



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 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



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.