



**COUNCIL OF  
THE EUROPEAN UNION**

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**NOTE**

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From:	Presidency
To:	Permanent Representatives Committee/Council
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Subject:	<b>European Semester 2014 - Internal Market and Industry aspects</b> <b>a) Communication from the Commission on the Annual Growth Survey 2014</b> <b>b) Report from the Commission on "A single market for growth and jobs: an analysis of progress made and remaining obstacles in the Member States: Contribution to the Annual Growth Survey 2014"</b>

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1. In November 2013 the European Commission published its Communication '*Annual Growth Survey 2014*', supported by a series of Commission Staff Working Documents and its Report on '*A Single Market for Growth and Jobs: An Analysis of Progress Made and Remaining Obstacles in Member States*'.

2. In the Annual Growth Survey 2014, the Commission confirmed the following five priority areas for reforms by Member States:
  - i. Pursuing differentiated, growth-friendly fiscal consolidation
  - ii. Restoring lending to the economy
  - iii. Promoting growth and competitiveness for today and tomorrow
  - iv. Tackling unemployment and the social consequences of the crisis
  - v. Modernising public administration

These priorities had already guided the 2013 European Semester, National Reform Programmes and Country-Specific Recommendations (CSRs). In its Annual Growth Survey 2014 the Commission assesses that the European Semester “started to deliver results”, but that “more needs to be done to improve the functioning and flexibility of product and services markets”. In particular, Annex 2 to the AGS provides a thematic overview of the experience acquired so far of how Member States have implemented the CSRs in key areas and indicates that more needs to be done in product and services markets to boost the EU's growth potential and in improving the business environment.

3. The Commission’s second annual report on Single Market integration presents an analysis of the state of Single Market integration in five single market priority sectors with the highest growth potential: services, financial services, energy, transport and digital markets. Based on its assessment of where progress was made and where challenges remain, the Commission identifies further priorities for national reforms, including a more ambitious implementation of the Services Directive as well as regulated professions.
4. The December 2013 **European Council** in its Conclusions confirmed the AGS priorities and areas where important challenges prevail and further progress is needed. Moreover, it stressed that *"specific attention should be given to enhancing the functioning and flexibility of the single market for products and services"* and that *"priority should be given to enhancing competitiveness, supporting job creation and fighting unemployment, particularly youth unemployment"*.

5. In the context of the above and in order to strengthen national ownership in the implementation of the CSRs, the Presidency is proposing a policy debate in view of the discussion on the European Semester at the upcoming Spring European Council on 20-21 March 2014. To steer the discussion, the Presidency is proposing that the Ministers should focus on the following questions:

*a) How have CSRs contributed to reforms in your Member State to improve the functioning and flexibility of product and services markets?*

*b) The Commission in its AGS identified three priorities to promote growth and competitiveness. In line with the annual report on Single Market integration, these include improving the implementation of the Services Directive, including in professional services. How are you addressing / planning to address this priority?*

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