



European Semester 2023 for Lithuania: highlights and proposed CSRs

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SEMESTER 2023 and Joint Employment Report

- *Continuity in terms of approach and procedures with 2022;*
- *Joint Employment Report endorsed by the Council in March 2023.*

Good “news”: high employment rate, decrease of public debt and budget deficit, no macroeconomic imbalances

- *Continuous recovery of the Lithuanian labour market in 2022 (employment rate 79% in 2022 vs EU 74.6%);*
- *General government deficit decreased from 1.2 % GDP in 2021 to 0.6% GDP in 2022;*
- *Public debt decreased from 43.7% GDP in 2021 to 38.4% GDP in 2022;*
- *No macroeconomic imbalances found for Lithuania.*

Challenges: high inflation, skills mismatches, reliance on energy imports

- *Second highest inflation in the EU in 2022 - 18.9%;*
- *High income inequality – 6.39 in 2022 (vs EU 4.74);*
- *GDP per capita growth in 2022 – 1.9% (vs EU 3.5%), and down from 6% in 2021;*
- *Tension in labour market due to skills mismatches - rate of job vacancies 1.9% in Q3 2022;*
- *Insufficient domestic electricity generation - Lithuania still imports around 2/3 of its electricity.*

CSR1: Fiscal policy

- **Wind down the energy support measures** in force by the end of 2023. Should renewed energy price increases necessitate support measures, ensure that these are **targeted at protecting vulnerable households and firms**, fiscally affordable and **preserve incentives for energy savings**.
- While **maintaining a sound fiscal position in 2024**, 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. For the period beyond 2024, continue to pursue investment and reforms **conducive to higher sustainable growth and preserve a prudent medium-term fiscal position**.
- Strengthen the **adequacy of healthcare and social protection** and **improve general public services**.



CSR2: Implementation of RRF, Cohesion policy funds

- *Continue the **steady implementation of its recovery and resilience plan** and swiftly finalise the **REPowerEU chapter** with a view to rapidly starting its implementation*
- *Proceed with the **speedy implementation of cohesion policy programmes**, in close complementarity and synergy with the recovery and resilience plan.*

CSR3: Health care, social services and social housing

- ***Strengthen primary care and expand preventive care, including to make the healthcare system more resilient***
- ***Improve the planning and delivery of social services***
- ***Improve access to and quality of social housing***

CSR4: Energy/Green transition

- *Further reduce reliance on fossil fuels and imported energy by accelerating the **deployment of renewables**, in particular by ensuring **sufficient grid capacity** and access, ensuring the transformation and **decarbonisation of industrial production**, increasing the uptake of **public and sustainable transport** and **making buildings more energy efficient**, also to reduce energy poverty*
- *Ensure **sufficient capacity of electricity interconnections** to increase security of supply, continuing the timely synchronisation with the EU electricity grid*
- *Step up policy efforts aimed at the provision and acquisition of the **skills needed for the green transition***



News on recent Commission initiatives

- Commission proposal for the Council Recommendation on Developing **Social Economy** Framework Conditions.
- Legislative initiative on **cross-border activities of associations** in the single market.
- Commission Communication on a comprehensive approach to **mental health**.
- Strategic Technologies for Europe Platform (STEP)



Thank you for your attention.

Reactions from the Managing Authority?

Questions?