

Make the European Single Market fit for the age of geopolitical competition

1 The European Single Market

WAS SET UP BY



Aims to integrate national markets into a single market at the European level



Is based on the so-called 'four freedoms'



Requires the removal of obstacles by harmonizing rules and setting common EU standards

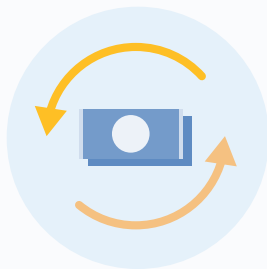


Is accompanied by flanking policies to ensure a fair, sustainable and cohesive market

Four freedoms



Free movement of goods



Free movement of capital



Freedom to establish and provide services



Free movement of people

Reducing barriers by harmonizing rules and setting common EU standards

Examples



EU Directive coordinating social security systems

- Guarantees that EU workers have access to the same social benefits than nationals
- Gives all EU workers the capacity to cumulate social rights acquired in different countries

EU Toy Safety Directive

- Lays down the safety criteria that toys must meet before they can be marketed in the EU



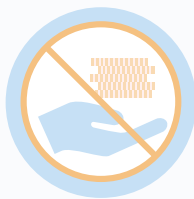
EU emission standards for cars

- Set maximum CO₂ emissions for motor vehicles marketed in the EU

Flanking policies to ensure a fair, sustainable and cohesive market

EU competition policy

- Restricts the capacity of national governments to provide financial support to domestic firms ('state aid rules').
- Sanctions certain business practices that distort competition (such as abuse of dominant position or certain company mergers).



EU social legislation

- Sets minimum social rights for all EU workers and citizens.

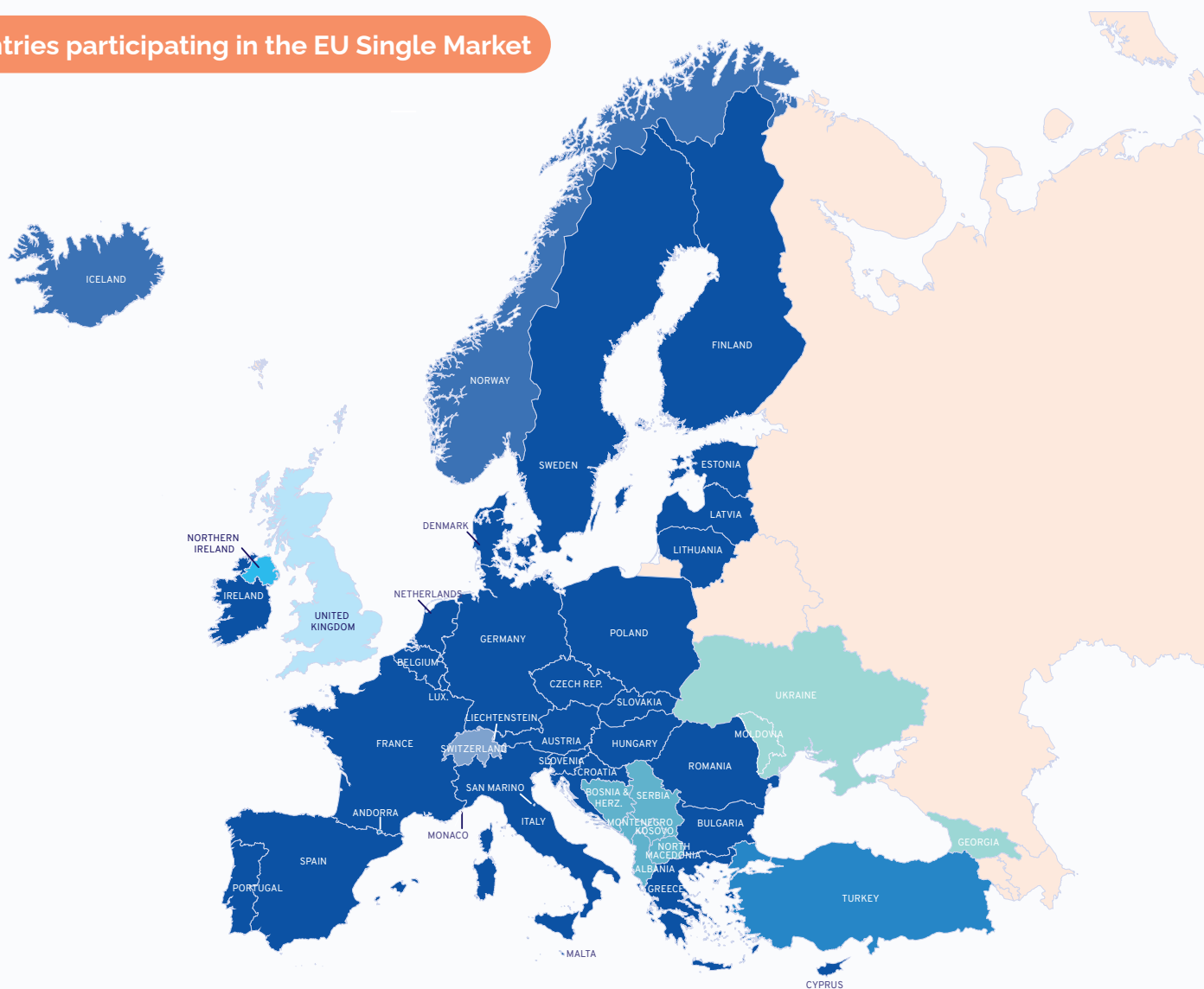


EU cohesion policy

- Ensures that the removal of barriers does not lead to major territorial imbalances by promoting an harmonious development of the Union.



Countries participating in the EU Single Market



Single Market and deep integration:

- EU27
- European Economic Area
- Bilateral agreements

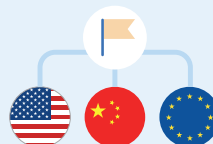
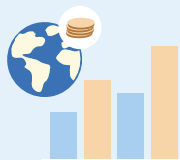
Partial or shallow integration:

- Northern Ireland Protocol
- Stabilisation and Association Agreements
- Deep and Comprehensive Free Trade Area agreements
- Bilateral Customs Union arrangements
- EU-UK Trade and cooperation agreement

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The European Single Market in a changing world

The Single Market's weight in the world has significantly changed since its inception.

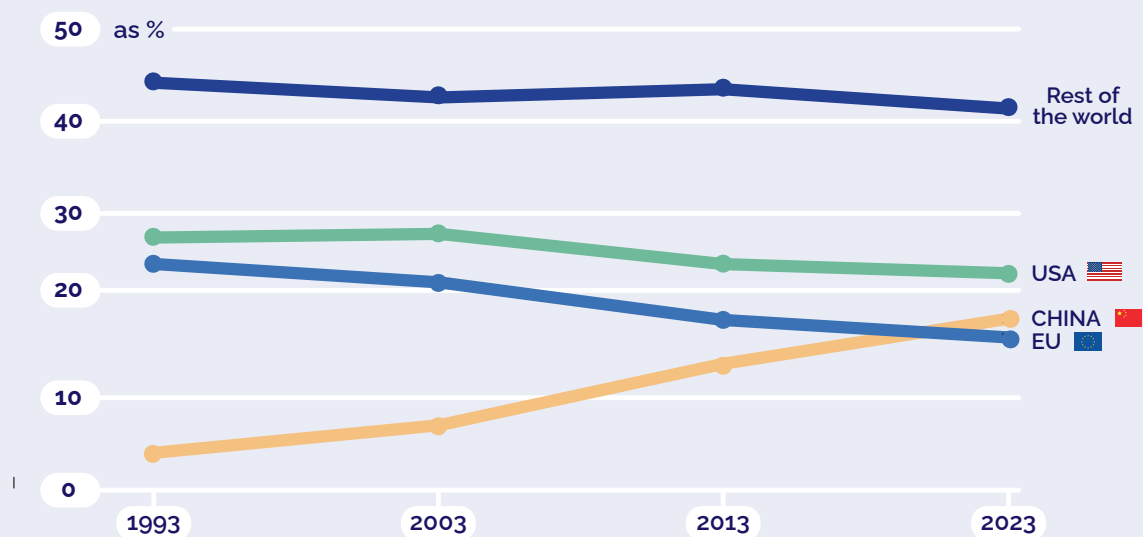


Next to the United States, China has become the main global competitor of the EU.



The European economy is facing the challenge of demographic decline and aging.

Share of the EU in the global economy (% of GDP)



Source: WorldBank DataBank World Development Indicators (GDP in constant 2015 US\$bn)

Population changes and aging until 2050



Source: WorldBank DataBank Population Estimates and Projections

Shortcomings, challenges & solutions for a strong Single Market

The Single Market - A work in progress under increasing pressure

The European Single Market has not been completed since its inception



→ Some policy areas have largely remained national:



Finance



Electronic communications



Energy

→ In some policy areas, integration has been slow:



Cross-border provision of services

There are new challenges for the functioning and integrity of the Single Market

→ Geopolitical competition has led to more active industrial policies in Europe, but national state aid schemes create fragmentation risks.



The Letta Report: A package of initiatives to strengthen the EU Single Market for the age of geopolitical competition

A dynamic and effective **European industrial policy** based on new competition rules.



Further tax harmonization across the EU.



An action plan to guarantee affordable **access to public services of general interest** in all territories, guaranteeing to all citizens the 'freedom to stay'



Investment to accelerate the construction of **transport and energy interconnections**.



An "**EU Savings and investment Union**" to be able to keep all European private savings in Europe and channel it to support the green and digital transition.



Simpler and **more consistently enforced** Single Market rules.



A "**28th regime**" in corporate law – an EU-level business code that would make it easier to scale up and attract investors



A **fifth freedom on research, innovation, knowledge and education** to address the current fragmentation of research efforts in Europe and favor the circulation of knowledge and data.

