

EUROPEAN UNION

Priorities supported by indicators

Increase competition in network industries (2007, 2009, 2011)

Recommendations: Increase competition in transport, postal, telecommunications, port services and energy markets.

Actions taken: Electricity generation and transmission have been separated, although this falls short of full ownership unbundling. Competition has been enhanced in air services by the first-stage EU-US Air Transport Agreement. Postal services will be fully liberalised in 2012.

Reduce producer support to agriculture (2007, 2009, 2011)

Recommendations: Extend full decoupling of payments to livestock meat production and further decouple payments from production across other areas. Reduce barriers to market access for non-EU countries. Lower support prices. Reduce biofuel subsidies.

Actions taken: Since 2003, decoupling has been progressively introduced across numerous sectors. Milk quotas will be phased out by 2015. The re-introduction of export subsidies for dairy produce in 2009 was a step back.

Increase competition in the services sector (2007, 2009, 2011)

Recommendations: Increase competitive pressures in the services sector by reducing administrative barriers to entry and easing the regulatory burden of operating in national markets. Strengthen competition in the EU public procurement regime.

Actions taken: The transposition of the 2006 Services Directive is well advanced but remains incomplete. A Single European Payments Area has been in place since 2010.

Other key priorities

Reform financial regulation and deepen market integration (2007, 2009, 2011)

Recommendations: Improve the robustness of the financial system and put in a new framework for cross-border financial oversight and crisis management.

Actions taken: Wide-ranging reforms have raised and will continue to improve regulatory standards for banks and insurance companies in areas such as bank capital, liquidity management and deposit insurance arrangements. In 2011, European Supervisory Authorities (ESAs) and a European Systemic Risk Board were created. All countries have committed to putting in place bank resolution mechanisms.

Improve the functioning of the labour market and raise labour market mobility within the European Union (2007, 2009, 2011)

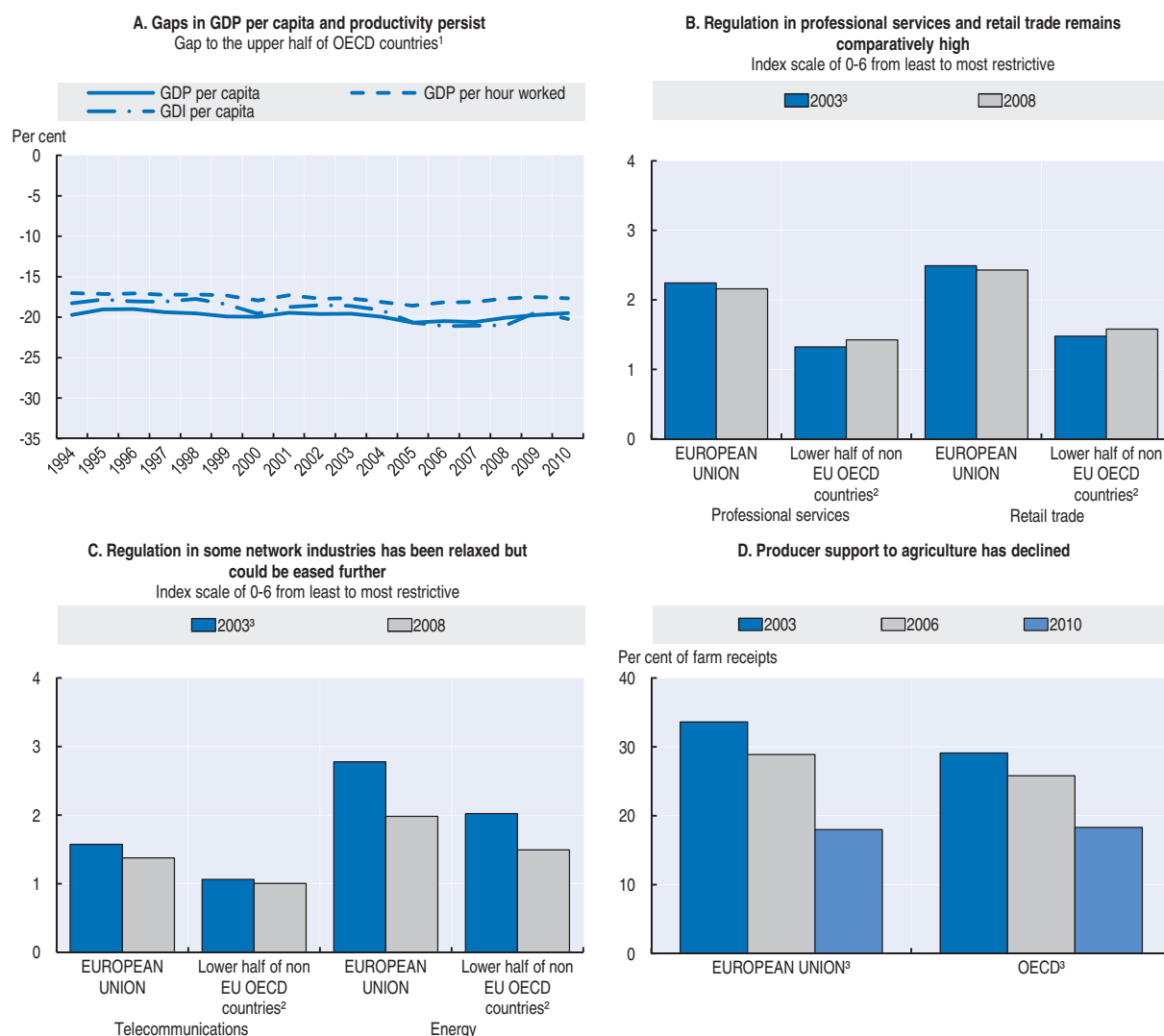
Recommendations: Although EU labour market objectives are primarily to be achieved through national instruments, EU policy should increase the portability of welfare and pension rights and can support national initiatives through surveillance and peer pressure.

Actions taken: Restrictions on worker mobility for the new EU member states are being phased out. The Job Mobility Action Plan contains a range of measures, including strengthening the European Employment Services (EURES) network.

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- There remains a substantial income gap relative to the upper half of OECD countries. While labour utilisation is lower than for the top performers, the labour productivity gap is the main factor behind lower living standards. Labour productivity has grown at a sluggish pace over the past decade.
- In priority areas, the on-going implementation of the Services Directive strengthens competition. Progress has been made to overhaul financial regulation. A wide range of growth-enhancing measures is proposed under the Single Market Programme.
- In other areas a new framework for economic governance is being established to improve economic, fiscal and financial stability. The Europe 2020 Agenda sets ambitious economic and social targets, including on climate, education and poverty.

Performance and policy indicators



1. 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).
2. Lower half of non-EU OECD countries in terms of the stringency of regulation in professional services and retail trade (Panel B) or in telecommunications and energy (Panel C).
3. Average of European countries and non-European countries in the OECD, excluding Estonia and Slovenia in Panels B and C.

Source: Chart A: OECD, National Accounts and Economic Outlook No. 90 Databases; Charts B and C: Product Market Regulation Database; Chart D: OECD, Producer and Consumer Support Estimates Database.

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