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THE INTERNAL MARKET: GENERAL PRINCIPLES

The internal market is an area of prosperity and freedom, providing access to goods, services, jobs, business opportunities and culture. Continuous efforts ensure its further expansion bringing benefits for EU consumers and businesses. The digital market opens up opportunities to boost the economy via e-commerce and cuts red tape through e-governance. However, challenges still persist, for example, in the way in which COVID-19 reintroduced obstacles to the four freedoms (free movement of goods, services, capital and persons).

LEGAL BASIS

Articles 4(2)(a), 26, 27, 114 and 115 of the Treaty on the Functioning of the European Union (TFEU).

OBJECTIVES

The common market created by the Treaty of Rome in 1958 was intended to eliminate trade barriers between Member States with the aim of increasing economic prosperity and contributing to ‘an ever closer union among the peoples of Europe’. The Single European Act of 1986 included the objective of establishing the internal market in the European Economic Community (EEC) Treaty, defining it as ‘an area without internal frontiers in which the free movement of goods, persons, services and capital is ensured’.

ACHIEVEMENTS

A. The common market of 1958

The common market, the Treaty of Rome’s main objective, was achieved through the 1968 customs union, the abolition of quotas, the free movement of citizens and workers, and a degree of tax harmonisation with the general introduction of value added tax (VAT) in 1970. However, the freedom of trade in goods and services and the freedom of establishment were still limited due to continuing anti-competitive practices imposed by public authorities.

B. The launch of the internal market in the 1980s and the Single European Act

The initial approach of detailed legislative harmonisation and the need for unanimity in the Council were seen as impediments to progress. This shifted with the rulings of the Court of Justice of the EU in the cases of Dassonville ([Case 8-74](#)) and Cassis de Dijon ([Case 120/78](#)) in the 1970s, which deemed certain import restrictions unlawful,



introducing mutual recognition. These rulings revitalised the debate on inter-community trading and steered the EEC towards implementing the internal market.

The [Single European Act](#) entered into force on 1 July 1987, setting a precise deadline of 31 December 1992 for the completion of the internal market. It also strengthened the decision-making mechanisms for the internal market by introducing qualified majority voting for common customs tariffs, the freedom to provide services, the free movement of capital and the approximation of national legislation. By the time the deadline had passed, over 90% of the legislative acts listed in the 1985 White Paper had been adopted, largely under the qualified majority rule.

C. Towards a shared responsibility to complete the internal market: 2003-2010

The internal market has made a significant contribution to the prosperity and integration of the EU economy. A new internal market strategy running from 2003 to 2010 focused on the need to facilitate the free movement of goods, integrate services markets, reduce the impact of tax obstacles and simplify the regulatory environment. Substantial progress was made in opening up transport, telecommunications, electricity, gas and postal services.

D. The relaunch of the internal market in 2010

In order to boost the European single market once again and put the public, consumers and small and medium-sized enterprises (SMEs) at the centre of single market policy, the Commission published in October 2010 a communication entitled 'Towards a Single Market Act' ([COM\(2010\)0608](#)). A series of measures were presented to boost the EU economy and create jobs, resulting in a more ambitious single market policy.

In October 2012, the Commission presented the Single Market Act II ([COM\(2012\)0573](#)) to further develop and exploit its untapped potential as an engine for growth. The act sets out 12 key actions across four main drivers to be rapidly adopted by the EU institutions: (1) integrated networks; (2) cross-border mobility of citizens and businesses; (3) the digital economy; and (4) actions that reinforce cohesion and consumer benefits.

In a communication entitled 'Better governance for the Single Market' ([COM\(2012\)0259](#)), the Commission proposed horizontal measures such as an emphasis on clear, easily implementable new regulations, better use of existing IT tools to facilitate the exercise of single market rights, and the establishment of national centres to oversee the operation of the single market. Monitoring is an integral part of the annual reports on single market integration in the context of the European Semester process.

On 28 October 2015, the Commission published a communication entitled 'Upgrading the Single Market: More opportunities for people and business' ([COM\(2015\)0550](#)). It was aimed at providing practical benefits for people and increasing opportunities for consumers and businesses. This supported the Commission's efforts to enhance investment, tap into the digital single market's potential and increase competitiveness. The strategy also focused on a well-functioning energy market and on promoting labour mobility without abusing the rules. Additionally, [Directive \(EU\) 2019/633](#) on unfair trading practices was adopted on 17 April 2019.



In May 2015, the Commission adopted a digital single market strategy ([COM\(2015\)0192](#)), which set an intensive legislative programme for building a European digital economy. In Ursula von der Leyen's 2019 [Agenda for Europe](#), the Commission firmly placed the strengthening of the digital single market at the heart of its working guidelines. This commitment was renewed in the Commission strategy paper entitled '[Shaping Europe's Digital Future](#)' of February 2020, which outlines how the completion of the digital single market is to be achieved. Specifically, this is to be done by establishing a European single market for data and creating a level playing field on- and offline by means of consistent regulation.

During the COVID-19 pandemic, in its communication '[Europe's moment: Repair and Prepare for the Next Generation](#)', the Commission highlighted the pivotal role that the single market's digitalisation would play in the bloc's eventual recovery. This would be based on four elements: (1) investment in better connectivity; (2) a stronger industrial and technological presence in strategic parts of the supply chain (e.g. AI, cybersecurity, cloud infrastructure, 5G); (3) a real data economy and common European data spaces; and (4) a fairer and easier business environment.

ROLE OF THE EUROPEAN PARLIAMENT

A. General

Parliament was the driving force behind the process that led to the creation of the internal market. Specifically, in its resolution of 20 November 1997, it backed the idea of turning the internal market into a fully integrated single market by 2002. In several resolutions adopted in 2006 (e.g. those of 12 February, 14 February, 16 May and 6 July), Parliament supported the idea that the internal market should be a common framework and a point of reference for many EU policies.

Parliament also played an active role in the relaunch of the internal market. In its [resolution of 20 May 2010](#) on delivering a single market to consumers and citizens, Parliament emphasised that measures must be taken to inform and empower consumers and SMEs more effectively and to increase citizens' confidence. Parliament issued further responses to the Single Market Act with three resolutions adopted on 6 April 2011: '[Governance and Partnership in the Single Market](#)', '[A Single Market for Europeans](#)' and '[A Single Market for Enterprises and Growth](#)'.

Parliament has been similarly active on single market governance. It adopted a [resolution on 7 February 2013](#) with recommendations to the Commission on the governance of the single market, calling for the establishment of a single market governance cycle as a specific pillar of the European Semester. Furthermore, Parliament adopted a [resolution on 25 February 2014](#) on single market governance within the European Semester 2014, followed by a [resolution on 27 February 2014](#) on SOLVIT, the EU-wide service that provides solutions to problems with EU rights. Parliament then adopted a [resolution on 12 April 2016](#) entitled 'Towards improved single market regulation'.



Research by the Committee on the Internal Market and Consumer Protection in 2016 emphasised the EU economy's shift towards [digital](#), [green](#) and [social](#) policies^[1]. Based on this, Parliament [called](#) for a more innovative, deeper and fairer single market. To enhance online accessibility of information and services for citizens and businesses, Parliament adopted a [position at first reading](#) on the [proposal](#) for a single digital gateway on 13 September 2018. Businesses, especially in other EU countries, often find it hard to understand the applicable rules. The digital gateway is intended to help. [Regulation \(EU\) 2018/1724](#) was adopted on 2 October 2018, with staggered application dates until 12 December 2023.

Research from 2019 indicated that the principles of free movement of goods and services and legislation in this area generate benefits estimated at EUR 985 billion annually^[2]. However, a [study](#)^[3] published in November 2020 entitled 'Legal obstacles in Member States to Single Market rules' found that although the EU single market was a very successful case of market integration, there are still barriers in Member States which prevent the single market from reaching its full potential. The study called for more local scrutiny of proposed national rules that could potentially conflict with single market rules and principles.

One such area of conflict is the free movement of services. On 2 December 2020, the Committee on Internal Market and Consumer Protection (IMCO) adopted an own-initiative report entitled 'Strengthening the Single Market: the future of free movement of services'. The [report](#), adopted in plenary on 20 January 2021, underlines the need to ensure the implementation of single market rules for services and to improve the enforcement action of the Commission.

Parliament has recognised the benefits of an eGovernment framework, which streamlines administrative processes, enhances service quality and boosts public sector efficiency. Digital public services are set to ease administrative burdens, speed up interactions with government and reduce costs, thereby catalysing the economic and

[1]Research papers include: Godel, M. I. et al., [Reducing Costs and Barriers for Businesses in the Single Market](#), Publication for the Committee on the Internal Market and Consumer Protection, Policy Department for Economic, Scientific and Quality of Life Policies, European Parliament, Luxembourg, 2016; Montalvo, C. et al., [A Longer Lifetime for Products: Benefits for Consumers and Companies](#), Publication for the Committee on the Internal Market and Consumer Protection, Policy Department for Economic, Scientific and Quality of Life Policies, European Parliament, Luxembourg, 2016; Liger, Q. et al., [Social Economy](#), Publication for the Committee on the Internal Market and Consumer Protection, Policy Department for Economic, Scientific and Quality of Life Policies, European Parliament, Luxembourg, 2016. More recent examples include: Ström, P., [The European Services Sector and the Green Transition](#), Publication for the Committee on the Internal Market and Consumer Protection, Policy Department for Economic, Scientific and Quality of Life Policies, European Parliament, Luxembourg, 2020; Núñez Ferrer, J., [The EU's Public Procurement Framework](#), Publication for the Committee on the Internal Market and Consumer Protection, Policy Department for Economic, Scientific and Quality of Life Policies, European Parliament, Luxembourg, 2020; Keirsbilck, B. et al., [Sustainable Consumption and Consumer Protection Legislation](#), Publication for the Committee on the Internal Market and Consumer Protection, Policy Department for Economic, Scientific and Quality of Life Policies, European Parliament, Luxembourg, 2020; Marcus, J. S. et al., [The impact of COVID-19 on the Internal Market](#), Publication for the Committee on the Internal Market and Consumer Protection, Policy Department for Economic, Scientific and Quality of Life Policies, European Parliament, Luxembourg, 2020.

[2]Relevant research includes: Poutvaara, P. et al., [Contribution to Growth: Free Movement of Goods. Delivering Economic Benefits for Citizens and Businesses](#), Publication for the Committee on the Internal Market and Consumer Protection, Policy Department for Economic, Scientific and Quality of Life Policies, European Parliament, Luxembourg, 2019; Pelkmans, J. et al., [Contribution to Growth: The Single Market for Services. Delivering economic benefits for citizens and businesses](#), Publication for the Committee on the Internal Market and Consumer Protection, Policy Department for Economic, Scientific and Quality of Life Policies, European Parliament, Luxembourg, 2020.

[3]Dahlberg, E. et al., Legal obstacles in Member States to Single Market rules, Publication for the Committee on the Internal Market and Consumer Protection, Policy Department for Economic, Scientific and Quality of Life Policies, European Parliament, Luxembourg, 2020.



social advantages of the single market. Consequently, the IMCO Committee adopted a [final report](#) outlining strategies to expedite the digitalisation of public services, which Parliament subsequently passed on 18 April 2023.

B. The single market overcoming COVID-19

The COVID-19 pandemic has greatly impacted the free movement of goods in the internal market. Given this, Parliament adopted a [resolution](#) on 17 April 2020, in which it emphasised that the single market is the source of European collective prosperity and well-being, and a key element of the immediate and continuing response to the pandemic. An IMCO Committee [webinar](#)^[4] held in November 2020 analysed the impact of COVID-19 on the internal market and consumer protection, and suggested what could be done to ensure a well-functioning internal market now and in future crises.

A [study](#)^[5] on the same topic was presented on 22 February 2021 in the IMCO Committee. The research found that the initial border closures and other measures taken by Member States significantly reduced not only the free movement of goods, but also of services and people within the internal market. In the same month, Parliament, together with the Council, established the [Recovery and Resilience Facility](#), which asserted that a sustainable recovery of a well-functioning internal market should involve strong SMEs. The draft own-initiative report on tackling non-tariff and non-tax barriers in the single market ([2021/2043\(INI\)](#)) of June 2021 is very relevant in this regard, as not only does it address general and persistent barriers to the freedom of goods and freedom of services, but it also discusses specifically how COVID-19 and policy responses to the pandemic posed an obstacle to the four freedoms.

C. The Digital Single Market (2.1.7)

Similarly to the Commission, over the last 10 years, Parliament has increasingly focused on the challenges and opportunities for the single market arising from digitalisation. On 11 December 2012, Parliament adopted two non-legislative resolutions relating to the internal market: one on [completing the digital single market](#) and one on [a digital freedom strategy in EU foreign policy](#). These resolutions advocate digital freedom in EU foreign policy, emphasising net neutrality to ensure that providers do not unfairly restrict internet usage. The resolutions aimed to harmonise digital market policies across the EU. This initiative led to legislative measures for a unified electronic communications market, including [net neutrality](#) and the end of [roaming charges](#).

On 20 May 2021, Parliament adopted a [resolution](#) on the digital future of Europe, acknowledging the critical role of the digital developments in the single market and the need to remove barriers that hinder the functioning of the digital single market. The [Digital Markets Act](#) (DMA) and the [Digital Services Act](#) (DSA) facilitate a competitive, fair, harmonised and safer digital single market. Furthermore, a [collection of studies](#) provided by the Policy Department for Economic, Scientific and Quality of Life Policies

[4]Milieu Consulting SRL, The impact of COVID-19 on the Internal Market and Consumer Protection - IMCO Webinar Proceedings, Publication for the Committee on the Internal Market and Consumer Protection, Policy Department for Economic, Scientific and Quality of Life Policies, European Parliament, Luxembourg, 2020.

[5]Marcus, J. S. et al., The impact of COVID-19 on the Internal Market, Publication for the Committee on the Internal Market and Consumer Protection, Policy Department for Economic, Scientific and Quality of Life Policies, European Parliament, Luxembourg, 2021.



investigated the opportunities and challenges for the digital single market in the light of the DMA and DSA.

In October 2022, the IMCO Committee organised a [hearing](#) to commemorate the 30th anniversary of the EU single market and its achievements. Given the current challenging situation, the speakers also highlighted how important it is to seek further growth potential and consolidate the single market, emphasising the legislative proposal on the [Single Market Emergency Instrument](#).

On 23 November 2022, Parliament and the Council signed [Regulation \(EU\) 2022/2399](#) concerning the EU Single Window Environment for Customs. Its objective is making international trade easier by reducing the administrative burden and costs with the aid of digital tools. Businesses and traders will thus be able to provide the customs and non-customs data required for goods clearance and complete formalities in one single portal in a given Member State.

In [July 2023](#), IMCO endorsed the Single Market Emergency Instrument, suggesting it be renamed the Internal Market Emergency and Resilience Act, to better prepare for future crises. Inspired by the challenges posed by the pandemic, this legislation is intended to protect free movement within the EU and establishes various alert levels to manage impending crises proactively. The Commission would oversee Member States' crisis measures to ensure consistency and legality, and establish expedited routes for critical workers and goods if borders close. Additionally, it would be empowered to issue priority orders for essential goods in order to avoid shortages. Parliament [adopted](#) the report on 13 September 2023 and interinstitutional negotiations are already underway.

October 2023 saw the publication of a [study](#) on market surveillance in the EU emphasising the crucial role of market surveillance authorities (MSAs) in protecting consumers by ensuring that products meet health, safety and environmental standards. It identifies gaps in market surveillance exacerbated by e-commerce growth and the pandemic, such as product traceability and the challenge of monitoring online sales. Key recommendations include expanding EU testing facilities, bolstering digital infrastructure, increasing accountability for online marketplaces, and enhancing cross-border cooperation and information-sharing between MSAs and customs authorities. These measures are aimed at harmonising market surveillance practices, enhancing the oversight of products sold online by requiring online marketplaces to implement measures ensuring compliance with EU regulations, and ensuring consistent consumer protection across the EU.

For more information on this topic, please see the website of the [Committee on the Internal Market and Consumer Protection](#).

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