



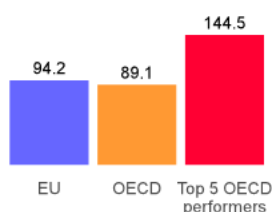
Performance gaps

Recommendations

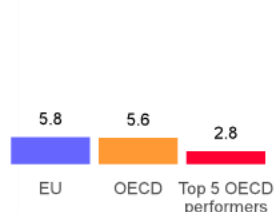
Product and labour markets functioning

- Resilient labour markets can help reduce large differences in business cycles across countries, which is threatening economic convergence and European cohesion. Countries that favour within-firm work flexibility in case of shocks and have a good training system for the unemployed enjoy more resilient employment in the face of shocks.
- Strengthening the single market for capital will reduce the reliance of European financial markets on banks. The European banking system is not yet fully integrated and deposits in euro area banks are vulnerable to shocks in individual countries, amplifying the risk of financial fragmentation.
- Encourage member states to reinforce job retention schemes to be used in case of a temporary shock, together with training.
- Rigorously assess the economic impact of the European instrument for temporary Support to mitigate Unemployment Risks in an Emergency (SURE) and Next Generation EU as they could provide valuable inputs to the debate on the completion of the Economic and Monetary Union.
- Complete the Banking Union by addressing all outstanding issues in a holistic manner and with the same level of ambition.

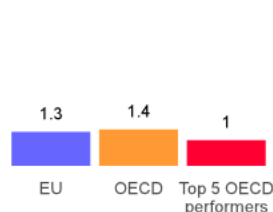
Labour productivity
GDP per employee, USD
2022



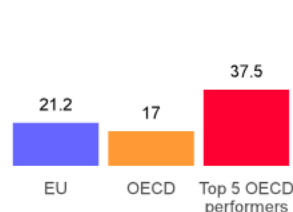
Unemployment rate
%, 2022



Product Market Regulation
Economy-wide
From least to most restrictive
Index of 0-6, 2018



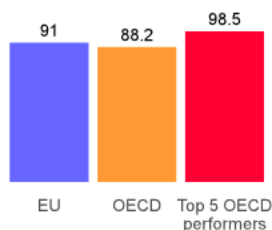
Active labour market policies
expenditure per unemployed
% of GDP per capita
2020 or latest available



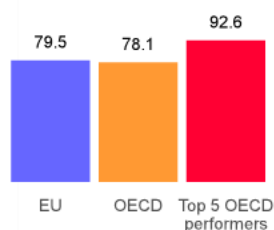
Digital transition

- Substantial investment, largely private, will be needed to reach the EU 2025 connectivity targets, which envisage much higher connection speeds than today, at least 100 Mbps for all households and 1000 Mbps for digitally intensive firms and main public institutions. Widespread use of digital technologies would also improve consumer choice and facilitate cross-border labour mobility.
- Use digital tools to provide information on products, including on recycling and repair possibilities.
- Remove barriers to private investment for the climate and digital transitions by simplifying licensing procedures.
- Complete the implementation of the Electronic Exchange of Social Security Information.

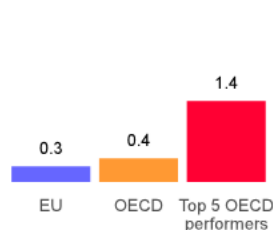
Households with broadband Internet access at home
%, 2021 or latest available



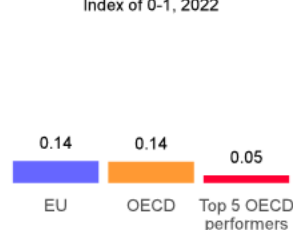
Businesses with a website or home page
%, 2021 or latest available



Business R&D expenditure in information industries
% of GDP, 2019 or latest available



OECD Digital Services Trade Restrictiveness Index
From least to most restrictive
Index of 0-1, 2022

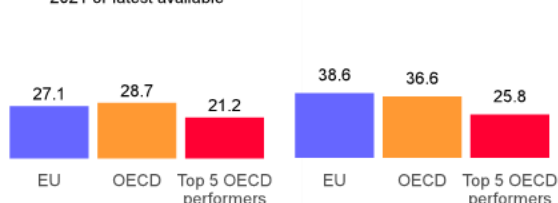


Inclusiveness, social protection, and ageing

- Higher cross-border labour mobility is needed to improve resilience and the matching of workers with job offers across countries. Moreover, EU budget support should be made more efficient to support regional convergence.
- Half of cohesion funding is spent through public procurement, but tendering procedures are often not competitive enough and projects are often selected on a first-come first-served basis.
- To favour job reallocation in case of a durable shock, encourage member states to enhance activation policies, including for workers under job retention schemes.
- Extend cross-border recognition of professional qualifications.
- Make public procurement more competitive and ensure compliance with transparency requirements.
- Further adopt competitive project selection procedures, emphasising regional growth objectives.

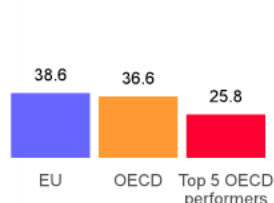
Mean poverty gap after taxes and transfers

Line at 60% of median disposable income
2021 or latest available



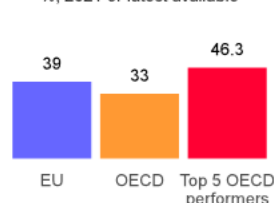
Impact of socioeconomic background in PISA reading score

%, 2018



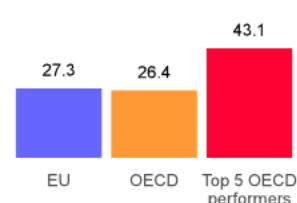
Strength of redistribution

Differences in Gini coefficients between market & disposable income relative to coef. on disposable income
%, 2021 or latest available



Income levels provided by cash minimum-income benefits

% of median disposable income, 2021 or latest available

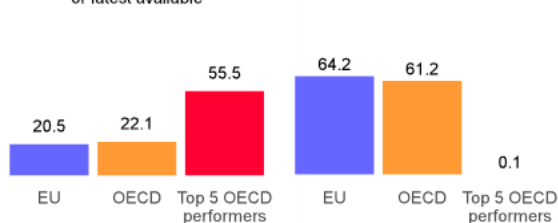


Climate transition

- Reducing EU net emissions of greenhouse gases to zero by 2050 implies electrifying most energy end use, generating most electricity from renewables, developing low-carbon fuels for sectors hard to electrify alongside carbon capture and storage, and increasing energy efficiency. Higher carbon pricing, stronger regulatory standards and more innovation are key to achieving climate neutrality. Moreover, bringing transport and buildings into an Emissions Trading System could spur emission abatement, accompanied by more demanding standards for energy efficiency and further assessment and disclosure of climate related risks.
- Increase the EU Emissions Trading System coverage, by for example including transport and buildings.
- Strengthen regulatory standards for energy efficiency.
- Require comprehensive disclosure of climate and environment-related risks by financial intermediaries and large non-financial firms.

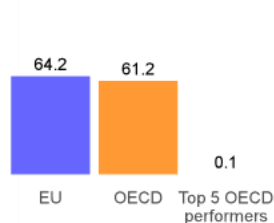
Share of renewables in the energy mix

%, Average over 2019-21 or latest available



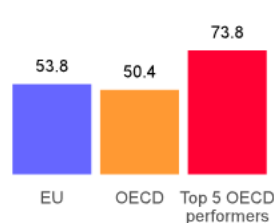
Share of population exposed to more than 10 µg/m3 of PM2.5

%, Average over 2017-19



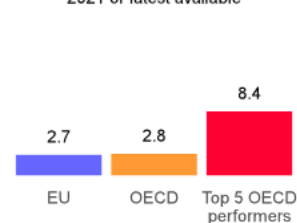
Carbon pricing score

%, at EUR 30 per tonne CO2, 2018



Environmentally-related government R&D budget

% of total government R&D 2021 or latest available

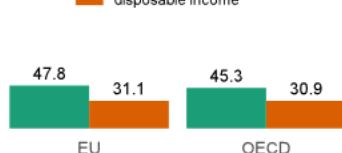


Overall performance

Economy

Thousands USD per capita
2022 or latest available

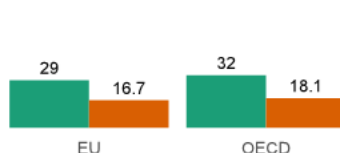
Gross Domestic Product
Household gross adjusted disposable income



Inequality and poverty

2021 or latest available

Gini coefficient after taxes and transfers (index of 0-100)
Poverty rate, line at 60% of median disposable income (%)



Environment and climate

1 unit of GDP, 2021

0.19 GHG emissions
0.24 (OECD)

Welfare cost of premature deaths due to ambient particulate matter

% GDP equivalent, 2019





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