



**COUNCIL OF  
THE EUROPEAN UNION**

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**NOTE**

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From:	Presidency
To:	Delegations
Subject:	<b>Proposal by the Commission on Country Specific Recommendations (CSRs) - Member States' views on the CSRs in relation to policy areas under the competence of the Competitiveness Council, in particular competition in services, regulated professions, retail services and public procurement, business friendly public administration, competition authorities and their legal framework, as well as in relation to access to finance.</b> <b>- Presidency Note</b>

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**Introduction**

1. Economic recovery is gaining ground, but remains fragile and unevenly spread. Major challenges remain, including pursuing policy measures to strengthen sources of growth and jobs, as well as reinforcing the conditions to promote private investment and boost demand. The focus is changing rapidly. Until very recently, the priority was to re-establish budgetary credibility in the face of swiftly increasing public deficits and sovereign debt and instability of the banking sector. The main challenge now relates to the strengthening of the real economy – growth and jobs – over time.

2. Structural reforms for growth and jobs are key in this context. In its Conclusions on Single Market Policy of December 2013 the Competitiveness Council reiterated "*that urgent measures are needed at the level of EU and Member States in order to boost growth and jobs and make Europe more competitive as a location for production and investment*"<sup>1</sup>. It also recognised "*that deepening the Single Market by removing remaining unjustified barriers will be a key factor in order to achieve these objectives*".
3. Removing unnecessary restrictions and improving market access in the product and service market is essential to unlock the potential of the Single Market and to stimulate growth and competitiveness. An effective competition framework is another key aspect for the functioning of markets. Successful enforcement requires that both EU and national actors, such as sectoral regulators and competition authorities are independent, well-resourced and equipped with effective enforcement powers.
4. The business environment, the need to invest in innovation and tackle problems related to public administration are other key areas to improve European competitiveness. Ensuring that businesses can operate in a business-friendly environment, improving the links between innovation and research institutions/academia, and busting innovation investment to move up the value chain are all important elements for economic growth.
5. Moreover, while financing conditions for businesses are gradually easing overall, substantial differences persist across Member States and across firms of different size. The internal market for bank credit remains fragmented. Various steps have been taken at EU and national level, but their impact on the ground has been limited.

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<sup>1</sup> Doc. 15953/13.

6. In its 2014 proposals for country-specific recommendations based on the assessment of the progress made by the Member States over the last year, the Commission finds that structural reforms of key sectors in Member States must be pursued and reinforced. Since progress compared to 2013 remains limited, the Commission proposes to maintain a number of recommendations into 2014. This also concerns policies which fall under the competence of the Competitiveness Council, in particular reforming product market and services, as well as measures to improve the business environment and strengthen the competition framework.

### **Country Specific Recommendations and relevant structural reforms**

7. This year, recommendations have been made to 26 countries (excluding Greece and Cyprus, which are implementing economic adjustment programmes). The table in the Annex provides an overview of all the 2014 CSRs. CSRs addressed to Member States in the policy areas of the Competitiveness Council relate to the following:

- Competition in services (*Remove excessive restrictions and unjustified obstacles in services markets*)
- Regulated professions (*review restrictions on entry and conduct, pursuing reform efforts*)
- Retail sector (*strengthening competition, lowering barriers and reducing operational restrictions/ remove unjustifiable restrictions on the establishment of large-scale retail premises*)
- Public procurement (*low value of public contracts open to procurement under EU legislation, enhance administrative capacity, better implementation, transparency and efficiency, better use of e-procurement*)
- Competition authorities and their legal framework (*independent, well-resourced and equipped with effective enforcement powers*)

- Business-friendly public administration (*business and regulatory environment, fostering innovation, enhancing co-operation between business and academia/research institutions, improving business conditions and policies for SMEs*).
- Improve access to finance for SMEs (*further stabilising the banking sector, supporting alternative forms of finance, and enhancing insolvency laws*).

8. In the light of the overall context described above and having regard to the adoption by the Commission of the CSRs for 2014, the Presidency invites the High Level Group on Competitiveness and Growth to focus on draft Country Specific Recommendations which fall under the competence of the Competitiveness Council.

9. Concretely, the Presidency will invite the Commission to present the proposed CSRs focusing on the seven categories set out under point 7. It will then invite Member States to react to the proposed CSRs and to address the following questions:

- *How do you view the specific recommendations your Country received in policy areas falling under the responsibility of the Competitiveness Council?*
- *How do you intend to implement these specific recommendations and do you foresee any significant problems of political, technical, financial or institutional nature?*
- *How could the Commission support your efforts to implement the CSRs?*

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# Overview of EU country-specific recommendations 2014-15:

ANNEX

Public finances					Financial sector		Structural reforms				Employment and social policies						
Sound public finances	Pension and healthcare systems	Fiscal framework	Taxation		Banking and access to finance	Housing market	Networks	Competition in service sector	Public administration and smart regulation	R&D and innovation	Resource efficiency	Labour market participation	Active labour market policy	Wage setting mechanisms	Labour market segmentation	Education and training	Poverty and social inclusion
AT																	
BE																	
BG																	
CZ																	
DE																	
DK																	
EE																	
ES																	
FI																	
FR																	
HR																	
HU																	
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LV																	
MT																	
NL																	
PL																	
PT																	
RO																	
SE																	
SI																	
SK																	
UK																	

Note: Country-specific recommendations for 2014-2015 proposed by the Commission on 2 June 2014. Cyprus and Greece should implement commitments under EU/IMF financial assistance programmes. Recommendations for Portugal are conditioned by exit from the programme. More information at : [http://ec.europa.eu/europe2020/index\\_en.htm](http://ec.europa.eu/europe2020/index_en.htm)