

25 years of the EU Single Market:

Key achievements

From its cradle to the Single Market of today (1993-2018)

Over a quarter of a century, intense and renewed efforts have been made to build the EU Single Market allowing people and businesses to move and trade freely across borders within the EU, and to modernise and deepen it through a set of targeted legislative and non-legislative actions.

Macro-economic data highlight the extent of progress achieved over the 25 years, as well as the economic importance and the strength of today's Single Market, and its attractiveness.

Over the last 25 years the Single Market of 1993 grew from 345 million citizens to about **510 million citizens** and the number of its participating EU Member States almost doubled, from 12 MSs to **28 MSs**¹. It became an important **engine for growth, intra EU capital flows and investment and intra-EU trade**. From 1992 to 2006, it increased EU GDP by 2.2 %, representing €233 billion, or around €500 per citizen, and created 2.75 million jobs, representing a 1.4 % increase in total employment². The number of companies almost doubled between 1999 and 2014, from 12 million companies to more than 22 million³. It is estimated that Single Market contributed by additional 9% to intra-EU trade. The Single Market was given an important additional impetus between 1999 and 2004 by broadening of the market with **the enlargement** and the **introduction of the Euro**, which further facilitated intra EU transactions.

Single Market achievements and benefits for companies, SMEs, and professionals

- The Single Market provides important **economic opportunities** for EU companies, SMEs and professionals in terms of economies of scale, stronger competition, lower transaction costs and better allocation of resources, as companies can operate at larger scale and tap into the vast EU market where sets of different national technical and quality standards were replaced by **common European rules and where custom formalities and duties were abolished**.
- **Standardisation** has been a driving factor in the creation of the EU Single Market, making it easier for companies to sell their products and services across the EU. It stimulated considerably intra EU exports and imports; from 1994-2015, intra-EU trade in goods more than quadrupled, from EUR 800 billion to EUR 3.063 billion per year⁴.
- Important progress has also been achieved in lifting many barriers to free the **provision of services** across the EU and **making it possible for companies to provide services across borders**. Despite a steady growth of intra-EU trade in services since 1992, its value remains substantially lower than the value of intra-EU trade in goods. This despite the fact that public and private

¹ Since the creation of the European Economic Area (EEA) in 1994, the Single Market comprises Iceland, Norway and Liechtenstein;

² http://ec.europa.eu/economy_finance/publications/pages/publication784_en.pdf

³ EPRS

⁴ EPRS

services in 2015 accounted for about 83% of the EU-28 economy⁵, suggesting an important source of untapped potential.

- Measures were taken to create an environment for companies and SMEs promoting **research and innovation**, protecting **intellectual property** with the introduction of the **EU unitary patent** system and Unified Patent Court, and facilitating **access to finance** with the establishment of the European Fund for Strategic Investment and measures aimed at promoting venture capital.
- Laws on recognition of **professional qualifications**, **European Professional Card**, recognition of **diplomas**, posting of workers and other measures, were introduced to create conditions facilitating **jobs mobility** and **allowing professionals and EU citizens to work or be employed within the EU**. Around 11.3 million people, which is about 3.7% of total EU workforce, now work in a Member State other than their own, and more than 600.000 decisions were taken on professional qualifications since 1997⁶.
- Rules on **public procurement** were reformed so that smaller and medium sized companies can also bid for contracts anywhere in the EU and environmental and social criteria are taken into consideration.
- A number of actions are ongoing, such as initiatives to **stimulate EU digital businesses and start-ups**, including the **collaborative economy and online platforms**, modernise **EU copyright** system to make it fit for digital age, and facilitate **access to digital content** (Digital Single Market), provide further financing opportunities for companies (Capital Markets Union), strengthen network industries (Energy Union), and **simplify EU laws and rules** (REFIT), making it thus easier for businesses to comply.

Single Market achievements and benefits for citizens and for consumers

- Single Market creates equally important **benefits and opportunities for EU citizens and consumers**, be it in terms of greater choice, high quality standards for products and services, lower prices, as well as in terms of **citizen's mobility** for work or leisure.
- In the area of **consumer protection and empowerment**, key actions are related to **enhancing consumer rights and redress mechanisms**, providing accurate information, ensuring market transparency and guaranteeing safe and high quality products and services. **EU rules on general consumer rights** (unfair contract terms, misleading or aggressive advertising, information requirements, right of withdrawal in case of online shopping, etc.) and **remedies in case of faulty goods** were harmonised to provide the **same high level of consumer protection across the EU**. Moreover, **sector-specific consumer rights** were introduced to protect of consumers when on holidays (Package Travel Directive and Timeshare Directive) or when travelling (Rail, Bus, Air and Maritime Passenger Rights Regulations), when purchasing financial services (consumer credit, mortgages, basic payment account), as well as in the area of telecommunications (abolition of roaming charges) and in relation to public health protection (cross-border patient mobility; food information; health claims).
- Within the framework of **deepening the Digital Single Market**, work is ongoing on **further harmonisation of consumer remedies in the digital era** and on closing remaining digital loopholes in the *acquis*. Most recently, an EU law putting an end to **unjustified geoblocking** was adopted, and initiatives aiming at making possible shopping for key retail financial products across the EU are being reflected upon.

⁵ [The EU Single Market: Impact on Member States, LE Europe,
http://www.amchameu.eu/sites/default/files/amcham_eu_single_market_web.pdf](http://www.amchameu.eu/sites/default/files/amcham_eu_single_market_web.pdf)

⁶ <http://ec.europa.eu/growth/tools-databases/regprof/index.cfm>

- To adapt consumer rules to the digital age and to an ever increasing portion of purchases made on distance or online, **European-wide redress mechanisms** were put in place to protect consumers' interests. These mechanisms provide for in-court (small claims procedure, injunctions for the protection of consumers' interests) and out-of-court (alternative dispute resolution, including online - the ODR Platform) procedures. In addition, joint enforcement mechanisms were introduced, under the Consumer Protection Cooperation Regulation, allowing to carry-out 'sweeps' of e.g. price comparison websites or social media operators, to check compliance with consumer protection legislation.
- Following a number of animal disease outbreaks in the 1990s the **EU adopted legislation to ensure early detection of disease to prevent its spread** and to ensure a high level of protection of human life and health of consumers while ensuring animal welfare. **New food labelling rules** were also introduced in 2014.
- **Single Market** also contributed towards creating an environment that encourages **students' mobility**. The **Erasmus** program launched in 1987, which promotes transnational learning mobility of university students and staff, became the most successful **student mobility** scheme in the world. The number of students studying in an EU Member State other than their own has increased from 3 000 in 1988 to 272 000 in 2014, and reached over 3.3 million students and 470.000 teaching staff, who took part since its creation in 1987⁷.

Overview of milestone initiatives to re-launch and strengthen the Single Market

- Between 2003 and 2006, initiatives focussed on the implementation and enforcement of Internal Market law, making the **free movement of services into a practical reality**, removing remaining obstacles to trade in goods and building genuinely **European public procurement markets**.
- In 2011, the **Single Market Act I** set off work on a **comprehensive and wide ranging set of initiatives** designed to spur growth in the EU. **Measures promoting entrepreneurship in Europe, in particular SMEs**, were adopted to simplify the regulatory and policy environment and remove the remaining barriers to their development (Small Business Act), and to facilitate SME's access to finance, including venture capital). Revision of the system for the recognition of professional qualifications and the introduction of the EPC card created **new opportunities for EU citizens in terms of work related mobility** within the Single Market. **Intellectual property rights and patent system in the EU were reformed** and the EU unitary patent system and Unified Patent Court were established. Several **measures aimed at enhancing consumer protection and empowering consumers** were adopted, among which legislative package enabling EU consumers and businesses to settle all contractual disputes between them arising from the sale of goods or provision of services out-of-court, in a simple, quick and inexpensive way (through Alternative Dispute Resolution (ADR) or Online Dispute Resolution (ODR)), and EU legislation creating a single market for mortgages with more consumer protection. European standardisation system was revised to also cover services. Action in the area of **Digital Single Market** aimed at tackling problems in relation to online cross-border purchases, making cross-border use of electronic identification, authentication and signature easier. Single Market Act I also comprised initiatives on **improving regulatory environment for businesses** by modernising the European trademark system and simplifying Accounting Directives, and those on public procurement, social entrepreneurship, taxation, more social cohesion in the Single Market and European networks.

⁷ http://ec.europa.eu/dgs/education_culture/repository/education/library/statistics/erasmus-plus-facts-figures_en.pdf

- **The Single Market Act II** of 2012 aimed at developing fully integrated networks in the Single Market (network industries, energy & transport in particular), and fostering the mobility of citizens and businesses across borders (modernising insolvency rules for companies for cross border procedures), supporting the digital economy across Europe (improving the availability of high speed communication infrastructures, e-invoicing in public procurement), and on strengthening social entrepreneurship, cohesion and consumer confidence.
- The **Digital Single Market Agenda** of 2015 contained a **roadmap** towards achieving a **functional digital single market** where the free movement of goods, persons, services, capital and data is guaranteed — and where citizens and businesses can seamlessly and fairly access online goods and services, **whatever their nationality, and wherever they live.**