**EUROPEAN UNION**

**Priorities supported by indicators**

➤ *Ease the regulatory burden on business operations (2005, 2007, 2009)*

**Recommendations:** Continue to reduce regulatory obstacles to market integration. Ensure the full transposition of the Services Directive. Further reduce administrative burdens on business. Further improve the quality of *ex-ante* regulatory impact assessments.

**Actions taken:** The Services Directive was fully implemented at the end of 2009, improving market access in some, but not all, service sectors. Cross-border transactions costs will be reduced by the Single European Payments Area. Market Monitoring procedures are identifying remaining market failures and the Better Regulation agenda is simplifying existing regulations. New Impact Assessment guidelines were introduced in 2009.


**Recommendations:** Focus competition policies on enhancing market liberalisation in network industries. Ensure EU-level measures are properly implemented in national markets. Push ahead with initiatives to integrate the transport, postal, telecommunications and energy markets.

**Actions taken:** Supply and production activities are to be functionally separated from network operations in energy markets. Postal services will be fully liberalised in 2012. Steps have been taken to improve regulatory oversight in the energy and telecommunications sectors. The ten-year strategy plan for raising efficiency in the maritime sector was published in 2009.


**Recommendations:** Improve market access for non-EU countries. Continue to move from production-based to income-based support. Lower support prices and the cost of biofuels support.

**Actions taken:** Common Agricultural Policy (CAP) reform is leading to greater decoupling of payments from production. Price intervention has also been reduced in some sectors. The 2008 CAP Health Check set out plans for further decoupling support by 2013. Milk quotas are to be phased out by 2015. However, the re-introduction of agricultural export subsidies was a step back.

**Other key priorities**


**Recommendations:** Raise EU-wide labour mobility by improving the portability of occupational pension and social welfare benefit rights. Follow through on proposals to enhance researchers’ mobility.

**Actions taken:** A common EU reference framework for qualifications was adopted in 2008. EU-wide job search services continue to be enhanced. A European Partnership for Researchers is to be implemented by end-2010.


**Recommendations:** Deepen financial market integration by accelerating efforts to integrate retail financial markets. Update and improve financial regulatory and supervisory stability frameworks.

**Actions taken:** The Financial Services Action Plan has been largely implemented, although more could be done to integrate mortgage markets. Progress is being made towards implementing an EU-wide system of financial supervision. Regulatory and supervisory standards are being tightened for financial services.
The income gap relative to the OECD as a whole has widened slightly over the past decade. Average productivity and labour utilisation levels across the European Union remain below top OECD performers.

Progress has been made on each of the policy priorities since 2005, but more remains to be done. Competitive pressures in product markets are being strengthened and obstacles to integration in network sectors are being tackled, but the full impact of the legislated changes is some years away. Agricultural support is declining, but barriers to imports remain high for some commodities. More actions are needed to tackle barriers to labour mobility in Europe.

In other areas, new initiatives are being introduced to create a more integrated research area in Europe, which could help to strengthen innovation performance.

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1. Percentage gap with respect to the simple average of the upper half of OECD countries in terms of GDP per capita and GDP per hour worked (in constant 2005 PPPs). Break in the series in 1994 when data start to refer to EU19, before 1994 data refer to EU15. The gap in GDP per capita for 2009 is an OECD estimate, based on the OECD Economic Outlook, No. 86.

2. Index scale of 0-6 from least to most restrictive.

Source: Chart A: OECD, National Accounts and Economic Outlook 86 Databases; Charts B and C: OECD, Product Market Regulation Database; Chart D: OECD, Producer and Consumer Support Estimates Database.