Institut Jacques Delors
Thinking Europe
Penser l'Europe
Europa denken
Notre Europe

The Single Market

1 What is the Single Market?

The Single Market was designed to strengthen European integration by removing barriers in order to ensure fair competition and promote cooperation and solidarity between member states.

It is based on **four freedoms** - the free movement of:

Goods – products can be bought and sold across member states without customs duties or most trade barriers.

Services – businesses and professionals can offer services in other member states.

Capital – money can move freely between member states, including investments and payments.

Persons – people can live, work, study, and travel in other member states, subject to some rules.

- It requires the harmonisation of national legislation and common standards across the EU
- It is accompanied by policies aimed at ensuring a fair, coherent and sustainable market for all (competition policy, cohesion policy, social legislation for workers, etc.)
- The 27 EU Member States are part of it, as are the three other members of the European Economic Area (Norway, Iceland and Liechtenstein), and Switzerland benefits from it through bilateral agreements

1957 The Single Market was an objective identified as early as the Treaty of Rome (TEC) by the six Member States of the European Economic Community[1]

1987 The Single European Act provided the first concrete legal framework for establishing the Single Market, driven by the European Commission chaired by Jacques Delors since 1985

1993 **The Single Market actually came into force**

2026 Today it represents:

- 450 million consumers
- €18 trillion in GDP[2]
- 80% of national legislation stems from decisions taken in Brussels[3]

Since 1993 Unlike the rest of the world, the single market has not seen major advances and certain markets have remained fragmented at national level, effectively undermining with important consequences for the EU's economy.

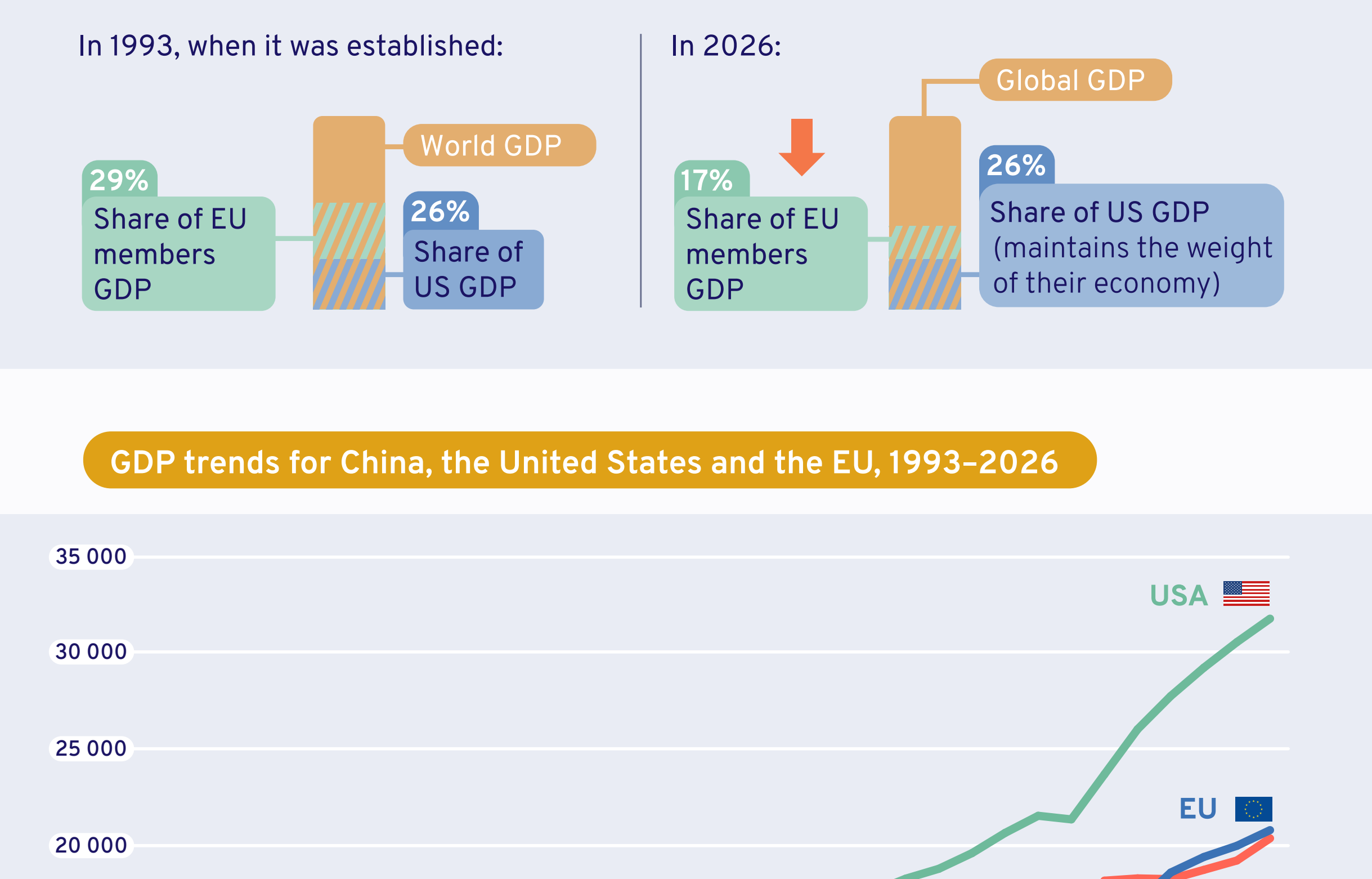
In 1993, when it was established:

World GDP
29% Share of EU members GDP
26% Share of US GDP

In 2026:

Global GDP
17% Share of EU members GDP
26% Share of US GDP (maintains the weight of their economy)

GDP trends for China, the United States and the EU, 1993–2026



Source: IMF, World Economic Outlook database, April 2026

Since 1993

GDP per capita:
+60% USA
+30% EU[4]

EU Member States:
12 → 27

CHINA 2e economy worldwide
EU neck and neck with that of the 27

More recently, the war in Ukraine marks the return of high-intensity warfare in Europe

The single market, as it stands today, is a project designed for yesterday's world, facing challenges that call for much deeper integration.

2 Assessment of the current single market: where do we stand?

The European economy remains fragmented across different national markets in several areas:

Finance **Electronic communications** **Energy**

Once initially excluded for strategic and political reasons from Single Market, these sectors now need European scale to compete in a world where size means power.

The financial sector

€33,000 billion[5]

Europe's private savings are abundant — but not sufficiently channelled into its strategic needs

Held in current accounts
34.1%
generating low returns

Much of Europe's savings finances foreign economies, especially the United States.

≈ €300 billion each year[7]

The European capital market is highly fragmented:

- → Almost as many stock exchanges as there are Member States (only two in the US),
- → 14 clearing houses,
- → differing tax rules,
- → different pension systems and national supervisors that do not coordinate sufficiently.

This fragmentation has a measurable consequence:

European market capitalisation
(= total value of listed companies) :

65% of European GDP
177% in the United States

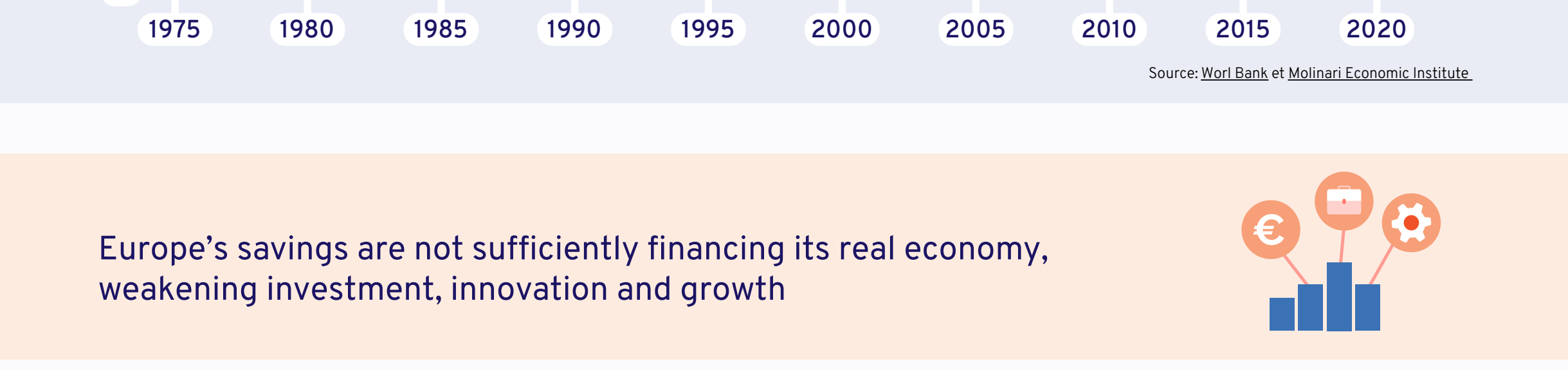
European market capitalisation has grown little in 30 years:

1993
$1,171 billion for eurozone countries
$4,550 billion for the United States

Source: World Bank[6]

2025
$4.7 trillion
$68,940 billion (a 15-fold increase)

Market capitalisation (as a % of GDP) from 1975 to 2023



Source: Worl Bank et Molinari Economic Institute

Europe's savings are not sufficiently financing its real economy, weakening investment, innovation and growth

Electronic communications

27 separate national markets
+ **100** telecom operators

3 major operators

An average European operator serves:

5 million subscribers
107 million subscribers
467 million subscribers

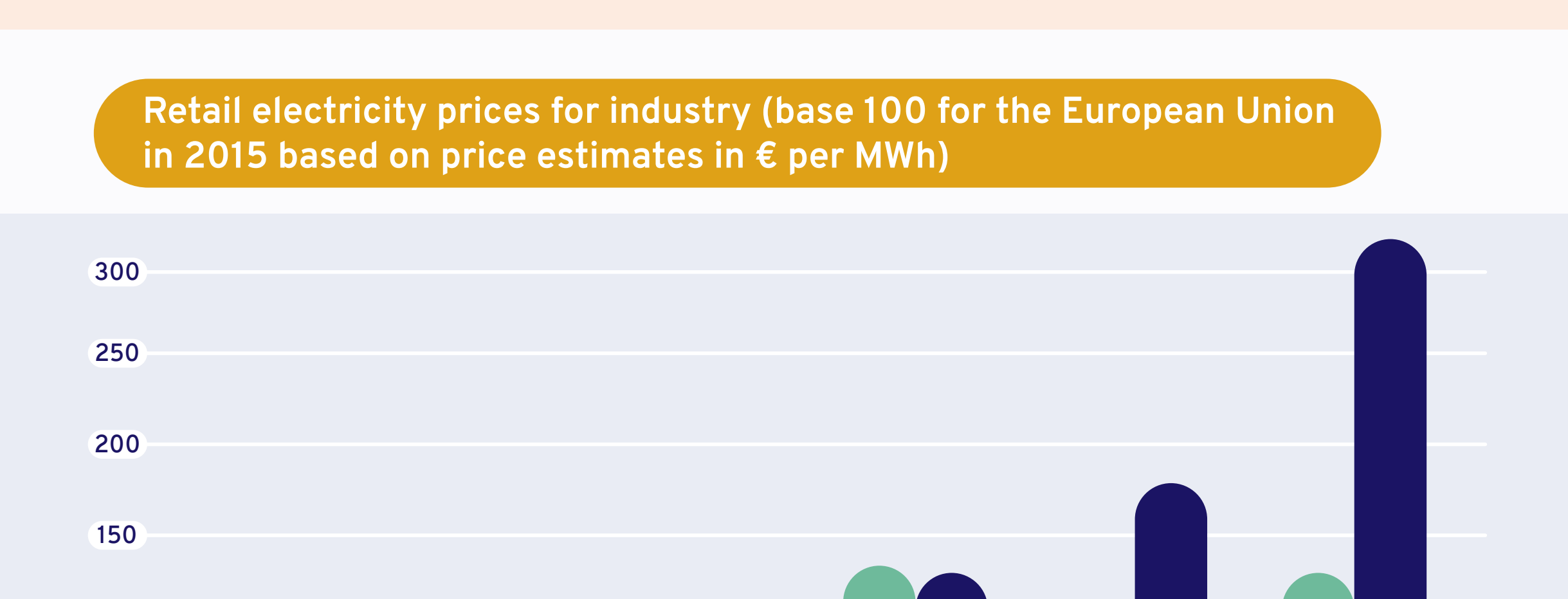
The rollout of 5G is lagging behind at an alarming rate and without consolidation in the sector, Europe risks missing the boat on 6G and AI.

Energy sector

The European energy market proved resilient during the 2022 crisis:
→ no power cuts and effective management of the disruption to Russian supplies.

But also revealed vulnerabilities:
→ Industrial electricity prices:
→ twice as high as in the United States
→ vary significantly between Member States, penalising energy-intensive industries and SMEs in certain regions:

Retail electricity prices for industry (base 100 for the European Union in 2015 based on price estimates in € per MWh)



Source: Authors' calculations based on Figure 1 in https://www.bruegel.org/policy-brief/decarbonising-competitiveness-four-ways-reduce-european-energy-prices

Insufficient interconnections and fragmented national subsidies distort competition within the EU.

Excessive dependence on external suppliers, fossil fuel imports remain massive:

2021 91.7% 83.4%

Lack of joint European-level procurement of critical raw materials.

No single agency to support new technologies (hydrogen, renewables)

By 2030 up to €584 billion Investment required in electricity networks.

3 The next steps towards an integrated market: the 'One Europe, One Market' agenda

Start 2026 With a view to furthering integration, the signing of a joint "One Europe, One Market" by the three European institutions (Commission, Council, Parliament) with a target date of the end of 2027.

One Europe, one market: a framework for completing the single market

UNION OF SAVINGS AND INVESTMENT
ENERGY UNION
INNOVATION AND CONNECTIVITY

5TH FREEDOM
FOR RESEARCH AND INNOVATION

28TH REGIME
FOR SIMPLIFICATION

FREEDOM TO STAY
FOR SOCIAL AND TERRITORIAL COHESION

2026-27-28

Presented by Enrico Letta at the informal EU Leaders Retreat - 12 February 2026 - Alden Biesen Castle, Belgium
Source: rapport Letta (Much-more-than-a-market.pdf)

The European agenda for the Single Market is structured around the issues set out in the **Letta matrix**:

THREE SECTORAL UNIONS:
- FINANCE
- DIGITAL
- ENERGY

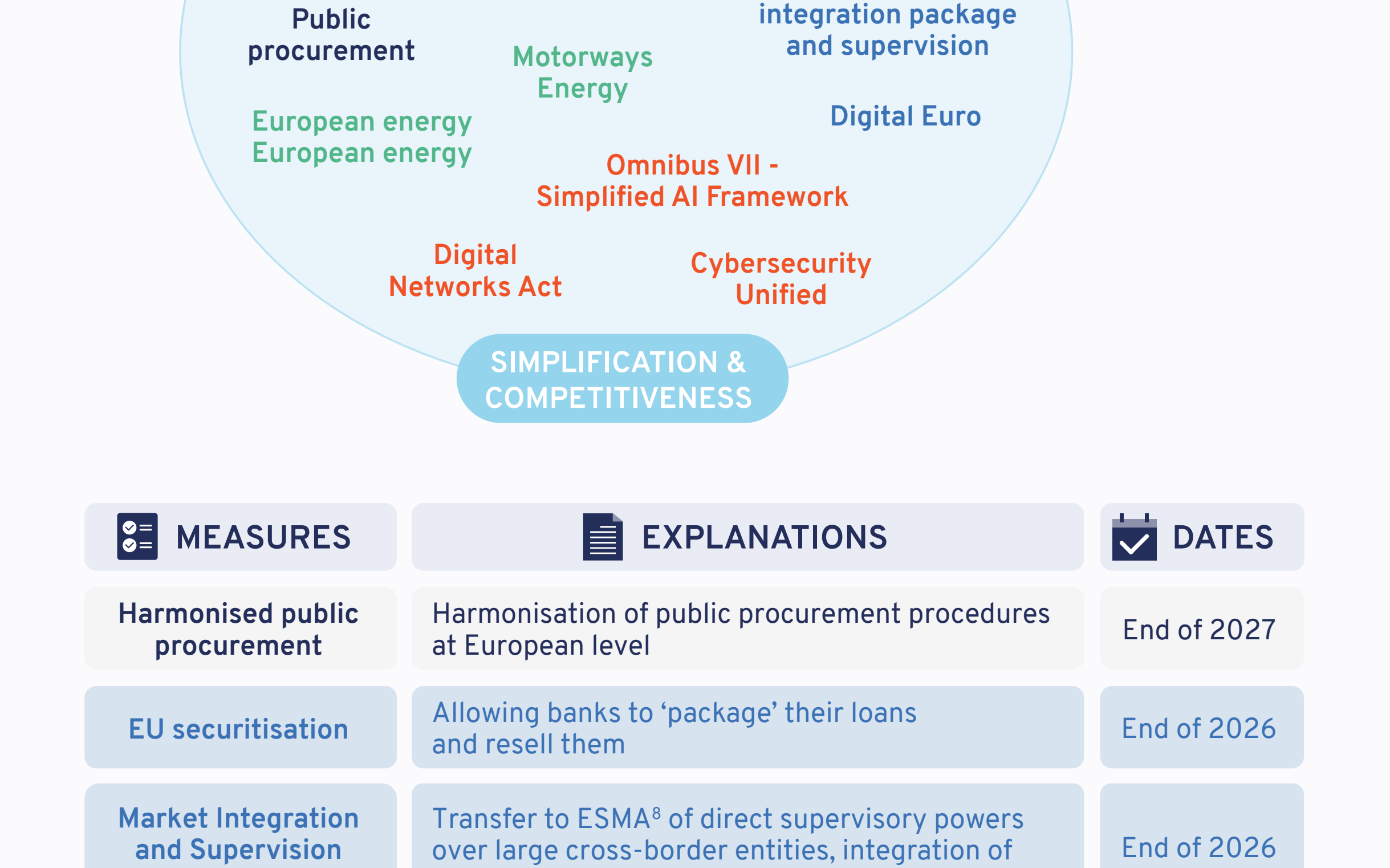
CROSSED BY THREE HORIZONTAL FACILITATORS:
- SIMPLIFICATION & COMPETITIVENESS
- RESEARCH & INNOVATION
- COHESION & SOCIAL

EU SAVINGS AND INVESTMENT UNION (ESIU): creating a truly integrated European financial market to channel Europe's vast private savings towards investment in innovation, industry and growth.

DIGITAL CONNECTIVITY UNION: providing Europe with the secure and innovative infrastructure in telecommunications, digital networks and other critical technologies necessary for the digital and AI transformation.

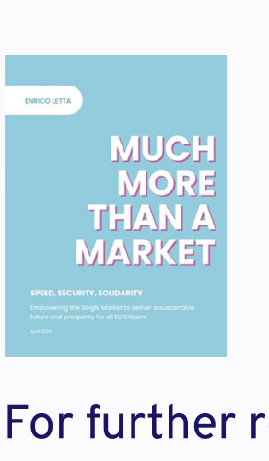
ENERGY UNION: to reduce prices, strengthen resilience and support decarbonisation, without compromising competitiveness.

European agenda for the next steps for the Single Market:


RESEARCH & INNOVATION
COHESION & SOCIAL
The 5th freedom
Digital sovereignty
Critical Raw Materials Centre
28th regime
Electronic posting of workers
Labour mobility
Supplementary pension schemes
Harmonised Public procurement
EU securitisation
Financial market integration package and supervision
Motorways Energy
European energy European energy
Digital Euro
Omnibus VII - Simplified AI Framework
Digital Networks Act
Cybersecurity Unified
SIMPLIFICATION & COMPETITIVENESS

MEASURES	EXPLANATIONS	DATES
Harmonised public procurement	Harmonisation of public procurement procedures at European level	End of 2027
EU securitisation	Allowing banks to 'package' their loans and resell them	End of 2026
Market Integration and Supervision Package	Transfer to ESMA[8] of direct supervisory powers over large cross-border entities, integration of stock exchanges and harmonisation of listing rules	End of 2026
Digital euro	Central bank digital currency	End of 2026
Omnibus VII – Simplified AI Framework	Simplification and harmonisation of regulatory obligations relating to AI for businesses	June 2026
Unified cybersecurity	Replacement of the 27 national certification and labelling frameworks with a single framework.	End of 2026
Digital Networks Act	Single passport enabling a telecoms operator to roll out networks in several Member States by notifying just one regulatory authority[9]	End of 2027
Energy highways	Eight electricity interconnection corridors identified	Launch April 2026
European Energy Networks Package	Harmonisation of rules, building permits with a binding maximum timeframe of two years, cost-sharing between Member States.	*T3 2026*
The 5th freedom	Free movement of research, innovation, data, skills and talent within the EU (recognised European qualifications, common career framework, etc.)	End of 2027
Electronic posting of workers	Single online declaration when a company temporarily posts employees to another Member State	June 2027
Labour mobility	Better mutual recognition of qualifications and transferability of skills	Q3 2027
Supplementary pension schemes	Harmonisation of rules to make pension funds portable across borders	End of 2026
Critical Raw Materials Centre	European joint procurement mechanisms for lithium, cobalt, gallium, etc.	End of 2026
Digital sovereignty	Investment and development in AI computing gigafactories, semiconductors, European chip production and cloud infrastructure	End of 2026-2027
The 28th regime or EU Inc.	New legal status allowing companies to operate throughout the EU without additional formalities	End of 2026

EU leaders will review progress quarterly and provide further strategic guidance where needed.



For further reading, see Enrico Letta's report, "Much more than a market" (2024): Much-more-than-a-market.pdf

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[1] Article 2 "The Community's task is, through the establishment of a common market and the progressive harmonisation of the economic policies of the Member States, to promote a harmonious development of economic activities throughout the Community, continuous and balanced expansion, increased stability, a rapid rise in the standard of living and closer relations between the States it brings together".

[2] Single Market

[3] [4] [5] [6] [7] Letta Report

[8] European Securities and Markets Authority

[9] The Commission estimates that this framework could contribute up to €400 billion to European GDP by 2035.

JD FoE Foundation
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