

# It's a better life

How the EU's single market benefits you



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# A liberating experience

You do not have to be very old to remember a time when moving around Europe was a big headache. Not so long ago people living in the 15 countries that are now EU Member States could take very little cash out to travel abroad. They had to put up with long queues at customs posts and passport controls every time they crossed a border.

Goods worth more than 600 euro were immediately trapped in a web of paperwork, red tape and import taxes. The tax system alone required some 60 million customs clearance documents a year – a huge burden to companies, who had to pass on these costs to their customers.

Moving from one country to another for work reasons can still pose administrative problems today, but it was infinitely more difficult with the nightmare bureaucracy of old times.

Now, thanks to the European Union and its constantly developing single market, we have many new freedoms.

They are **freedoms to** travel, work and do business abroad, choose from more goods and services and enjoy full consumer rights when shopping outside your own country.

*In the years gone by, travellers and lorries often had to waste time waiting to be checked at each national border.*



Keystone Pressdienst

## *European citizenship and the Charter of Fundamental Rights*

In December 2000 the European Union's heads of state and government endorsed the Charter of Fundamental Rights of the European Union. This draws together in a single, easy-to-read text all the personal, civil, political and social rights that European citizens are guaranteed. The concept of European citizenship is clearly defined. Not only can EU citizens stand for office in their own country, they also have the right to stand in European Parliament and municipal elections in the EU country where they live. ([europa.eu.int/abc/cit1\\_en.htm](http://europa.eu.int/abc/cit1_en.htm))

And they are **freedoms from** many unnecessary rules and regulations, from 'rip off' prices in markets closed to competition and from artificial restrictions on choice.

We have had a frontier-free single market in Europe since 1 January 1993, a decade ago.

Gone are most of those barriers – physical, procedural, bureaucratic and commercial – that tended to confine people, goods and money behind national, protectionist walls. Now those barriers have been broken down, peoples' opportunities, experiences and horizons are widening.

Of course, the process of opening up Europe is far from complete and much work remains to be done. Not all the principles behind the single market are yet fully applied in practice, but already the single market has transformed for the better many aspects of European life.

And the achievement of the last decade or so is not just an economic one. Without losing any of their national characteristics and cultural traditions, citizens of the Member States have also become citizens of Europe (see box).

# Reaping the benefits

No other region in the world can match Europe's achievement in banishing borders without diminishing the importance of national languages, cultures and traditions.

**People move freely across most borders:** more Europeans are visiting their EU neighbours for a holiday or study break than ever before. Going to work in another Member State is much easier now countries recognise a wide variety of each other's professional qualifications.

**Goods are no longer delayed for hours or days at borders by heavy paperwork:** this makes delivery times shorter, allowing manufacturers to save money and reduce prices for customers. One international express delivery company calculates that open highways have cut operating costs by 15%.

**Consumer choice is vast:** the range of products on sale across the EU is wider than ever and in most cases prices are easily compared thanks to the euro. Manufacturers have to keep prices down because they are selling into one huge competitive market. Mutual recognition of technical standards means products which are legally sold in one Member State can be marketed in all others.

**Cross-border services are rapidly taking off:** insurance, property, transport and tourism are among a wide range of services being marketed by companies in one Member State to customers in other countries.

*Europeans lead the world in using and manufacturing mobile phone, thanks to free competition and EU decisions on the 'GSM' technical standards.*



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## *The Schengen Agreement*

The Schengen Agreement, named after the Luxembourg border town where it was signed in 1985, is a cornerstone of the border-free Union. The agreement removes checks on travellers (irrespective of their nationality) at most of the EU's internal borders, harmonises controls at the EU's external borders and introduces a common policy on visas. Once a visitor has legally entered a country in the 'Schengen area', he or she can travel freely to all others without prior permission or even a passport. Schengen covers all EU Member States except Ireland and the UK which cooperate with their partners on police and judicial affairs but have not ended border controls. That is why passports still have to be shown when travelling between the UK or Ireland and the rest of the EU.

**Capital – the investment that businesses need to start and to grow – flows easily within the single market, sustaining companies and generating jobs.** The arrival of the euro will be followed by important gains for savers and investors. The EU is implementing an action plan to develop a real Europe-wide market in financial services by 2005. This will reduce the costs of borrowing and provide con-

sumers with a wider choice of investment products – such as savings plans and pensions – which they will be able to buy from anywhere in Europe they choose. A more developed single market in financial services will also make it easier and cheaper for companies to borrow money, bringing down the cost of goods and services for everybody.

### *Home loan information*

Most people buy a mortgage in their own country and never think of shopping cross-border for the loan, even though they can sometimes get better value by doing so. The lack of transparent financial information often made it difficult to compare

home loan products across borders. In 2001, after three years of negotiations brokered by the European Commission, the mortgage industry and consumer organisations agreed to a Voluntary Code of Conduct to help consumers compare the cost of cross-border mortgages. Lenders signing up to the code agree to publish or to provide detailed information on the products they offer, including types of interest rates and all additional costs associated with mortgages.



*When you borrow money to buy a home, you realise the importance of competition between the money-lenders.*

# From uncommon market to single currency

To grasp fully the European Union's achievement in building its single market, we need to look back much further than just the past decade or so.

For centuries, Europe was the scene of frequent and bloody wars. France and Germany fought each other three times in the period 1870 to 1945, with terrible loss of life. That is why, in 1951, they and four other European countries (Belgium, Italy, Luxembourg and the Netherlands) signed a treaty to tie their coal and steel industries so closely together that they could never again go to war against each other.

Within a few years, these same six countries decided to widen the scope of this 'economic integration' between them, as a further guarantee of future peace and prosperity. So in 1957 they signed the Treaty of Rome, creating the European Economic Community (later the European Union) with its 'common market'. By July 1968 they had eliminated all quotas and 'tariffs' – duties on imported goods – from trade in goods between them. But that was the easy bit.

## *Persistent barriers*

It proved much more difficult to remove the so-called 'non-tariff barriers' – things like differences between the Member States' safety or packaging requirements or between national administrative procedures. These differences in practice prevented manufacturers from marketing the same goods all over Europe. The only genuine single market was for agriculture.

What is more, trade between the EU countries was often disrupted by shifts in the exchange rates between their currencies. That is why, in 1978, the European Monetary System was launched. It brought greater stability to the market by tying the national currencies more closely together.

However, by the early 1980s, progress had been virtually halted. The main reason was simply that Europe's increasingly uncompetitive national economies were too rigid and fragmented, and the European countries could not reach the unanimous agreements necessary to change the situation. An impasse had been reached, these were the years of so-called 'eurosclerosis' when Europe's economies and technological capacities appeared in serious danger of falling irrevocably behind the United States and Japan.

### *Putting an end to 'eurosclerosis'*

The European Commission, under its new president Jacques Delors, seized the initiative in 1985: it published a comprehensive blueprint for welding together the fragmented national markets to create a genuinely frontier-free single market by the end of 1992. All the Member States agreed on this goal and the EU – which by now included Denmark, Greece, Ireland and the United Kingdom – suddenly acquired a galvanising purpose.

But to achieve the 1992 objective would require more than political will from the Member States. It also needed major changes in the way the EU took decisions. It would be impossible to meet the 1992 deadline if most decision-making still required unanimity. So, in 1986 (the year Spain and Portugal joined), the EU adopted the Single European Act. This made it possible for certain necessary decisions to be taken by a majority vote in the Council of Ministers, where each Member State has a number of votes, which is weighted in a way that takes into account the size of the population.



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*It is important that public authorities check the safety of the goods we buy. In the single market the EU countries have agreed to trust each other's technical standards and procedures, so that everything does not have to be checked 15 times.*

### *Less, and more simple regulation*

Between 1986 and 1992, the EU adopted nearly 280 separate items of legislation prising open hitherto-closed national markets. In many areas, 12 sets of national regulations – there were only 12 members then – were replaced by one common European rule. This vastly reduced the complications and costs for any business trying to market a product throughout the Union.

In other areas, to avoid having to adopt new legislation, the Member States simply agreed to give each others' laws and technical standards the same validity as their own. In other words, if a product could legally be sold in one country of the EU it could be sold in all twelve. This is the 'mutual recognition' principle.

'Harmonised' legislation – new EU law with detailed rules applying across the Union – was required only where existing national rules (usually on health, safety or environmental protection) were too different.

Already, by 1994, the total income in EU countries was probably 1.1 to 1.5 percentage points higher thanks to the single market, with somewhere between 300 000 and 900 000 extra jobs created. The impact was particularly positive in the poorer regions of the EU: the less wealthy countries enjoyed the highest growth rates.

### *One currency for one market*

Soon after the adoption of the Single Act, the Commission and member governments began to ask whether the single market would be complete and truly efficient without a single currency, which would ensure financial stability, further reduce business costs and give Europe a stronger voice in the world, as well as making it much easier for consumers to compare prices and to travel without having to pay exorbitant exchange commissions. By 1990, there was a consensus in favour, strengthened by the desire for greater political integration after the reunification of Germany.

So European leaders made Economic and Monetary Union an objective for the European Union. This was laid down in the Maastricht Treaty, signed in 1992, which said that those EU Member States who wished to introduce a single currency would do so by 1999.

At their meeting in Madrid in December 1995, European leaders agreed that the new currency would be called the euro. From 1 January 1999, all national currencies were to become sub-divisions of the euro, which from that date would be used in all non-cash transactions within and between participating Member States. By the time euro notes and coins were introduced on 1 January 2002, twelve of the fifteen Member States were in the euro zone: Denmark, Sweden and the UK remain outside.

### *Fair bank charges*

But even once people had euro notes and coins in their hands, they were still paying more in bank charges to withdraw euros from cash machines or to buy things with credit or payment cards when they travelled to other EU countries than they would pay for similar transactions in their own country.

The Commission felt this was unacceptable. So it proposed an EU Regulation, which was quickly agreed by the European Parliament and Member States, on payments in euro. This aims at creating a 'single payment zone'.

As a result, since 1 July 2002, card withdrawals and payments in euro up to 12 500 euro have cost the same whether they are made in the customer's own country or elsewhere in the EU. That means significant savings for people travelling on holiday or on business.

From 1 July 2003, credit transfers in euro from one bank account to another will also cost the same whether the accounts concerned are held in the same country or in two different EU countries.

*It no longer costs more to withdraw euro cash in another EU country than in your own country.*



# Freedoms without strings

The European Union is a great deal more than a marketplace with its own currency. It is home to some 390 million people who, for the last decade, have been free to live, work, study, shop and travel whenever and wherever they like in the EU's 15 member countries.

There are no strings attached to these freedoms. They embody the real benefits of being a citizen of the European Union.

The EU has worked hard to make the single market freedoms and benefits a reality. It is constantly trying to iron out practical problems that deter people from taking advantage of those freedoms. It is doing its utmost to strip away red tape.

## *Social security*

One reason why people think twice about going to live and work in another country is that they are afraid of inadequate health or unemployment cover, or of losing their rights to social security.

Now they have much less to worry about because EU citizens enjoy proper welfare protection wherever they live and work in the EU:

- the length of the working day is regulated for most industrial sectors;
- minimum safety conditions have been set;
- the right to paid holidays is established in law;
- minimum entitlements for maternity and paternity leave have been agreed;
- costs of medical treatment in another EU country can be reimbursed.

EU law prohibits discrimination in employment on grounds of sex, race, colour, religion, handicap, or sexual orientation. The EU is a leading force in the ongoing fight to make sure equal opportunities become a reality, for everyone.

## *Trust what you eat*

A wide-ranging reform of EU food legislation is under way which will make the food and animal feed businesses responsible for ensuring that only safe products are marketed and that anything unsafe is withdrawn. It also includes rules on the traceability of all foodstuffs, animal feed and feed ingredients and procedures for developing food law and dealing with food emergencies.

*The range of products on sale across the EU is wider than ever.*



EGA

## *Safer food*

The Union is radically revising its laws and practices affecting the safety of food. The European Food Safety Authority has now been set up. Its main task is to provide scientific advice and support for all EU legislation and policies which affect the safety of food and animal feed.

## *Cheaper energy and telecommunications services*

Old-style monopolies have been broken up, particularly in the utilities and telecommunications sectors. Many new service providers have been born, sharpening competition with the former state monopolies, speeding up technological progress and innovation and delivering lower prices to the consumer.

Telecommunications prices across the EU have been falling at about 7.5 % a year since the market was fully liberalised in 1998.

Electricity prices for households fell by 6.5 % between 1996 and 2001. In some countries those reductions were much bigger, for example over 20 % in Spain.

## *Faster and easier travel*

Air travel in the Union has been transformed to give the consumer more choice at much lower prices. The EU's 'open skies' deregulation has introduced competition on routes that were once jealously protected by national airlines.

With judicious use of EU funding, Europe's patchwork transport system is being upgraded and transformed into a Trans-European Transport Network, linking together different modes of transport. This means passengers can travel or goods can be transported easily over long distances, using air, sea, road and rail for different sections

of their journey, with convenient changes from one to the other. The EU's transport policy aims to improve transport connections between EU countries and between the EU and its neighbours to the east, most of whom are set to become members in the next few years.



*Over the last decade, it has become much cheaper to fly in Europe, due to the increased competition in the EU's single market.*

## *Making the single market work better for you*

To help make sure the single market really works for people the European Commission has set up an information service: 'Dialogue with Citizens and Business'. The Dialogue offers several ways to get help.

First, the service publishes multilingual guides on all aspects of the single market, with country-specific information on topics such as rights of residence or opening a bank account in another Member State. These are available online at: [europa.eu.int/citizens](http://europa.eu.int/citizens).

Second, there is a 'Citizens' Signpost Service' to provide personal help in overcoming practical problems, such as administrative formalities on moving to a new Member State. It is quick, easy and free of charge. Users telephone a freephone number – 00800 67891011 everywhere in the EU – or send their query by e-mail to: [europa.eu.int/citizensrights/signpost/front\\_end/signpost\\_en.htm](http://europa.eu.int/citizensrights/signpost/front_end/signpost_en.htm). Legal experts will reply within three working days with informal advice and 'signposting' to where the questioner can get further help.

Third, the Commission has set up a new problem-solving network called 'Solvit', targeting cases of misapplication of EU law. EU citizens and businesses who feel their single market rights are being denied can contact Solvit centres directly, either in their Member State of origin or in the one where they are living or doing business. A list of Solvit Centres is at: [europa.eu.int/comm/internal\\_market/solvit/index\\_en.htm](http://europa.eu.int/comm/internal_market/solvit/index_en.htm)

The Commission also wants to hear citizens' views on EU policies and legislation. The Commission web service 'Your voice in Europe' at: [europa.eu.int/yourvoice](http://europa.eu.int/yourvoice) allows you to take part in online consultations and discussions. By participating in this interactive process, you can help make the single market more user-friendly.

# Keeping competition clean, free and fair

In the free market, business is a competitive game and needs a competition authority to act as a referee. The European Commission is mandated by the EU Treaties to act as the EU's competition authority at EU level, and its job is to enforce rules to ensure that competition between suppliers, producers, traders and manufacturers throughout the EU is free and fair.

The aim of the EU competition policy is to deliver benefits to consumers. Without it, phone charges would still be high, air fares ridiculously expensive compared to those in the US and you would not be able to buy a car in the country where it is cheapest.

Competition policy focuses on four main areas:

- **Stopping companies agreeing with each other to restrict competition**, for example by fixing prices (cartels), and stopping them behaving in ways that abuse a dominant position in a particular sector.

- **Controlling mergers** to ensure that the combination of companies does not lead to the creation of a dominant position and that the existing level of competition in the market is maintained.

## *Different service stations to choose among*

In France, TotalFina and Elf Aquitaine proposed a merger that would have given the new combined company control of a number of petroleum product markets in France. This would have pushed up costs for distributors and consumers. To resolve the competition problems identified by the Commission, TotalFina/Elf agreed to sell a large proportion of the operations concerned to competitors. For example, the new company would have had a dominant position in motorway fuel sales. To keep this market competitive in the interest of consumers, the Commission obliged TotalFina/Elf to sell off some 70 motorway service stations as one of the conditions for authorising the merger.

## *Price fixing is outlawed*

In June 2001, the Commission imposed a fine of 30 million euro on the car manufacturer Volkswagen. During 1996 and 1997, Volkswagen had sent circular letters to its German dealers inciting them not to sell the new VW Passat at discounted prices. This kind of retail price-fixing is completely against competition rules, as it keeps consumer prices artificially high.

- **Ensuring that markets** such as postal deliveries, rail transport or electricity generation **are opened up** to the greatest possible extent.

Where national public authorities grant a company special rights, in particular monopoly rights, to provide services of public interest, the Commission must ensure that these special rights do not go beyond what is necessary to deliver that service effectively. For example, special rights may be justified if they ensure everyone can enjoy a reasonable quality of service at affordable prices. They would not be justified if the aim were simply to prevent fair competition.

### *Fair conditions*

Legislation to open up the market in mobile telephony was introduced in 1996. The Commission found that the second largest mobile phone operator in Spain, Airtel Móvil, had been required to pay around 510 million euro for the right to operate on the Spanish market, while Telefónica, the state-owned operator, had not paid any fee at all. The Commission told the Spanish government it must either reimburse Airtel Móvil or propose corrective measures. The government introduced measures to ensure that the mobile telephone market was properly open to competition.

- **Monitoring public subsidies ('state aids')** to ensure that state aid does not finance 'national champions' or give certain companies an unfair advantage over their competitors. However, in certain circumstances, state aid is allowed – for example, to help the development of backward regions or to promote environmental goals.

### *Aid as a positive incentive*

In February 1998, the Commission approved aid totalling 1.89 million euro for the development of small tourism businesses in the area of Doñana in southern Spain. The subsidy was allowed to provide incentives for investment in new tourist ventures and to create jobs because it contributed to the sustainable development of a relatively poor area of Europe – Andalusia.

*EU competition rules ensure that you have a choice of different service stations, because monopolies and price fixing are banned.*



# Protecting our freedoms

Like all freedoms, those guaranteed by the single market need legal protection, not least because the removal of internal borders could, if not properly policed, offer new opportunities for criminals. So the treaties of Maastricht (1992) and Amsterdam (1997) allowed the EU countries to extend their cooperation into areas that until then had been exclusively a national affair – justice and law enforcement.

In October 1999, at their meeting in Tampere in Finland, the political leaders of the EU countries set a strategy for protecting citizens' safety without limiting the freedoms we enjoy in the new Europe. They called for a Europe-wide fight against crime. This includes:

- closer cooperation between national police forces;
- coordination of national prosecuting authorities and their fight against organised crime;
- stronger action against money laundering;
- more mutual recognition of judicial decisions in each other's courts.

They also called for a common EU asylum and migration policy and for the creation of 'a genuine European area of justice'. This means that anyone who needs legal help or protection should have easy access to the courts in any EU country, and that the courts and law enforcement systems in EU countries should cooperate on cross-border civil, commercial and criminal cases.

## Partnerships for protection

Since the 1992 Treaty of Maastricht made the Union responsible for customs and police cooperation, law enforcement agencies have been steadily closing ranks and stepping up co-operation:

- The **Schengen Information System** is an important element in the fight against crime. This database enables the EU countries to exchange such information as the names of people wanted for extradition, or information on stolen vehicles and stolen works of art.
- **Europol** has been launched as the EU's policing weapon against cross-border crime. A major advance in cross-border law enforcement, Europol is based in The Hague and became fully operational in July 1999.
- **Eurojust** helps the Member States to coordinate their fight against organised crime. National prosecutors, senior lawyers, magistrates and police have been seconded from the Member States to support criminal investigations into organised crime cases and to help and advise national prosecuting authorities, who may not know the legal systems in other countries.
- A **European Police College** is training senior law enforcement officials through a network of national training institutes.

*Young Europeans should be able to have fun without the threat of drugs - that requires more international police cooperation.*



- **A European police chiefs' task force** has been set up to encourage more spontaneous cooperation at the top of police forces.

Closer cooperation like this is helping the Union counter a wide range of threats to its quality of life:

- **Terrorism and organised crime:** the EU has agreed in principle to introduce a common European arrest warrant to replace the present lengthy extradition system. The European Union is also taking part in United Nations negotiations on three protocols on combating the smuggling of illegal immigrants, trafficking in human beings and the illicit manufacture and trading of firearms.
- **Drug trafficking and addiction:** a key element in the Union's anti-drugs strategy is the European Monitoring Centre for Drugs and Drug Addiction recently established in Lisbon. The Centre will for the first time enable the Union to assess the scale of drugs use in the EU as a whole. The EU countries have also set up an early-warning system to identify and assess the risks associated with new synthetic drugs.

## *The police must be as international as the criminals*

Europol is a police coordination centre to help law enforcement agencies – principally police and customs – carry out cross-border investigations. Its services collate, analyse and exchange information on illegal trafficking in drugs, stolen vehicles and human beings, as well as on illegal immigration networks, the sexual exploitation of women and children, pornography, forgery, the smuggling of radioactive and nuclear materials, terrorism, money-laundering and counterfeiting. At the heart of Europol is a vast computer database, which, when fully operational, will make it easier to track down and follow up suspected criminals or stolen property.

- **Trafficking in human beings:** proposals are being prepared for a joint effort against trafficking in human beings and sexual exploitation of children (including child pornography on the Internet), offences which are clearly international by nature.
- **Money laundering, counterfeiting and other forms of financial crime.** Banks are subject to strict regulations and supervision to prevent money laundering. National authorities are cooperating with EU institutions to combat counterfeiting of the new single currency.

## Chasing the money launderers

In 2001, as part of its efforts to tackle money laundering, the EU widened the scope of its rules on client identification, record keeping and the requirement to report all suspicious financial activity. These EU rules now cover not only the proceeds of suspected drug offences but of all serious crime, and apply not only to the financial sector but also to a whole range of professions that are vulnerable to misuse by money launderers. These include dealers in high-value goods such as gems, precious metals and works of art, as well as external accountants, auditors, real estate managers, lawyers, notaries, casino owners, auctioneers and companies involved in the transfer of funds.

- **Cybercrime:** the internet society, with its growing e-commerce, could offer criminals opportunities for fraud and other forms of cyber-crime. The EU is working towards common definitions of cybercrime.
- **Environmental crime:** Member States are discussing making criminal offences a range of activities already outlawed by existing EU legislation when they are committed intentionally or with serious negligence. These offences would include polluting water supplies, various forms of air pollution, trading in protected species and serious damage to protected habitats.

## *Immigration is on the agenda*

Questions of immigration and asylum occupy citizens all over Europe. Two of the Union's key objectives in this area are to help legal immigrants to live and work successfully in Europe and to discourage illegal immigration by improving living conditions in developing countries so that people feel less compelled to leave.

It is up to individual EU Member States to decide whether to grant asylum but they have agreed to coordinate their rules so that requests will be examined according to a common set of principles. Long-term objectives are a common asylum procedure and EU-wide acceptance for those granted asylum. In the meantime, the EU countries are setting up a common finger-print data base for asylum seekers and receiving some assistance from the European Refugee Fund, set up in 2000, to cover the costs of receiving asylum seekers, helping refugees and implementing voluntary return programmes.

# Aiming to be a world leader

Technological change, led by digital communications technologies, is revolutionising the way we live. It is both a threat and an opportunity: a threat because if we fail to adapt and compete in the global economy we shall fall behind; an opportunity because success offers every chance of sustainable economic growth, job creation, and better living standards.

At their summit in Lisbon in March 2000, European leaders pledged to make the EU by 2010, 'the most competitive and dynamic knowledge-based economy in the world, capable of sustaining economic growth with more and better jobs and greater social cohesion.'

## *Single market is 'work in progress'*

The job of building the single market is never finished. Often, it takes time for the European Parliament, Member States and the European Commission to agree on complex legislation affecting many different interest groups. Rules frequently need to be updated to take account of new technologies and other developments. But the single market is more than just rules: it is a set of complex economic, social and political dynamics that affect most aspects of our lives.

*Good basic education and training is the European way to ensure more and better jobs in the knowledge-based information society.*





BENELUX

*Household electricity costs have fallen because the producers work more efficiently in the single market. Prices may become still lower if the energy sector is further opened up to free and fair competition.*

Thanks to the EU breaking down barriers to trade and increasing competition, Europe's economy has changed enormously over the past decade, boosting competitiveness and stimulating growth. Some think the pace is too slow to meet the 2010 target. Others believe that if national governments, European institutions, business and the public and voluntary sectors continue to work together successfully, then the single market can deliver even more over the next decade than it has delivered since the frontiers between EU countries were first thrown open in 1993. That will mean:

- more wealth, better education and training and more mobility between EU countries;
- more and better jobs;
- even lower utility costs;
- a wider and better range of goods and services for consumers;
- more efficient capital markets triggering faster economic growth and creating jobs;
- less red tape for small businesses.

## *Taxes are different*

The removal of fiscal barriers is leading to a re-thinking of the tax system. Company and personal tax rates are, and will remain, the preserve of the national authorities of each country. But business still complains that 15 separate sets of tax rules add significantly to operating costs and hinder cross-border trade. Differing tax treatment of savings and other financial products is one of several obstacles preventing individual investors from buying financial services in other countries. Work is moving ahead on a tax package that will help to smooth out some of the persistent inconsistencies.

## *What we need to do*

The European Commission has identified various targets the EU must meet if it is to achieve the objective it set itself at the Lisbon-summit. They include:

**Energy liberalisation:** the task here, as it was in telecommunications, is to improve efficiency and reduce prices by dismantling the monopolies enjoyed by state-owned utilities or recently privatised companies. This means opening up energy markets to competition from new suppliers. Two years after Lisbon, European leaders agreed in Barcelona in March 2002 that the market for supplying energy to businesses would be fully opened up, but no date has yet been set for domestic consumers.

**Financial services integration:** the Union cannot enjoy the full benefits of its single currency without developing a genuinely Europe-wide market in finance. National markets are regulated by a patchwork of different rules governing investment and insider trading, investor protection, information disclosure, take-overs, pension provision and supervision and many other areas. An EU action plan aims by 2005 to put in place the basis for a single set of EU rules that will set free respectable financial services companies to give customers everywhere in Europe wider choice and better value, while reining back the less scrupulous and the incompetent.

**Job creation:** concerned at the EU's persistently high unemployment rates, the Lisbon summit set for the Member States an ambitious programme of job creation that would raise the Union's overall employment rate from 60% of the active population to 70%.

This target means that the EU must create 20 million new jobs – 11–12 million for women and 5 million for older workers – by 2010. The Commission is recommending more public funds for training workers, a review of tax and benefit systems to ensure they encourage people to work and more effort to close pay gaps between men and women and to reduce school drop-out rates.

**Removing red tape:** the Commission and EU governments, together with business and consumer representatives, are making a major effort to cut red tape to the minimum by rescinding unnecessary rules, simplifying others and trying to reform the EU's legislative process so that new laws, when needed, can be drafted and implemented more quickly.

## *A way to settle disputes over financial services*

Businesses and consumers need to be able to resolve financial services disputes fast and efficiently, avoiding lengthy and expensive legal action. That is why FIN-NET, the cross-border out-of-court complaints network for financial services, was launched in 2001. This network has been designed to help settle out of court any disputes between a consumer living in one EU country and a financial service provider established in another EU country.

## *Financial integration: the outlook is promising*

A study carried out for the European Financial Services Round Table found that a single market for financial services could add between 0.5 and 0.7 percentage points a year to growth in the EU countries. The two German institutes which made the study concluded that, in an integrated market, homeowners could have saved between 800 and 2 500 euro a year through lower interest payments on a 100 000 euro mortgage between 1995 and 1999.

# New challenges

Within a few years, the benefits of the single market will be extended to maybe ten or twelve new Member States with the enlargement of the EU. Less than two decades ago many of their economies were languishing under state control that stifled innovation and prevented entrepreneurship and wealth creation.

Now the first green shoots of prosperity and dynamism are beginning to flower in these countries. There will be challenges in some areas, but they should in general be able to integrate quickly and comfortably into the single market, provided they can apply the Union's rules swiftly and effectively.

The value and effectiveness of these rules are confirmed by the millions of transactions that take place every day in the single market. The growth in personal prosperity and freedoms that it has made possible has already transformed our lives.

Much has already been achieved, but the single market still has plenty of untapped potential that can be turned into even greater benefits for Europe's citizens and businesses. The European Union needs to resist protectionist instincts that could fragment the single market and wipe out the progress made. It also needs to keep the rules up to date as the world in general and technology in particular go on changing.

Building the single market is a permanent job.

## Further reading

- ☛ Documents, news and other information on the subjects dealt with in this brochure can among others be found on the following web sites of the European Commission:

Single market: [europa.eu.int/comm/internal\\_market/en/index.htm](http://europa.eu.int/comm/internal_market/en/index.htm)

Enterprises: [europa.eu.int/comm/enterprise](http://europa.eu.int/comm/enterprise)

Competition: [europa.eu.int/comm/competition/index\\_en.html](http://europa.eu.int/comm/competition/index_en.html)

Justice and home affairs: [europa.eu.int/comm/justice\\_home/index\\_en.htm](http://europa.eu.int/comm/justice_home/index_en.htm)



European Commission

**It's a better life**  
**How the EU's single market benefits you**

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The creation, growth and development of the European Union have over the last fifty years freed its citizens from all sorts of restrictions. Progress has been especially marked since the creation of the EU's 'single market' a decade ago. National frontiers between EU countries have been virtually dismantled. The resulting single market means that goods, people and services can move freely throughout the EU and it has opened up economic and working opportunities that have transformed the lives of hundreds of millions of Europeans.

This booklet describes some of the many benefits EU citizens now enjoy. It sets out to show that the single market is not a dry and dusty concept relevant only to big business. It is delivering a better life for everyone.

## *Other information on the European Union*

Information in all the official languages of the European Union is available on the Internet. It can be accessed through the Europa server (<http://europa.eu.int>).



EUROPE *DIRECT* is a freephone service to help you find answers to your questions about the European Union and to provide information about your rights and opportunities as an EU citizen: 00800 6 7 8 9 10 11

Information and publications in English on the European Union can be obtained from:

### **EUROPEAN COMMISSION REPRESENTATIONS**

#### *Representation in Ireland*

18 Dawson Street, Dublin 2  
Tel. (353-1) 662 51 13  
Internet: [www.euireland.ie](http://www.euireland.ie)  
E-mail: [eu-ie-info-request@cec.eu.int](mailto:eu-ie-info-request@cec.eu.int)

#### *Representation in the United Kingdom*

Jean Monnet House, 8 Storey's Gate  
London SW1P 3AT  
Tel. (44-20) 79 73 19 92  
Internet: [www.cec.org.uk](http://www.cec.org.uk)

#### *Representation in Wales*

4 Cathedral Road, Cardiff CF1 9SG  
Tel. (44-29) 20 37 16 31  
Internet: [www.cec.org.uk](http://www.cec.org.uk)

#### *Representation in Scotland*

9 Alva Street, Edinburgh EH2 4PH  
Tel. (44-131) 225 20 58  
Internet: [www.cec.org.uk](http://www.cec.org.uk)

#### *Representation in Northern Ireland*

Windsor House, 9/15 Bedford Street  
Belfast BT2 7EG  
Tel. (44-28) 90 24 07 08  
Internet: [www.cec.org.uk](http://www.cec.org.uk)

#### *Information services in the United States*

2300 M Street, NW – 3rd Floor  
Washington DC 20037  
Tel. (202) 862 95 00

305 East 47th Street  
3 Dag Hammarskjöld Plaza  
New York, NY 10017  
Tel. (212) 371 38 04  
Internet: [www.eurunion.org](http://www.eurunion.org)

### **EUROPEAN PARLIAMENT OFFICES**

#### *Office in Ireland*

European Union House  
43 Molesworth Street, Dublin 2  
Tel. (353-1) 605 79 00  
Fax (353-1) 605 79 99  
Internet: [www.europarl.eu.int](http://www.europarl.eu.int)  
E-mail: [EPDublin@europarl.eu.int](mailto:EPDublin@europarl.eu.int)

#### *United Kingdom Office*

2 Queen Anne's Gate  
London SW1H 9AA  
Tel. (44-20) 72 27 43 00  
Fax (44-20) 72 27 43 02  
Internet: [www.europarl.eu.int/uk](http://www.europarl.eu.int/uk)  
E-mail: [EPLondon@europarl.eu.int](mailto:EPLondon@europarl.eu.int)

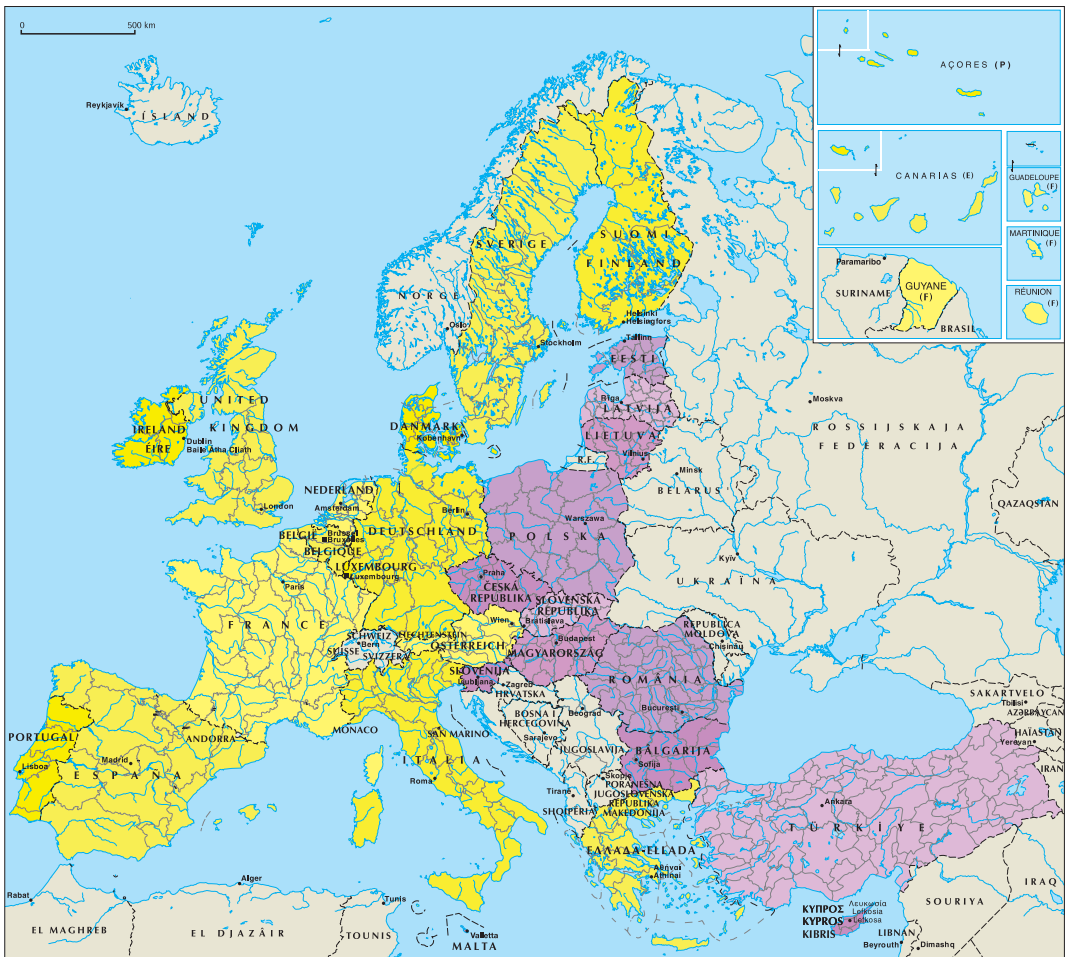
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9 Alva Street, Edinburgh EH2 4PH  
Tel. (44-131) 225 20 58  
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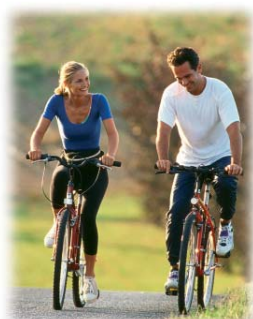
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# European Union

Member States and candidate countries



EN



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OFFICE FOR OFFICIAL PUBLICATIONS  
OF THE EUROPEAN COMMUNITIES  
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