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Draft Budget 2027: No prospects for sustainable development...

An initial reaction to the presentation of the draft 2027 national budget from the perspective of sustainable development – based on the Finance Minister's speech – can only be as follows: a flagrant disregard for key challenges facing the future, with no indication of solutions to the pressing problems of our time!

The few comments on environmental issues primarily emphasise the positive financial support schemes that are already in place, such as the 'Klimabonus Wunnen' and 'Klimabonus Mobilität', and the renewed announcement of the 'Leasing Social' scheme for electric cars.

However, strategic, genuinely new statements relevant to the future are completely absent in the area of sustainable development.

The climate and biodiversity crises, which are continuing to worsen dramatically: not really an issue – they tend to be dealt with using well-worn clichés and platitudes:

- Right from the start of the speech, the focus is on the issue of growth. The Finance Minister's speech does not indicate which areas should be the focus of future development. The problems associated with growth (overburdened infrastructure, traffic congestion, urban sprawl, supply issues, resource consumption, etc.) are not addressed, nor is the question of how growth is to be reconciled with sustainable development. This is the **standard discourse on growth**, which even traditional economists increasingly regard as outdated.

Note:

* Across the EU, the economic damage caused by this summer's heatwave and drought is estimated at 1 per cent of gross national product. Not a word on how Luxembourg intends to deal with this.

* According to the European Commission, the economic damage caused by weather and climate-related extremes in Luxembourg between 1980 and 2024 amounted to 1.5 trillion euros. The fact that there is a corresponding need for action is not even discussed. For years, budget rapporteurs have been proposing the introduction of '**green** budgeting'. This involves a critical review of government expenditure that uses taxpayers' money to fuel rather than combat the climate and biodiversity crisis (and which should therefore be cut in line with the '' principle). In a country such as Switzerland, the figure is estimated to run into the billions

in misallocated investments. That is why the 2026 rapporteur also included this tool in his 16 recommendations for the next national budget (as recommendation 4). There is no evidence, at least in the Finance Minister's speech, that these considerations have influenced the draft 2027 national budget.

Addressing such aspects and fundamental issues would have been forward-looking.

- The **PIBien-être** was introduced in the 2026 Budget. As early as 2026, the five parameters selected to calculate this indicator – which is intended to reflect the quality of life in this country – were highly controversial. However, these were largely retained for the 2027 draft. In the environmental sector, only particulate matter pollution was selected as an indicator. Who came up with this, when the climate and biodiversity crises are the dominant issues? Furthermore, there is absolutely no transparency regarding how the listed expenditure figures are arrived at. For example, it is not known how the budget of 310 million for one of the six parameters, *'Confidence in institutions'*, is broken down. Incidentally, optimising the 'PIBien-être' was also one of the recommendations made by the 2026 Budget Rapporteur (number 3), which apparently had no effect either.
- **Prevention – that is, taking the necessary measures today to avoid having to pay many times that amount in 10–15 years' time** – does not seem to be on the agenda: whilst contaminated water sources, which could potentially have ensured the water supply for tens of thousands of people, have failed due to contamination that could have been avoided, the draft budget merely mentions the expansion of sewage treatment plants. Prevention simply does not seem to be an issue for the government...
- Key issues such as: the implementation of the climate and social plan; the handling of the CO₂ tax; and much more are also being sidelined.

It is not possible to cover every subject area in a speech on the draft budget. But it is more than sobering to see how little attention is paid to the truly relevant issues for the future and how entrenched the debate on budgetary policy is in old ways of thinking. One finds oneself wondering more and more what path this government intends to take the people down.

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