



# LUXEMBOURG

State of Play – Winter 2018



## MACROECONOMIC SITUATION

- Strong 2017 growth to accelerate further in 2018 before easing slightly in 2019
- Unemployment low, but the employment rate of older workers remains a challenge
- Housing prices and household debt on the rise
- Low private sector participation in the Research, Development and Innovation endeavour
- Financial hub for funds management remains the main economic driver
- The projected rise of age-related expenditure poses a risk to the long-term sustainability of public finances

No imbalances (no in-depth review)



## PROGRESS ON COUNTRY-SPECIFIC RECOMMENDATIONS

### Some progress

- in strengthening the diversification of the economy

### Limited progress

- in removing regulatory restrictions in the business services sector
- in ensuring the long-term sustainability of the pension system
- in limiting early retirement
- in increasing the employment rate of older people



## FISCAL SITUATION

- No excessive deficit
- Public debt, at 23.7% in 2017, stands significantly below the 60% of GDP reference value
- Draft Budgetary Plan 2018 compliant with the rules of the Stability and Growth Pact



## SOCIAL SITUATION

- Concerns over remain over the long-term sustainability of the pension system
- Ensuring that labour supply and skill levels match present and future labour market needs is high on the agenda



## POLICY HIGHLIGHT

The “Third Industrial Revolution” strategy aims to make the domestic economy more sustainable and interconnected by developing digital ecosystems at the convergence of existing and future technologies.