

The EU Single Market at 30

Creating a new momentum for a more resilient integration

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The entry into force of the Maastricht Treaty in 1993 lifted EU integration to a new level. Thirty years later, the Single Market is one of the Union's proudest achievements. According to estimates, 56 million jobs are supported by intra-EU trade and the Single Market contributed to a structural increase in EU GDP by around 9 %.¹ However the Single Market has not only boosted growth and created prosperity for the EU's 450 million citizens and 20 million businesses. Beyond economic integration, common EU rules also contributed to raising the standards of all 27 EU Member States in crucial areas such as consumer protection, environmental legislation and social convergence - and regularly serve as an inspiration for our partners at the international level. We now take it for granted that Europeans can travel, study, shop or sell anywhere in the EU without border checks. Thirty years ago, this was still quite a distant dream.

With these realities in mind, it is time for an honest and thorough look at the state of the Single Market in 2023. While calling for the completion of the Single Market is as old as the Single Market itself, the last 15 years have brought only little progress in that regard.

The events during the Covid-19 crisis revealed fragilities of the Single Market. At the height of the pandemic, a large number of Member States closed their borders to workers, goods and services from other EU countries, thereby creating serious disruptions to EU supply chains at a time when the Union's citizens needed them most. These measures affected the cross-border dimension and interconnectedness of our economies and societies, adding on to the already existing fragmentation. The importance of a resilient Single Market has become even more apparent in the current context of multi-crises.

In this respect, the Single Market should be an integral part of a European response to regulatory developments across the world such as the Inflation Reduction Act that pose a challenge to the competitiveness of our industry and SMEs. Targeted and temporary state aid can play an important role – in this context, the imminent targeted green deal revision of the General Block Exemption Regulation can take us far, provided it ensures fair competition, reduces the innovation gap and avoids fragmentation of the internal market. In any case, increasing the competitiveness of European enterprises, especially SMEs, through strengthening the Single Market is key if we want to keep a broad industrial base within the EU in the long term.

At the same time, it is crucial to keep in mind that the well-functioning of the Single Market is not a "crisis only" topic. The social dimension is at the core of a highly competitive social market economy. It is important to address, where appropriate, the interaction between the Single Market and the social dimension with due respect for principles of subsidiarity and proportionality. Our commitment to unity and solidarity also means ensuring equal opportunities for all and that no one is left behind, investing in skills, and creating more and better jobs. A well-functioning internal market is fundamental and conducive to Europe's social cohesion, green transition and inclusive prosperity.

1 "Legal obstacles in Member States to Single Market rules"; Policy department for Economic, Scientific and Quality of Life Policies Directorate-General for Internal Policies; European Parliament, November 2020

Furthermore, safeguarding a functioning internal market for media services will be an important contribution to securing media freedom and pluralism, thus further strengthening the world's largest democratic single market.

To meet the challenges and seize the opportunities of the EU's biggest long-term task – succeeding in the ongoing green and digital transitions and reaching our ambitious climate goals – the Union needs to be able to rely on a resilient, deepened and fully functioning Single Market that acts as a “base camp” in the face of international competition. An increased strategic autonomy, while remaining an open economy, in vital areas such as energy, critical raw materials or semiconductors, as well as the creation and adoption of the innovative products and services necessary to build a green, circular and digital EU economy, all require a deeper integration and updates of our legal framework in any case.

A properly functioning Single Market also demands further progress on the three pillars of the Banking union and deepening the Capital Markets Union, which should contribute to expanding access to funding for companies throughout the Single Market.

While the Union has recently made significant progress by adopting a more systematic and strategic approach to industrial policy, regulatory convergence is still lagging behind in a number of economic sectors. According to the European Commission, around 60% of the obstacles to the Single Market for services identified 20 years ago still exist today. Further work should also be done to better take into account the Single Market dimension in the analysis and the definition of concrete actions regarding strategic ecosystems.

There is an urgent need for a fully functioning Single Market built upon common EU rules that create a clear, consistent and harmonised legal framework. As listed in the 2020 Barriers report², specific and targeted action to remove fragmentation should therefore be prioritised. Single Market rules should be based on the fundamental principles of harmonisation and mutual recognition in Union legislation.

In addition, entrepreneurs and citizens need good information, accessible and efficient administrative procedures, using existing Single Market tools such as Single Digital Gateway, and a more targeted and uniform application of internal market rules. Good information of stakeholders and easy procedures need simple legislation. Well-designed EU rules have the advantage of simplifying life for citizens and businesses, especially SMEs, by replacing the patchwork of 27 national frameworks with a single set of rules, thereby making the Single Market more integrated and more resilient.

Further progress also needs to be achieved through better enforcement of existing rules, which is a shared task between the Commission and the Member States. A robust and coordinated enforcement of the EU's *acquis communautaire* is key for the Single Market's credibility and effectiveness, its level playing field, as well as for political and legal certainty, including on the international stage.

In areas where Member States' efforts prove to be insufficient, the European Commission must fully take on its role as guardian of the treaties and put the enforcement of existing EU law at the top of its agenda, including at the political level.

In order to fulfil these goals we need a long-term and concrete action agenda, with political ownership and commitment at all levels.

The 30th anniversary of the Single Market should be the occasion to renew our commitment to the deepening of the fundamental freedoms of the Treaty – beyond the preservation of the status quo. In the face of multiple crises and in view of reaching the Union's ambitious long-term goals a fully functioning Single Market can act as an effective shield to weather internal and external shocks. Industrial policy and deepening of the Single Market are complementary and should go hand in hand.

² https://ec.europa.eu/info/sites/default/files/communication-eu-single-market-barriers-march-2020_en.pdf