The income gap vis-à-vis leading OECD economies has remained essentially unchanged, and reflects lower productivity and especially weaker labour utilisation. Average hours worked have continued to decline.

Much has been done in terms of Community policies to improve market integration, including the transposition of the Services Directive and facilitating the recognition of professional qualifications throughout the Union. However, many areas of the internal market are still fragmented.

Strengthening the Single Market should be at the centre of actions to raise productivity, including increasing integration in network industries, services and the financial sector. Reducing and reforming support for agriculture would boost efficiency. Removing policy barriers to labour mobility would help to tackle unemployment.

In addition to improving efficiency, better targeting and rebalancing agricultural support could help meet environmental objectives.

**Growth performance indicators**

_A. Average annual trend growth rates_  

<table>
<thead>
<tr>
<th></th>
<th>2001-06</th>
<th>2006-11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Potential GDP per capita</td>
<td>1.5</td>
<td>0.9</td>
</tr>
<tr>
<td>Potential labour utilisation</td>
<td>0.3</td>
<td>0.1</td>
</tr>
<tr>
<td>of which: Labour force participation rate</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>Employment rate(^1)</td>
<td>0.1</td>
<td>-0.1</td>
</tr>
<tr>
<td>Potential labour productivity</td>
<td>1.1</td>
<td>0.8</td>
</tr>
<tr>
<td>of which: Capital intensity</td>
<td>0.5</td>
<td>0.6</td>
</tr>
<tr>
<td>Labour efficiency</td>
<td>0.3</td>
<td>-0.1</td>
</tr>
<tr>
<td>Human capital</td>
<td>0.3</td>
<td>0.3</td>
</tr>
</tbody>
</table>

_B. Gaps in GDP per capita and productivity persist_  

**Gap to the upper half of OECD countries\(^2\)**

<table>
<thead>
<tr>
<th></th>
<th>GDP per capita</th>
<th>GDP per hour worked</th>
<th>GDI per capita</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per cent</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2001-06</td>
<td>-35</td>
<td>-30</td>
<td>-25</td>
</tr>
<tr>
<td>2006-11</td>
<td>-20</td>
<td>-15</td>
<td>-10</td>
</tr>
<tr>
<td>2009-11</td>
<td>-5</td>
<td>0</td>
<td>Per cent</td>
</tr>
<tr>
<td>2011-11</td>
<td>0</td>
<td>5</td>
<td>10</td>
</tr>
</tbody>
</table>

1. The employment rate is defined with respect to the economically active population and therefore captures the (inverse) changes in the structural unemployment rate.
2. Percentage gap with respect to the simple average of the highest 17 OECD countries in terms of GDP per capita, GDP per hour worked and GDI per capita (in constant 2005 PPPs).

Source: OECD, National Accounts and OECD Economic Outlook 92 Databases.

http://dx.doi.org/10.1787/888932776409
Identifying Going for Growth 2013 priorities

Priorities supported by indicators

*Increase competition in network industries*. Network industries are still fragmented across borders and barriers to entry remain, hampering competition and thereby productivity.

**Actions taken:** New liberalisation packages for electricity and telecommunication came into force in 2011. Postal services were fully liberalised in 2012.

**Recommendations:** Ensure effective implementation of policies to increase competition in transport (notably in rail), postal, telecommunications, port services and energy markets, and complete with targeted sector-specific measures, including full unbundling of network ownership in electricity and gas sectors. Improve regulatory co-operation across states. Invest in cross-border infrastructure.

*Increase competition in the services sector*. Restrictive regulations hinder cross-border competition and efficiency gains.

**Actions taken:** The EU Services Directive has been transposed into national law in all countries, national regulations have been reviewed and one-stop shops established for administrative procedures.

**Recommendations:** Further reduce administrative barriers to entry and ease the regulatory burdens that damp cross-border trade. Improve legal and practical implementation of Single Market commitments. Specific sectoral measures are required, and tendering procedures for government procurement should be simplified.
EUROPEAN UNION

**Reduce producer support to agriculture.** Markets for some agricultural products are distorted by price support and barriers to market access.

**Actions taken:** The European Commission has made three proposals for 2014 to 2020 to improve efficiency and environmental performance with rebalancing the direct payment support.

**Recommendations:** Extend full decoupling of payments to livestock meat production. Further decouple payments from production across other areas. Reduce barriers to market access for non-EU countries. Lower support prices, reduce bio-fuel subsidies.

**Other key priorities**

**Reform regulation to create a more stable and integrated financial system.** Stability and competition in financial services are hindered by regulatory and oversight gaps in the single market.

**Actions taken:** In 2011, European Supervisory Authorities and a European Systemic Risk Board responsible for the macro-prudential oversight of the financial system were created.

**Recommendations:** Implement a single supervision mechanism as proposed by the Council of EU finance ministers and continue to make progress towards a more consistent set of rules and common supervisory practices covering all banks as well as towards stronger capital requirements. Establish a bank resolution mechanism along with common financing and shared deposit insurance.

**Remove barriers to labour mobility within the EU.** Labour mobility in the EU is low, contributing to high unemployment and low productivity.

**Actions taken:** The EURES employment service network and portal is being upgraded to build bridges between national employment services.

**Recommendations:** Increase the portability of pension rights, including by reducing vesting periods and eliminating double and discriminatory taxation. Increase the automaticity in the recognition of professional qualifications. Open up public sector employment to all EU citizens.

**Previous Going for Growth recommendations no longer considered a priority**

For this country, all 2011 Going for Growth recommendations remain as priorities.
EUROPEAN UNION

Other dimensions of well-being: Performance indicators

A. Emissions per capita are somewhat below the 1994 level and OECD average
Average 2006-10

1. EU excludes Chile, Israel, Korea and Mexico. Total GHG emissions including LULUCF in CO₂ equivalents (UNFCCC). The OECD average (excluding Chile, Israel, Korea and Mexico) is calculated according to the same definition.


3. Income inequality is measured by the Gini coefficient based on equivalised household disposable income for total population.


B. Income inequality$^3$ remains below the OECD average

1. EU excludes Chile, Israel, Korea and Mexico. Total GHG emissions including LULUCF in CO₂ equivalents (UNFCCC). The OECD average (excluding Chile, Israel, Korea and Mexico) is calculated according to the same definition.


3. Income inequality is measured by the Gini coefficient based on equivalised household disposable income for total population.


http://dx.doi.org/10.1787/888932776447