

EUROPEAN UNION

The gap in GDP per capita vis-à-vis the United States remains substantial, reflecting lower levels of both productivity and labour utilisation.

Policy priorities

Ease the regulatory burden on business operations

Challenge and recommendations: To remove substantial barriers to internal trade in service sectors, it was recommended that EU-wide standards be adopted where mutual recognition is difficult.

Actions taken: The Services Directive is being implemented and is to be transposed into national law by the end of 2009. The Commission has proposed improvements to the mutual recognition principle for traded goods.

Raise competition in network industries

Challenge and recommendations: To raise competition in network sectors, it was recommended to create an EU-wide energy market, liberalise ports and postal services, enhance directives in the telecommunications and energy sectors, and ensure that support for national champions does not compromise competition.

Actions taken: The Commission has proposed legislation to separate energy transmission and generation activities and to integrate European electricity markets by tackling cross-border issues. Infringement proceedings were launched against 20 countries in 2006 for failure to implement directives on the deregulation of energy markets. Deregulation of the market for standard letters has been postponed to 2011.

Reduce producer support to agriculture

Challenge and recommendations: To reduce the distorting effect of the Common Agriculture Policy (CAP), which keeps resources in low-productivity activities, it was recommended that market access for non-EU countries be improved and the reduction in production-linked support be continued.

Actions taken: No major action since the 2003 CAP reforms. The Commission proposed in 2007 to bring vegetables and fresh fruit into the single payment scheme. To help reduce greenhouse gas emissions, the EU Council has adopted a target of 10% by 2020 for the share of biofuel in total fuel consumption for transportation, which will increase prices of agricultural products.

Raise labour mobility within the European Union

Challenge and recommendations: To increase employment and better allocate labour resources, it was recommended that the mobility of workers be raised by improving the portability of occupational pension and social welfare benefit rights.

Actions taken: The Commission is to review regularly the progress made in improving the portability of pensions and has proposed new minimum requirements for the acquisition and preservation of pension rights. The Job Mobility Action Plan, announced in December 2007, sets out a series of additional actions to improve labour mobility, including measures to strengthen the European Employment Services (EURES) network.

Improve financial market integration

Challenge and recommendations: To increase competition and make the financial sector more efficient, it was recommended that the Financial Services Action Plan be fully implemented and efforts to integrate retail financial markets, especially mortgage lending, be accelerated.

Actions taken: Most of the Financial Services Action Plan has now been implemented. New initiatives were proposed by the Commission in December 2007 to stimulate competition and consumer choice in retail financial services. The Payment Services Directive has been adopted by the European Parliament.