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FUNDAMENTALS OF THE INTERNAL MARKET

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Outline

- What is the Internal Market
- Free movement of goods
- Free movement of workers
- Freedom of establishment and services
- Approaches to harmonization
- Euromed countries regime



Achievements of the Internal Market

- 1.8% annual increase in GDP
- 2.5 million extra jobs
- New business opportunities
- Stronger competition
- Improved productivity



Achievements of the Internal Market

- National phone-calls 50% cheaper
- Air travel prices 41% lower
- 15 million EU citizens moved across borders for work or retirement
- Wider range of goods and services for consumers



What is the Internal Market?

Area where

- goods
- workers
- services
- capital

Can circulate
freely





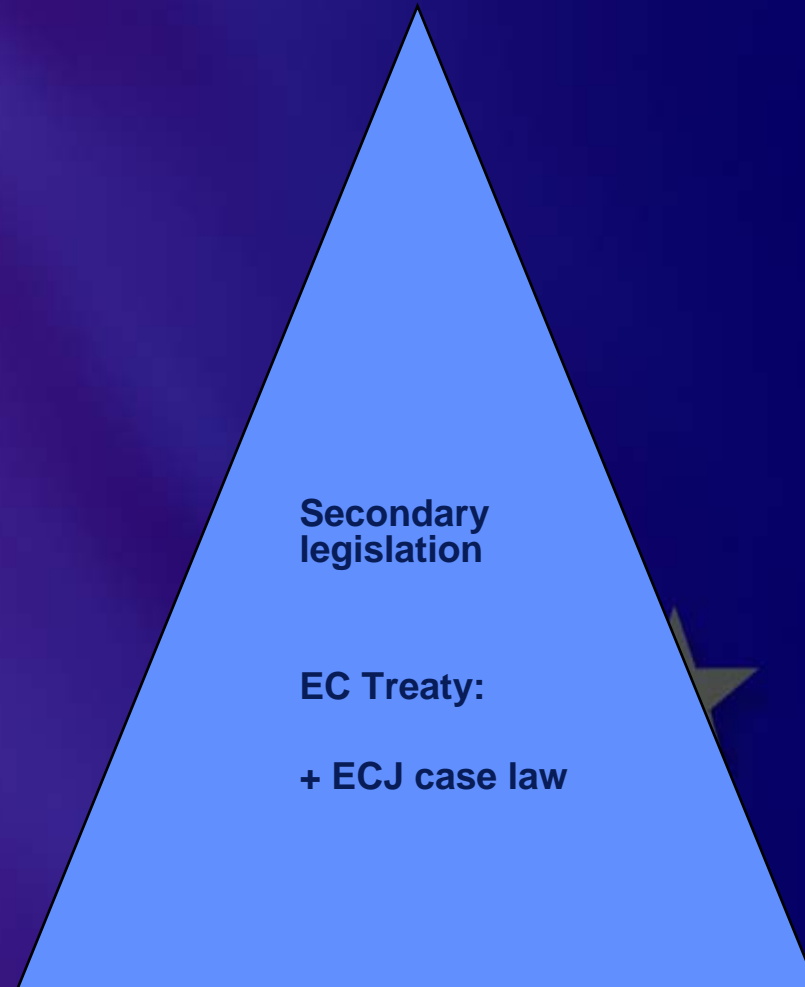
Completion of the Internal Market

- Abolition of customs duties
- Abolition of quantitative restrictions
- Abolition of *other* barriers to trade
- Common rules on competition
- Common external trade policy



Enforcement

- Citizens can invoke their rights in national courts
- Preliminary ruling procedure
- Commission infringement procedures





Free movement of goods

- Prohibition to impose tariffs or quantitative restrictions to imports
- Measures having equivalent effect equally forbidden, e.g.: "Buy-national" policies



Exceptions to the free movement of goods

- Public morality, public security, etc.
- Principle of proportionality:
 - Necessary & Proportionate
- „Mandatory requirements“



Mutual recognition



- ECJ: Cassis de Dijon judgement
- Home state: control
- Host state to guarantee free movement
- Mutual trust
- Preserves *diversity*



Old vs New Approach to Harmonization

- Old approach (before 1985)
 - Detailed product specifications
 - Cumbersome
 - Straight-jacket

- New Approach (after 1985)
 - Only *essential requirements*



Free movement of workers

- Workers can assume employment anywhere in the EU
- Discrimination based on nationality forbidden
- Exceptions narrowly construed by ECJ
- Sensitive issue



Freedom of establishment and freedom to provide services

- Definition
- Draft EU Directive on Services
- Treaty derogations, e.g. exercise of official authority
- „Objective justifications“ - ECJ case law
- Proportionality principle applies



EUROMED countries

- Industrial goods can be sold free from custom duties
- Under the Barcelona process: approximation of legislation
- Objective: bilateral Agreements on Conformity Assessment and Acceptance of industrial products (ACAAs)



Financial Services

- EU aims:
 - Financial stability
 - Financial soundness
 - Protection of consumers and investors.

- What next?
 - White Paper on financial services policy 2005-2010



Conclusion

- Integrated
- Open
- Competitive

MARKET

“Expanding the cake”

