

30 years of Single Market

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This year, we celebrate the 30th anniversary of the EU Single Market. Since its establishment in 1993, the free movement of people, goods, services, and capital have enabled citizens to enjoy the same benefits throughout the EU.

Today, the EU Single Market is the world's largest integrated single market and is of high interest for other markets.¹ This unique market is the backbone of our European economy and comprises 23 million businesses, excluding the financial sector, which employ nearly 128 million people.² At the same time, it also represents an area of freedom, progress, opportunity, growth, shared prosperity, and resilience.³

447 million Europeans benefit from a wide range of advantages thanks to this unique market. The abolition of roaming costs, stronger passenger rights, safe food chains or the common charger are just a few examples which we owe to the EU Single Market. At the same time, 13 million young people study and work abroad without major obstacles due to the Erasmus programme.⁴

The COVID-19 pandemic and Russia's aggression against Ukraine challenged the resilience of the Single Market accompanied by travel restrictions, disruptions in the supply chains and trade flows as well as various supply and skills shortages. Europe will continue to face major challenges in the coming years. The economical, geopolitical, and demographical situations are changing. We should use those challenges as an opportunity to further reinforce and deepen the Single Market, as it has been the case in the past, and to promote the European competitiveness. The EU will be stronger if common challenges such as climate change or digitalisation will be addressed together and not by each Member State individually.

Acting together shows in the strength of the Single Market. The EU remains number one trading partner to 53 countries around the world which represents 48% of world GDP. At the same time, European trade in goods and services with the rest of the world represents 16.2% of world trade and is higher than the EU-27 share of world GDP with approximately 15%.⁵

Research has shown that further facilitating the free movement of goods could lead to potential economic benefits of between EUR 228 billion and EUR 372 billion per year. For services, this would even lead to EUR 279 billion to EUR 457 billion of additional GDP per year in the long term. The digital single market is expected to generate an economic growth in the EU of EUR 177 billion per year.⁶ All these figures illustrate

¹ "Towards open and fair world-wide trade", European Union. From: https://european-union.europa.eu/priorities-and-actions/actions-topic/trade_en

² "Celebrating 30 years of the EU single market", Eurostat, 6 December 2022. From: <https://ec.europa.eu/eurostat/web/products-eurostat-news/w/EDN-20221206-1>

³ "30th anniversary of the single market" European Commission. From: https://single-market-economy.ec.europa.eu/single-market/30th-anniversary_en

⁴ "Celebrating 35 years of the Erasmus programme", European Commission, 19 September 2022. From: https://ec.europa.eu/commission/presscorner/detail/en/IP_22_5648

⁵ "Long-term competitiveness of the EU: looking beyond 2030", European Commission, 16 March 2023. From: https://commission.europa.eu/system/files/2023-03/Communication_Long-term-competitiveness.pdf

⁶ "30th Anniversary of the single market", European Parliament, 18 January 2023. From: https://www.europarl.europa.eu/doceo/document/TA-9-2023-0007_EN.pdf

that the interest and importance of the EU Single Market remains high with great potential that should be further exploited in the coming years.

Achievements of the European Single Market

The European Single Market has brought about several achievements since its inception, including:

- **Increased trade:** The Single Market has facilitated free trade within the EU, resulting in increased trade between member states. It has helped to harmonize regulations across Europe, making it easier for businesses to operate in multiple countries. This has led to more significant economies of scale, lower prices for consumers, and increased economic growth.
- **Increased competition:** The Single Market has increased competition within the EU, forcing businesses to become more efficient and innovative, resulting in lower prices, higher quality of products and services, and improved customer service. Moreover, it has encouraged greater collaboration between companies, investors, and policymakers across Europe, promoting knowledge sharing and innovation that resulted to increased competition.
- **More consumer protection:** The Single Market has ensured that consumers across the EU are protected from unsafe products and fraudulent businesses. This is achieved through regulations and standards that ensure products meet safety and quality standards.
- **Increased investment:** The Single Market has made the EU an attractive location for foreign investors, resulting in increased foreign investment and economic growth. 85% of total investments in the EU are private investments which are needed to accelerate the twin transition.⁷ The Single Market provides a large, stable, and predictable market for businesses to invest in that complements pro-business policies such as lower taxes, and reduced regulation. Moreover, it helped to create a more favorable investment environment for startups, by promoting cross-border investment and improving access to funding.
- **Development of the Digital Single Market:** The EU has made significant progress in developing the digital single market creating a level playing field for businesses and consumers across the EU. It is embracing the digital revolution and promotes entrepreneurship, and digital infrastructure. The digital single market has created a larger market for businesses to operate more efficiently, by removing barriers to cross-border trade and provide companies and consumers free flow of digital goods and services across Europe.

Future Steps for the European Single Market

While the Single Market has been a significant achievement, there is still more work to be done to ensure its continued success. Some of the future steps that can be taken include:

⁷ “Long-term competitiveness of the EU: looking beyond 2030”, European Commission, 16 March 2023. From: https://commission.europa.eu/system/files/2023-03/Communication_Long-term-competitiveness.pdf

- **Reinforcing vocational education and training:** Individuals need to continuously upskill and reskill as they are more likely to change jobs or change sectors during their professional careers. Labour shortages risk to become a major problem in the months to come for many businesses. Better recognition of professional qualifications is needed as well as common training frameworks and common training tests. New technological developments also require new skills and competences where further investments are indispensable.
- **Strengthening the Digital Single Market:** The EU needs to continue to develop and strengthen the Digital Single Market, creating a level playing field for businesses and consumers across the EU. This will enable businesses to operate more efficiently and provide consumers with better access to goods and services.
- **Addressing Non-Tariff Barriers:** While tariffs have been eliminated within the Single Market, there are still non-tariff barriers that restrict trade. 60% of barriers that businesses report are the same as 20 years ago. High reporting obligations are mainly due to national regulation and administrative practices.⁸ The EU needs to address these barriers to create a more open and competitive market.
- **Encouraging Cross-Border Investment:** The EU needs to encourage cross-border investment by developing policies that promote investment and reduce barriers to investment. This will enable businesses to expand and grow within the Single Market.
- **Fostering sustainable entrepreneurship:** The EU needs to continue to tackle climate change by implementing policies that encourage businesses to reduce their carbon footprint and to implement the twin transition. This will create a more sustainable economy and improve the quality of life for all citizens within the EU.
- **Strengthening the economic dimensions of rule of law:** Economic activity requires reliability, security, and maintaining the rule of law. Non-compliance with Rule of Law criteria in particular EU member states leads to distortion of competition. The EU must continue to support and demand high rule of law standards in its own institutions and its member states, including independence of the judiciary and fast court proceedings.

The EU Single Market can be considered as one of the biggest achievements in the history of the European Union by increasing trade, competition, investments, or consumer rights. However, there is still more work to be done to ensure the Single Market's continued success. The EU needs to strengthen the Digital Single Market, address non-tariff barriers, address labour shortages, access to finance and tackle climate change to create a more sustainable and prosperous economy for all citizens within the EU.

⁸ “30 years of single market – taking stock and looking ahead”, European Commission, 21 December 2022. From: https://single-market-economy.ec.europa.eu/publications/30-years-single-market-taking-stock-and-looking-ahead_en