


# COST OF NON-SCHENGEN

The impact of border controls within  
Schengen on the Single Market

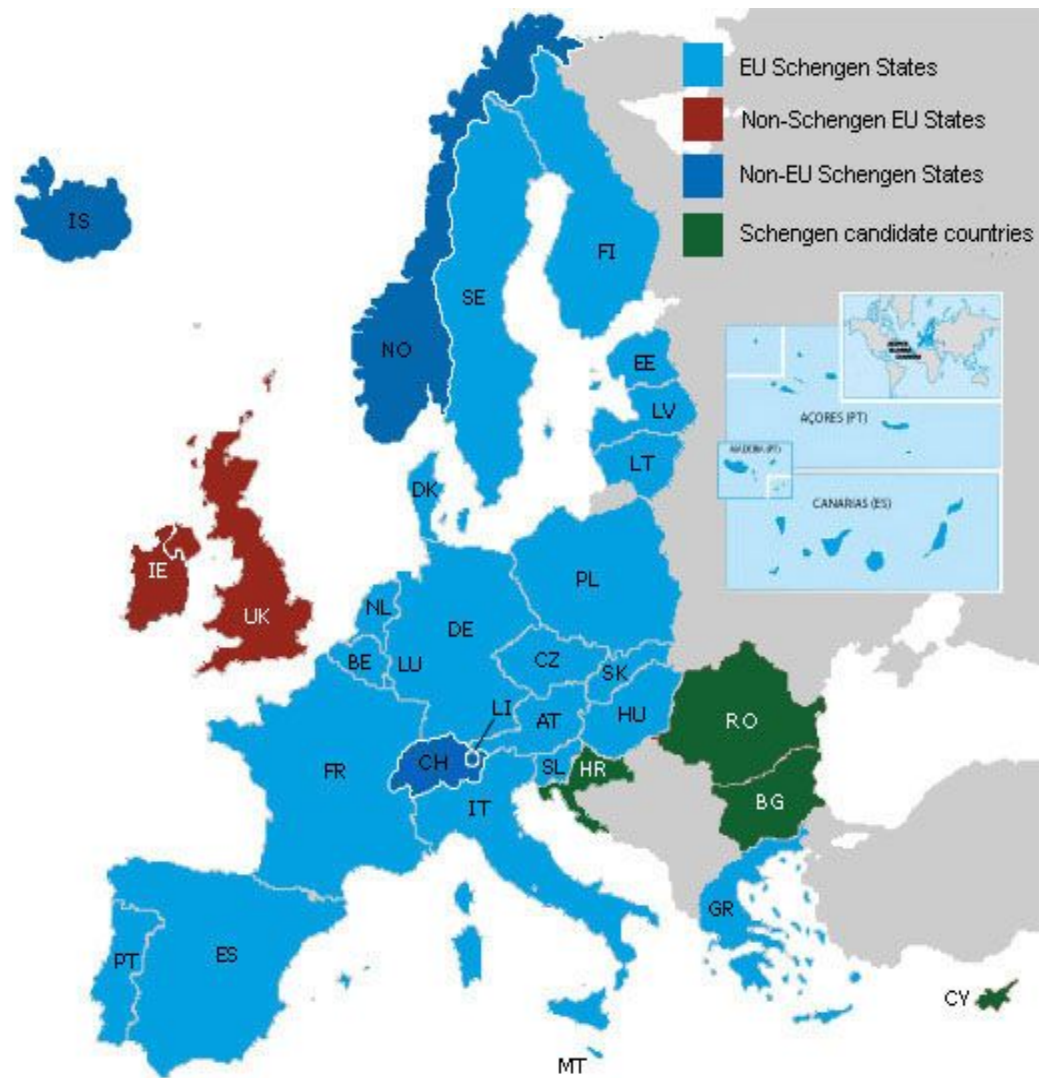
Initial assessment

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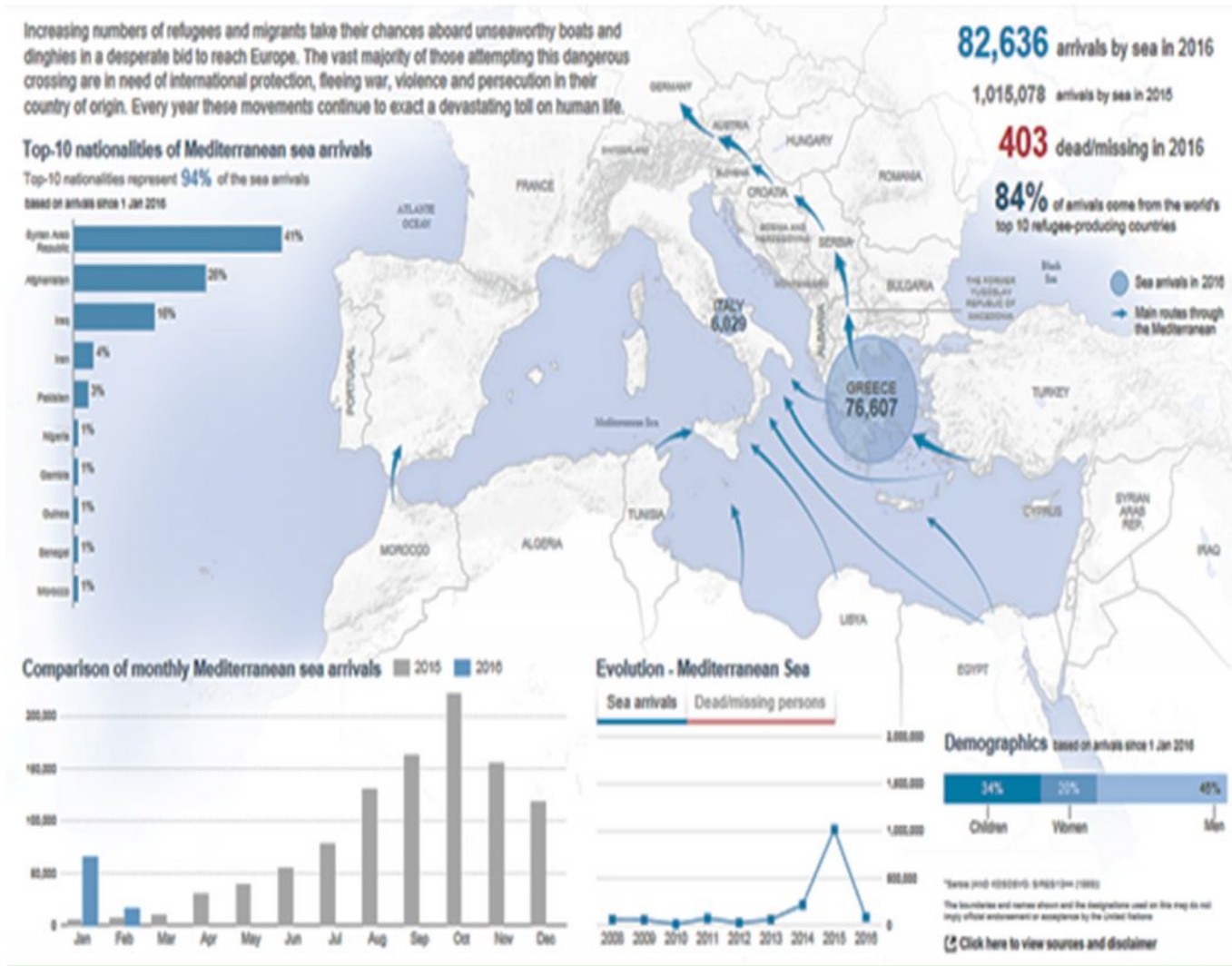
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- Schengen in perspective
  - Benefits
  - Key Challenges

# The Schengen area - participating Member States



Source: European Commission

# The migration and refugee crisis - numbers and routes



Source: UNHCR

## Current internal border controls in the Schengen area

Schengen Member State	Dates applicable	Border crossings covered	Article of the Schengen Borders Code	Reason
<b>Denmark</b>	4 January – <b>23 February 2016</b>	All, especially sea and land borders with Germany	<b>25</b> – emergency reintroduction (maximum 2 months)	Big influx of persons seeking international protection
<b>Norway</b>	15 January – <b>15 March 2016</b> (initially 26 Nov 2015 to 15 January 2016)	All, especially ports and ferry connections	<b>23</b> – foreseeable events (up to six months)	Continuous big influx of persons seeking international protection
<b>Sweden</b>	10 January – <b>9 March 2016</b> (initially 12 Nov 2015 to 9 January 2016)	All, especially southern and western harbours and Öresund bridge between Denmark and Sweden	<b>23</b> – foreseeable events (up to six months)	Continuous big influx of persons seeking international protection
<b>Austria</b>	16 November 2015 – <b>16 March 2016</b> (initially 16 Sep to 15 Nov 2015)	All, especially Slovenia-Austria border; only specific crossing points may be used	<b>23</b> – foreseeable events (up to six months)	Continuous big influx of persons seeking international protection
<b>Germany</b>	14 November 2015 – <b>13 May 2016</b> (initially 13 Sep to 13 Nov 2015)	All, especially Austria-Germany border	<b>23</b> – foreseeable events (up to six months)	Continuous big influx of persons seeking international protection
<b>France</b>	13 November 2015 – <b>27 March 2016</b>	Internal land borders and air borders	<b>23</b> – foreseeable events (up to six months)	State of emergency following the 13 November 2015 terrorist attacks

Source: European Commission

# Scope

- Checks are often focused at specific borders or border crossings
- Checks are currently short-term and temporary



Source: La Croix

# Benefits of the Single Market: Recent Empirical Evidence

## GDP

Single Market has increased EU GDP by 4.8% to 5.7% since 1987. (EC 2010)

## FDI

Intra-EU FDI increased from EUR 64 billion in 1992 to EUR 260 billion in 2010 (and reached EUR 730 billion before the crisis in 2007) (Eurostat, 2010)

## MOBILITY

For the EU-28, the share of citizens working in a different Member State has doubled from 1990-2011, from 1.5% to about 3%. (Eurostat 2012)

## CONSUMERS

12% of the EU's population order cross-border in 2013, a raise from 8% in 2009. (Eurostat: isoc\_ec\_ibuy)

## TRADE

Single Market has large positive impact on trade (OECD 2015). It contributed extra 9% of intra-EU trade. This trade effect translates into a growth effect of rough 2% to EU GDP (Kommerskollegium 2015).

For example, UK-EU trade is 55% higher than what economic size, exchange rates, distance and cultural factors would predict (CER 2014).

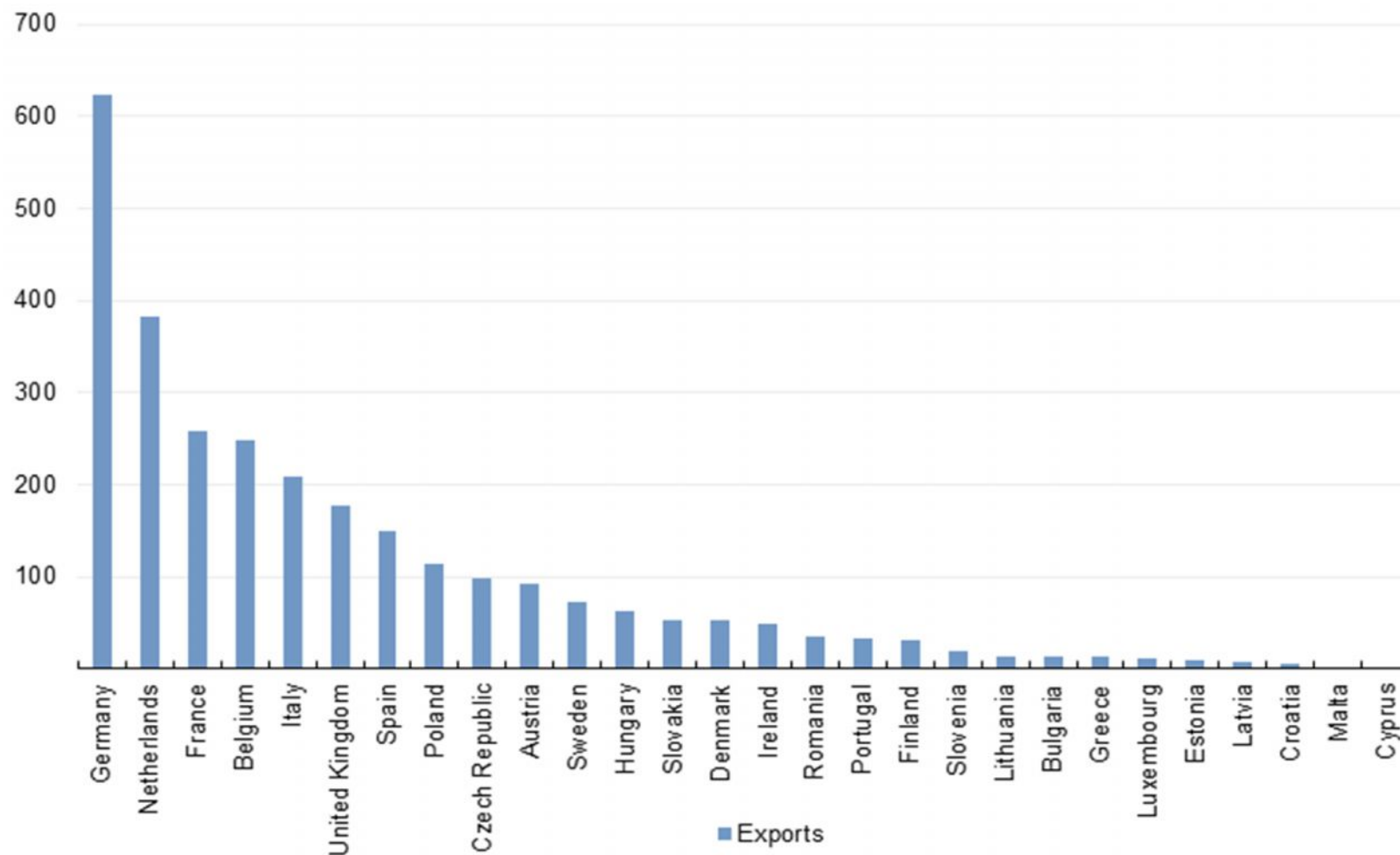
## JOB

EU employment supported by extra-EU exports between 2000 and 2007 grew from 22 to 25 million jobs, out of which 9 million jobs (in 2007) were due to spill over and feedback effects associated with the single market (Rueda-Cantuche 2013)

## SMEs

EU encourages and financial supports innovative Single Market where SMEs place a central role. For example, In 2016-2017 EU Horizon 2020 budget on research and innovation, £1.5 billion out of a total of £12 billion will be available to SMEs.

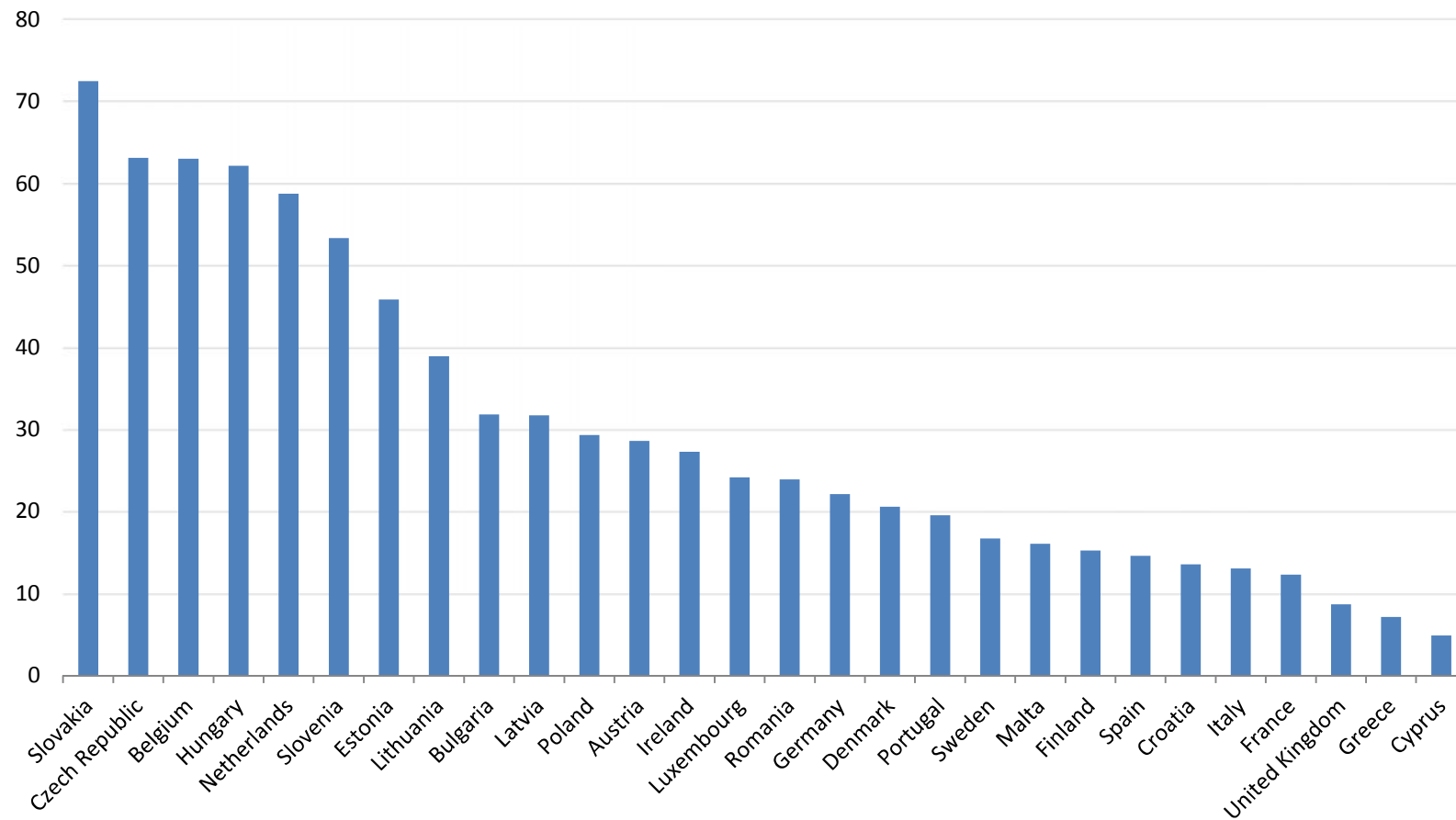
# Intra-EU exports of goods to other Member States in 2013 (bn euro)



Source: Eurostat (2016)



# Intra-EU exports of goods to other Member States in 2013 (% of GDP)



Source: Eurostat (2016)

## MOBILITY

Cost for the EU-economy per year Most realistic scenario	<b>€7.1 billion</b>
Road transport 1 hour waiting time (€50 to €60 per hour/vehicle)	<b>€3.4 billion</b>
Passenger land transport (delays & congestion)	<b>€2.6 billion</b>
Cost for Member States (additional control travel of documents)	<b>€1.1 billion</b>

Source: European Commission (2016)

## CROSS-BORDER COMMUTING

Loss in Euro per year	<b>€3 to 4 billion</b>
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Source: Wolff (2016)

## TOURISM

Intra-EU border re-established	<b>€10 billion</b>
Visa policy also modified (maximised impact)	<b>€20 billion</b>

Source: European Commission (2016)

Intra-EU trade	
In percentage per year	- 11.5 %
Equivalent effect to an intra-EU trade on goods and services tax	3 % shadow tax

Source: Centre d'Études Prospectives et d'Informations Internationales (2015)

EU-GDP (Schengen States) in 2025 - global impact	
In percentage	- 0.86 %
Loss in Euro	€100 billion

Source: Centre d'Études Prospectives et d'Informations Internationales (2015)

EU-GDP (Schengen States) cumulated loss over 10 years - global impact	
Loss in Euro More optimistic scenario	€470 billion
Worst case scenario	€1.4 trillion

Source: Bertelsmann Stiftung (2016)

# Key challenges

- ID Checks render mobility more expensive...
- ...as Schengen helps participating countries integrate goods, labour and financial markets.
- The varied, and perhaps cross-cutting, repercussions of alterations to Schengen need to be probed in a next stage.

**Cost of Non-Schengen, Cumulative Impact on GDP 2015-2025 (billion €)**

	<b>Scenario 1</b>	<b>Scenario 2</b>
<b>Germany</b>	-77,2	-234,8
<b>France</b>	-80,5	-244,3
<b>United Kingdom</b>	-87,2	-264,3
<b>Italy</b>	-48,9	-148,5
<b>Austria</b>	-14,2	-43,2
<b>Switzerland</b>	-9,4	-27,7
<b>Spain</b>	-46,2	-140,8
<b>EU 24</b>	-470,5	-1430,1
<b>United States</b>	-91	-276
<b>China</b>	-95	-288

Source: Bertelsmann Stiftung -Prognos AG, Basel, 2016



**THANK YOU!**

**POLICY DEPARTMENT A:  
ECONOMIC AND SCIENTIFIC POLICY**

**EUROPEAN ADDED VALUE UNIT**