The NRRP has improved medium-term reform planning and the quality of dialogue with the European Commission, while accelerating certain long-delayed reforms and digitalisation efforts in public administration. At the same time, implementation has revealed several pitfalls that should be avoided, including delays in decision-making, over-contracting of projects beyond realistic implementation capacity, weak prioritisation, and persistent administrative and procurement bottlenecks. These factors increase execution risks, put pressure on public finances, and may ultimately affect the timely and effective use of NRRP funds. A strong link between financing and structural reforms (not linked to the investment) should be avoided as they risk derailing entire programs even when they are unfit for the purpose (5 years later).</p>

4. Assessment of Country Specific recommendations 2025 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	Reinforce overall defence spending and readiness in line with the European Council conclusions of 6 March 2025. Considerably tighten fiscal policy to ensure that net expenditure stays within the corrective path under the Excessive Deficit Procedure and to bolster the external position. Implement the set of reforms and investments underpinning the extended adjustment period as recommended by the Council on 21 January 2025.	Extremely important	Unsatisfactory	Romania’s fiscal position remains a major vulnerability; net expenditure dynamics and the overall deficit correction track continue to be a key concern, with rising fiscal pressures and limited credible consolidation measures. Continued slippage increases risks under the Excessive Deficit Procedure and undermines macro stability. At the same time, fiscal consolidation remains achievable in a growth-friendly manner, provided it is based on broadening the tax base (by reducing tax evasion and improving tax compliance), and prioritising efficient public spending, rather than increasing the tax burden on productive investment and labour. A credible and predictable consolidation path would help restore macroeconomic stability, support investor confidence, and create a more stable environment for private sector planning and investment.

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 2	<p>In view of the applicable deadlines for the timely completion of reforms and investments under Regulation (EU) 2021/241, urgently accelerate the implementation of the recovery and resilience plan, including the REPowerEU chapter. Accelerate the implementation of the cohesion policy programmes (ERDF, JTF, ESF+, CF), building, where appropriate, on the opportunities offered by the mid-term review. Make optimal use of EU instruments, including the opportunities provided by the InvestEU and the Strategic Technologies for Europe Platform, to improve competitiveness.</p>	Extremely important	Unsatisfactory	<p>Implementation remains slow relative to deadlines and administrative capacity, with persistent bottlenecks in delivery and procurement. The administrative burdens for private beneficiaries remain very high. Some of the programs were disconnected from the socioeconomic contexts (PTJ). In some cases, over-contracting without matching execution capacity increases the risk of delays and weaker outcomes.</p> <p>At the same time, recent efforts to prioritise more mature and strategically relevant projects represent a positive step, particularly where they improve feasibility and alignment with available administrative and financial capacity. Sustaining this prioritisation approach, while strengthening execution and monitoring, will be key to accelerating absorption and maximising the impact of EU funds on competitiveness and growth.</p>

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 3	<p>Improve the quality and effectiveness of public administration and the predictability of decision-making, while ensuring that legislative initiatives do not undermine legal certainty through appropriate stakeholder consultations, effective impact assessments and streamlined administrative procedures. Better prepare and prioritise large infrastructure projects and accelerate their implementation, ensure mature public investment projects are carried out in a timely manner, and promote private investment to foster sustainable economic development.</p>	Important	No progress	<p>The quality and predictability of public policymaking remain weak, with formal consultation and impact assessment procedures often treated as a box-ticking exercise rather than a substantive policy tool. In several areas, including fiscal policy, major changes are frequently announced with very short notice, sometimes only a few days before adoption, leaving limited room for meaningful stakeholder input or evidence-based adjustment.</p> <p>This practice undermines trust, reduces regulatory predictability, and increases compliance costs for businesses. Strengthening genuine ex-ante consultations, ensuring adequate timelines, and systematically using impact assessments would significantly improve policy quality, reduce uncertainty, and support a more stable and investment-friendly business environment.</p>



		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 4	Reduce the reliance on fossil fuels by speeding up the roll-out of renewable energy, improve grid capacity, strengthen cross-border electricity connections, advance regulatory reforms that de-risk clean energy projects, and improve transparency and efficiency in the permitting process. Reduce the reliance on fossil fuels, in particular by phasing out fossil-fuel subsidies in the heating sector and invest in energy efficiency, environmental infrastructure and innovation, taking into account regional disparities such as the impact on the coal regions. Wind down the emergency energy support measures in force, using the related savings to reduce the government deficit.	Important	Mixed	Some progress has been made through regulatory and legislative steps to support renewables, but permitting complexity and grid constraints continue to delay deployment.



		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 5	Strengthen labour market participation of women and young people through improving effectiveness of active labour market policies and participation in early childhood education and care. Tackle skills shortages by boosting basic skills and labour market relevant skills of the workforce, as well as improving stakeholder engagement and making best use of skills intelligence in education and skills policies.	Extremely important	Mixed	Skills shortages remain a binding constraint for firms, while improvements in activation policies and childcare access are uneven. Reforms are ongoing but not yet at scale or pace to materially change labour market outcomes.
CSR 6	Reduce poverty and social exclusion risks by extending social protection and improving its effectiveness, including through better access to quality essential and enabling services, focusing on integrated social, health, educational and employment services, in particular for Roma and other disadvantaged groups, while maintaining fiscal sustainability.	Important	---	Measures exist, but coverage/adequacy and access to integrated services remain uneven, especially for vulnerable groups and in rural areas. Better targeting, implementation capacity, and monitoring are needed while keeping fiscal sustainability in view.

4. Reform Progress in your Member State in 2025

How would you assess reform progress in 2025, for the following broad areas:

Taxation and Public Finances	Mixed
Business environment (regulation/access to markets)	Mixed
Labour market	Unsatisfactory
Innovation and skills	No progress
Access to finance and financial stability	Unsatisfactory

Is there any example of an economic reform, specific to your country that BusinessEurope could highlight in its 2025 Reform Barometer?

A relevant example of an economic reform in Romania is the recent adjustment of the minimum turnover tax, which was reduced to 0.5% following evidence of its negative impact on companies' liquidity, investment capacity, and overall economic activity. The revision reflects a recognition of the unintended consequences of taxing turnover rather than profit, particularly in capital-intensive and low-margin sectors. From a business perspective, this policy should be fully repealed to support economic recovery, restore investment incentives, and ensure a more neutral and growth-friendly tax framework aligned with competitiveness objectives.

5. Reform priorities for 2026

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 1	Budgetary framework and fiscal governance	Ensure a credible, growth-friendly fiscal consolidation path based on realistic budget assumptions, improved tax collection and a stronger fight against tax evasion, and better expenditure prioritisation. Budget planning should move decisively from line-item budgeting towards policy- and performance-based public finance management, in line with OECD standards. Strengthening transparency, predictability, and meaningful public consultation in budget preparation is essential to support investor confidence and macroeconomic stability.	yes
Priority 2	Taxation Policy/ Tax administration, tax evasion & tax avoidance	Improve the predictability and neutrality of the tax system by avoiding ad-hoc and last-minute fiscal changes. Turnover-based taxation should be fully repealed in favour of profit-based, growth-friendly taxation. Broadening the tax base, reducing exemptions, and strengthening compliance should take precedence over increasing the tax burden on productive investment and labour.	yes



	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 3	<p>Skills, Vocational Education and Training & adult learning</p> <p>Active labour market policies, incentives to work & labour market participation</p>	<p>Address persistent labour and skills shortages through a coherent national skills and activation strategy, combining effective active labour market policies with upskilling and reskilling measures, including digital and green skills. Active labour market policies should better target inactive groups, particularly NEETs, and strengthen incentives to work, while education, VET, and adult learning systems should be more closely aligned with labour market needs. In the context of severe labour shortages, increasing labour market participation is also essential for broadening the tax base and ensuring the sustainability of public finances, as there are currently too few people in employment to support the level of labour taxation. Procedures for attracting non-EU workers and supporting internal mobility should also be streamlined.</p>	yes
Priority 4	<p>Digitalisation of public administration and public services</p>	<p>Accelerate the digitalisation of public administration and public services, addressing Romania’s persistent performance gaps as reflected in the DESI indicators. Priority actions should include ensuring full interoperability of public IT systems, reducing parallel paper-based procedures, expanding the use of once-only principles, and improving the quality and reliability of digital public services for businesses. Faster and more user-friendly digital public services would reduce administrative burdens, lower compliance costs, and improve the overall business environment.</p>	yes



	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
<p>Priority 5</p>	<p>Renewable energy, energy infrastructure & networks</p>	<p>Accelerate investments in grid modernisation and energy infrastructure to reduce the high and volatile energy costs faced by businesses. Policy action should focus on speeding up permitting procedures, strengthening grid capacity and connectivity, and ensuring a predictable, stable and investment-friendly regulatory framework for network development. Romania is at a critical stage of the energy transition, where electricity and gas distribution networks require significant modernisation and digitalisation to support decarbonisation, security of supply and the integration of new technologies. According to industry estimates, achieving national energy and climate objectives requires sustained annual investments of around EUR 1.5 billion, notably in electricity distribution networks and in adapting gas infrastructure to new technologies, including green gases and hydrogen. Modern, digitalised and resilient energy networks are essential to support industrial activity, enhance competitiveness, reduce exposure to energy price shocks and ensure the successful green and digital transition of the economy.</p>	<p>yes</p>



	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 6	Research Innovation and	Stimulate investment in research, development and innovation through a coherent package of fiscal instruments, applicable across industries, aimed at supporting private R&D activity and the development of products with local intellectual property. As an immediate priority, this should include the introduction and operationalisation of a renewed and improved R&D fiscal credit, based on clear eligibility rules, legal certainty, and predictable application. This measure has been developed following extensive consultations with the business community and is currently under discussion with the Ministry of Finance, although its adoption timeline remains unclear. In the medium term, complementary measures such as the adoption of an IP Box-type regime could further support the commercialisation of R&D results, increase domestic value added and exports, and strengthen firms' competitiveness, while contributing to a broader tax base. In addition, the adoption of an IP Box-type regime, combined with the simplification of R&D project certification, would further stimulate the development and commercialisation of products with locally generated intellectual property.	



6. Savings and Investments Union

Question 1	How satisfied or dissatisfied are you with the way your country is implementing the adopted CMU proposals? Why?	Neutral Progress has been slow in developing capital market instruments, supporting equity financing, and improving market depth and liquidity. As a result, firms (particularly SMEs and innovative companies) continue to rely predominantly on bank financing, while CMU-related reforms have yet to translate into meaningful improvements in market-based financing options.
Question 2	Are you satisfied with the way the banking sector in your country operates? Why?	Satisfied The banking sector is stable and well-capitalised, but SMEs continue to face high borrowing costs and collateral constraints due to broader market and risk conditions, as well as limited demand for and availability of long-term, risk-sharing instruments. Further emphasis on guarantees, blended finance and advisory support would help strengthen investment financing.
Question 3	Do companies in your country face difficulties to access finance in your country and what type of financing is most common?	Yes. Companies in Romania continue to face difficulties in accessing finance, particularly non-bank and long-term financing. Bank lending remains the dominant source of financing, while access to equity financing, venture capital, and capital market instruments is limited. SMEs and innovative companies are especially affected, due to high collateral requirements, risk aversion, and the underdevelopment of capital markets. As a result, financing options remain narrow and constrain investment, growth, and innovation.
Question 4	Are there specific barriers in your country that hinder accessing financing from other countries (EU and non EU)?	n/a



Question 5	What do you see as the top three SIU-related reforms that would most improve the investment environment in your country?	<ol style="list-style-type: none"> 1 Policy predictability and regulatory stability 2. Deepening capital markets and expanding non-bank financing options, as Romanian companies remain overly reliant on self-financing and bank lending, with limited access to equity, venture capital and bond markets. 3. Strengthening financial intermediation and simplifying access to financing instruments, particularly for SMEs, by reducing administrative complexity, improving advisory support and ensuring that EU and national financial instruments are usable in practice.
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7. Pillar II and Taxes

Question 1	How do you assess the EU’s overall tax policy stance in terms of promoting growth, competitiveness and investment compared to 12 months ago?	The same
Question 2	How burdensome has the administrative and compliance workload related to Pillar Two become for companies in your country compared to your expectations one year ago?	The same
Question 3	How do you assess the impact of Pillar Two on the attractiveness of the EU as an investment location relative to other major jurisdictions (e.g., US, Asia overall, particular markets like China and India)?	Neutral



Question 4	Which safeguards or adjustments to Pillar Two do you consider most necessary for maintaining the competitiveness of European companies? (Select up to 3)	<ol style="list-style-type: none"> 1 More flexibility in Qualified Refundable Tax Credits (QRTCs) 2 Simplification of compliance rules 3 Investment-friendly design of top-up tax calculations
Question 5	What do you see as the top three tax-related reforms that would most improve the EU investment environment?	<ol style="list-style-type: none"> 1. Greater tax predictability and stability at EU level. 2. Simplification of tax compliance and reduction of cross-border administrative burdens. 3. Investment-friendly tax frameworks supporting innovation, digitalisation and the green transition.
Question 6	Which types of tax incentives would most strengthen Europe's ability to attract investment in green and digital technologies?	<ol style="list-style-type: none"> 1. Incentives for digital infrastructure and AI adoption 2. Enhanced R&D and innovation tax incentives 3. Tax credits for strategic net zero technologies

Slovak Republic

1. EU Competitiveness

Question 1	To what extent do you consider the European Commission's overall policy stance supportive of competitiveness and growth compared to 12 months ago?	Slightly worse
Question 2	What are your expectations of the new commission from the point of view of regulatory burden (will the EC President deliver on her promises)?	Unchanged
Question 3	What are your overall expectations about the next European Commission ?	Unchanged
Question 4	How do you think the EU investment environment is seen by global firms compared to 12 months ago?	Slightly worse
Question 5	What does your federation see as the main challenges threatening the attractiveness of the EU as an investment environment vis-à-vis international competitors?	<ol style="list-style-type: none"> 1. Regulatory environment 2. Energy prices 3. Environmental policies 4. Lack of infrastructure, incl. digital 5. Tax regime

Question 6	What are the main obstacles to private R&D investments faced by companies in your Member State?	<ol style="list-style-type: none"> 1. Limited access to finance and lack of long-term patient capital 2. Low profitability leaves firms with fewer internal resources for R&D 3. Inadequate ecosystem (links with universities, research centers)
Question 7	What are the main obstacles to AI uptake by companies in your market ?	<ol style="list-style-type: none"> 1. High costs of adopting and integrating AI solutions 2. Lack of workers with the digital AI-related skills needed 3. Concerns about cybersecurity and data protection

2. National Recovery and Resilience Plans

Question 8	How satisfied or dissatisfied are you with the way your country is implementing so far the national recovery and resilience plan in the past year?	Dissatisfied
Question 9	How satisfied or dissatisfied are you with the involvement of social partners in the implementation so far of your national recovery and resilience plan?	Dissatisfied

Question 10	How effective do you think the European Commission is being in ensuring strong implementation of the reforms in the national recovery and resilience plans across the EU?	Somewhat confident
Question 11	If you are dissatisfied with the implementation so far of your national recovery and resilience plan, why?	<ol style="list-style-type: none"> 1. Bureaucracy 2. Time of authorities to take decisions 3. Difficulty in forming consortia
Question 12	Open question: Which best practices from the RRP could be leveraged for future programmes, and which pitfalls should be avoided?	<p>AVOID: lengthy permitting processes; inefficient use of funds; overly ambitious project goals in terms of time. KEEP: project calls focused on the digital and green transition of industry; possibility of transferring the released financial allocation to measures that can be fulfilled in terms of the set time horizons</p>

3. Assessment of Country Specific recommendations 2025 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	<p>Official recommendation : Reinforce overall defence spending and readiness in line with the European Council conclusions of 6 March 2025. Adhere to the maximum growth rates of net expenditure recommended by the Council on 21 January 2025, with a view to bringing an end to the situation of an excessive deficit while making use of the allowance under the national escape clause for higher defence expenditure. Make the tax mix more efficient, including by reducing disincentives in the labour market, and making stronger use of taxes less detrimental to growth such as environmental and recurrent property taxation. Improve spending efficiency by, for example, implementing spending reviews. Continue to strengthen tax compliance, including by further digitalising the tax administration. Wind down the emergency energy support measures in force and ensure that these are targeted at protecting vulnerable households and firms, and are fiscally affordable, and preserve incentives for energy savings. Support housing supply and expand the rental market by accelerating residential construction and by promoting social housing, taking into account regional disparities.</p> <p>NUE input : Budgetary framework and fiscal governance</p>	Extremely important	Unsatisfactory	Slovakia faces a high public finance deficit and rising debt, while an ageing population and increased spending on defence, energy and healthcare will further increase pressure on public budgets. Improving the tax mix, spending efficiency and tax collection is key to ensuring fiscal sustainability without negatively impacting economic growth and social cohesion.

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 2	<p>Official recommendation : In view of the applicable deadlines for the timely completion of reforms and investments under Regulation (EU) 2021/241, accelerate the implementation of the recovery and resilience plan, including the REPowerEU chapter. Accelerate the implementation of the cohesion policy programme (ERDF, JTF, ESF+, CF), building, where appropriate, on the opportunities offered by the mid-term review. Make optimal use of EU instruments, including the scope provided by InvestEU and the Strategic Technologies for Europe Platform, to improve competitiveness.</p> <p>NUE input : Regional development & local public services</p>	Extremely important	Unsatisfactory	Slovakia has long been among the Member States with a low absorption rate of EU funds and with significant regional disparities in economic performance, employment and the quality of public services. The accelerated and effective implementation of the Recovery Plan and cohesion policy is essential to support investment, strengthen competitiveness and reduce regional inequalities.

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 3	<p>Official recommendation : Ensure a favourable business environment by creating a more predictable regulatory environment, through improving the better regulation framework, ensuring that impact assessment and stakeholder consultations are integrated into the legislative process. Address the fragmentation of governance structures, including by preparing a reform of the local governance. Ensure quality public services through better coordination and policymaking. Ensure transparency and competition in public procurement processes to promote good governance and improve the effectiveness of public spending, and increase the use of quality-related and life cycle cost criteria in public procurement operations. Strengthen the judicial system and enhance the effectiveness of the anti-corruption system, including by ensuring adequate, autonomous and effective investigations and prosecutions of high-level corruption cases and sufficient, specialised capacity at police and prosecution level.</p> <p>NUE input : Public administration</p>	Extremely important	No progress	<p>Low quality regulation, fragmented governance and weak law enforcement continue to hamper the business environment and the efficient use of public resources in Slovakia. Strengthening public administration, transparency in public procurement and the fight against corruption are essential for increasing trust in institutions, improving the investment climate and effective implementation of public policies.</p>

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 4	<p>Official recommendation : Bolster digital infrastructure by closing the investment gap for gigabit connectivity and streamlining regulation for infrastructure roll-out. Increase the adoption of digital technologies, particularly among SMEs, by removing bottlenecks in their roll-out. Improve research and innovation policy by incentivising collaboration between business and the research sector and by revising the R&D tax incentive scheme to provide greater support to SMEs.</p> <p>NUE input : Digital connectivity, infrastructure & market functioning</p>	Important	No progress	Insufficient coverage of high-capacity networks and the low level of digitalisation of enterprises, especially SMEs, limit the productivity and innovation potential of the Slovak economy. Investments in digital infrastructure and wider use of digital technologies are key to improving the functioning of the single market, supporting competitiveness and technological modernisation of the economy.

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 5	<p>Official Recommendation : Prioritise investments in clean and efficient production and in the use of energy and resources. Strengthen the legislative framework to support green technologies and products, and promote investments to advance industrial competitiveness and economic diversification. Accelerate the diversification of fossil fuel supply to phase out dependence on Russian sources. Accelerate the roll-out of renewables, while making the procedures for connecting renewables to the grid more efficient and less burdensome. Support further investments in grids, in particular electricity networks, as well as in decarbonisation of the heating sector. Support further roll-out of zeroemission mobility and modernisation of the rail network, by reforming the national railway infrastructure governance and creating a dedicated investment framework. Strengthen resource waste management and reuse of municipal and packaging waste, the conservation of natural resources, and increase water resilience by mainstreaming nature-based solutions and finalising the zonation of nature-protected areas.</p> <p>NUE input : Renewable energy, energy infrastructure & networks</p>	Extremely important	Mixed	Slovakia is highly dependent on fossil fuel imports and faces delays in the development of renewable energy sources and energy networks. Accelerating the green transition, modernizing energy infrastructure, and developing sustainable transport are essential to strengthen energy security, reduce emissions, and increase the long-term competitiveness of industry.

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 6	<p>Official recommendation : Strengthen the labour market participation of underrepresented groups, and introduce more flexible work arrangements for parents with children. Increase the availability and use of affordable high-quality early childhood education and care for children under the age of 3. Strengthen the teaching of basic skills, including for children from disadvantaged backgrounds notably in marginalised Roma communities, while ensuring equal and inclusive access to quality education at all levels. Step up policy efforts aimed at the provision and acquisition of skills and competences, by providing reskilling and upskilling opportunities for adults, investing in teacher training, and increasing enrolment in STEM education programmes. Improve primary care provision, especially for vulnerable people, and expand preventive healthcare measures. Strengthen the resilience of the health system in the areas of critical medical products, infrastructure, and healthcare workforce by retaining and attracting skilled workers, while ensuring the fiscal sustainability of the healthcare system. Ensure affordable and quality long-term care.</p> <p>NUE input : Active labour market policies, incentives to work & labour market participation</p>	Important	No progress	Slovakia faces low labour market participation rates among some population groups and growing labour shortages. Strengthening active labour market policies, improving access to childcare and supporting skills development are essential to better exploit domestic labour potential and mitigate negative demographic trends.

4. Reform Progress in your Member State in 2025

How would you assess reform progress in 2025, for the following broad areas:

Taxation and Public Finances	Unsatisfactory
Business environment (regulation/access to markets)	Unsatisfactory
Labour market	No progress
Innovation and skills	No progress
Access to finance and financial stability	Unsatisfactory

Is there any example of an economic reform, specific to your country that BusinessEurope could highlight in its 2025 Reform Barometer?

5. Reform priorities for 2026

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 1	Budgetary framework and fiscal governance	Increase the efficiency of tax collection, while reducing the tax and administrative burden on taxpayers. Improve the functioning of tax administration by increasing the level of digitalization.	no
Priority 2	Business environment (incl. SME policies)	Create a stable and predictable regulatory framework for business. Significantly reduce taxes and levies that burden employers. Support fiscally responsible businesses through incentives.	no
Priority 3	Digital connectivity, infrastructure & market functioning	Support for the digitalization of business. Support for projects between research institutions and industry. Support for innovations aimed at increasing the competitiveness of Slovak industry.	yes
Priority 4	Skills, Vocational Education and Training & adult learning	Monitor the needs of the labor market and reform the system and content of study fields, including the addition of digital and financial literacy teaching. Complete the development of a functional dual education system in the context of current labor market requirements. Support the development of a functional lifelong learning system.	yes

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 5	Renewable energy, infrastructure & networks	Focus investments on green and digital transformation. Promote the effective use of European funds and support mechanisms and set appropriate conditions for their use for decarbonization investments and industrial modernization, contributing to the fulfillment of Slovakia's international commitments in the field of climate protection and European climate goals.	yes

6. Savings and Investments Union

Question 1	How satisfied or dissatisfied are you with the way your country is implementing the adopted CMU proposals? Why?	Neutral It is necessary to set conditions for a more significant entry of venture capital, e.g. into science, research and innovation, simplify the regulation of investment funds and financially support these activities.
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Question 2	Are you satisfied with the way the banking sector in your country operates? Why?	Satisfied Banks are among the leaders in the digitalization and electronicization of services in Slovakia. They strive to bring new trends in corporate financing and establish them in the Slovak business environment.
Question 3	Do companies in your country face difficulties to access finance in your country and what type of financing is most common?	Companies in Slovakia have access to financing, but they are heavily dependent on bank loans, which are the most common source of financing. Alternative forms of financing, such as venture capital, private equity or the capital market, are little used due to the less developed capital market, high regulatory burden and low willingness of entrepreneurs to give up part of the control over the company. This particularly limits the financing of innovative and fast-growing businesses, for which bank financing is often unsuitable.
Question 4	Are there specific barriers in your country that hinder accessing financing from other countries (EU and non EU)?	There are specific obstacles to access to cross-border financing in Slovakia. These include the fragmentation and non-harmonized regulation of European capital markets, differences in legislation and taxation, as well as the high regulatory burden, which increase the costs and complexity of cross-border investments. As a result, Slovak companies have limited access to capital from other EU countries and often look for investors outside the EU, especially in the US or the UK, where the process is simpler and more efficient.

Question 5	What do you see as the top three SIU-related reforms that would most improve the investment environment in your country?	<ol style="list-style-type: none"> 1. Harmonise and simplify EU capital market rules to remove legal and tax barriers to cross-border investment and improve access to capital for Slovak companies. 2. Reduce excessive regulatory burdens for financial institutions and investors, thereby encouraging investment in venture capital and private equity, particularly for innovative companies. 3. Develop the capital market and investment readiness of companies, including supporting IPOs (Initial Public Offering) and increasing the financial literacy of entrepreneurs, in order to increase the supply of quality investment projects.
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7. Pillar II and Taxes

Question 1	How do you assess the EU’s overall tax policy stance in terms of promoting growth, competitiveness and investment compared to 12 months ago?	Less supportive
Question 2	How burdensome has the administrative and compliance workload related to Pillar Two become for companies in your country compared to your expectations one year ago?	The same
Question 3	How do you assess the impact of Pillar Two on the attractiveness of the EU as an investment location relative to other major jurisdictions (e.g., US, Asia overall, particular markets like China and India)?	Neutral

Question 4	Which safeguards or adjustments to Pillar Two do you consider most necessary for maintaining the competitiveness of European companies? (Select up to 3)	<ol style="list-style-type: none"> 1. Temporary safe harbours 2. Simplification of compliance rules 3. Investment-friendly design of top-up tax calculations
Question 5	What do you see as the top three tax-related reforms that would most improve the EU investment environment?	simplification and harmonisation of tax rules in the EU, more efficient cross-border tax procedures, VAT reform
Question 6	Which types of tax incentives would most strengthen Europe’s ability to attract investment in green and digital technologies?	<ol style="list-style-type: none"> 1. Qualified Refundable Tax Credits (QRTCs) 2. Accelerated or full expensing for green/digital assets 3. Enhanced R&D and innovation tax incentives

Slovenia

1. EU Competitiveness

Question 1	To what extent do you consider the European Commission's overall policy stance supportive of competitiveness and growth compared to 12 months ago?	Unchanged
Question 2	What are your expectations of the new commission from the point of view of regulatory burden (will the EC President deliver on her promises)?	Unchanged
Question 3	What are your overall expectations about the next European Commission ?	Unchanged
Question 4	How do you think the EU investment environment is seen by global firms compared to 12 months ago?	Unchanged
Question 5	What does your federation see as the main challenges threatening the attractiveness of the EU as an investment environment vis-à-vis international competitors?	<ol style="list-style-type: none"> 1. Regulatory environment 2. Availability of labour 3. Environmental policies 4. Tax regime 5. Skills gap

Question 6	What are the main obstacles to private R&D investments faced by companies in your Member State?	<ol style="list-style-type: none"> 1. Shortages of skilled workers 2. Inadequate ecosystem (links with universities, research centers) 3. Administrative burden
Question 7	What are the main obstacles to AI uptake by companies in your market ?	<ol style="list-style-type: none"> 1. High costs of adopting and integrating AI-related skills needed 2. Lack of workers with the digital and AI-related skills needed 3. Insufficient investments in digital infrastructure

2. National Recovery and Resilience Plans

Question 8	How satisfied or dissatisfied are you with the way your country is implementing so far the national recovery and resilience plan in the past year?	Neutral
Question 9	How satisfied or dissatisfied are you with the involvement of social partners in the implementation so far of your national recovery and resilience plan?	Neutral
Question 10	How effective do you think the European Commission is being in ensuring strong implementation of the reforms in the national recovery and resilience plans across the EU?	Somewhat confident

Question 11	If you are dissatisfied with the implementation so far of your national recovery and resilience plan, why?	---
Question 12	Open question: Which best practices from the RRP could be leveraged for future programmes, and which pitfalls should be avoided?	---

3. Assessment of Country Specific recommendations 2025 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	Reinforce overall defence spending and readiness in line with the European Council conclusions of 6 March 2025. Adhere to the maximum growth rates of net expenditure recommended by the Council on 21 January 2025, while making use of the allowance under the national escape clause for higher defence expenditure. Ensure the fiscal sustainability of social protection and rebalance tax revenues towards more growth-friendly and sustainable sources. Improve the quality of public finances by implementing spending reviews.	Important	Mixed	

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 2	In view of the applicable deadlines for the timely completion of reforms and investments under Regulation (EU) 2021/241, accelerate the implementation of the recovery and resilience plan, including the REPowerEU chapter. Accelerate the implementation of cohesion policy programmes (ERDF, JTF, ESF+), building, where appropriate, on the opportunities offered by the mid-term review. Make optimal use of EU instruments, including the scope provided by the InvestEU and the Strategic Technologies for Europe Platform, to improve competitiveness.	Helpful (but not a priority)	Mixed	
CSR 3	Simplify regulation, improve regulatory tools and reduce administrative burden on businesses, including in certain services and regulated professions, as well as reducing barriers to services trade. Strengthen competitiveness by promoting business dynamism and the creation of high-growth companies by improving the conditions for equity investment, including venture capital investment, for institutional investors, as well as for investments in research, development and innovation.	Important	Unsatisfactory	

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 4	Accelerate the roll-out of renewables and energy storage by streamlining and expediting administrative and permitting procedures by means of designating areas for wind power installations and by stepping up capacity building for permitting at local level. Strengthen the electricity grid infrastructure at distribution level and introduce smart grid components. In addition, accelerate the implementation of energy efficiency measures, particularly in the building sector. Promote the electrification of the transport sector and focus investments on sustainable transport, particularly rail. Further strengthen climate and water resilience by improving the environmental and climate adaptation governance and accelerating the implementation of targeted climate adaptation and environmental measures.	Important	Unsatisfactory	
CSR 5	Address labour shortages by stepping up the provision and acquisition of skills and competences, including basic skills among pupils and those relevant for the green and digital transition. Boost lifelong learning and training, especially for low-skilled and older workers. Raise Slovenia's attractiveness for foreign workers with advanced skills. Improve working conditions, particularly in the care and teaching sectors.	Extremely important	Unsatisfactory	

4. Reform Progress in your Member State in 2025

How would you assess reform progress in 2025, for the following broad areas:

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

Is there any example of an economic reform, specific to your country that BusinessEurope could highlight in its 2025 Reform Barometer?

No

5. Reform priorities for 2026

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 1	Digitalisation of businesses	---	yes
Priority 2	Taxation policy	To make the tax environment more predictable and simplified. Labour taxes and contributions must be reduced not more increased (additional social contributions for longterm care in force in 2025) as wages are already highly burdened with income tax and social contributions.	no
Priority 3	Skills, Vocational Education and Training & adult learning	Better connection between the school system and the needs of the private sector. Practical digital skills and learning in primary and secondary education.	no

Priority 4	Wages & wage setting	No additional one-sided (without social dialogue) additional labour cost burden (winter payment, extensive raise of minimum wage before the elections). We expect that in the ongoing process of defining a new wage system in Slovenia, we will in dialogue change and adjust also the Minimum wage act and the definition of the minimum wage to its initial meaning and prevent direct influence on bipartite collective bargaining.	no
Priority 5	Budgetary framework and fiscal governance	More investment in development not only raising labour expenses for employees in public sector.	no

6. Savings and Investments Union

Question 1	How satisfied or dissatisfied are you with the way your country is implementing the adopted CMU proposals? Why?	Neutral
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Question 2	Are you satisfied with the way the banking sector in your country operates? Why?	Satisfied
Question 3	Do companies in your country face difficulties to access finance in your country and what type of financing is most common?	No. Mostly bank loans.
Question 4	Are there specific barriers in your country that hinder accessing financing from other countries (EU and non EU)?	---
Question 5	What do you see as the top three SIU-related reforms that would most improve the investment environment in your country?	---

7. Pillar II and Taxes

Question 1	How do you assess the EU's overall tax policy stance in terms of promoting growth, competitiveness and investment compared to 12 months ago?	The same
Question 2	How burdensome has the administrative and compliance workload related to Pillar Two become for companies in your country compared to your expectations one year ago?	The same

Question 3	How do you assess the impact of Pillar Two on the attractiveness of the EU as an investment location relative to other major jurisdictions (e.g., US, Asia overall, particular markets like China and India)?	Neutral
Question 4	Which safeguards or adjustments to Pillar Two do you consider most necessary for maintaining the competitiveness of European companies? (Select up to 3)	<ol style="list-style-type: none"> 1. Simplification of compliance rules 2. Investment-friendly design of top-up tax calculations 3. More flexibility in Qualified Tax Credits (QRTCs)
Question 5	What do you see as the top three tax-related reforms that would most improve the EU investment environment?	---
Question 6	Which types of tax incentives would most strengthen Europe's ability to attract investment in green and digital technologies?	<ol style="list-style-type: none"> 1. Tax credits for strategic net-zero technologies 2. Enhanced R&D and innovation tax incentives 3. Incentives for digital infrastructure and AI adoption

Spain

1. EU Competitiveness

Question 1	To what extent do you consider the European Commission's overall policy stance supportive of competitiveness and growth compared to 12 months ago?	Slightly better
Question 2	What are your expectations of the new commission from the point of view of regulatory burden (will the EC President deliver on her promises)?	Unchanged
Question 3	What are your overall expectations about the next European Commission ?	Unchanged
Question 4	How do you think the EU investment environment is seen by global firms compared to 12 months ago?	Unchanged
Question 5	What does your federation see as the main challenges threatening the attractiveness of the EU as an investment environment vis-à-vis international competitors?	<ol style="list-style-type: none"> 1. Regulatory environment 2. Tax Regime 3. Environmental policies 4. Access to raw material – Energy prices 5. Fragmentation of the Single Market

Question 6	What are the main obstacles to private R&D investments faced by companies in your Member State?	<ol style="list-style-type: none"> 1. Administrative burden 2. Regulatory barriers 3. Other : Uncertainty
Question 7	What are the main obstacles to AI uptake by companies in your market ?	<ol style="list-style-type: none"> 1. Lack of workers with the digital and AI-related skills needed 2. Regulatory barriers 3. Concerns about cybersecurity and data protection

2. National Recovery and Resilience Plans

Question 8	How satisfied or dissatisfied are you with the way your country is implementing so far the national recovery and resilience plan in the past year?	Dissatisfied
Question 9	How satisfied or dissatisfied are you with the involvement of social partners in the implementation so far of your national recovery and resilience plan?	Dissatisfied
Question 10	How effective do you think the European Commission is being in ensuring strong implementation of the reforms in the national recovery and resilience plans across the EU?	Somewhat confident
Question 11	If you are dissatisfied with the implementation so far of your national recovery and resilience plan, why?	<ol style="list-style-type: none"> 1. Bureaucracy 2. Projects not designed for the private sector 3. Time of authorities to take decisions

Question 12	Open question: Which best practices from the RRP could be leveraged for future programmes, and which pitfalls should be avoided?	Leverage: SME digitalisation programmes, structural reforms that improve competitiveness as well as public-private collaboration Avoid: bureaucratic burden, difficulty in accessing funds and delays in the processes of awarding projects and in the arrival of resources to the final recipients.
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3. Assessment of Country Specific recommendations 2025 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	Reinforce overall defence spending and readiness in line with the European Council conclusions of 6 March 2025. Adhere to the maximum growth rates of net expenditure recommended by the Council on 21 January 2025. Implement the set of reforms and investments underpinning the extended adjustment period as recommended by the Council on 21 January 2025. Further strengthen fiscal sustainability by reviewing and simplifying the tax system, including by shifting part of the tax burden from labour towards environmental, consumption and immovable property taxation, to support economic growth and employment, cohesion and the green and digital transition.	Important	Unsatisfactory	

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 2	In view of the applicable deadlines for the timely completion of reforms and investments under Regulation (EU) 2021/241, accelerate implementation of the recovery and resilience plan, including the REPowerEU chapter. Accelerate the implementation of cohesion policy programmes (ERDF, JTF, ESF+), building, where appropriate, on the opportunities offered by the mid-term review. Make optimal use of EU instruments, including the scope provided by the InvestEU and the Strategic Technologies for Europe Platform, to improve competitiveness.	Important	Unsatisfactory	
CSR 3	Simplify regulation, improve regulatory tools and reduce administrative burden as well as regulatory fragmentation across regions. Increase judicial efficiency by streamlining judicial proceedings and by further digitalising the justice system in all regions. Facilitate business creation, innovation and expansion, supporting R&I investments and stronger science-business linkages.	Extremely important	Unsatisfactory	
CSR 4	Improve water management to better manage adaptation to current and future effects of climate change by strengthening coordination across all levels of government and administrative bodies and by scaling up solutions for drought and flood risk reduction and sustainable water management in agriculture, by increasing water efficiency and expanding infrastructure investments, and by supporting the application of nature-based solutions. Invest in energy storage, electricity transmission and distribution and in cross-border electricity interconnections.	Important	Mixed	
CSR 5	Increase the housing supply by completing the reform of the land law, reducing permitting processing times, eliminating administrative bottlenecks, and addressing labour shortages in the construction sector. Strengthen the provision of social and affordable housing.	Important	Unsatisfactory	

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 6	Address child poverty, while also improving the efficiency, coverage and adequacy of social transfers and social assistance. Reduce skills shortages and mismatches by strengthening dual vocational education and training, and by increasing lifelong learning, in particular for the low-skilled. Improve basic skills and address early school leaving, taking into account regional disparities.	Helpful (but not a priority)	Mixed	

4. Reform Progress in your Member State in 2025

How would you assess reform progress in 2025, for the following broad areas:

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

Is there any example of an economic reform, specific to your country that BusinessEurope could highlight in its 2025 Reform Barometer?

5. Reform priorities for 2026

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 1	Business environment (incl. SME policies)	Business environment: There is a need to improve the business climate in Spain, reducing excessive and changing regulation, higher tax and labour burdens.	yes
Priority 2	Taxation policy	Taxation policy: tax burden in Spain has risen sharply in recent years. In addition, there is a problem of excessive taxes on the business sector and on savings that compromises the competitiveness of our companies. A new tax policy that favours business activity and investment is needed.	yes
Priority 3	Budgetary framework and fiscal governance	Budgetary framework and fiscal governance: In line with AIREF's recommendations, the Spanish government should make a greater fiscal consolidation effort to reduce the high level of public debt. Spending efficiency should be the main measure.	yes

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 4	Housing	Housing: The demand for housing continues to increase due to the growth of the urban population and the number of households. In contrast, the supply of finished housing is increasing at a slower pace, reflecting the limitations of available land, as well as the increase in construction-related costs. This situation is hindering accessibility to the housing market. The over-regulation of the sector (with measures such as price controls or eviction moratoriums) is not the solution. Other policies should be taken into account.	yes
Priority 5	Pension systems and active ageing	Pensions system and active ageing: In a context of population ageing, the pensions system must include mechanisms to control the expenditure growth. The adjustment should not come from a increase in social contributions (especially those paid by companies), which raises labour costs. In any case, revenues for the pension system should be increased by rising the contributor base, through the boost of job creation.	yes

6. Savings and Investments Union

Question 1	How satisfied or dissatisfied are you with the way your country is implementing the adopted CMU proposals? Why?	Neutral
Question 2	Are you satisfied with the way the banking sector in your country operates? Why?	Satisfied
Question 3	Do companies in your country face difficulties to access finance in your country and what type of financing is most common?	Bank financing is the most common form of financing in Spain. Small businesses are the companies that have the most difficulties to obtain financing
Question 4	Are there specific barriers in your country that hinder accessing financing from other countries (EU and non EU)?	Spain does not impose direct prohibitions but maintains de facto barriers that: fragment the market, reduce financial competition, control over foreign investments, limit the channeling of European savings towards productive investment in Spain.
Question 5	What do you see as the top three SIU-related reforms that would most improve the investment environment in your country?	Eliminate regulatory barriers and administrative burdens that hinder the flow of investment and capital between Spain and other European countries. To offer alternative financing options to startups, scale-ups and innovative companies, which traditionally have difficulty accessing capital, boosting growth and competitiveness. An also, deepening and diversification of the non-bank capital market.

7. Pillar II and Taxes

Question 1	How do you assess the EU’s overall tax policy stance in terms of promoting growth, competitiveness and investment compared to 12 months ago?	Less supportive
Question 2	How burdensome has the administrative and compliance workload related to Pillar Two become for companies in your country compared to your expectations one year ago?	Higher
Question 3	How do you assess the impact of Pillar Two on the attractiveness of the EU as an investment location relative to other major jurisdictions (e.g., US, Asia overall, particular markets like China and India)?	Significantly worse
Question 4	Which safeguards or adjustments to Pillar Two do you consider most necessary for maintaining the competitiveness of European companies? (Select up to 3)	<ol style="list-style-type: none"> 1. Simplification of compliance rules 2. Better alignment with OECD administrative guidance 3. Temporary safe harbours
Question 5	What do you see as the top three tax-related reforms that would most improve the EU investment environment?	<p>Tax harmonization and simplification for cross-border investment. Reconsider Pillar Two considering other jurisdiction’s approach. Creating a powerful and coordinated European tax framework for green and digital investment.</p> <p>Boosting innovation through better R&D incentives</p>
Question 6	Which types of tax incentives would most strengthen Europe’s ability to attract investment in green and digital technologies?	<ol style="list-style-type: none"> 1. Qualified Refundable Tax Credits (QRTCs) 2. Enhanced R&D and innovation tax incentives 3. Tax credits for strategic net-zero technologies

Sweden

1. EU Competitiveness

Question 1	To what extent do you consider the European Commission's overall policy stance supportive of competitiveness and growth compared to 12 months ago?	Slightly worse
Question 2	What are your expectations of the new commission from the point of view of regulatory burden (will the EC President deliver on her promises)?	Decreased slightly
Question 3	What are your overall expectations about the next European Commission ?	Slightly worse
Question 4	How do you think the EU investment environment is seen by global firms compared to 12 months ago?	Unchanged
Question 5	What does your federation see as the main challenges threatening the attractiveness of the EU as an investment environment vis-à-vis international competitors?	<ol style="list-style-type: none"> 1. Regulatory environment 2. Skills gap 3. Availability of labour 4. Fragmentation of the Single Market 5. Tax regime

Question 6	What are the main obstacles to private R&D investments faced by companies in your Member State?	<ol style="list-style-type: none"> 1. Regulatory barriers 2. Shortages of skilled workers 3. Administrative burden
Question 7	What are the main obstacles to AI uptake by companies in your market ?	<ol style="list-style-type: none"> 1. Regulatory barriers 2. Administrative burden 3. Insufficient investments in digital infrastructure

2. National Recovery and Resilience Plans

Question 8	How satisfied or dissatisfied are you with the way your country is implementing so far the national recovery and resilience plan in the past year?	Dissatisfied
Question 9	How satisfied or dissatisfied are you with the involvement of social partners in the implementation so far of your national recovery and resilience plan?	Dissatisfied
Question 10	How effective do you think the European Commission is being in ensuring strong implementation of the reforms in the national recovery and resilience plans across the EU?	Somewhat confident

Question 11	If you are dissatisfied with the implementation so far of your national recovery and resilience plan, why?	<ol style="list-style-type: none"> 1. Bureaucracy 2. Other : lack of a national strategy 3. Time of authorities to take decisions
Question 12	Open question: Which best practices from the RRP could be leveraged for future programmes, and which pitfalls should be avoided?	The performance based approach is good. The RRP's need to be better designed so that the European Court of Auditors better can trace and control funds spent.

3. Assessment of Country Specific recommendations 2025 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	<p>Official recommendation :Reinforce overall defence spending and readiness in line with the European Council conclusions of 6 March 2025. Adhere to the maximum growth rates of net expenditure recommended by the Council on 21 January 2025.</p> <p>SN input : Reinforce overall defence and security spending and readiness while ensuring debt sustainability in line with the European Council conclusions of 6 March 2025. Adhere to the maximum growth rates of net expenditure recommended by the Council on 21 January 2025</p>	Helpful (but not a priority)	Satisfactory	This is not an issue for Sweden that has a low debt level.

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 2	<p>Official recommendation : In view of the applicable deadlines for the timely completion of reforms and investments under Regulation (EU) 2021/241, ensure the effective implementation of the recovery and resilience plan, including the REPowerEU chapter. Accelerate the implementation of cohesion policy programmes (ERDF, JTF, ESF+), building, where appropriate, on the opportunities offered by the mid-term review. Make optimal use of EU instruments, including the opportunities provided by InvestEU and the Strategic Technologies for Europe Platform, to improve competitiveness.</p> <p>SN input : In view of the applicable deadlines for the timely completion of reforms and investments under Regulation (EU) 2021/241, ensure the effective implementation of the recovery and resilience plan, including the REPowerEU chapter. Accelerate the implementation of cohesion policy programmes (ERDF, JTF, ESF+), building, where appropriate, on the opportunities offered by the mid-term review. Make optimal use of EU instruments, including the opportunities provided by InvestEU and programme the Strategic Technologies for Europe Platform, to improve competitiveness.</p>	Helpful (but not a priority)	Satisfactory	This is mostly an administrative exercise

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 3	<p>Official recommendation : Ensure the achievement of greenhouse gas emissions reduction targets by reducing, in particular emissions from road transport. Reduce reliance on fossil fuels by accelerating the deployment of renewables, including by expanding and upgrading energy transmission networks, and improving energy efficiency. Accelerate and streamline permitting procedures for deploying renewables, particularly for offshore and onshore wind energy, and avoid permitting approval reversals.</p> <p>SN input : Ensure the achievement of greenhouse gas emissions reduction targets by reducing in particular emissions from road transport, and accelerate and streamline permitting procedures for deploying renewables, in particular for offshore and onshore wind energy.</p>	Extremely important	Mixed	<p>The lengthy permitting processes are hindering the green transition.</p> <p>We see some limited progress. There is awareness of the problem.</p>

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 4	<p>Official recommendation : Improve educational performance, including of students from disadvantaged socioeconomic and migrant backgrounds, by addressing the persistent shortage of qualified teachers, by ensuring equal access opportunities to the schooling system and by further supporting the transition of students to upper secondary school. Develop the skills of the labour force, particularly those from disadvantaged socioeconomic and migrant backgrounds, through targeted policy measures and resources to improve their integration into the labour market.</p> <p>SN input : SN supports this recommendation.</p>	Important	Mixed	<p>There is also a need to education that can satisfy the need of workers both in the private and the public sector. In Sweden there is both a lack of labour and skilled labour.</p>

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 5	<p>Improve the efficiency of the housing market, including by introducing reforms in the rental market. Stimulate investment in residential construction to ease the most urgent shortages. Remove structural obstacles to facilitate residential construction.</p> <p>Address risks related to high household debt by gradually reducing the tax deductibility of mortgage interest payments or increasing recurrent property taxes, while developing appropriate tools to better assess and target policies. Maintain macroprudential measures.</p>	Important	Unsatisfactory	The badly functioning housing market affects business' as it hinders workers from moving.

4. Reform Progress in your Member State in 2025

How would you assess reform progress in 2025, for the following broad areas:

Taxation and Public Finances	Unsatisfactory
Business environment (regulation/access to markets)	No progress
Labour market	Unsatisfactory
Innovation and skills	No progress
Access to finance and financial stability	Satisfactory

Is there any example of an economic reform, specific to your country that BusinessEurope could highlight in its 2025 Reform Barometer?

5. Reform priorities for 2026

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 1	Business environment (incl. SME policies)	Regulations faced by companies in Sweden is one of the main hinder for their expansionary plans.	YES but the proposals are not sufficient.
Priority 2	Active labour market policies, incentives to work & labour market participation	There is a lack of labour in Sweden and the unemployment rate is high. This needs to be further addressed by both education and labour market policy.	YES but the proposals are not sufficient.
Priority 3	Skills, Vocational Education and Training & adult learning	There is a lack of labour in Sweden and the unemployment rate is high. This needs to be further addressed by both education and labour market policy.	YES but the proposals are not sufficient.

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 4	Renewable energy, energy infrastructure & networks	Energy infrastructure and lack of energy is a problem in many parts of Sweden.	YES but the proposals are not sufficient.
Priority 5	Taxation policy	Lowering taxes on labour could incentivies more people to work.	YES but the proposals are not sufficient.

6. Savings and Investments Union

Question 1	How satisfied or dissatisfied are you with the way your country is implementing the adopted CMU proposals? Why?	Satisfied Our country was able to limit the harm the CMU-proposal could have imposed to the Swedish financial system.
Question 2	Are you satisfied with the way the banking sector in your country operates? Why?	Satisfied The financial system in Sweden is well-developed and companies have an easy access to the stock-market compared to other EU-countries.



Question 3	Do companies in your country face difficulties to access finance in your country and what type of financing is most common?	Bank and financial market financing (incl. VC) is common.
Question 4	Are there specific barriers in your country that hinder accessing financing from other countries (EU and non EU)?	The fragmented regulation in the EU, at the same time Sweden has much less regulation in this market as we use self-regulation that is quick and able to satisfy companies' needs for financing.
Question 5	What do you see as the top three SIU-related reforms that would most improve the investment environment in your country?	If other EU countries were able to improve their financial markets and financial literacy it would benefit Sweden.

7. Pillar II and Taxes

Question 1	How do you assess the EU's overall tax policy stance in terms of promoting growth, competitiveness and investment compared to 12 months ago?	More supportive
Question 2	How burdensome has the administrative and compliance workload related to Pillar Two become for companies in your country compared to your expectations one year ago?	Higher
Question 3	How do you assess the impact of Pillar Two on the attractiveness of the EU as an investment location relative to other major jurisdictions (e.g., US, Asia overall, particular markets like China and India)?	Significantly worse



Question 4	Which safeguards or adjustments to Pillar Two do you consider most necessary for maintaining the competitiveness of European companies? (Select up to 3)	<ol style="list-style-type: none"> 1. Simplification of compliance rules 2. Investment-friendly design of top-up tax calculations 3. Enhanced certainty for SMEs in multinational groups
Question 5	What do you see as the top three tax-related reforms that would most improve the EU investment environment?	<ol style="list-style-type: none"> 1. Genuine simplification of EU tax rules (e.g. implement a dedicated simplification task force with continuous business input, eliminate duplication, strengthen dispute prevention and resolution) 2. Accelerate capital cost recovery and eliminate intra-EU EU withholding taxes on dividends, capital gains and interest that hinder the free movement of capital across Member States 3. Address tax issues for cross-border mobile workers
Question 6	Which types of tax incentives would most strengthen Europe's ability to attract investment in green and digital technologies?	<ol style="list-style-type: none"> 1. Other : CIT reduction 2. Enhanced R&D and innovation tax incentives 3. Qualified Refundable Tax Credits (QRTCs)

The Netherlands

1. EU Competitiveness

Question 1	To what extent do you consider the European Commission's overall policy stance supportive of competitiveness and growth compared to 12 months ago?	Slightly better
Question 2	What are your expectations of the new commission from the point of view of regulatory burden (will the EC President deliver on her promises)?	---
Question 3	What are your overall expectations about the next European Commission ?	Slightly better
Question 4	How do you think the EU investment environment is seen by global firms compared to 12 months ago?	Slightly better
Question 5	What does your federation see as the main challenges threatening the attractiveness of the EU as an investment environment vis-à-vis international competitors?	<ol style="list-style-type: none"> 1. Availability of labour 2. Fragmentation of the Single Market 3. Energy prices
Question 6	What are the main obstacles to private R&D investments faced by companies in your Member State?	<ol style="list-style-type: none"> 1. Inadequate ecosystem (links with universities, research centers) 2. Administrative burden 3. Regulatory barriers

Question 7	What are the main obstacles to AI uptake by companies in your market ?	<ol style="list-style-type: none"> 1. High costs of adopting and integrating AI solutions 2. Lack of workers with the digital and AI-related skills needed 3. Regulatory barriers
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2. National Recovery and Resilience Plans

Question 8	How satisfied or dissatisfied are you with the way your country is implementing so far the national recovery and resilience plan in the past year?	---
Question 9	How satisfied or dissatisfied are you with the involvement of social partners in the implementation so far of your national recovery and resilience plan?	Dissatisfied
Question 10	How effective do you think the European Commission is being in ensuring strong implementation of the reforms in the national recovery and resilience plans across the EU?	---
Question 11	If you are dissatisfied with the implementation so far of your national recovery and resilience plan, why?	1. Inadequate sectoral targeting
Question 12	Open question: Which best practices from the RRP could be leveraged for future programmes, and which pitfalls should be avoided?	---

3. Assessment of Country Specific recommendations 2025 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	Reinforce overall defence spending and readiness in line with the European Council conclusions of 6 March 2025. Ensure that net expenditure respects the path recommended by the Council on 21 January 2025. Align the taxation of different types of income from wealth, among others to reduce incentives for debt-financed homeownership. Remove obstacles for the construction of new dwellings by simplifying planning and permitting procedures. Support the development of an affordable private rental sector, including by making investments in the sector more attractive. Address the expected increase in age-related expenditure in long-term care by making the system more cost-effective, including by allocating benefits more efficiently.	---	---	Roughly speaking : most of the CSRs have not been followed up, except for the pension reform.
CSR 2	In view of the applicable deadlines for the timely completion of reforms and investments under Regulation (EU) 2021/241, ensure the effective implementation of the recovery and resilience plan, including the REPowerEU chapter. Accelerate the implementation of cohesion policy programmes (ERDF, JTF, ESF+), building, where appropriate, on the opportunities offered by the mid-term review. Make optimal use of EU instruments, including the scope provided by the InvestEU and the Strategic Technologies for Europe Platform, to improve competitiveness.	---	---	In addition : fiscal policy is relatively solid , notably fiscal debt is very low

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 3	Enhance public and private R&D intensity by targeting support to investments in key strategic technologies. Address the funding gap for late-stage start-ups and scale-ups by leveraging available financing tools and providing incentives to attract institutional investors.	---	---	Tax reforms have not been conducted. Tax systems remains to be very complex
CSR 4	Reduce overall reliance on fossil fuels by accelerating the roll-out of renewables and improving energy efficiency, particularly in buildings. Decrease electricity grid congestion by increasing the capacity of the transmission and distribution grid, implementing flexibility solutions, maximising cross-zonal trade, and further simplifying permitting procedures. Implement structural measures to address excessive nitrogen deposition and the deterioration of water quality effectively, especially by making further efforts for sustainable agriculture.	---	---	Housing market is malfunctioning, notably seen from an allocative perspective.
CSR 5	Adopt and implement measures to reduce incentives to use flexible or temporary contracts. Implement comprehensive measures to address labour and skills shortages, including by tapping into underused labour potential, by strengthening upskilling and reskilling opportunities for all through targeted and tailored active labour market policies, and by encouraging mobility to high-productivity sectors and sectors related to societal challenges. Improve basic skills, including by addressing teacher shortages and tailored support to disadvantaged schools, and boost participation in STEM programmes by targeted educational support and career advice, especially for women and students with a migrant background.	---	---	---

4. Reform Progress in your Member State in 2025

How would you assess reform progress in 2025, for the following broad areas:

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

Is there any example of an economic reform, specific to your country that BusinessEurope could highlight in its 2025 Reform Barometer?

Financial integration requires all involved players to make sacrifices. For instance lenders should be willing to harmonize insolvency law. National Supervisory Authorities (NSAs) in financial supervision to give up their national mandate, etc

5. Reform priorities for 2026

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 1	Access to finance & growth financing (incl. CMU)	centralisation of financial supervision	no
Priority 2	Digitalisation of businesses	Accelerate deployment and adoption of AI	no
Priority 3	Taxation policy	simplification is needed. Taxation of capital gains needs to be improved	---
Priority 4	Financial services and financial stability	overburdened by rules and reporting requirements. Lack of financial integration is hinderingNL economy	---
Priority 5	Digital connectivity, infrastructure & market functioning	Is not too bad compared to other countries, but is essential for growth	---

6. Savings and Investments Union

Question 1	How satisfied or dissatisfied are you with the way your country is implementing the adopted CMU proposals? Why?	Satisfied
Question 2	Are you satisfied with the way the banking sector in your country operates? Why?	Satisfied
Question 3	Do companies in your country face difficulties to access finance in your country and what type of financing is most common?	yes, but not cross the board. Notably, the trajectory from start- to scale up is hard to finance
Question 4	Are there specific barriers in your country that hinder accessing financing from other countries (EU and non EU)?	several: regulations, reporting requirements, extra taxes, societal tasks etc
Question 5	What do you see as the top three SIU-related reforms that would most improve the investment environment in your country?	---

7. Pillar II and Taxes

Question 1	How do you assess the EU’s overall tax policy stance in terms of promoting growth, competitiveness and investment compared to 12 months ago?	More supportive
Question 2	How burdensome has the administrative and compliance workload related to Pillar Two become for companies in your country compared to your expectations one year ago?	Higher
Question 3	How do you assess the impact of Pillar Two on the attractiveness of the EU as an investment location relative to other major jurisdictions (e.g., US, Asia overall, particular markets like China and India)?	Significantly worse
Question 4	Which safeguards or adjustments to Pillar Two do you consider most necessary for maintaining the competitiveness of European companies? (Select up to 3)	<ol style="list-style-type: none"> 1. Simplification of compliance rules 2. Temporary safe harbours 3. Investment-friendly design of top-up tax calculations
Question 5	What do you see as the top three tax-related reforms that would most improve the EU investment environment?	<ol style="list-style-type: none"> 1. easing interest limitation rule, 2. accelerated depreciation on investments, 3. no withholding taxes within EU
Question 6	Which types of tax incentives would most strengthen Europe’s ability to attract investment in green and digital technologies?	<ol style="list-style-type: none"> 1. Accelerated or full expensing for green/digital assets 2. Tax credits for strategic net zero technologies 3. Incentives for digital infrastructure and AI adoption