

The EU Single Market: Impact on Member States



About this study

This study was commissioned by the American Chamber of Commerce to the EU (AmCham EU) and conducted independently by LE Europe.

About AmCham EU

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Responsibility for the contents of this report remains with LE Europe.

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Foreword

Jyrki Katainen

Vice President for Jobs, Growth,
Investment and Competitiveness,
European Commission



“*We need an ambitious conversation on the future of the Single Market*”

Since the Single Market became reality, almost 25 years ago, it has transformed the way Europeans live, work, travel, do business and study.

Thanks to the Single Market, Europeans can work, live, travel, study, research or retire in any EU Member State. They can shop and go on holiday in any EU Member State and get consumer protection like at home. They can buy products from all over Europe in their local supermarket or online, feeling safe that no matter where in Europe these products were made, high standards of quality and safety had to be respected.

Today, the benefits of the Single Market have become so deeply a part of our daily lives that they are taken for granted. But these are times of great change. Our societies and our lives are being transformed.

The AmCham EU study on the impact of the Single Market on Member States gives concrete indications on the value and the advantages that the Single Market has created for the people of Europe. The Single Market has brought jobs, opened new opportunities for citizens, consumers and businesses, made their life easier and this study shows it in detail. The contribution of the Single European Market to people's wellbeing is significant. The researchers calculated how many new jobs were created thanks to being in the Single Market, how much more money consumers could spend and companies could invest and how much the wealth of each one of the EU countries has increased. The results also show that the deeper the integration in the Single Market, the higher the benefits.

But the Single Market has considerable further potential and we need to exploit it to the benefit of all Europeans. There are still unseized opportunities in services, in research, in digitisation. This is not only in the hands of the EU institutions but also of national governments. We need an ambitious conversation on the future of the Single Market, including with the citizens of each European country. The AmCham EU study gives concrete elements to start this conversation on real and tangible facts.

Foreword

Karl Cox

Chair, American Chamber
of Commerce to the EU
(AmCham EU)



“*The Single Market
needs stronger and
louder champions
across the EU.*”

The original vision of the Single Market was to create a single, prosperous economic area. Member States would break down barriers and enable people, goods, services and capital to move freely across borders. As their economies would grow more integrated, their ties would develop stronger and their societies more intertwined. This was a bold project and, in many respects, it has been an incredibly successful endeavour.

Yet, 25 years later, the Single Market is under pressure like never before. Recent events and broader trends such as the rise of populism, the re-introduction of internal border controls, the results of the UK referendum and the spread of anti-EU sentiment have put the integrity of the Single Market into question. As representatives of American companies invested in and committed to Europe, we experience first-hand the advantages of operating in such a large unified market. Further fragmentation would be detrimental to Europe’s competitiveness, its influence in a globalised economy and, ultimately, the wellbeing of its citizens.

The Single Market needs stronger and louder champions across the EU. This independent study is one of AmCham EU’s attempts to contribute to this effort. Conducted by the leading economics consultancy LE Europe, it demonstrates how growing integration into the Single Market brought tremendous benefits to the EU and its Member States. It measures the impact further integration would have and what more stands to be gained. This report also includes a country-by-country analysis, which, we hope, will help support informed debates throughout the continent.

By providing updated figures on the impact of further integration, this study raises another key question: what would the lives of Europeans look like without the Single Market? Queues at borders, weaker consumer protection, higher prices, less opportunities for career advancement, time-consuming customs procedures or delays for a package to travel from one country to another. Beyond the numbers, these examples remind us of how the Single Market revolutionised our lives. With this in mind, concrete stories were included in this report to complement the economic analysis and the Member State figures.

At testing times for Europe and the world, it may be easy to lose sight of the long-term vision. The Single Market provided new opportunities for citizens and businesses of all sizes and brought Europeans closer to each other. It remains an extraordinary achievement and now is the time to stand up for it!

Executive summary

With the 25th anniversary of the Single Market approaching, now is a timely opportunity to build upon previous studies assessing the benefits of Single Market membership. This study provides an up-to-date, quantitative assessment of the impact of the Single Market on five broad economic indicators: Gross Domestic Product (GDP), household consumption, business investment, employment, and productivity¹ in each of the Member States. It also estimates the impact it could have in future, if the level of integration was increased.

Besides the invaluable social and political benefits of peace and stability brought about by European integration, the development of the Single Market has also yielded significant economic benefits for citizens of the EU Member States. It has allowed businesses to operate more efficiently, increased competition in the market place, and given consumers greater choice of goods and services at lower prices. However, these benefits are only possible if there are no restrictions on the four fundamental freedoms upon which the Single Market is based, i.e. the free movement of goods, services, capital and people.

Measuring Single Market integration

The degree of integration into the Single Market by each Member State was estimated using a summary indicator of Single Market integration. This indicator combines information on different aspects of the Single Market freedoms, the adoption of EU legislation by Member States, and the extent to which the economic performance of individual Member States matches the EU economy overall.

On average across Member States, the summary indicator shows that Single Market integration progressed slowly but steadily over the period 1995 to 2011, with integration scores demonstrating a high degree of heterogeneity across Member States. From 2011 to 2013, the trend towards greater Single Market integration paused, before resuming its growth in 2014 and 2015, at which point the average summary indicator of Single Market integration was 30% higher than in 1995.

Impact of the Single Market

This study uses an econometrical model to measure the impact of the Single Market. It provides an estimate by relating five variables of interest to a number of other economic variables, including the summary indicator of Single Market integration.

The five variables of interest are:

- GDP (measured by GDP per capita)
- Household consumption (measured by household consumption per capita)
- Employment (measured by employment rate)
- Productivity (measured by growth of total factor productivity)
- Investment (measured by gross fixed capital formation)

The model results were estimated across all Member States for the period 1995 to 2015 (except for Croatia, Malta, and Luxembourg²).

Overall, the results suggest that Single Market integration since the completion of the Single Market Plan (SMP) has had a direct, positive and statistically significant impact on the growth of per capita GDP, per capita consumption and employment, and total factor productivity. Whilst no direct impact was found in the case of investment, the growth of Single Market integration still had an indirect effect, as a result of the impact on GDP growth, which in turn stimulates investment.

The resulting estimates show that EU GDP per capita is 1.0% higher than it would have been without an increase in integration since 1995. Moreover, there are almost 1.9 million additional jobs.

¹ The analytical framework used in the present study is the same as in Bertelsmann Foundation (2014), *20 Jahre Binnenmarkt, Wachstumseffekte der zunehmenden europäischen Integration*.

² Malta and Luxembourg were excluded because these countries are large outliers (resulting from their indicator of freedom of movement of capital). Croatia was excluded because it only very recently joined the EU.

If the level of Single Market integration since 1990 is used as the reference point (i.e. pre-SMP), then the impact of the Single Market is even greater. We measure the impact by comparing the variables to the levels they would have had without further integration. The gains in 2015 are presented below.

Benefits of further integration

If all Member States achieved a) the highest level of integration shown by a Member State for each integration indicator included in the summary integration indicator, and b) an increase of 50% in intra-EU trade in services, the benefits would be substantial. They would amount to approximately one third of the benefits of Single Market integration achieved so far. The figures are presented below.

Since 1990:



EU GDP was boosted by **1.7%**



EU GDP per capita has risen by almost **€1,050**



Consumption per household has increased by almost **€600**



3.6 million additional jobs were created



Benefits of further integration:



EU GDP could be boosted by **0.6%**



EU GDP per capita could be permanently higher by **€370**



Household consumption in the EU could rise by up to **€208** per year



EU-wide employment could grow each year by up to **1.3 million jobs**



These gains are recurring each year and growing over time.

Conclusions and recommendations

The Single Market has developed considerably since the launch of the SMP. The analysis in this report shows that increased Single Market integration has had a positive impact on Member States' economies and that the potential exists for further benefits to be reaped in the future. Undoubtedly, any quantitative estimates of the impact of the Single Market are subject to uncertainty. However, the message emerging from the analysis is very clear: the Single Market has stimulated the EU economy and further gains can still be achieved.

During the current period of hesitant economic growth in many Member States, further development of the Single Market would provide a very valuable stimulus and an alternative to monetary policy, as main economic tool used to stimulate the European economy. Consequently, at this present time, while the concept of the Single Market is under pressure, it is essential to take resolute policy actions to ensure that:

- The gains achieved so far as a result of the Single Market are protected and not reversed.
- The speed of progress is substantially increased relative to the tepid pace of recent years and further progress is made in developing the Single Market.

The analysis suggests a three-pronged approach:

- Firstly, in view of the benefits already gained from the current level of Single Market integration, every effort should be made to avoid any backsliding in integration. The empirical analysis shows that, so far, substantial economic gains (in terms of employment, GDP per capita, household consumption, etc.) have been achieved as a result of the Single Market as it exists today. An unravelling of the Single Market would jeopardise these gains and have a negative impact on households and firms. While a wholesale unravelling is unlikely, increased fragmentation is a real risk, which may arise inadvertently or as a result of deliberate policy actions by Member States.

The European Commission's efforts under the *Regulatory Fitness and Performance programme* (REFIT) to simplify EU law or to eliminate EU law which is no longer required are most welcome. Nonetheless, in implementing this programme, it is essential to avoid any unintended fragmentation of the Single Market.

Member States should ensure that all EU directives are speedily and correctly transposed into national law, and, perhaps even more importantly, effectively implemented and enforced. In this regard, the European Commission should make considerably more efforts to monitor the implementation and enforcement of EU directives

by national authorities once they are national law. Differences in the way Member States implement or enforce EU law contribute to the fragmentation of the Single Market, rather than its strengthening as originally intended.

- Secondly, Member States, the European Commission, and the European Parliament should aim to speedily implement the various Single Market initiatives which are currently underway. Foremost among these are the Digital Single Market, Energy Union and Capital Markets Union initiatives. According to the European Commission, a 'true' Digital Single Market alone would add €415 billion per year to the EU economy and create hundreds of thousands of new jobs.³
- Thirdly (and perhaps most importantly), the European Commission, the European Parliament, and Member States should focus on policy actions to achieve a fully functioning Single Market in services. In 2015, public and private services accounted for about 83% of the EU-28 economy.⁴ The scenarios presented in the study demonstrate that a significant increase in trade in services between Member States could yield further substantial economic gains. A 2012 study by the European Commission⁵ came to the same conclusion. It pointed out that measures taken as part of the Services Directive boosted EU GDP by about 8.0% and that a more ambitious implementation of the Directive could yield a further gain of 0.8% to 1.8% of EU GDP. However, a 2015 update of this study found that very little progress had been made over the period 2012 to 2014 in terms of taking policy action to reap these additional potential benefits. Yet the highly incomplete Single Market in services represents an untapped source of future growth. Its completion would therefore give a major boost to economic activity, employment, and standards of living in the near future. Given the major impact such a course of action could have, it should be a key priority for all policy-makers.



Safeguard the Single Market and avoid fragmentation



Implement ongoing Single Market initiatives



Achieve a fully functioning Single Market in services

³ See ec.europa.eu/priorities/digital-single-market_en

⁴ Measured by value added.

⁵ Monteagudo, J., Rutkowski, A. and Lorenzani, D. (2012). The economic impact of the Services Directive: A first assessment following implementation, European Commission, Economic Papers No. 456, June.

Introduction



The vision of the founders was to create closer unity between the people of Europe and to ensure economic and social progress for their countries by eliminating barriers to trade

On 25 March 1957, representatives from six European countries signed the *Treaty of Rome*, establishing the European Economic Community (EEC). The vision of the founders was to create closer unity between the people of Europe and to ensure economic and social progress for their countries by eliminating barriers to trade. The Treaty created a Customs Union and a Common Market, which gradually eliminated all trade tariffs on cross-border trade among the six signatories.⁶

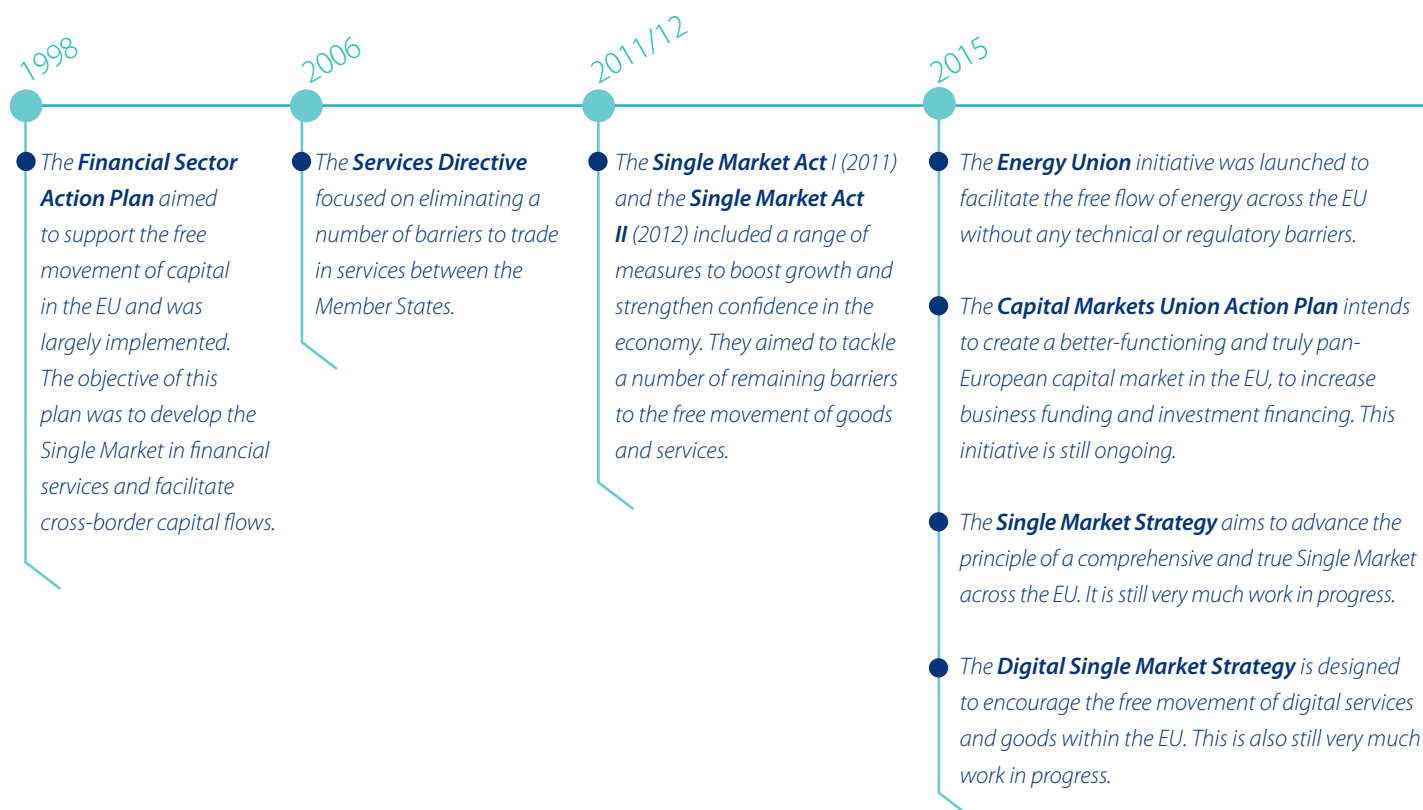
By 1968, tariff barriers and quotas on trade between Member States had been effectively abolished. However, numerous non-tariff barriers continued to hamper trade in goods between Member States. Moreover, trade in services and cross-border movement of people and capital were still subject to many restrictions. Consequently, the Single European Act was brought into force in 1987. Its aim was to reignite the momentum towards a fully functioning Single Market characterised by four specific 'freedoms of movement' (of goods, services, capital and people) and to achieve this objective by 1992.⁷ The Commission tabled

almost 300 legislative acts and, by the end of 1992, EU policy-makers considered that the Single Market was completed, as planned.

In reality, actual progress was uneven and many barriers still remained. The realisation that the Single Market was only partially working led to the adoption, in 1997, of the *Single Market Action Plan* (SMP).⁸ This action plan set out a wide range of priority actions required to improve the functioning of the Single Market by the deadline of 1 January 1999.

Although some further progress was made towards the ultimate goal of a Single Market with no restrictions on the free movement of goods, services, people and capital, not all internal barriers had been abolished by January 1999. Since then, the European Commission has proposed a number of initiatives to advance the development of a 'true' Single Market.

Particularly noteworthy initiatives include:



⁶ The Treaty of Rome also prohibits restrictive agreements and state aid (except for specific state aid exceptions) which could affect trade between Member States by preventing, restricting, or distorting competition. It also established a Common Agriculture Policy and a Common Trade Policy, and some common policies regarding the transport sector.

⁷ A White Paper produced in 1985, which was largely incorporated into the *Single European Act* of 1987, had identified some 300 measures that would have to be addressed to complete the Single Market.

⁸ The Single Market Action Plan proposed by the European Commission was endorsed by the Amsterdam European Council in June 1997.

This study examines the extent to which Member States have integrated into the Single Market, measures the impact of this integration and assesses potential further benefits.

The history of the Single Market has been characterised by spurts of progress followed by periods of relative inactivity. However, looking back at the world of 1957, considerable progress has in fact been made in establishing a well functioning Single Market. The Single Market now encompasses almost all of Europe, whereas in 1957 its embryonic form included only six European countries – all from the West – and many current members remained behind the Iron Curtain.

Looking to the future, 2017 will be a significant year for the EU. It marks a number of important anniversaries: the 60th anniversary of the signing of the *Treaty of Rome*, the 25th anniversary of the full implementation of the *Single European Act* and the 20th anniversary of the launch of the *Single Market Plan*. This provides an ideal opportunity to reflect on the benefits achieved to date for EU citizens and businesses and to consider the additional gains which could be achieved by further integration.

This present study aims to contribute to this broader reflection. It examines the extent to which Member States have integrated into the Single Market, measures the impact of this integration and assesses potential further benefits.

As already noted, the core principles of the Single Market rest on four fundamental freedoms. In greater detail, these are:

- Freedom of movement of goods: no restrictions on the trade of goods between Member States, such as state subsidies, discriminatory taxes on imported goods, or preferential tax treatment for exports.
- Freedom of movement of people: all EU citizens have the right to work and live in another Member State without discrimination due to nationality and with a mutual recognition of educational and vocational qualifications.
- Freedom of movement of services: service providers can conduct their business in all Member States without having to be domiciled there and EU consumers can select service providers from any Member State.
- Freedom of movement of capital: no capital controls or restrictions on the amount of currency that may be imported or exported and greater ease of utilising the offers of foreign financial service providers.

Chapter 1 provides a high-level overview of the current state of Single Market integration across the four freedoms.

Chapter 2 describes the construction of a summary indicator of Single Market integration.

Chapter 3 describes the econometrically estimated model which quantifies the impact of the Single Market on a number of outcomes (GDP per capita, consumption per capita, investment, and employment). Also included in this chapter are the findings of an analysis using this estimated model to retrospectively quantify the impact of increasing Single Market integration.

Chapter 4 uses the same model to quantify the potential benefits which could be gained from even greater integration.

Chapter 5 concludes and presents a few key recommendations arising from these findings.

Following Chapter 5, a Member State overviews section provides a country-by-country analysis. The 28 two-page overviews include figures on the current state of Single Market integration in each Member State and its impact on their economies. They also outline what further integration could mean and potential avenues for policy action at national level.

The impact of the Single Market goes beyond the figures presented in this study. The final section of the report presents five examples describing in concrete terms how European citizens and businesses operating in the EU benefit from Single Market integration.

A companion technical report provides details of the statistical analysis and can be accessed online (amchameu.eu/SingleMarket).

1 Current state of Single Market integration

Indicators of the four Single Market freedoms (movement of goods, services, capital and people) show that, to varying degrees, Member States have further integrated into the Single Market. The economic and policy performance of Member States has slightly converged over the last 20 years.



This chapter provides a snapshot of Member States' integration into the Single Market, i.e. the extent to which goods and services are traded with other Member States, citizens can move between Member States and capital can flow to and from other Member States. The analysis focuses first on the four freedoms, before examining the performance of Member States in implementing EU legislation. Finally, the convergence

of economic performance across Member States, i.e. the extent to which their economics become more similar or homogeneous. In short, this chapter provides a high-level picture of the current situation, as well as a general context for a more detailed analysis of the impact of the Single Market in the following chapters.



Intra-EU trade has increased considerably since 1992

1.1 Freedom of movement of goods

Intra-EU trade has increased considerably since 1992. Total intra-EU exports, expressed as a percentage of EU-wide GDP, rose from 14.2% in 1995⁹ to 20.8% in 2015: an increase of almost 50%. This substantial increase mainly occurred prior to the economic and financial crisis of 2008/09. In contrast, over the past six years, the percentage of intra-EU exports to EU GDP has fluctuated around the 21% level and no further growth of intra-EU exports was achieved.

In Figure 1, for the purposes of this analysis, the enlargement of the Single Market with the entry of new countries into the EU is assumed to have occurred two years prior to the actual date of joining. This reflects the fact that the economies of new Member States had been integrated into the Single Market well before they formally joined the EU.

Member States trade goods with each other to varying degrees. Some tend to export more to the EU than they import from the EU, or vice versa. It is important to account for this diversity in the level and pattern of trade between Member States. Therefore, the present section measures individual Member States' integration into the Single Market for goods by using the average of a country's intra-EU exports and imports of goods. In order to compare this indicator across Member States of different sizes, the resulting average is then divided by the country's GDP.

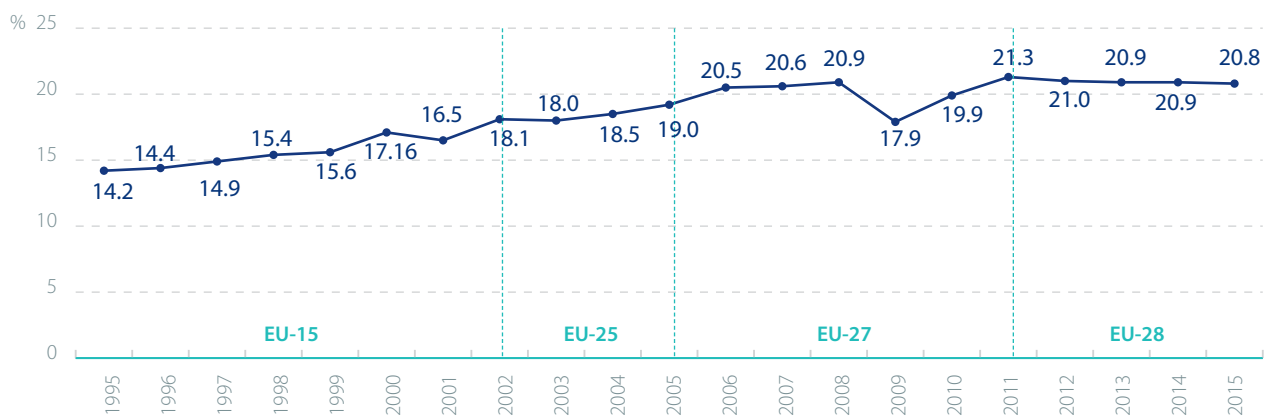
A great deal of diversity can be observed in the extent to which Member States engaged in trade of goods with other Member States in 2015. This mainly reflect differences in the export- and import-orientation of their

respective economies. In some instances, the relative importance of the EU market for a country's exports and imports is also a significant factor.

In the case of Greece and the UK, the ratio of total exports of goods to GDP is the lowest of all Member States and the share of exports going to the EU market is also lower than in many Member States (see Figure 30 in Annex 1). Conversely, Hungary, Lithuania, Slovakia and the Czech Republic show some of the highest levels of international trade (as a proportion of GDP), as well as of intra-EU trade in goods (as a proportion of total trade in goods). The combination of both factors explains why these countries show the highest ratios of intra-EU trade in goods to GDP. Member States such as Luxembourg lie somewhere in the middle, with relatively low shares of trade in goods to GDP, but among the highest shares of intra-EU trade in goods in total trade of goods (see Figure 30 in Annex 1). In short:

- The highest percentage of intra-EU trade in goods is shown by Slovakia (70.4%), closely followed by the Czech Republic (64.8%), Lithuania (63.7%), Hungary (61.6%) and Belgium (58%) (see Figure 2).
- At the other end of the spectrum, the UK and Greece show a relatively low level of integration into the Single Market for goods (9.5% and 10.5% respectively).
- Overall, across all Member States, the average percentage of intra-EU trade to GDP was 31.1%. In 18 Member States, this percentage was lower, sometimes substantially so.

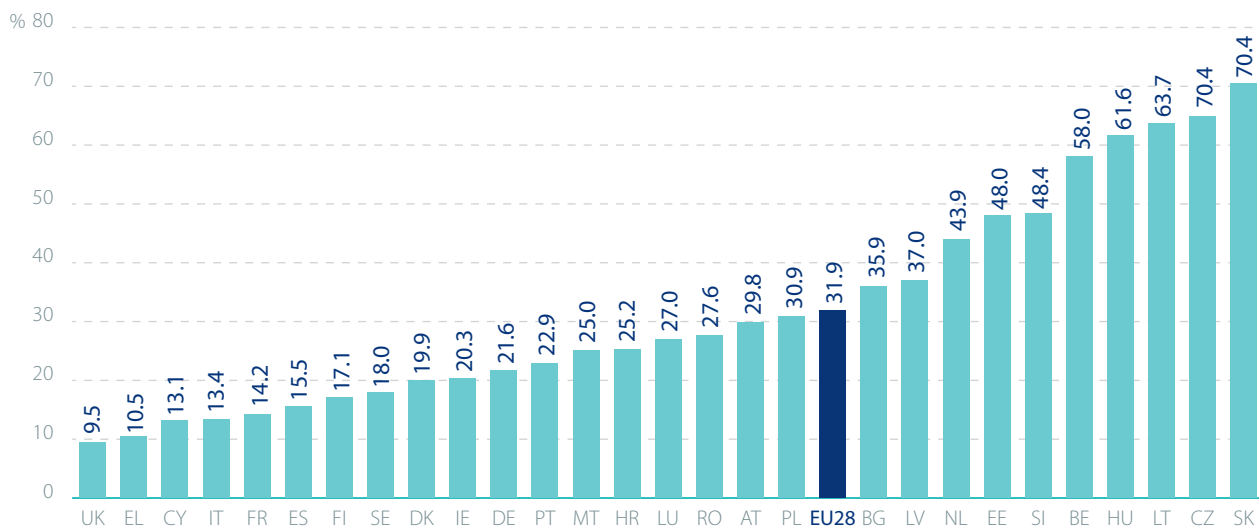
Figure 1 Percentage of EU-wide intra-EU exports of goods to EU-wide GDP: 1995 to 2015



Source: LE Europe calculations based on Eurostat.

Note: The labels EU-15, EU-25, EU-27 and EU-28 refer to the number of Member States included in the EU-wide aggregate during the period for which the label is shown in the figure.

⁹ Although the Single Market Action Plan was completed by 1993, it is not possible to analyse trends in intra-EU exports from 1992 or 1993 onwards due to a lack of data for the early 1990s.

Figure 2 Intra-EU trade in goods by Member States*: 2015

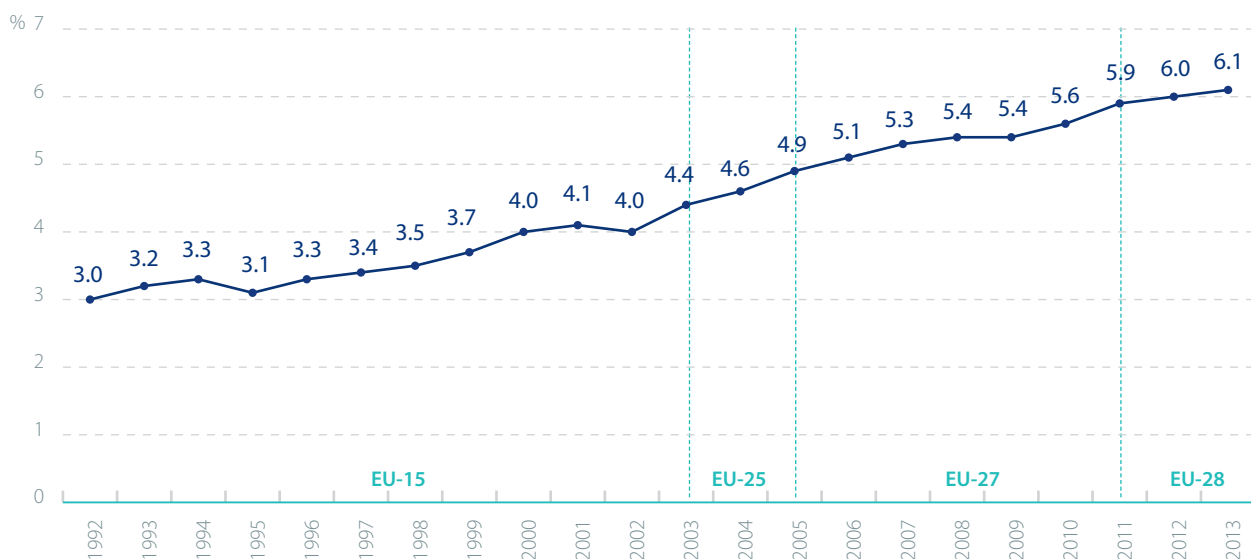
Source: LE Europe calculations based on Eurostat.

Note: * intra-EU trade in goods of Member States is equal to the average of a country's intra-EU exports and imports expressed as a percentage of the country's GDP.

1.2 Freedom of movement of services

In contrast to intra-EU trade in goods, EU-wide intra-EU trade in services has grown steadily almost every year since 1992 (Figure 3). The economic and financial crisis of 2008/09 did not interrupt the upward trend of the previous 20 years and the percentage of EU-wide intra-EU trade in services to EU-wide GDP doubled from 3% in 1992 to 6.1% in 2013.¹⁰

However, the value of EU-wide intra-EU trade in services (as a percentage of EU-wide GDP) represents less than a third of the value of intra-EU trade in goods.

Figure 3 Percentage of EU-wide intra-EU exports of services to EU-wide GDP: 1995 to 2015

Source: LE Europe calculations based on Eurostat.

Note: The labels EU-15, EU-25, EU-27 and EU-28 refer to the number of Member States included in the EU-wide aggregate during the period for which the label is shown in the figure.

¹⁰ 2013 is the last year for which information on the geographical breakdown of international trade in services by EU Member State is available.



Intra-EU trade in services has grown steadily almost every year since 1992

As with intra-EU trade in goods, Member States differ greatly in terms of their intra-EU trade in services (Figure 4).¹¹

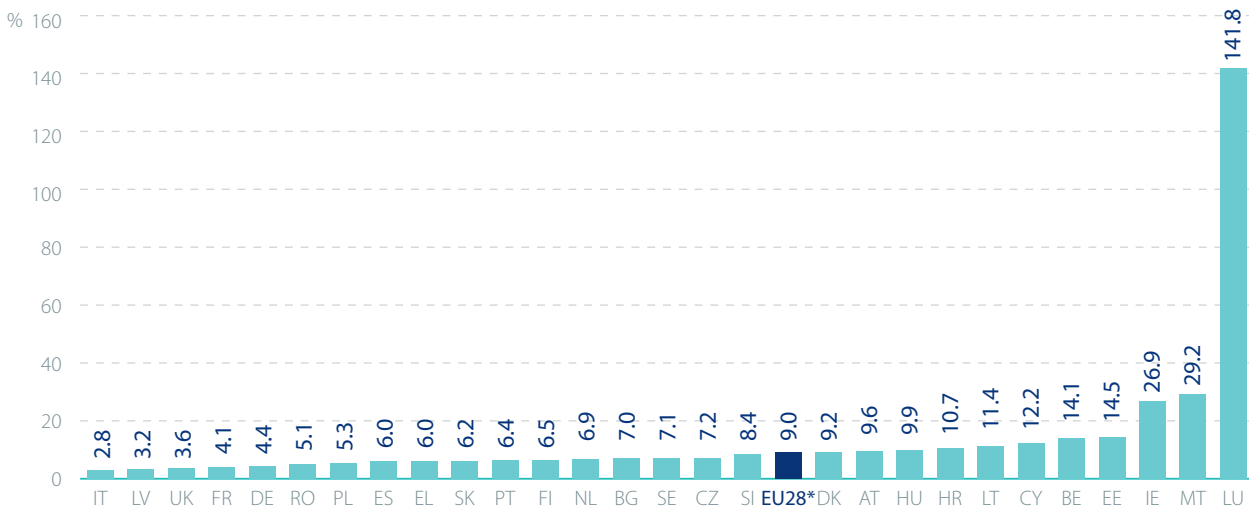
In 2013, in 16 Member States, the average of intra-EU exports and imports of services (as a percentage of the country's GDP) ranged from 5% to 10%. However, in France, Germany, Italy, Latvia, and the United Kingdom, the average was lower, with less than 5% of their respective GDP. On the opposite side, several outliers stand out, namely Luxembourg (141.8% of GDP), followed by Malta (29.2% of GDP) and Ireland (26.9% of GDP).

Diversity among Member States may reflect differences in the importance of trade in services as a percentage of GDP and/or differences in the share of intra-EU trade in total trade in services. For

example, some Member States, such as the UK, show a low level of trade in services as a percentage of GDP as well as a moderately low ratio of intra-EU trade in total trade in services. In the case of the UK, this translates into the third lowest ratio of intra-EU trade in services as a percentage of GDP among all Member States.

In contrast, in Ireland, intra-EU trade in services accounts for a relatively low percentage of total trade in services, but overall Irish exports and imports of services are very high. In 2013, total Irish imports of services stood at 49% of GDP while total Irish exports of services equalled 53% of GDP. Consequently, the level of intra-EU trade in services is relatively high as a percentage of GDP in Ireland. The instances of very high levels of intra-EU trade in services are largely accounted for by financial services in the cases of Luxembourg and to a lesser extent, in Malta.

Figure 4 Intra-EU trade in services by Member State: 2013



Source: LE Europe calculations based on Eurostat.

Intra-EU trade in services of Member States is equal to the average of a country's intra-EU exports and imports expressed as a percentage of the country's GDP. Data for Slovakia is based on 2012 due to missing data. EU28 average excludes Luxembourg because it is such a large outlier.

¹¹ For a comparison of Member States' performances in total trade in services and intra-EU trade in services, see Figure 31 in Annex 1.



1.3 Freedom of movement of capital

Capital flows can take many forms: they may be foreign direct investment (FDI) flows, portfolio investment flows or other types of cross-border movements of capital (e.g. international bank loans). Ideally, the size of all intra-EU capital flows should be taken into account when assessing the freedom of movement of capital across the EU.

Unfortunately, at the present time, the balance of payments data from Eurostat only provides a geographical breakdown of inward and outward flows for FDI. Therefore, the analysis below focuses only on FDI and does not discuss other types of capital flows.

Moreover, because annual FDI flows tend to be volatile, this analysis focuses on the stock of FDI, i.e. the total level of FDI at any given point in time, rather than on the flow of FDI, which, in contrast, measures the change in the level of FDI in a given period.

The EU-wide stock of intra-EU outward FDI (as a percentage of EU-wide GDP) has risen sharply since 1994 (particularly in 1998-2000), to the extent that in 2012¹² it was seven times greater than its 1994 level.

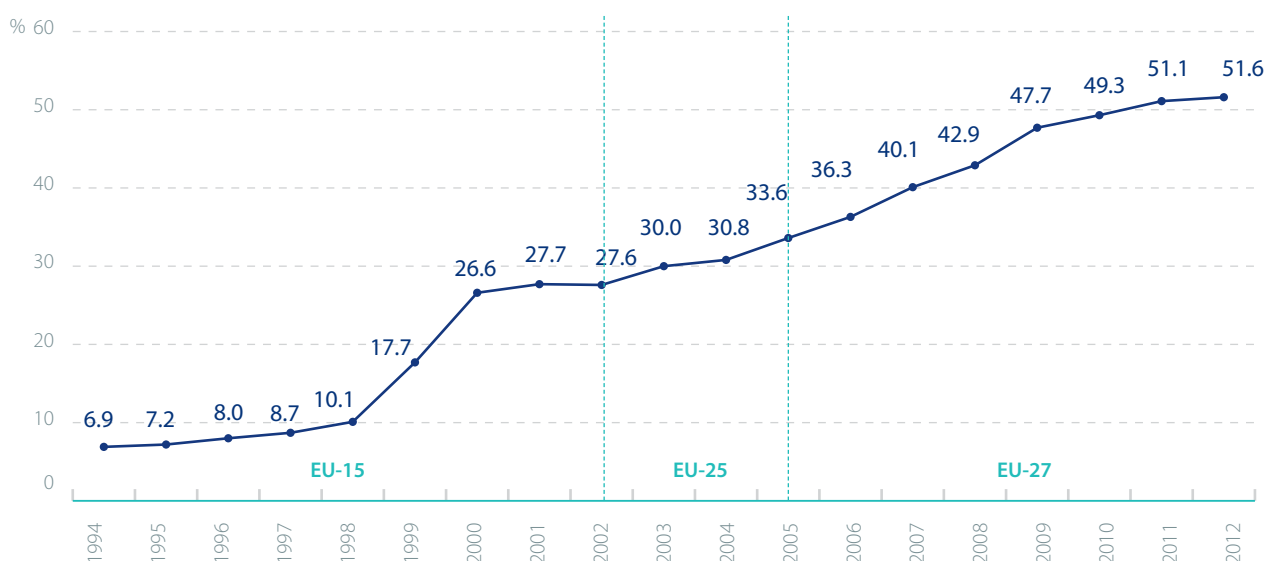
As with the analysis of the free movement of goods and services, the analysis of the free movement of capital at Member State level focuses

on the average of the stock of inward FDI from other Member States and outward FDI to other Member States. Additionally, this average of a country's inward and outward FDI stocks is then divided by the country's GDP in order to compare FDI performance across countries of very different sizes.

The importance of intra-EU FDI varies greatly among Member States. The highest value of this indicator was recorded by Luxembourg (119.3%). Other countries in which intra-EU FDI was much more important than on average for Member States included Ireland (96.3%) Malta (64.6%) and the Netherlands (54.8%). In the cases of a number of countries, such as Luxembourg and Ireland, the high value of the indicator reflects a combination of a high ratio of total FDI to GDP and a high share of intra-EU FDI in total FDI.

In contrast, in some other Member States, intra-EU FDI was much lower than the EU28 average of 33.9%. Most notably, this was the case in Greece (9.3%) and then in close succession, Slovenia (14.5%), Italy (16.1%), Latvia (18%) and Romania (19.7%). In the instances of Greece and Italy, the relatively low value of the indicator is largely explained by a low level of total FDI as a percentage of GDP.

Figure 5 Percentage of the stock of intra-EU outward FDI to EU-wide GDP: 1994 to 2012

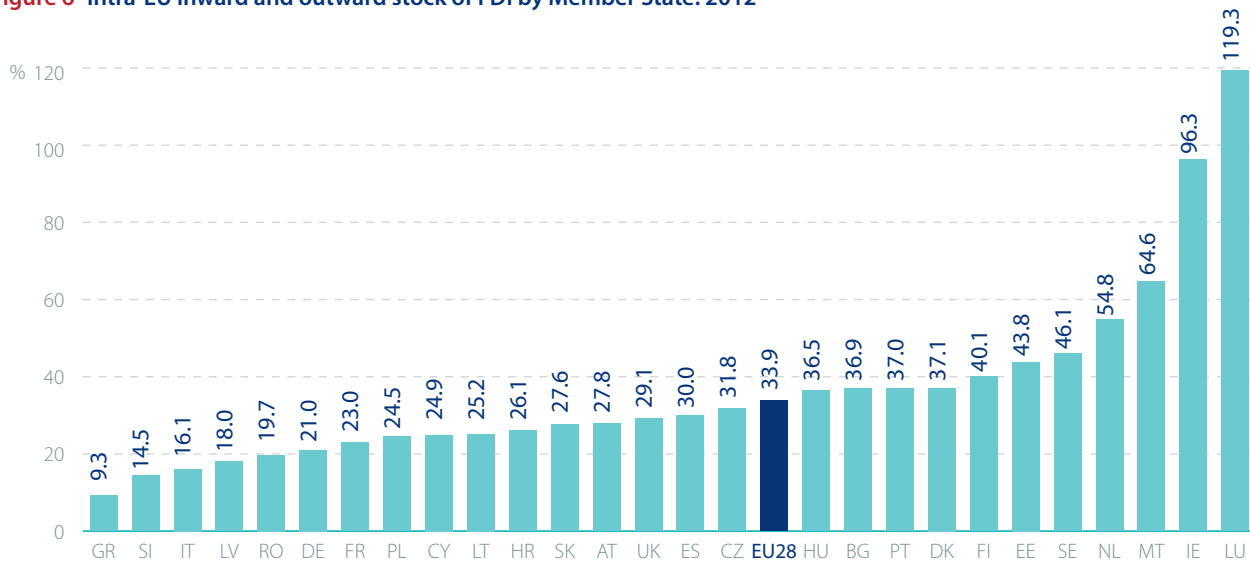


Source: LE Europe calculations based on Eurostat.

Note: The labels EU-15, EU-25, EU-27 and EU-28 refer to the number of Member States included in the EU-wide aggregate during the labelled periods.

¹² 2012 is the last year for which a geographical breakdown on FDI stocks exists in the Eurostat database.

Figure 6 Intra-EU inward and outward stock of FDI by Member State: 2012



Source: LE Europe calculations based on Eurostat.

Note: Note: Intra-EU inward and outward stock of Member States' FDI is equal to the average of a country's inward and outward stock of FDI expressed as a percentage of the country's GDP. Data for Slovakia and Ireland is from 2011 due to missing data. Data for Malta is from 2011 due to an unexplained large change in 2012. Data for Belgium is not included as the most recent year available is 2009.

1.4 Freedom of movement of people

As no comprehensive pan-European data on the free movement of people since the early 1990s is available, the following analysis focuses on two indirect indicators of this freedom, namely the share of EU workers from outside the host country in total employment in the host country and the value of intra-EU remittances sent by individuals.

However, this percentage increased markedly in 2006 as a result of the EU's 2004 enlargement. This followed the expiry of most of the restrictions on the free movement of people for new Member States, which many EU-15 Member States imposed. Subsequently, this average trended upwards almost continuously, reaching 3.6% in 2015.

1.4.1 Share of EU workers from outside the Member State in total employment in the Member State

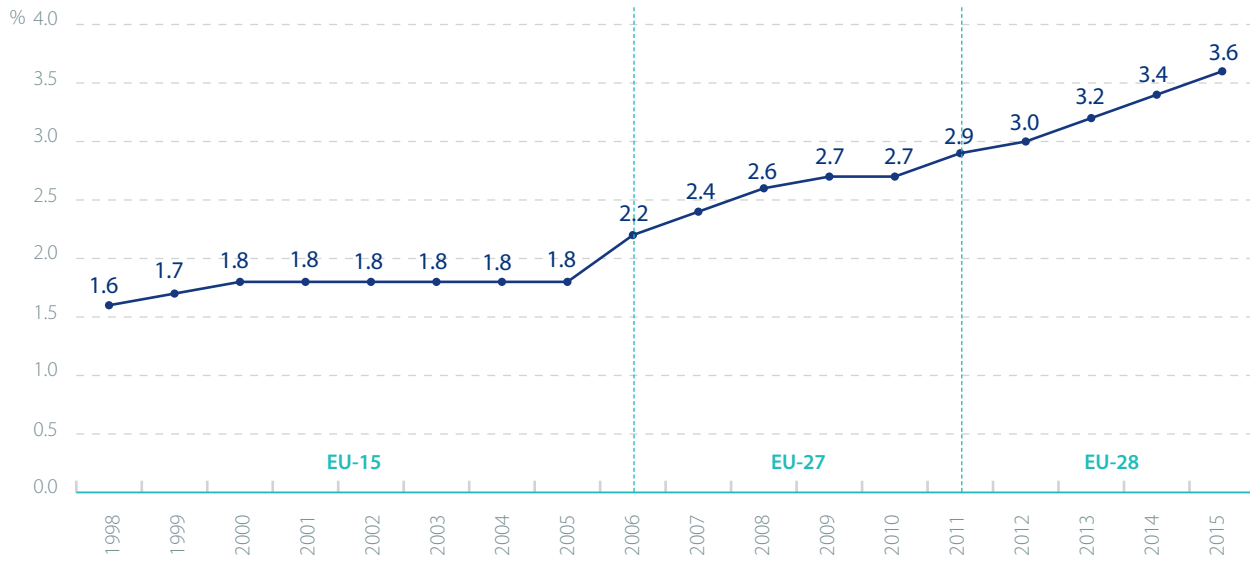
Until 2005¹³, the share of EU workers from other Member States in total employment within host Member States has been stable. The EU average ranged from 1.6% to 1.8%.



The share of EU workers from other Member States in total employment within host Member States increased markedly in 2006 as a result of the EU's 2004 enlargement, reaching **3.6% in 2015**

¹³ The first year for which such data exist is 1998.

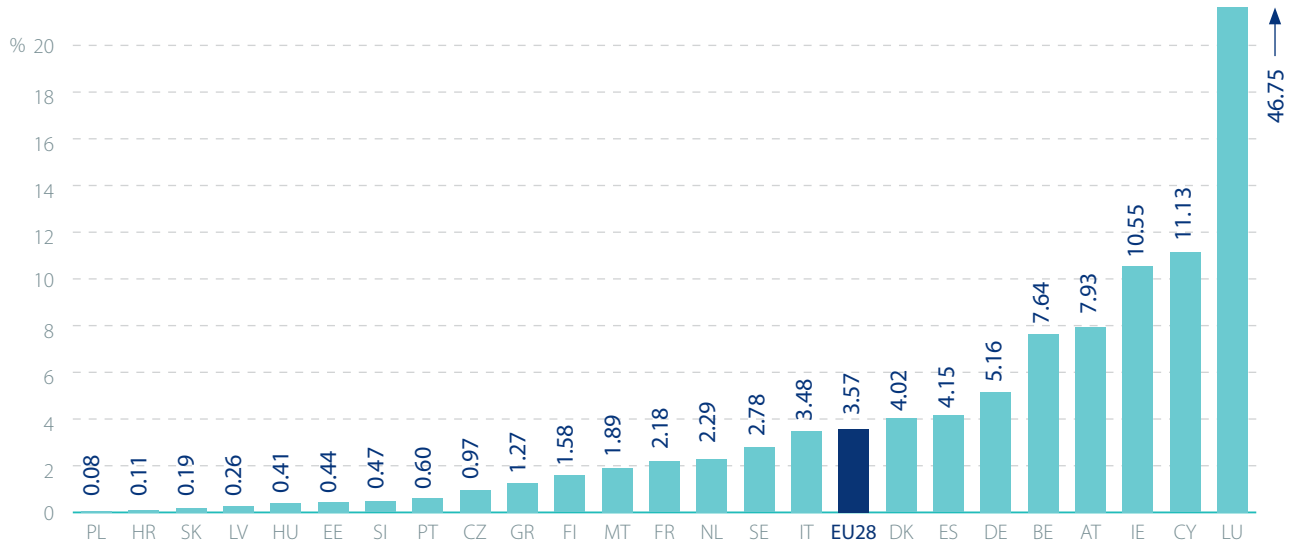
Figure 7 EU average of percentage of EU workers from outside the host country in total employment in the host country: 1998 to 2015



Source: LE Europe calculations based on Eurostat.

Note: The EU-15, EU-27 and EU-28 labels refer to the number of Member States included in the EU-wide aggregate during the labelled periods.

Figure 8 Percentage of EU workers from outside the host country in total employment within the host country: 2015



Source: LE Europe calculations based on Eurostat.

Note: Data unavailable for Bulgaria, Lithuania, Romania and United Kingdom.



The mobility of workers increased after the 2007 accessions

1.4.2 Intra-EU remittances

As the Eurostat data only reports the destination country for intra-EU foreign workers, the total value of intra-EU remittances sent by individuals to each Member State has been used as a proxy measure to gauge the extent of intra-EU movement of people at Member State level.

The ratio of intra-EU remittance inflows to GDP rose between 2004 and 2008, subsequently falling and fluctuating around a lower level until 2012. In 2013¹⁴ there was another slight drop (see Figure 9). This is in direct contrast to the rising trend in the share of foreign EU workers in total EU employment, as illustrated in Figure 7.

With the exception of the change between 2008 and 2009, the downward trend in the ratio of intra-EU remittances to GDP is due to GDP increasing more rapidly than remittance payments, rather than to a downward trend in the level of remittances.

Using the same approach previously adopted for quantifying the free movement of goods, services and capital, this analysis of intra-EU remittances at Member State level focuses on the average of a Member State's remittance inflow and outflow expressed as a percentage of the Member State's GDP.

In 2013¹⁵, this remittance indicator had the highest value (more than 8 times the EU average) in Lithuania (1.46%), Bulgaria (0.67%) and Romania (0.66%), followed by Portugal (0.53%), Poland (0.30%), the Czech Republic (0.28%) and Croatia (0.26%).

As with the indicators computed for the other three freedoms, this remittance indicator is composed of two elements: the level of total remittances as a percentage of GDP and the percentage of remittances from Member States in total remittances. Lithuania posted the highest value of the remittance indicator (Figure 10). This reflects the fact that Lithuania showed, in 2013, the highest ratio of total remittances to GDP among the Member States as well as the highest percentage of intra-EU remittances in total remittances (more than 90%). Conversely, in Belgium, total remittances as a percentage of GDP were among the lowest of all Member States. This was also the case for the percentage of intra-EU remittances in total remittances.

In summary, the data on the number of EU workers from outside the host country shows clearly that the mobility of workers increased after the 2007 accessions. Moreover, the percentage of EU workers from outside the host country in total employment in the host country varies considerably across host Member States.

Figure 9 Average EU ratio of intra-EU remittance inflows to GDP: 2004 to 2013

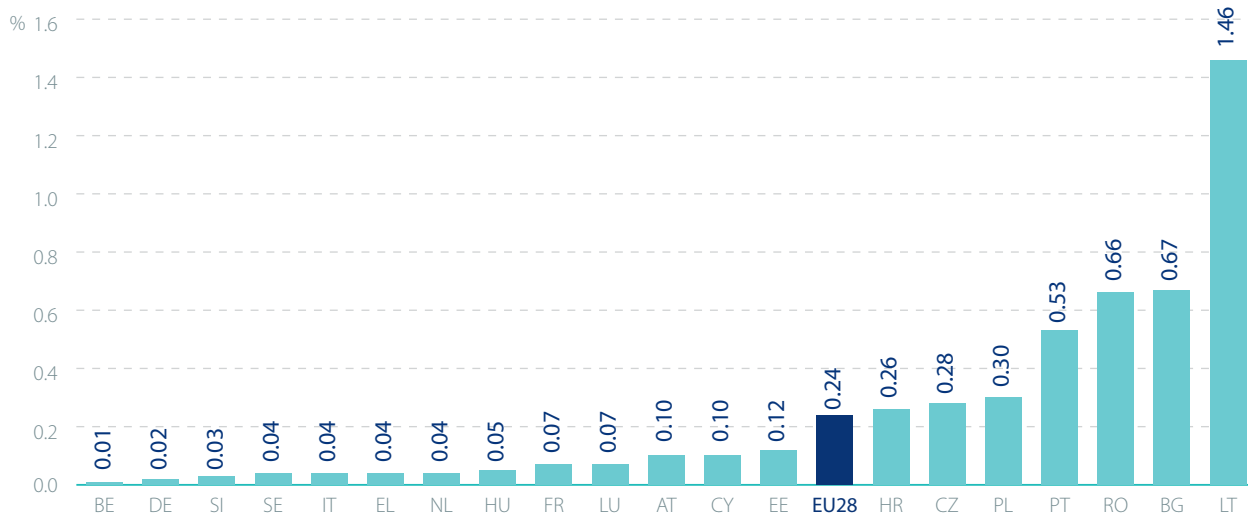


Source: LE Europe calculations based on Eurostat.

Note: The EU-15, EU-27 and EU-28 labels refer to the number of Member States included in the EU-wide aggregate during the labelled periods.

¹⁴ 2013 is the last year for which a geographical breakdown of remittances is available in the Eurostat database.

¹⁵ The year 2013 is the most recent year for which detailed geographical information on the source and destination of remittances is available in the Eurostat data.

Figure 10 Average of inflow and outflow of intra-EU remittances as a percentage of GDP: 2013

Source: LE Europe calculations based on Eurostat.

Note: The EU-28 level has been approximated, based on countries for which data was available for 2013, i.e. the figure does not include the following countries: Denmark, Finland, Ireland, Latvia, Malta, Slovakia, Spain and United Kingdom.

1.5 Performance of Member States in implementing EU Single Market legislation

The previous sections examined how Member States are integrated into the Single Market with regard to the four freedoms. This section focuses on how Member States implement Single Market legislation. Indeed, when Member States do not implement, or only imperfectly implement particular Single Market directives¹⁶, they may create an uneven playing field for citizens and businesses affected by these rules. For example, the latest European Commission Single Market Scoreboard notes that, overall, 4% of EU directives were not transposed by one or several Member States at the end of 2015. It also points to the main problem areas: “Financial services: 9 non-transposed directives out of 78 in force (11.5%); Environment: 10 out of 113 (8.8%); Transport: 9 out of 123 (7.3%); and, Employment and social policy: 5 out of 75 (6.7%).”¹⁷

It is worth noting that it is not enough for a directive to become national law for it to contribute to Single Market integration. Its application needs to be effective and the national law and any related regulations need to be properly enforced. Unfortunately, no comprehensive data exists on the quality of application and enforcement of EU directives.¹⁸ Therefore, the data reported below should be seen as providing only a partial picture of the actions taken by Member States to achieve a fully integrated Single Market.

In its regular review of the implementation of Single Market directives¹⁹, the European Commission uses five indicators to assess the performance of each Member State:

- The transposition deficit
- Progress over the previous 6 months (change in the number of directives not transposed)
- Number of long overdue directives (more than 2 years)
- Total transposition delay (in months) for overdue directives
- Compliance deficit (percentage of all directives transposed incorrectly)

In addition to providing quantitative information for each indicator for each Member State, the European Commission also provides a qualitative, ‘traffic-light’ assessment for each Member State, not only for individual indicators but also for overall performance.

¹⁶ Single Market directives include measures considered to have an impact on the functioning of the Single Market, as defined in Articles 26 and 114(1) of the Treaty on the Functioning of the European Union (TFEU). This includes the four freedoms (freedom of movement of people, goods, services and capital across borders within the EU), and supporting policies with a direct impact on the Single Market (such as culture, consumer protection, education, employment, energy, environment (except nature protection), information society, media, public health, social policy, taxation, and transport).

¹⁷ See http://ec.europa.eu/internal_market/scoreboard/performance_by_governance_tool/transposition/index_en.htm.

¹⁸ While some information is available from various legal studies and ex-post assessments commissioned by the European Commission, the information is patchy and covers only a small set of directives.

¹⁹ See http://ec.europa.eu/internal_market/scoreboard/performance_by_governance_tool/transposition/index_en.htm.



There is considerable scope to improve the adoption and implementation of Single Market legislation by Member States

The European Commission’s qualitative assessment first gives a score of either -1, 0 or +1 to the performance of a Member State for each particular transposition dimension. Then, an overall score is compiled by adding the scores attributed to each of the five dimensions.

The score of -1 is given when the performance of a Member State is significantly worse than the targets set by the European Council for specific transposition dimensions or is worse than the average performance across the EU. A value of +1 is given when the performance is markedly better than the targets or the EU average. A score of 0 is given when the performance is close to the target or to the EU average. Therefore, the aggregate score across the five dimensions may range from -5 to +5. However, as shown in Figure 11, the actual scores range from -3 to +5.

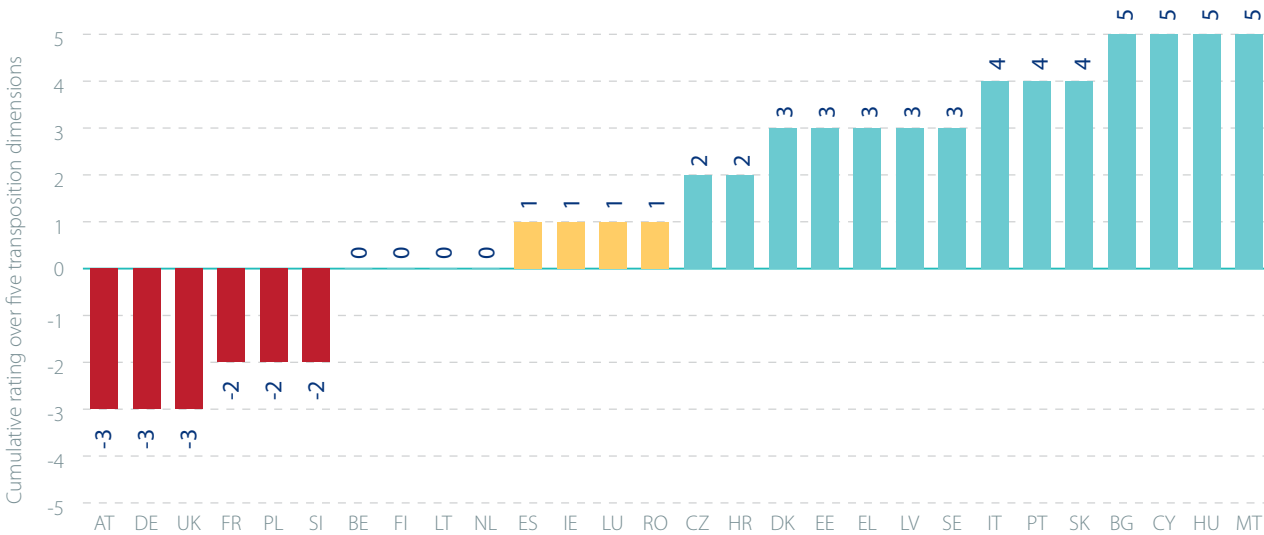
- Half of the Member States are considered to perform well (Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Greece, Hungary, Italy, Latvia, Malta, Portugal, Slovakia and Sweden).

- In contrast, four of the large Member States (France, Germany, Poland and the United Kingdom) and two smaller Member States (Austria and Slovenia) perform poorly in terms of transposition of Single Market legislation.

The overall scoring of each country reflects a combination of different factors. For example, Germany has one of the lowest scores among Member States. This score is caused by a higher-than-average transposition deficit, a higher-than-average compliance deficit and a higher-than-average delay in transposing Directives.²⁰ In contrast, Romania has a higher-than-average transposition deficit (1.1% as of December 2015, compared to the EU average of 0.7%), but a lower-than-average transposition delay. Moreover, its compliance deficit is 0.4% compared to the EU average of 0.7%, contributing to an average score of +1.²¹

This brief review demonstrates that a) there is considerable scope to improve the adoption and implementation of Single Market legislation by Member States and that b) such efforts need to be undertaken especially by the six Member States performing particularly poorly in this regard.

Figure 11 Overall transposition score by Member State: December 2015



Source: European Commission, Single Market Scoreboard.

Note: The aggregate score may range from -5 to +5. All Member States with an aggregate score of +2 and above are considered to perform well (i.e. they exceed targets set by the European Council for some dimensions or the EU average for others) while Member States with a score of -2 or below are considered to perform poorly. The performance of Member States with a score of -1 to +1 is considered to be average.

20 The EU Single Market Scoreboard: Germany, accessed 29th November 2016.

21 The EU Single Market Scoreboard: Romania, accessed 29th November 2016.

1.6 Homogeneity of economic performance and policies

One further indicator of Single Market integration assesses whether the economic performance and key policy variables of the Member States are converging or diverging, i.e. becoming more or less similar or homogeneous. Based on a recent study undertaken for the Bertelsmann Foundation²², the following economic variables are considered across Member States:

- GDP per capita (adjusted for differences in purchasing power, i.e. PPS)
- Unit labour costs (in nominal terms, i.e. at current prices)
- Interest rate on long-term government bonds
- Public debt as a percentage of GDP
- VAT rates

The differences between Member States have slightly narrowed in the case of per capita GDP. For example, in 1995, per capita GDP in PPS terms varied by up to 34% above or below the EU-15 average. In 2013, this difference narrowed to a variation of up to 29% (Figure 12).

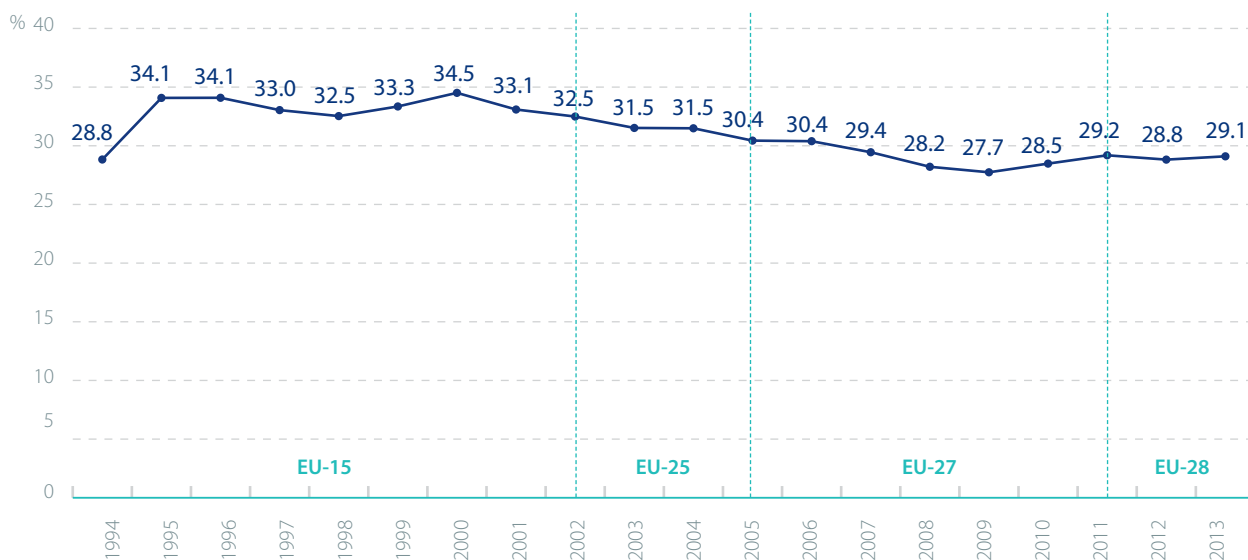
However, public debt as a percentage of GDP does not show a convergence pattern (Figure 13).

It is important to note that the convergence or lack of convergence of Member States can vary across the different indicators considered in the analysis.

- For example, Bulgaria is far below the EU-15 average in terms of GDP per capita (Figure 14), but is close to the EU-15 average regarding interest rates on long-term bonds (Figure 16).
- Some Member States are in general relatively close to the EU-15 average, e.g. Slovakia is close to the EU-15 average with respect to unit labour cost (Figure 15), interest rates on long-term bonds (Figure 16) and VAT rates (Figure 18).
- On the other hand, some Member States are consistently well above or below the average, e.g. Greece (see Figure 14 to Figure 18).
- There are also a number of outliers, e.g. Luxembourg with a very high GDP per capita (Figure 14) due to its very large financial sector and substantial non-resident workforce.

Further information on the overall ranking of Member States in terms of the homogeneity indicators is provided in Table 3.

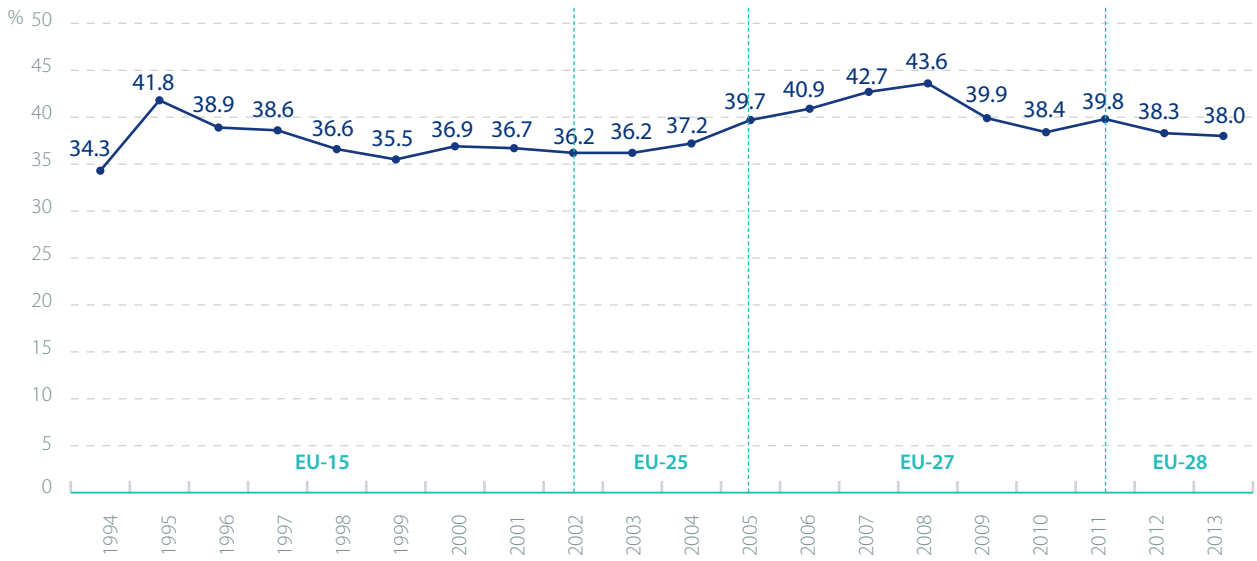
Figure 12 Difference between per capita GDP (PPS) and EU-15 average



Source: LE Europe analysis of Eurostat data.

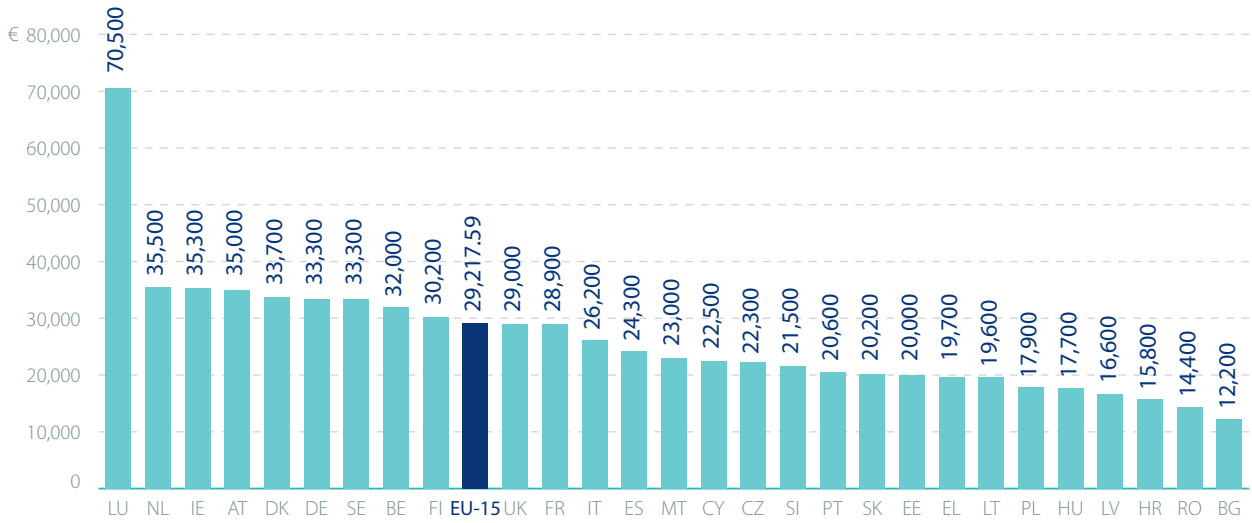
²² Bertelsmann Foundation (2014), 20 Jahre Binnenmarkt, Wachstumseffekte der zunehmenden europäischen Integration.

Figure 13 Average difference between public debt as a percentage of GDP and EU-15 average



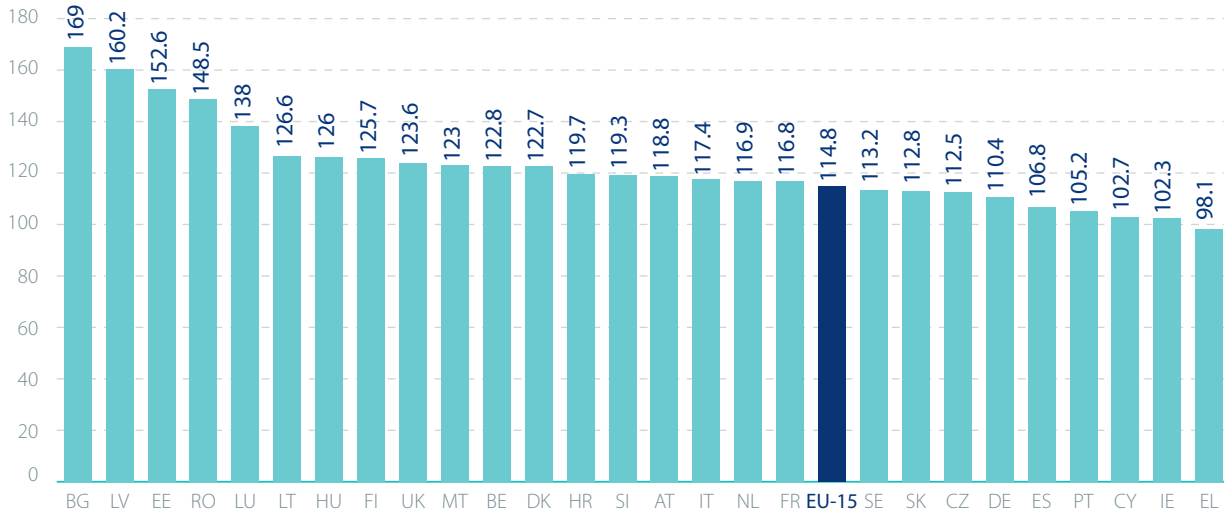
Source: LE Europe analysis of Eurostat data.

Figure 14 Per capita GDP PPS: 2013



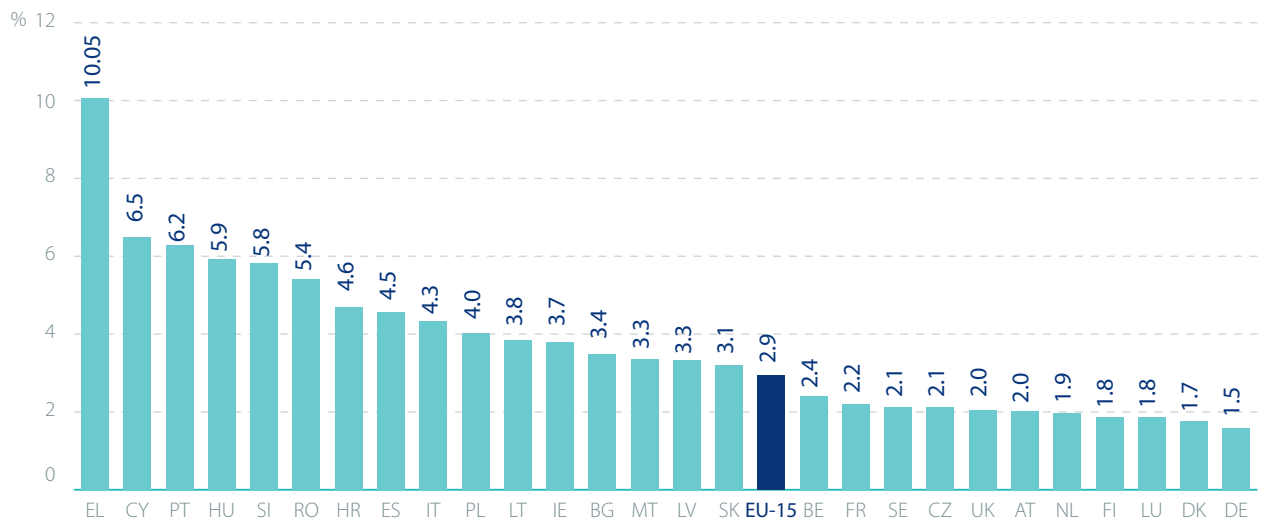
Source: London Economics based on Eurostat.

Figure 15 Unit nominal labour cost (2005=100): 2013



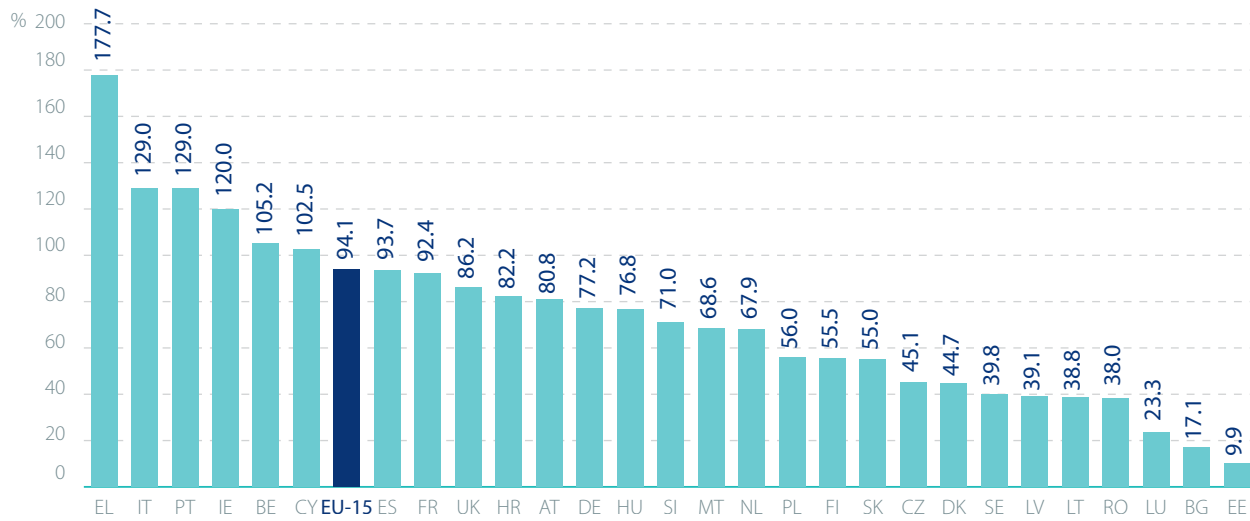
Source: London Economics based on Eurostat.

Figure 16 Interest rates (%) on long-term bonds: 2013



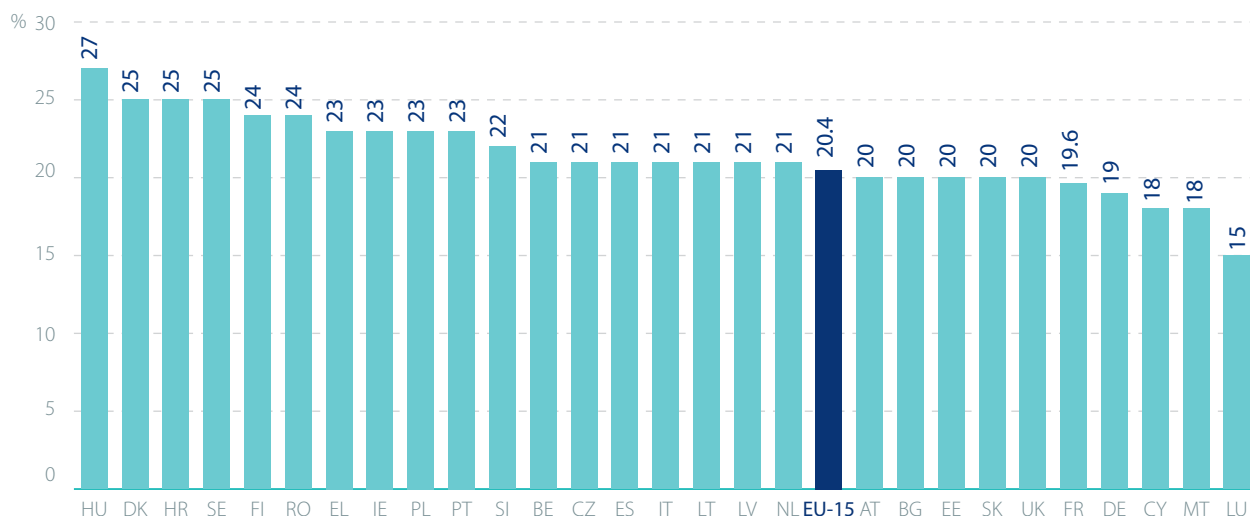
Source: London Economics based on Eurostat.

Figure 17 Public debt as a percentage of GDP: 2013



Source: London Economics based on Eurostat.

Figure 18 VAT rates (in %): 2013



Source: London Economics based on Eurostat.

2. Summary indicator of Single Market integration

The summary indicator measures Member States' degree of integration into the Single Market. It demonstrates a great diversity among EU countries in 2015. On average, overall integration increased steadily until the economic and financial crisis of 2008/09 and grew more moderately afterwards.



2.1 Composition of the summary indicator of Single Market integration

In order to measure the integration of each Member State into the Single Market, the study uses a summary indicator as key variable in the empirical analysis. The Bertelsmann Foundation study (*op. cit.*) adopted the same approach.

This summary indicator combines information on different aspects of the Single Market freedoms, the adoption of EU legislation by Member States and the extent to which the economic performance of Member

States is similar to that of the EU economy overall.²³ Due to a lack of data, it was not possible to include indicators of the free movement of people in the summary indicator.²⁴

In total, 17 different indicators are included in the summary indicator of Single Market integration (see Table 1 for the complete list). The weight of each of these indicators in the summary indicator was derived through principal component analysis.

Table 1 Indicators of integration used in the construction of the summary indicator of Single Market integration

Single Market integration indicators used in the summary indicator of Single Market integration	Weight of the 17 indicators in the summary indicator of Single Market integration
Percentage of exports of goods to the EU to GDP	8%
Percentage of imports of goods from the EU to GDP	7%
Percentage of exports of services to the EU to GDP	8%
Percentage of imports of services from the EU to GDP	8%
Percentage of GDP of FDI inflow from the EU	8%
Percentage of GDP of inward FDI stock from the EU	9%
Percentage of GDP of outward FDI flow to the EU	8%
Percentage of GDP of outward FDI stock to the EU	7%
Percentage of EU Directives not implemented or implemented only partially or incorrectly into national law (i.e. the transposition deficit)	7%
Difference between unit nominal labour costs of Member State and the core EU average*	7%
Difference between per capita GDP of Member State and the core EU average	6%
Difference between interest rates of long-term bonds of Member State and the core EU average	6%
Difference between VAT rates of Member State and the core EU average	8%
Difference between purchasing power in Member State and the core EU average	3%

Source: LE Europe, based on Eurostat data.

Note: The EU core comprises the 15 Member States at the time of completion of the SMP.

²³ The summary indicator covers the period 1995 to 2015. When actual data for individual indicators was missing for the most recent years, projections and now-casts of such data were used.

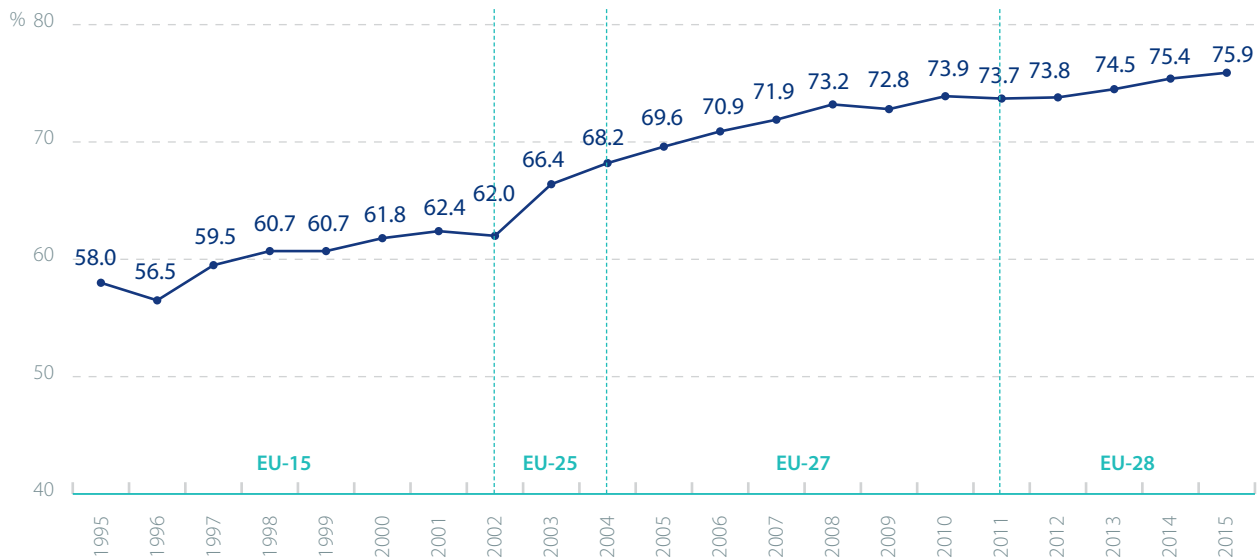
²⁴ Although data on the percentage of Member State employment which relates to employees from other EU Member States has been available since the early 1990s, it only records the inward movement of workers, and does not provide information on the outward movement of Member State workers to other EU Member States. Data is available on intra-EU remittances by individuals and this captures information on both inbound and outbound remittances. Unfortunately, data on the geographical breakdown of these remittances has only been available for the past few years.

2.2 Evolution of the Single Market integration indicator since 1995

On average across Member States, Single Market integration progressed slowly but steadily over the period 1995 to 2011. From 2011 to 2013, the trend towards greater Single Market integration paused, before resuming its growth in 2014 and 2015. By 2015, the average summary index²⁵ of Single Market integration was 30% higher than in 1995.

Although the minimum value of the index is 0 (representing no integration at all), the index has no upper limit because the indicators of FDI and trade in goods and services included in the summary index have no upper limits.

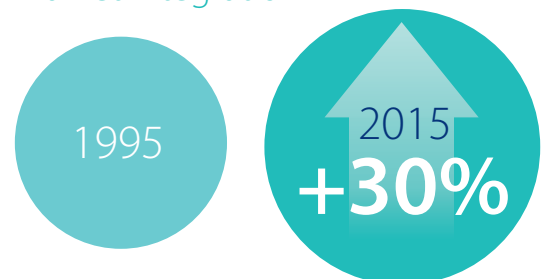
Figure 19 Average summary index of Single Market integration across EU Member States: 1995 – 2015



Source: London Economics based on Eurostat and European Commission.

Note: The labels EU-15, EU-25, EU-27 and EU-28 refer to the number of Member States included in the EU-wide aggregate during the years shown.

Average summary index of Single Market integration



²⁵ The terms index and indicator are used interchangeably in the report.

2.3 Differences among Member States

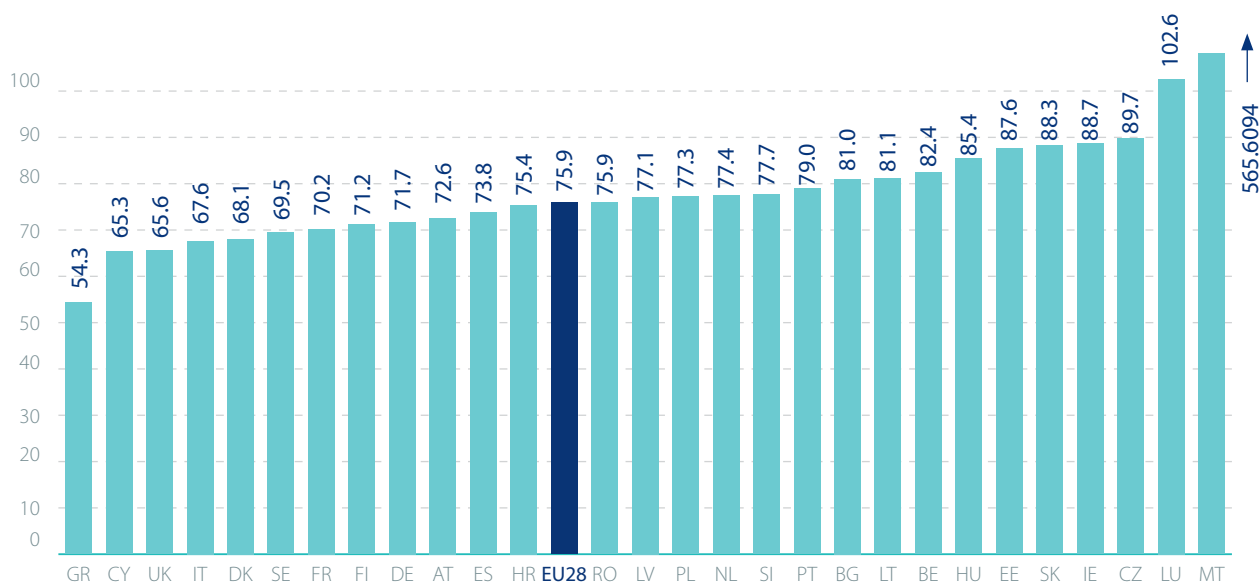
The highest scoring countries on the integration index in 2015 were Malta (565.6) and Luxembourg (102.6), due specifically to their very high scores on the indicator of capital movement. Both countries can be regarded as outliers because the extent of Single Market integration of these two countries, as measured by the summary indicator, is so different from the integration shown by other Member States.

The next highest scores are achieved by the Czech Republic (89.7), Ireland (88.7) and Slovakia (88.3). In contrast, the lowest scoring country was Greece (54.3), followed by Cyprus (65.3), the UK (65.6) and Italy (67.6).

While the summary indicator shows a relatively large variation across Member States, almost half of them are clustered within five percentage points of the EU average.

Not only does the level of integration vary across Member States, but so does the rate at which the level of integration increases (or decreases) in the period following the year in which a Member State is assumed to be part of the Single Market (see table below). For simplicity, this year is referred to as the base year in the subsequent discussion.

Figure 20 Summary index of Single Market integration by Member State: 2015



Source: London Economics based on Eurostat and European Commission.

Table 2 Base year for analysis of Single Market integration at Member State level

Base year	Countries
1995	Austria, Belgium, Germany, Denmark, Greece, Spain, Finland, France, Ireland, Italy, Luxembourg, Netherlands, Portugal, Sweden, United Kingdom
2002	Cyprus, Czech Republic, Estonia, Hungary, Lithuania, Latvia, Malta, Poland, Slovenia, Slovakia
2005	Bulgaria, Romania
2011	Croatia

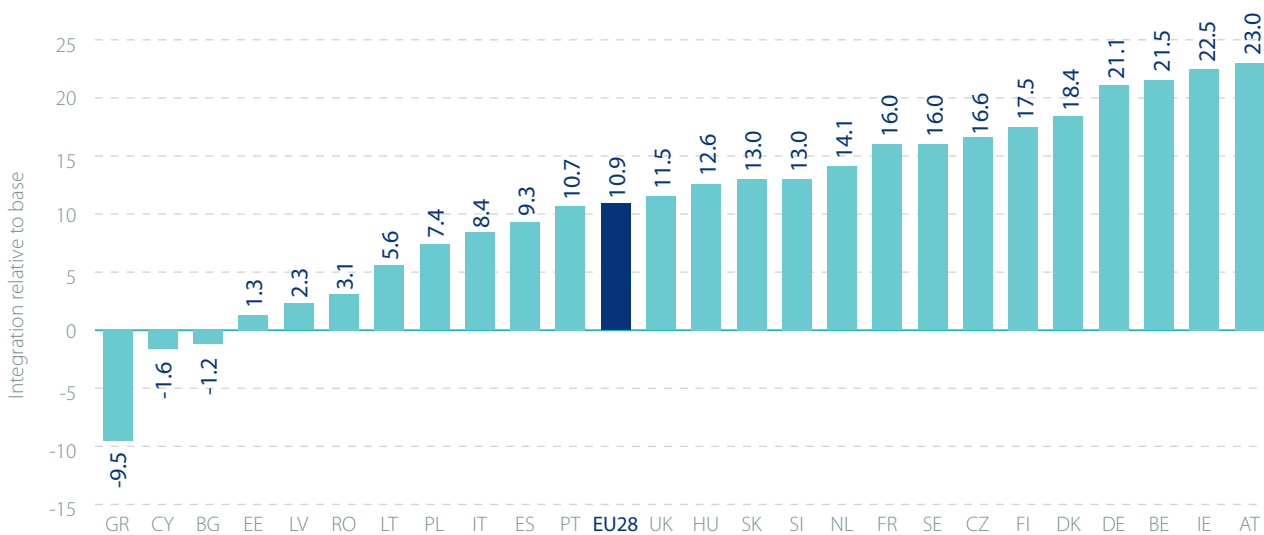
Source: London Economics based on Eurostat and European Commission.

The largest increases in the value of the integration index were experienced in Austria and Ireland. This was followed by Belgium, Germany and Denmark (see Figure 21). In most of these cases (except for Ireland), the increase in the summary indicator (especially after the financial crisis of 2008) was largely driven by gains in the homogeneity component of the indicator: that is, the similarity to the 'core' EU Member States in terms of economic performance and policies. In the case of Ireland, the gains were largely driven by increases in intra-EU FDI movements as a percentage of GDP.

At the other end of the spectrum, only three Member States experienced decreases in their integration index between their base

year and 2015: Greece, Cyprus and Bulgaria. In the case of these three countries, the integration index fell after the financial crisis. All three countries show falls in the value of the homogeneity component, i.e. the economic performance of these countries diverged more from the average of the 'core' Member States. For example, in the case of Greece and Cyprus, per capita GDP (in PPS terms) fell immediately after the financial crisis, but began to recover. However, this recovery was slower than for the 'core' Member States, thus contributing to a divergence. Greece and Cyprus also reported increases in public debt as a percentage of GDP, relative to the 'core'. Furthermore, Bulgaria and Cyprus reported a fall in intra-EU FDI movements as a percentage of GDP.

Figure 21 Change of value in the integration index of the Single Market between base year and 2015



Source: London Economics based on Eurostat and European Commission.

Note: Croatia, Luxembourg, and Malta are not included in the analysis either because they are outliers (Malta and Luxembourg) or only recently joined the EU (Croatia).

It should be noted that the extent of the integration of a Member State into the Single Market can vary considerably across the various individual indicators of integration. For example, some Member States may post a high value for the summary index of Single Market integration which is driven by one particular indicator with a relatively high value (relative to other Member States) and which has a relatively larger weight in the summary index.

In order to assess whether a Member State's integration into the Single Market is systematically high across all indicators of integration used in

the summary index, or only high in a few cases, the rank of each Member State was computed for each indicator. Additionally, a Member State's overall ranking was established on the basis of a weighted average of the Member State's ranking across individual indicators. It was then compared to the Member State's ranking on the basis of the summary indicator.

The two approaches to ranking a Member State's integration into the Single Market yield in most cases very similar results (see Figure 22). The only striking difference is observed in the case of Ireland.

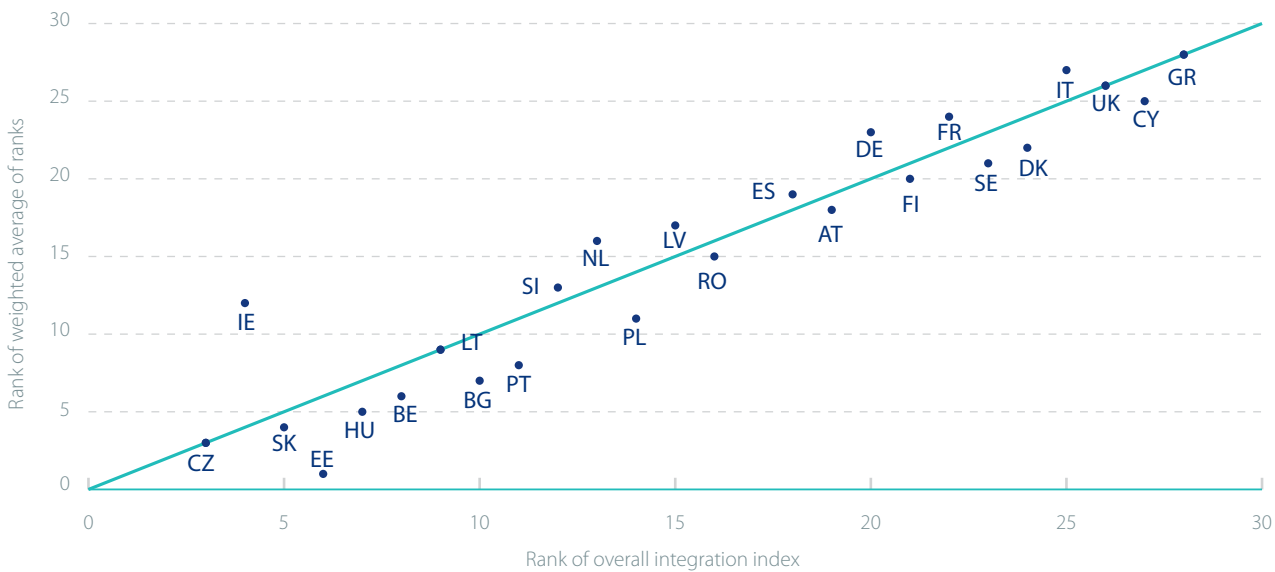
Table 3 Ranking of Member States' integration into the Single Market by individual indicators of integration and overall indicators of integration: 2015

Country	Rank for free movement of goods	Rank for free movement of services	Rank for free movement of capital	Rank based on weighted average* of individual ranks across the indicators of free movement of goods, services and capital	Rank for closeness to core EU Member States**	Rank for transposition conformity	Rank based on weighted average* of individual ranks across the 17 indicators	Rank for summary indicator
Austria	12	8	18	14	19	11	18	19
Belgium	4	4	5	2	18	19	6	8
Bulgaria	10	18	14	15	5	17	7	10
Croatia	15	7	19	16	13	1	14	17
Cyprus	26	6	28	24	22	23	25	27
Czech Republic	2	15	10	7	2	13	3	3
Denmark	20	11	12	11	25	14	22	24
Estonia	6	5	8	6	3	10	1	6
Finland	22	17	9	13	21	2	20	21
France	24	26	22	26	15	18	24	22
Germany	19	24	21	23	14	21	23	20
Greece	27	19	27	27	28	7	28	28
Hungary	3	9	4	4	16	22	5	7
Ireland	17	3	3	5	26	8	12	4
Italy	25	28	26	28	17	28	27	25
Latvia	9	22	24	22	6	16	17	15
Lithuania	8	10	23	18	4	3	9	9
Luxembourg	14	1	2	1	27	24	10	2
Malta	16	2	1	3	7	9	2	1
Netherlands	7	25	7	10	20	15	16	13
Poland	11	23	13	17	10	26	11	14
Portugal	18	16	6	8	12	12	8	11
Romania	13	20	20	20	8	25	15	16
Slovakia	1	14	15	9	1	4	4	5
Slovenia	5	12	25	19	9	27	13	12
Spain	23	21	16	21	11	20	19	18
Sweden	21	13	11	12	23	6	21	23
UK	28	27	17	25	24	5	26	26

Source: London Economics based on Eurostat and European Commission.

Note: * The weighted averages are those presented in Table 1. ** Core Member States include Austria, Belgium, Germany, Denmark, Greece, Spain, Finland, France, Ireland, Italy, Netherlands, Portugal, Sweden, and the United Kingdom.

Figure 22 Relationship between rank based on summary indicator of Single Market integration and rank based on weighted average of ranks of 17 indicators of Single Market integration



Source: London Economics based on Eurostat and European Commission.

Note: Croatia, Luxembourg, and Malta are not included in the analysis either because they are outliers (Malta and Luxembourg) or only recently joined the EU (Croatia).

2.4 Impact of the economic and financial crisis on Single Market integration

The EU-28 average of the summary indicator of Single Market integration grew markedly up to 2008 with all the components also showing increases (Table 4).

However, the rate of increases in integration slowed during the 2008-09 economic and financial crisis. The indicator of trade in goods actually

fell, while the indicators of trade in services and the implementation of EU directives remained essentially unchanged.

Since 2010, the summary integration indicator has resumed its growth, driven by increases in three components, namely intra-EU trade in goods, intra-EU FDI and greater convergence (homogeneity).²⁶

Table 4 EU average change in the summary integration indicator and its components before, during and after the economic and financial crisis

	Base year to 2008	2008 to 2010	2010 to 2015
Summary integration indicator	7.88	1.06	2.68
Intra-EU trade in goods as a percentage of GDP	5.16	-0.99	3.04
Intra-EU trade in services as a percentage of GDP	2.92	0.24	0.82
Intra-EU FDI as a percentage of GDP	8.31	2.88	3.86
Implementation of EU Directives	8.29	0.14	0.27
Homogeneity (similarity to core Member States)	6.52	0.78	1.98

Source: London Economics based on Eurostat and European Commission

Note: Croatia, Luxembourg, and Malta are not included in the EU average either because they are outliers (Malta and Luxembourg) or only recently joined the EU (Croatia).



Single Market integration slowed down during the 2008-09 economic and financial crisis

²⁶ Country-specific developments are further discussed in section 3.3 and detailed country-specific information is provided in Annex 3.

3 Impact of the Single Market on Member States

Single Market integration since the early nineties has boosted the economies of Member States. It is estimated that in 2015, as a result of Member States' further integration since 1990, GDP per capita is 1.7% higher on average across the EU than it would have been without the observed increased in integration, and there are 3.6 million more jobs in the EU. These gains are recurring and growing over time.



This chapter assesses the impact of greater Single Market integration on each Member State since joining the Single Market. It is assessed from two different perspectives.

- First, the analysis focuses on the impact of the increase in integration since 1995. In the case of newer Member States, the start date of the analysis is two years prior to the date at which they joined the EU. In this way the analysis quantifies the incremental impact of Single Market integration since the completion of the SMP in 1992 or since pre-accession integration into the Single Market by new Member States.
- Second, as the Single Market already existed both before the completion of the SMP (albeit imperfectly) and before the enlargement of the EU, the analysis next assesses the impact of the increase in Single Market integration since 1990, prior to the implementation of the SMP. This second approach provides an estimate of the overall impact of the Single Market, whereas the previous approach provides an estimate of the incremental impact of integration post-SMP or post-accession in the case of new Member States.

In both cases, the impact is quantified as the difference between the actual level of an economic variable of interest in 2015 and the level which would have prevailed in the absence of greater integration.

In order to be able to undertake this analysis, a model was first estimated econometrically, relating various variables of interest (see list below) to the summary indicator of Single Market integration and a number of other economic variables. In total, the impact of Single Market integration was estimated for five different variables of interest:

- GDP (measured by GDP per capita)
- Household consumption (measured by household consumption per capita)
- Employment (measured by employment rate)
- Productivity (measured by growth of total factor productivity)
- Investment (measured by gross fixed capital formation)

These five variables are frequently used to gauge the economic performance of countries. They focus on overall economic performance (GDP per capita), impact on consumers and households (household consumption and employment) and the performance of the business sector (productivity and investment)

3.1 Estimation

Table 5 reports the direction and statistical significance of the estimated impact of the summary index of Single Market integration. The model was estimated across all Member States in 1995-2015 (except for Croatia, Malta and Luxembourg²⁷) for the five outcome variables of interest.²⁸

The estimation results show that Single Market integration had a positive and statistically significant impact on the growth of per capita GDP, employment, and total factor productivity. The impact of Single Market integration on consumption is also positive, although

statistically somewhat less robust, reflecting the greater volatility and variation in consumption per capita across Member States.

Although a positive impact was also found for gross fixed capital formation, it was not statistically significant.

The complete estimation results of this model and alternative models are presented in the companion technical report. The latter provides the estimated coefficients of all the variables included in the various models and the statistical significance of the coefficients.

Table 5 Direction and statistical significance of the estimated impact on the outcome variables of the summary indicator of Single Market integration resulting from the estimation of the model across 25 Member States in 1995 - 2015

Growth of per capita GDP (%)	+***
Growth of per capita household consumption (%)	+~
Growth of employment rate (%)	+***
Growth of total factor productivity (TFP) (%)	+*
Growth of gross fixed capital formation (GFCF) (%)	+

Source: *London Economics*.

Note: + or - represents the sign of the relationship (+ means positive, - means negative). Stars reflect the level of significance. *** = significant at 99%, ** = significant at 95%, * = significant at 90%, ~ = significant at 85%. Malta and Luxembourg are excluded from the empirical analysis because these countries are large outliers (resulting from their indicator of freedom of movement of capital). Croatia was excluded because it only very recently joined the EU.

²⁷ Malta and Luxembourg were excluded because these countries are large outliers (resulting from their indicator of freedom of movement of capital). Croatia was excluded because it only very recently joined the EU.

²⁸ The model was estimated econometrically as an unbalanced panel model. See companion technical report for details.

3.2 Estimated impact of Single Market integration since 1995 or the accession date of new Member States

As previously noted, the estimation results can be used to quantify for each Member State the extent to which the levels of the outcome variables were higher in 2015 than they would have been in the absence of increased Single Market integration. The analysis is undertaken for the period ending in 2015 and starting in 1995 or, in the case of new Member States, two years prior to EU accession.

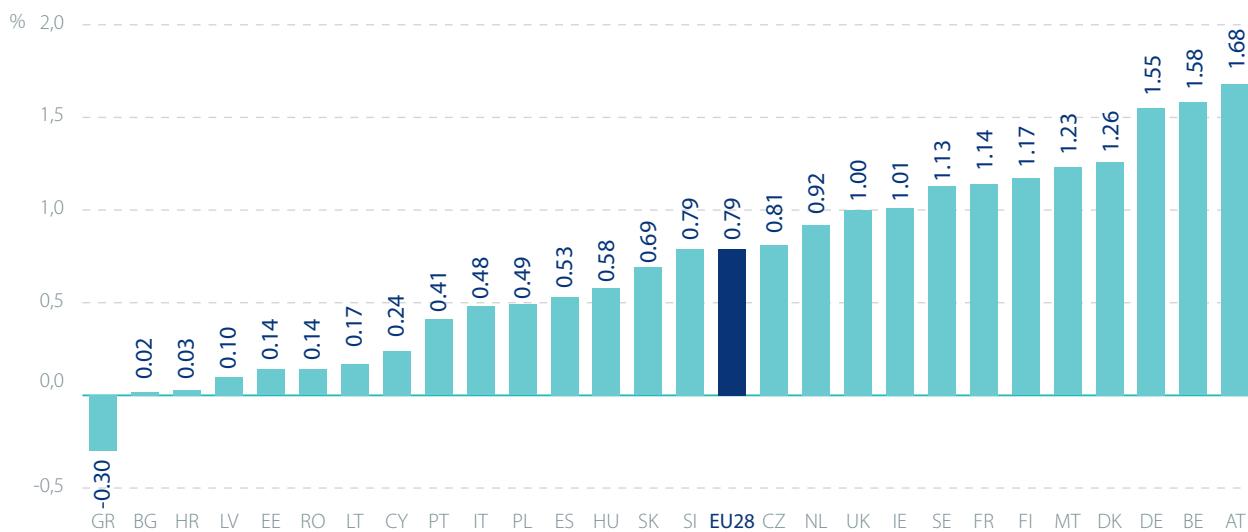
The resulting estimates show that *on average*, across Member States, GDP per capita is 0.8% higher than it would have been in the absence of further integration. Moreover, consumption per capita is higher by 0.3% and employment is higher by 0.5%.

The economic impact of the Single Market varies across Member States, as shown in Figure 23.

- The impact is typically much larger for countries which were in the EU when the SMP was completed in 1992. This is due to the fact that many new Member States were already highly integrated into the Single Market when they joined the EU and as a result, any further increases in integration have been relatively small.
- Greece is the only Member State to show lower levels of actual outcomes compared to the baseline scenario with no increase in integration. This is a consequence of a sharp fall in Single Market integration of the Greek economy since the 2008/09 economic and financial crisis. This resulted in a lower summary indicator in 2015 than in 1995.

The impact of Single Market integration on GDP per capita is the largest for Member States which show the greatest increase in integration (see Figure 24).

Figure 23 Impact of Single Market integration on GDP per capita in 2015 since the completion of the SMP or since the accession of new Member States

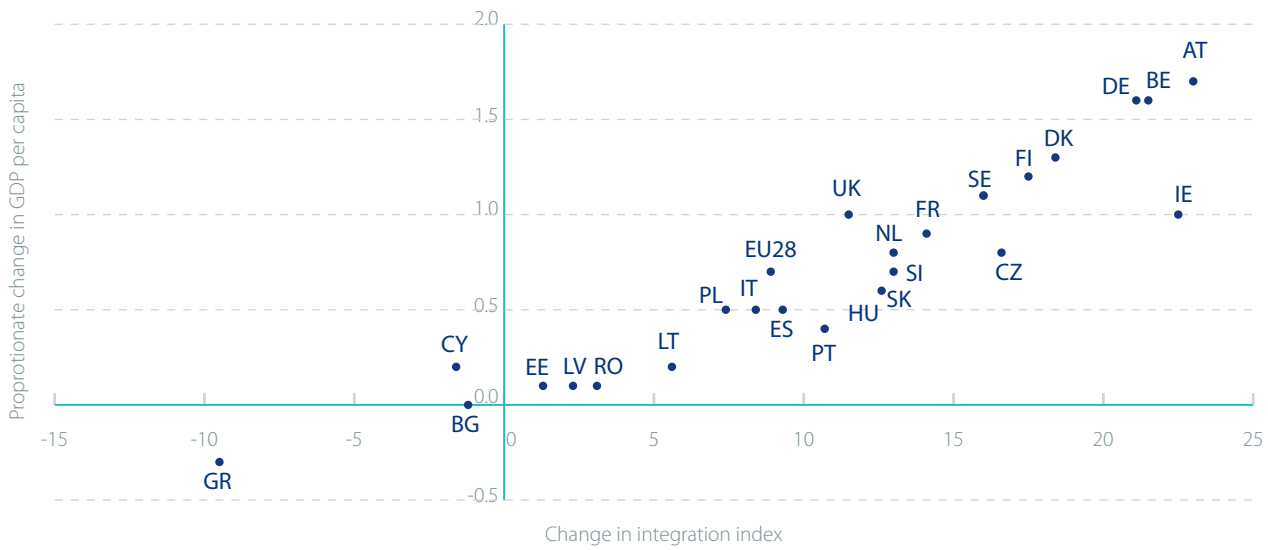


Source: London Economics.

Note: Luxembourg is excluded from the analysis because the country is a large outlier in terms of measurement of GDP due to its very sizeable financial sector and large non-resident workforce. The impact is the difference between the actual level of the outcome variables and the level which, according to the model, would have occurred in the absence of an increase in the Member State's Single Market integration relative to the base year.

EU-28 = unweighted average of Member States results»

Figure 24 Change in summary integration indicator and GDP per capita between base year and 2015



Source: London Economics

Note: Malta and Luxembourg are excluded because these countries are large outliers (resulting from their indicator of freedom of movement of capital). Croatia was excluded because it only very recently joined the EU. The benefit is the difference between the actual level of the outcome variables and the level which, according to the model, would have occurred in the absence of an increase of the Member State's Single Market integration relative to the base year.

In 2015, EU GDP is 1% higher and average EU household GDP is €630 higher than would have been the case without an increase in integration. This increase varies widely at Member State level, reaching as high as €1,360 in Austria.

Moreover, across the EU-28, average consumption per household is higher by about €360 and there are almost 1.9 million additional jobs.

Table 6 Difference between actual GDP, consumption, employment and investment and the levels that would have occurred in the absence of further integration

Country	GDP		Δ Number of jobs (000s)	Δ Consumption level per household in €	Δ Investment level per capita in €
	Δ GDP per capita %	Δ GDP per household in €			
Austria	1.68%	1,362	68	718	151
Belgium	1.58%	1,292	71	665	134
Bulgaria	0.02%	2	1	1	0
Croatia	0.03%	10	1	5	1
Cyprus	0.24%	145	1	100	7
Czech Republic	0.81%	292	40	137	34
Denmark	1.26%	1,330	34	639	113
Estonia	0.14%	44	1	23	5
Finland	1.17%	838	28	464	91
France	1.14%	828	297	456	81
Germany	1.55%	1,081	607	583	115
Greece	-0.3%	-127	-11	-89	-6
Hungary	0.58%	148	24	73	14
Ireland	1.01%	1,170	19	399	118
Italy	0.48%	289	105	176	22
Latvia	0.1%	26	1	16	3
Lithuania	0.17%	43	2	27	4
Malta	1.23%	647	2	367	64
Netherlands	0.92%	788	75	351	72
Poland	0.49%	146	77	86	11
Portugal	0.41%	174	18	114	11
Romania	0.14%	28	12	17	3
Slovakia	0.69%	276	17	151	23
Slovenia	0.79%	334	7	174	29
Spain	0.53%	308	94	179	24
Sweden	1.13%	899	53	405	123
United Kingdom	1.0%	718	299	466	67
EU28	1.01%	631	1,872	356	57

Source: London Economics

Note: Δ = change. Luxembourg is excluded from the analysis because the country is a large outlier in terms of measurement of GDP due to its very sizeable financial sector and large non-resident workforce. The benefit is the difference between the actual level of the outcome variables and the level which, according to the model, would have prevailed in the absence of increased integration.

3.3 A comparison of the estimated benefits in 2015 and 2008, prior to the economic and financial crisis

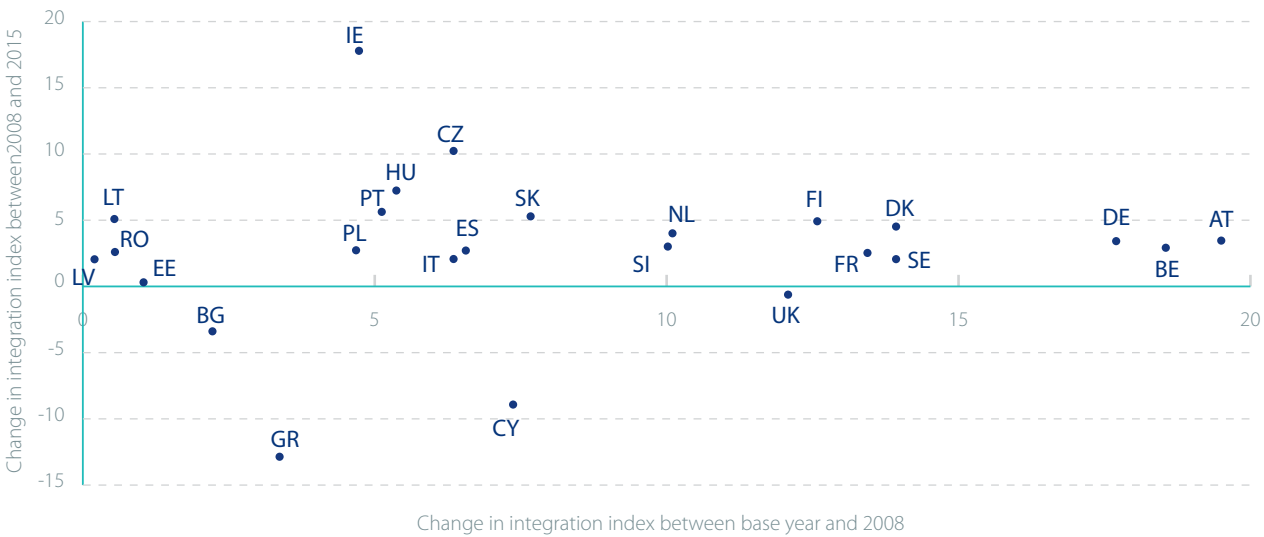
As the pace of Single Market integration has slowed in recent years, a comparison of the impact of Single Market integration in 2008 and 2015 provides an interesting perspective on developments in the EU since 2008.

All Member States experienced increases in their summary index of Single Market integration between the base year and 2008. However, this changed in the period following the crisis. Indeed, in order of

magnitude, Greece, Cyprus, Bulgaria and the United Kingdom (to a much smaller extent) all experienced decreases in integration after 2008 (see Figure 25).

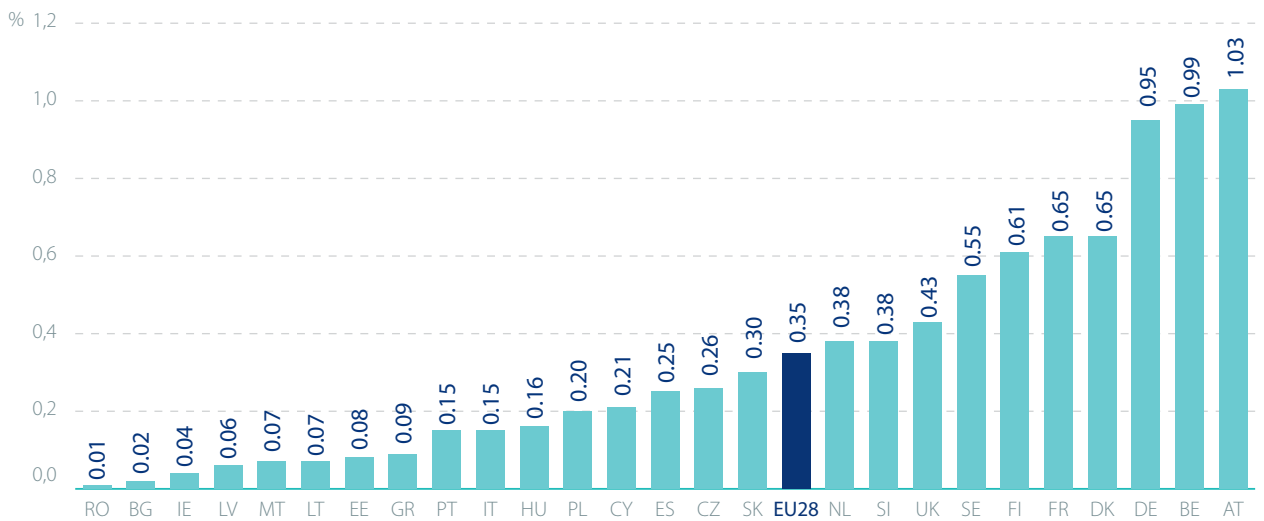
When the impact of Single Market integration is assessed for the year 2008, all Member States show a positive impact on their GDP (see Figure 26).

Figure 25 Change in level of summary indicator of Single Market integration between base year to 2008 and 2008 to 2015



Source: London Economics.

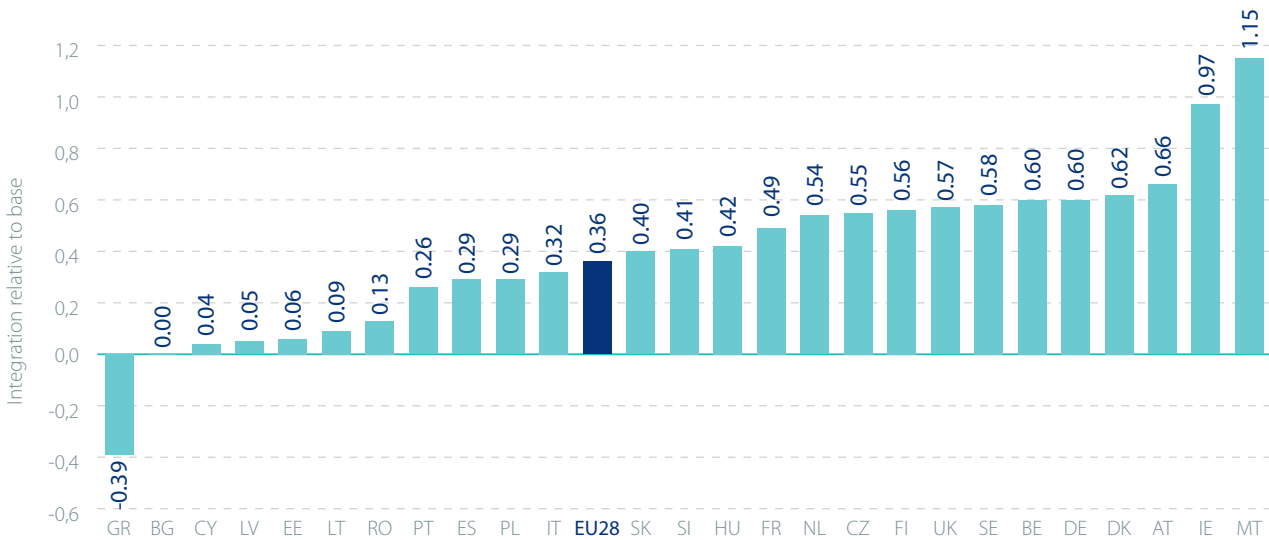
Figure 26 Impact of Single Market integration on GDP per capita in 2008 since the completion of the SMP or since the accession of new Member States



Source: London Economics.

Note: Luxembourg is excluded from the analysis because the country is a large outlier in terms of measurement of GDP due to its very sizeable financial sector and large non-resident workforce. Croatia is not included because it joined EU only in 2013. The impact is the difference between the actual GDP level and the level which, according to the model, would have occurred in the absence of an increase of the Member State's Single Market integration relative to base year.

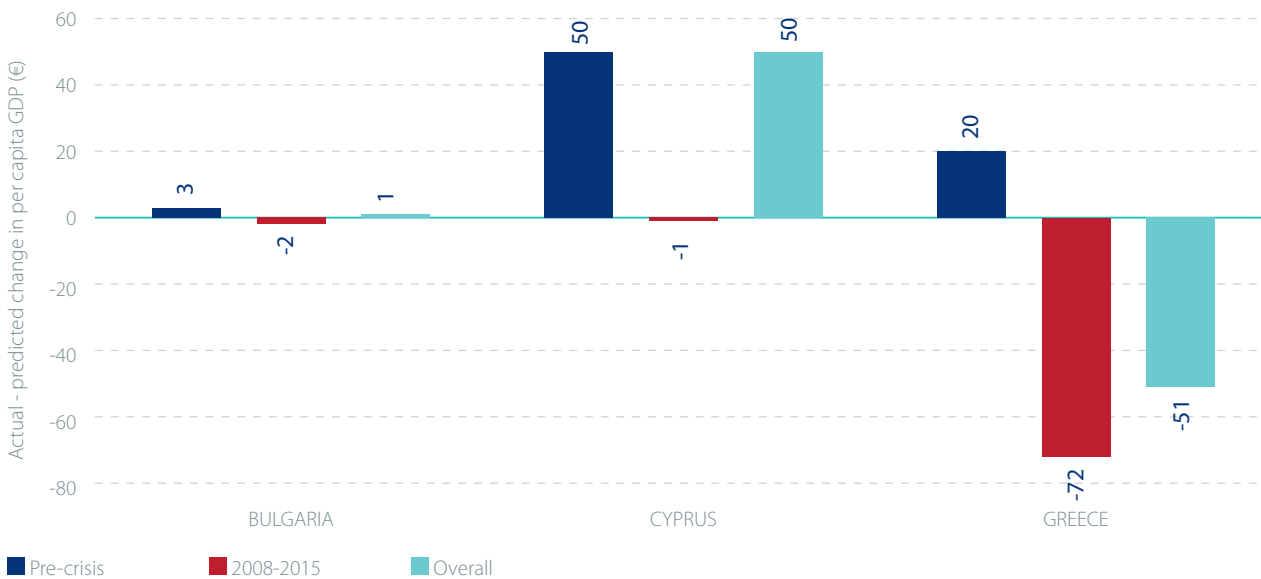
Figure 27 Percentage point difference between the 2008 and 2015 impact of Single Market integration on GDP per capita



Source: London Economics.

Note: Luxembourg is excluded from the analysis because the country is a large outlier in terms of measurement of GDP due to its very sizeable financial sector and large non-resident workforce. Croatia is not included because it joined EU only in 2013. The impact is the difference between the actual GDP level and the level which, according to the model, would have occurred in the absence of an increase of the Member State's Single Market integration relative to base year.

Figure 28 Impact of Single Market integration on GDP per capita before and after the financial crisis in €



Source: London Economics.

Only a few Member States show a decrease in Single Market integration after 2008.

- In the case of Greece, the decrease in Single Market integration is so large by 2015 that all the gains in GDP per capita which had been achieved up to 2008 are more than wiped out (Figure 28).
- In the case of Bulgaria and Cyprus, the drop in Single Market integration between 2008 and 2015 only cuts the gains in GDP per capita achieved in 2008.



Up to 2008, all Member States experienced growing Single Market integration with a positive impact on their GDP

3.4 Estimated impact of Single Market integration since 1990

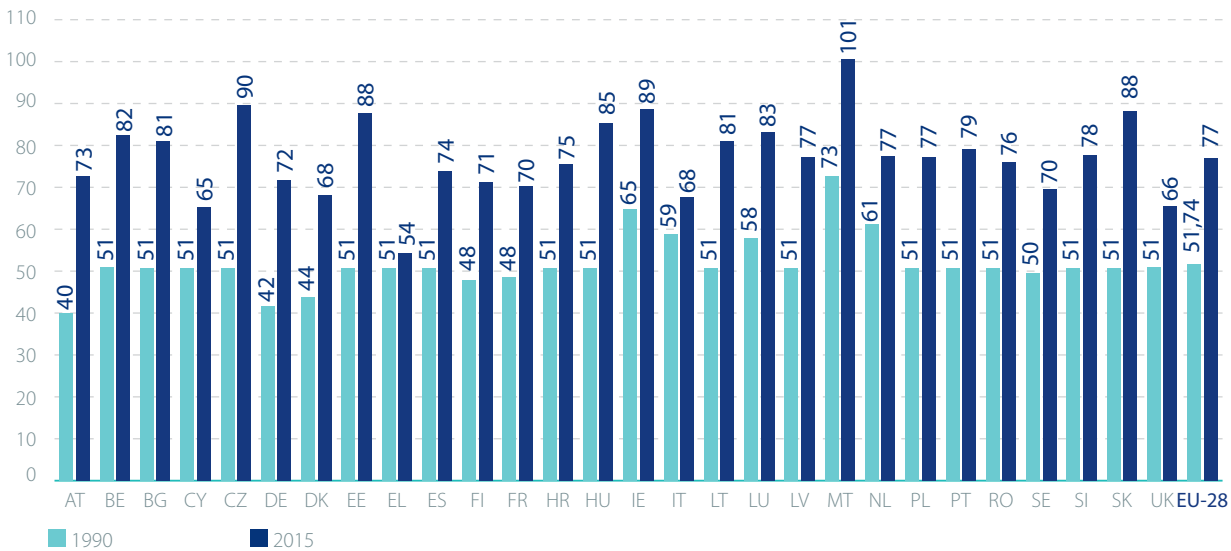
The previous section quantified the impact of further Single Market integration since the completion of the SMP. However, the quantitative estimates reported earlier provide only a partial view of the impact of the Single Market as it has evolved over time.

In order to assess the full impact of the Single Market, the ideal would be to quantify the evolution in Single Market integration since 1957. Unfortunately, due to a lack of data needed to compile the summary indicator of Single Market integration, it is not possible to provide an assessment prior to 1990. Therefore, this analysis focuses on the state of Single Market integration in the year 1990, before the completion of the SMP.

For those Member States which had already joined in 1990, the level against which the impact of progress in integration is assessed is the 1990 level shown by their summary indicator of Single Market integration.

In the case of newer Member States (which joined well after the completion of the SMP), the benchmark level of integration is defined as equal to the average of the integration level of the countries which were members of the EU in 1990.²⁹ For all countries, the 1990 benchmark integration level is much lower than the actual 2015 level (see Figure 29).

Figure 29 Summary Single Market integration index: 1990 benchmark and 2015 level



Source: London Economics.

The impact of further integration since 1990 is substantial. At EU level, Single Market integration since 1990 boosted GDP in 2015 by 1.7% (relative to what it would have been without further integration). Furthermore, it increased GDP per capita by almost €1,050, consumption per household by almost €600, and created 3.6 million additional jobs. Such gains are recurring year after year.

The difference between the estimates reported in the previous section and those reported in this section reflects the substantial Single Market integration from the early 1990s, following the adoption of the Single European Act in 1987.

Impact of the Single Market since 1990:



GDP:
↑ 1.7%



GDP per capita:
↑ €1,050



Consumption
↑ €600
per household



Employment:
↑ 3.6 million
jobs

(2015 figures)

²⁹ For details on the construction of the 1990 benchmark, see the Companion Technical Report.

Table 7 Difference between actual GDP, consumption, employment and investment, and the levels which would have occurred without integration since 1990

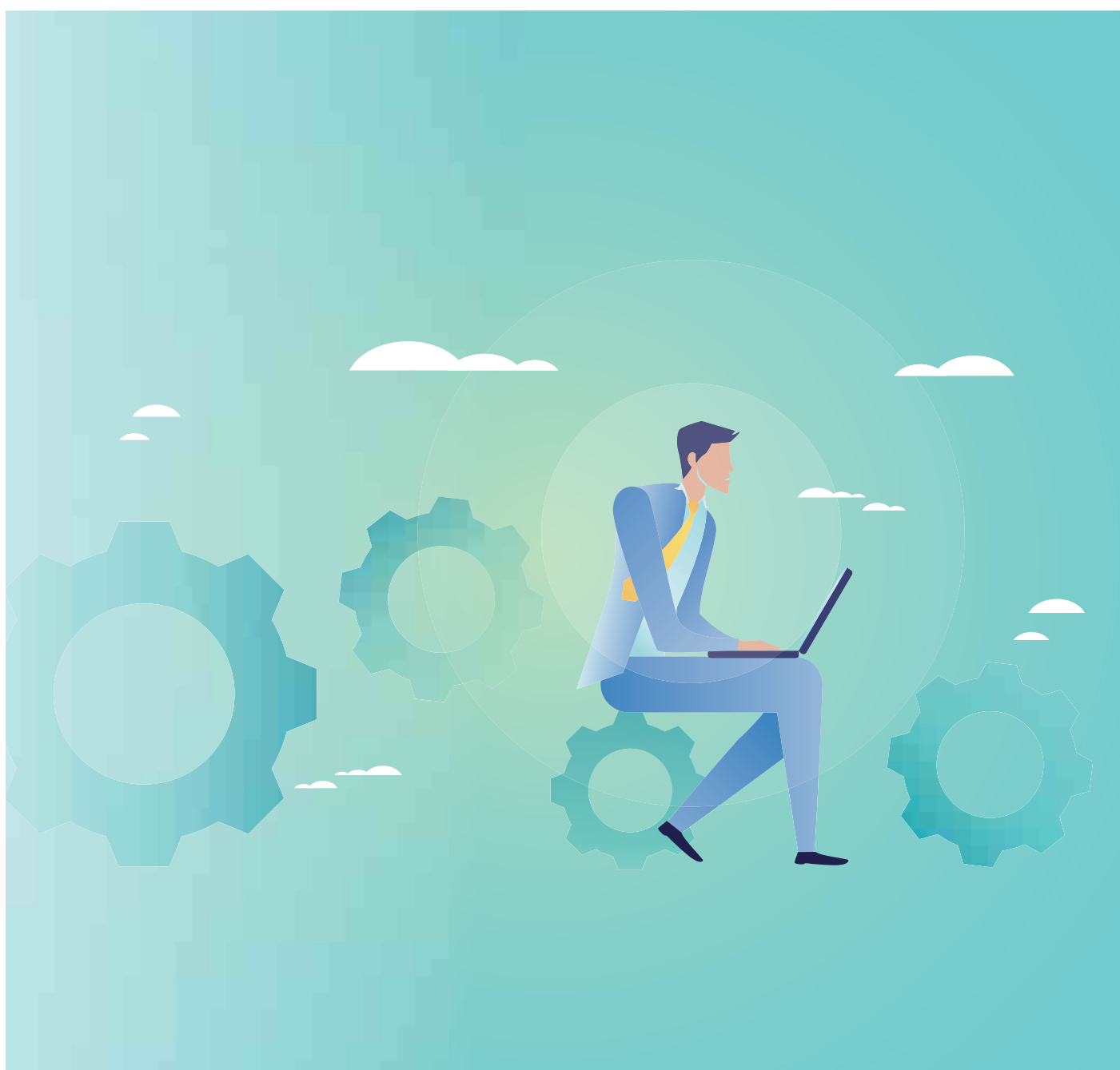
Country	GDP		Δ Number of jobs (000s)	Δ Consumption level per household in €	Δ Investment level per capita in €
	Δ GDP per capita %	Δ GDP per household in €			
Austria	2.58%	2091	105	1102	231
Belgium	2.51%	2053	113	1057	213
Bulgaria	2.26%	247	67	150	29
Croatia	1.19%	352	19	187	24
Cyprus	1.57%	946	5	657	44
Czech Republic	2.61%	942	129	442	109
Denmark	1.8%	1900	48	912	161
Estonia	3.0%	939	18	492	109
Finland	1.71%	1225	40	678	133
France	1.67%	1213	436	668	118
Germany	2.39%	1668	936	899	178
Greece	0.94%	399	33	280	18
Hungary	2.37%	606	99	298	56
Ireland	1.15%	1332	22	454	135
Italy	0.52%	313	114	191	23
Latvia	2.05%	542	18	331	57
Lithuania	2.15%	544	28	344	53
Malta	2.83%	1,493	5	847	3,387
Netherlands	1.13%	967	92	432	88
Poland	2.04%	610	323	358	46
Portugal	2.04%	866	88	568	54
Romania	1.72%	343	142	211	34
Slovakia	2.67%	1066	64	586	89
Slovenia	1.93%	816	17	426	70
Spain	1.83%	1064	324	618	84
Sweden	1.50%	1194	70	538	163
United Kingdom	1.30%	933	389	606	87
EU28	1.70%	1,047	3,644	590	95

Source: London Economics.

Note: Δ = change. Luxembourg is excluded from the analysis because the country is a large outlier in terms of measurement of GDP due to its very sizeable financial sector and large non-resident workforce. Croatia not included because it joined only recently. The benefit is the difference between the actual level of the outcome variables and the level which, according to the model, would have occurred if Single Market integration had remained at its 1990 level.

4 Benefits of further Single Market integration

Additional gains of 0.6% in GDP per capita and 1.3 million jobs could be reaped by taking further policy action to strengthen the Single Market, especially in services. These gains would be added to the benefits already achieved and would also be recurring and growing over time.



This chapter estimates the potential impact of further Single Market integration. It presents three economic scenarios of increased integration and measures their impact on the economies of the Member States.

4.1 The three integration scenarios

Building on the previous analysis of the state of Single Market integration and impact to date, the potential impact of three scenarios of greater integration is described below. For simplicity, the estimation is undertaken for 2015, using the actual levels of the outcome variables in 2015 as the baseline with no additional integration. Obviously, in practice, the gains may take a few years to materialise. However, once the gains have been fully realised, they will recur year after year.

Scenario 1: All Member States achieve the highest level of the summary integration index shown by one or several Member States

First, we estimate the benefits which would arise if all Member States were as integrated in the Single Market as the Member State with the highest summary integration indicator (i.e. the highest level of Single Market integration).

As noted, some Member States may show a high summary indicator of Single Market integration without necessarily ranking highly along all dimensions of integration. Therefore, in order to avoid selecting a target integration level which reflects the particular circumstances of a specific Member State, our selection of Member State(s) to emulate is based on rankings across all indicators of integration.

The Czech Republic, Slovakia and Ireland show the highest summary integration indicators, but this reflects specific circumstances in these Member States. Therefore, our analysis uses as its target benchmark the average of the next two most consistently high-ranking countries with regard to the summary indicator and its components.

These two countries are Belgium (ranking highly along the dimensions of free movement of goods, capital and services, as well as on transposition conformity) and Estonia (ranking highly along the dimensions of homogeneity, one of a set of indicators of Single Market integration included in the summary indicator and presented in Table 1).

This approach means that the Czech Republic, Ireland and Slovakia are not included in the analysis because the level of their summary integration indicator exceeds that of the average of the target countries. Additionally, no benefits of greater integration have been estimated for Estonia because the level of its summary integration index is higher than the benchmark integration level, which is, as previously stated, the average of the Estonian and Belgian indicators and Estonia shows the higher integration level of the two countries.³⁰

Scenario 2: All Member States achieve the highest level shown by a Member State for each integration indicator included in the summary indicator of Single Market integration

In a second scenario, we estimate the benefits which could arise if all Member States achieved the same level of integration as the best performing Member State for each Single Market indicator included in the summary indicator of Single Market integration.

As shown earlier, the identity of the best performing Member State varies across indicators. We label this level of integration as the 'frontier' of integration. It represents the highest level of integration for the indicators of free movement of goods, services, capital, homogeneity and transposition conformity.

Scenario 3: All Member States achieve (a) the highest level shown by a Member State for each integration indicator included in the summary indicator of Single Market integration and (b) an increase of 50% in intra-EU trade in services.

In this third scenario, all Member States are assumed to move to the level of integration defined as the 'frontier' of integration in the previous scenario. This represents the highest level of integration for the indicators of free movement of goods, services, capital, homogeneity and transposition conformity. In addition, all Member States are assumed to boost their intra-EU trade in services by 50%. At EU level, this would imply that intra-EU trade in services increases from 6.1% of EU GDP to 9.1% of EU GDP.

³⁰ Hungary is also excluded because the country ranks very highly with respect to the summary integration indicator but only for a few components of the summary indicator.

4.2 Estimated impact of the three integration scenarios

The estimated impact of each of the three scenarios on GDP, consumption, investment and employment is presented in the following tables.

In all three scenarios, the increase in Single Market integration clearly yields further benefits. The more ambitious the integration objective, the greater the impact on the outcome variables.

The combination of increasing intra-EU trade in services and improving the Single Market integration performance of all Member States to the level of the best performing Member States will result in further substantial benefits for EU citizens.

Table 8 shows that the additional gain in EU GDP per capita resulting from further integration ranges from 0.2% in scenario 1 to 0.5% in scenario 2 and 0.6% in scenario 3.

The benefits under the most ambitious of the three scenarios (scenario 3) are substantial: they amount to about one third of the benefits achieved so far from Single Market integration since the early 1990s. In practical terms:

- EU GDP per capita could be permanently higher by 0.6%, equivalent to an additional €102 to €370 per household per year at EU-wide level (Table 8)
- Household consumption in the EU could be permanently higher by up to €208 per year (Table 9)
- Investment by companies in the EU could be permanently higher by 0.6% per year, equivalent to a further € 17 billion per year (Table 10)
- EU-wide employment could be higher each year by up to 1.3 million jobs (Table 11)

These gains are recurring each year and growing over time.

Under the most ambitious scenario, further gains could amount to
one third
of the benefits
 achieved since the early 1990s

Benefits of further integration:



GDP:
 ↗ **0.6%**



Household consumption:
 ↗ **€208**



Investment:
 ↗ **€17 billion**



Employment:
 ↗ **1.3 million**
 jobs

Table 8 Impact of increased integration on GDP in the three scenarios

Country	Scenario 1: Moving to the highest observed summary integration		Scenario 2: Moving to the integration 'frontier'		Scenario 3: Moving to the integration 'frontier' and greater Services Market integration	
	Δ GDP per capita in %	Δ GDP per household level in €	Δ GDP per capita in %	Δ GDP per household level in €	Δ GDP per capita in %	Δ GDP per household level in €
Austria	0.15%	122	0.47%	383	0.59%	476
Belgium	0.03%	25	0.35%	286	0.46%	379
Bulgaria	0.05%	7	0.36%	51	0.47%	67
Croatia	0.11%	34	0.43%	128	0.55%	161.5
Cyprus	0.24%	142	0.56%	334	0.67%	402
Czech Republic	n. a.	n. a.	0.26%	94	0.37%	134
Denmark	0.20%	215	0.53%	556	0.64%	677
Estonia	n. a.	n. a.	0.29%	91	0.40%	127
Finland	0.17%	119	0.49%	350	0.60%	432
France	0.18%	129	0.50%	363	0.61%	445
Germany	0.16%	111	0.48%	333	0.59%	411
Greece	0.37%	158	0.69%	297	0.81%	345
Hungary	n. a.	n. a.	0.31%	79	0.42%	108
Ireland	n. a.	n. a.	0.25%	293	0.36%	413
Italy	0.21%	126	0.53%	320	0.64%	389
Latvia	0.09%	24	0.40%	105	0.51%	134
Lithuania	0.05%	12	0.36%	92	0.47%	120
Malta	n. a.	n. a.	0.13%	68	0.24%	126
Netherlands	0.09%	77	0.41%	350	0.52%	446
Poland	0.09%	27	0.40%	119	0.51%	151
Portugal	0.07%	31	0.39%	166	0.50%	214
Romania	0.11%	21	0.41%	81	0.52%	103
Slovakia	n. a.	n. a.	0.28%	110	0.39%	155
Slovenia	0.09%	36	0.40%	170	0.51%	217
Spain	0.13%	76	0.45%	257	0.56%	321
Sweden	0.18%	146	0.50%	397	0.61%	486
UK	0.23%	167	0.55%	397	0.67%	478
EU28	0.16%	102	0.48%	300	0.59%	370

Source: London Economics.

Note: Δ = the difference in the level of the economic variable, n. a. = not available. Luxembourg is excluded from the analysis because the country is a large outlier in terms of measurement of GDP due to its very sizeable financial sector and large non-resident workforce. The impact is the difference between the actual 2015 level of the outcome variable and the level which, according to the model, would have occurred in each scenario.

Table 9 Impact of increased integration on household consumption in the three scenarios

Country	Scenario 1: Moving to the highest observed summary integration		Scenario 2: Moving to the integration 'frontier'		Scenario 3: Moving to the integration 'frontier' and greater Services Market integration	
	ΔConsumpt. per capita in %	ΔConsumpt. per household level in €	ΔConsumpt. per capita in %	ΔConsumpt. per household level in €	ΔConsumpt. per capita in %	ΔConsumpt. per household level in €
Austria	0.15%	64	0.47%	203	0.59%	251
Belgium	0.03%	13	0.35%	148	0.46%	195
Bulgaria	0.05%	3	0.36%	24	0.47%	31
Croatia	0.11%	18	0.43%	68	0.55%	86
Cyprus	0.24%	99	0.56%	233	0.67%	281
Czech Republic	n. a.	n. a.	0.26%	44	0.37%	63
Denmark	0.20%	104	0.53%	268	0.64%	326
Estonia	n. a.	n. a.	0.29%	48	0.40%	66
Finland	0.17%	66	0.49%	194	0.60%	239
France	0.18%	71	0.50%	200	0.61%	245
Germany	0.16%	60	0.48%	180	0.59%	222
Greece	0.37%	110	0.69%	206	0.81%	240
Hungary	n. a.	n. a.	0.31%	39	0.42%	53
Ireland	n. a.	n. a.	0.25%	100	0.36%	141
Italy	0.21%	76	0.53%	194	0.64%	236
Latvia	0.09%	15	0.40%	65	0.51%	83
Lithuania	0.05%	7	0.36%	57	0.47%	74
Malta	n. a.	n. a.	0.13%	39	0.24%	71
Netherlands	0.09%	35	0.41%	156	0.52%	200
Poland	0.09%	16	0.40%	70	0.51%	89
Portugal	0.07%	20	0.39%	108	0.50%	139
Romania	0.11%	13	0.41%	51	0.52%	64
Slovakia	n. a.	n. a.	0.28%	61	0.39%	86
Slovenia	0.09%	19	0.40%	88	0.51%	113
Spain	0.13%	44	0.45%	150	0.56%	188
Sweden	0.18%	66	0.50%	179	0.61%	219
UK	0.23%	108	0.55%	258	0.67%	311
EU28	0.16%	57	0.48%	169	0.59%	208

Source: London Economics.

Note: Δ = the difference in the level of the economic variable, n. a.= not available. Luxembourg is excluded from the analysis because the country is a large outlier in terms of measurement of GDP due to its very sizeable financial sector and large non-resident workforce. The impact is the difference between the actual 2015 level of the outcome variable and the level which, according to the model, would have occurred in each scenario.

Table 10 Impact of increased integration on investment in the three scenarios

Country	Scenario 1: Moving to the highest observed summary integration		Scenario2: Moving to the integration 'frontier'		Scenario 3: Moving to the integration 'frontier' and greater Services Market integration	
	Δ Invest. per capita in %	Δ Invest. level in € million	Δ Invest. per capita in %	Δ Invest. level in € million	Δ Invest. per capita in %	Δ Invest. level in € million
Austria	0.15%	116	0.47%	364	0.59%	452
Belgium	0.03%	30	0.35%	335	0.46%	444
Bulgaria	0.05%	4	0.36%	34	0.47%	44
Croatia	0.11%	10	0.43%	37	0.55%	47
Cyprus	0.24%	6	0.56%	13	0.67%	16
Czech Republic	n. a.	n. a.	0.26%	114	0.37%	162
Denmark	0.20%	104	0.53%	268	0.64%	326
Estonia	n. a.	n. a.	0.29%	14	0.40%	19
Finland	0.17%	71	0.49%	209	0.60%	257
France	0.18%	836	0.50%	2,342	0.61%	2,875
Germany	0.16%	960	0.48%	2,886	0.59%	3,566
Greece	0.37%	76	0.69%	142	0.81%	165
Hungary	n. a.	n. a.	0.31%	72	0.42%	98
Ireland	n. a.	n. a.	0.25%	137	0.36%	193
Italy	0.21%	570	0.53%	1,448	0.64%	1,758
Latvia	0.09%	5	0.40%	22	0.51%	28
Lithuania	0.05%	3	0.36%	26	0.47%	34
Malta	n. a.	n. a.	0.13%	3	0.24%	5
Netherlands	0.09%	119	0.41%	538	0.52%	686
Poland	0.09%	77	0.40%	345	0.51%	439
Portugal	0.07%	20	0.39%	106	0.50%	137
Romania	0.11%	42	0.41%	164	0.52%	208
Slovakia	n. a.	n. a.	0.28%	50	0.39%	71
Slovenia	0.09%	6	0.40%	30	0.51%	38
Spain	0.13%	278	0.45%	944	0.56%	1,180
Sweden	0.18%	193	0.50%	528	0.61%	646
UK	0.23%	1,014	0.55%	2,413	0.67%	2,908
EU28	0.16%	4,698	0.48%	13,809	0.59%	17,045

Source: London Economics.

Note: Δ = the difference in the level of the economic variable, n. a. = not available. Luxembourg is excluded from the analysis because the country is a large outlier in terms of measurement of GDP due to its very sizeable financial sector and large non-resident workforce. The impact is the difference between the actual 2015 level of the outcome variable and the level which, according to the model, would have occurred in each scenario.

Table 11 Impact of increased integration on employment in the three scenarios

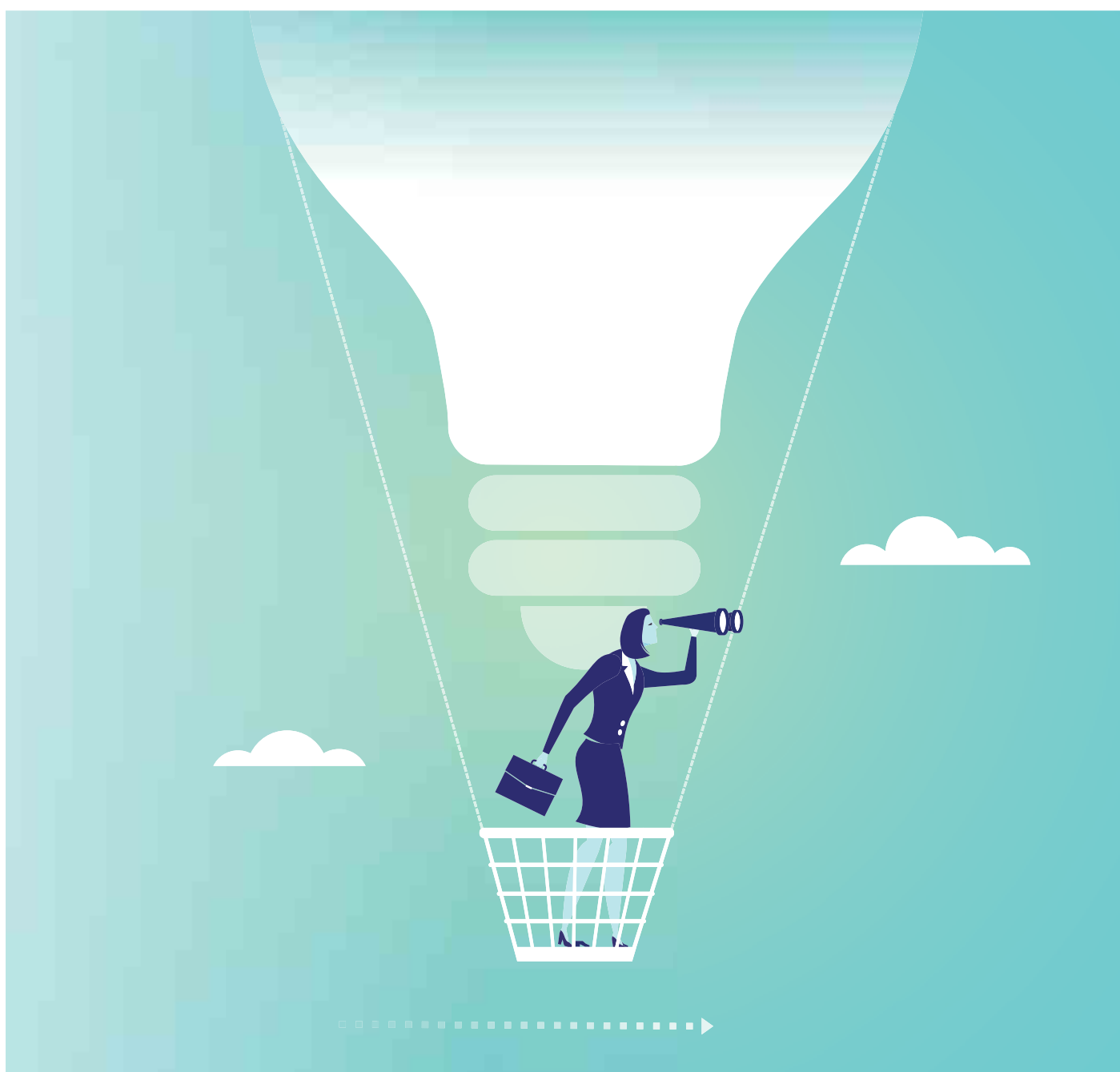
Country	Scenario 1: Moving to the highest observed summary integration	Scenario2: Moving to the integration 'frontier'	Scenario 3: Moving to the integration 'frontier' and greater Services Market integration
	Δ Number of jobs (000s)	Δ Number of jobs (000s)	Δ Number of jobs (000s)
Austria	6.1	19.3	23.9
Belgium	1.4	15.8	20.9
Bulgaria	1.4	10.8	14.1
Croatia	1.8	6.8	8.5
Cyprus	0.8	2.0	2.3
Czech Republic	n. a.	12.8	18.2
Denmark	5.5	14.2	17.2
Estonia	n. a.	1.8	2.5
Finland	3.9	11.6	14.3
France	46.5	130.2	159.8
Germany	62.3	187.2	231.4
Greece	13.1	24.5	28.6
Hungary	n. a.	12.9	17.6
Ireland	n. a.	4.8	6.8
Italy	45.8	116.4	141.3
Latvia	0.8	3.5	4.5
Lithuania	0.6	4.6	6.1
Malta	n. a.	0.2	0.4
Netherlands	7.3	33.2	42.4
Poland	14.2	63.3	80.7
Portugal	3.1	16.7	21.5
Romania	8.7	34.2	43.2
Slovakia	n. a.	6.7	9.4
Slovenia	0.8	3.6	4.6
Spain	23.2	78.9	98.6
Sweden	8.5	23.2	28.4
UK	69.5	165.5	199.4
EU28	351.4	1,032.8	1,274.9

Source: London Economics.

Note: Δ = the difference in the level of the economic variable, n. a. = not available. Luxembourg is excluded from the analysis because the country is a large outlier in terms of measurement of GDP due to its very sizeable financial sector and large non-resident workforce. The impact is the difference between the actual 2015 level of the outcome variable and the level which, according to the model, would have occurred in each scenario.

5 Conclusions and recommendations

The Single Market has delivered substantial benefits for EU citizens and businesses. Therefore the gains achieved so far should be safeguarded. Further benefits could be achieved by fully implementing all ongoing Single Market initiatives and taking action to strengthen and expand the Single Market in services.





The development of the Single Market has also yielded significant benefits for citizens of the Member States

The Single Market has changed considerably since the signing of the Treaty of Rome in 1957. From its origin as a common market of six countries with common external trade tariffs and no internal trade tariffs, it has grown to encompass almost the whole of Europe. In 2016, the Single Market is the second largest economy in the world³¹ (after the USA) and serves about 510 million citizens.

Besides the invaluable benefits of peace and stability resulting from the creation of the common market and the European Union, the development of the Single Market has also yielded significant benefits for citizens of the Member States.

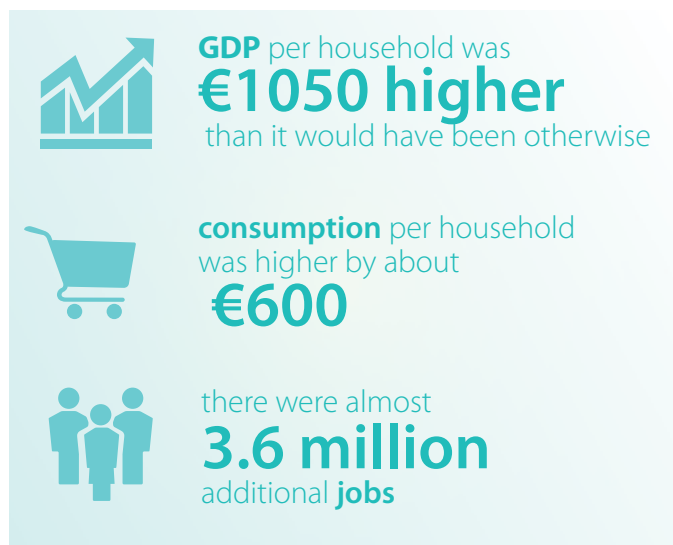
The Single Market allows businesses to operate more efficiently, increases competition in the market place and offers consumers a greater choice of goods and services at lower prices. These benefits can only be achieved if there are no restrictions on the freedoms to move goods, services, capital and people within the Single Market.

Since the signing of the Treaty of Rome, the European Commission, the European Parliament, and Member States have taken frequent action to strengthen the Single Market. The ensuing benefits are very tangible.

Indeed, the results of the empirical analysis reported in this study show that, in 2015, the level of EU GDP is 1.7% higher than it would have been if there had been no increase in Single Market integration since 1990. This finding is broadly similar to those reported by many studies, although perhaps somewhat on the conservative side.³²

Furthermore, as time progresses, the difference between the actual level of EU GDP and the lower level of EU GDP which would have existed without further integration grows. Looking ahead, the difference is projected to reach about 2.0% in 2020.

In actual terms, further Single Market integration since the early 1990s meant that, in 2015:




These gains are recurrent and growing over time. For example, during the period 2015-2020, it is estimated that EU households could increase consumption by an additional €650 per year as a result of the Single Market integration which has occurred since 1990.

However, although Single Market integration has grown considerably over the past 70 years, a number of barriers and restrictions still affect the free movement of goods, services, capital and people.

Addressing these barriers will yield further substantial benefits for EU citizens and businesses. This is particularly important because the growth prospects of the European economy are projected to be moderate. Eliminating or reducing the remaining Single Market barriers and restrictions would provide a welcome boost to the EU economy.

For example, in one of the scenarios discussed in this study the level of EU GDP per capita could be permanently raised by 0.6%, while EU employment could increase annually by up to 1.3 million jobs.

Of course, any quantitative estimates of the impact of the Single Market are subject to uncertainty. However, the message arising from the analysis is very clear: the development of the Single Market since the signing of the Treaty of Rome has benefitted EU citizens and businesses, and further benefits can be reaped with decisive policy action.

-  Protect the gains achieved so far
- Increase the speed of progress substantially

³¹ In terms of GDP at current prices in 2016 (database of the October 2016 IMF World Economic Outlook).

³² See Annex 2 for a short summary of the main studies which have examined the impact of Single Market integration.

The question is: what should be the focus of future policy action?

The analysis suggests a three-pronged approach:

- Firstly, in view of the benefits already gained from the current level of Single Market integration, every effort should be made to avoid any backsliding in integration. The empirical analysis in the previous chapter shows that, so far, substantial economic gains (in terms of employment, GDP per capita, household consumption, etc.) have been achieved as a result of the Single Market as it exists today. An unravelling of the Single Market would jeopardise these gains and have a negative impact on households and firms. While a wholesale unravelling is unlikely, increased fragmentation is a real risk, which may arise inadvertently or as a result of deliberate policy actions by Member States.

The European Commission's efforts under the *Regulatory Fitness and Performance programme* (REFIT) to simplify EU law or to eliminate EU law which is no longer required are most welcome. Nonetheless, in implementing this programme, it is essential to avoid any unintended fragmentation of the Single Market.

Member States should ensure that all EU directives are speedily and correctly transposed into national law, and, perhaps even more importantly, effectively implemented and enforced. In this regard, the European Commission should make considerably more efforts to monitor the implementation and enforcement of EU directives by national authorities once they are national law. Differences in the way Member States implement or enforce EU law contribute to the fragmentation of the Single Market, rather than its strengthening as originally intended.

- Secondly, Member States, the European Commission and the European Parliament should aim to speedily implement the various Single Market initiatives currently underway. Foremost among these are the Digital Single Market, Energy Union and Capital Markets Union initiatives. According to the European Commission, a 'true' Digital Single Market alone would add €415 billion per year to the EU economy and create hundreds of thousands of new jobs³³.
- Thirdly (and perhaps most importantly), the European Commission, the European Parliament, and Member States should focus on policy actions to achieve a fully functioning Single Market in services. In 2015, public and private services accounted for about 83% of the EU-28 economy.³⁴ The scenarios presented in the previous chapter demonstrate that a significant increase in trade in services between Member States could yield further substantial economic gains. A 2012 study by the European Commission³⁵ came to the same conclusion. It pointed out that measures taken as part of the Services Directive boosted EU GDP by about 8.0% and that a more ambitious

During this current period of hesitant economic growth in many Member States, further development of the Single Market would provide a very valuable stimulus

implementation of the Directive could yield a further gain of 0.8% to 1.8% of EU GDP.

However, a 2015 update of this study found that very little progress had been made over the period 2012 to 2014 in terms of taking policy action to reap these additional potential benefits. Yet the highly incomplete Single Market in services represents an untapped source of future growth. Its completion would therefore give a major boost to economic activity, employment, and standards of living in the near future. Given the major impact such a course of action could have, it should be a key priority for all policy-makers.

More generally, during this current period of hesitant economic growth in many Member States, further development of the Single Market would provide a very valuable stimulus and provide an alternative to monetary policy, as main economic tool used to stimulate the European economy.

At a time when the concept of the Single Market is under pressure, it is essential to take resolute policy actions to ensure that:

- The gains achieved so far as a result of the Single Market are protected and not reversed.
- The speed of progress is substantially increased relative to the tepid pace of recent years and further progress is made in developing the Single Market. This would strengthen the EU's economic prospects and generate further benefits for consumers in terms of higher incomes, consumption, and employment. In particular, the achievement of a Single Market in the services sector is a low-hanging fruit which could yield substantial benefits.

Above all, as the European economy moves through its third industrial revolution and becomes more digital-dependent, considerable efforts are required to achieve the objectives of the current Digital Single Market plan. For example, looking ahead, it is likely that cross-border movement of people could be replaced, at least in part, by cross-border movement of knowledge and ideas through video-conferencing, etc. In order to support such developments and to ensure that the opportunities provided by these new technological developments are accessible to all people and businesses across the EU, considerable investment in physical infrastructure will be required in many EU regions.

³³ See https://ec.europa.eu/priorities/digital-single-market_en

³⁴ Measured by value added.

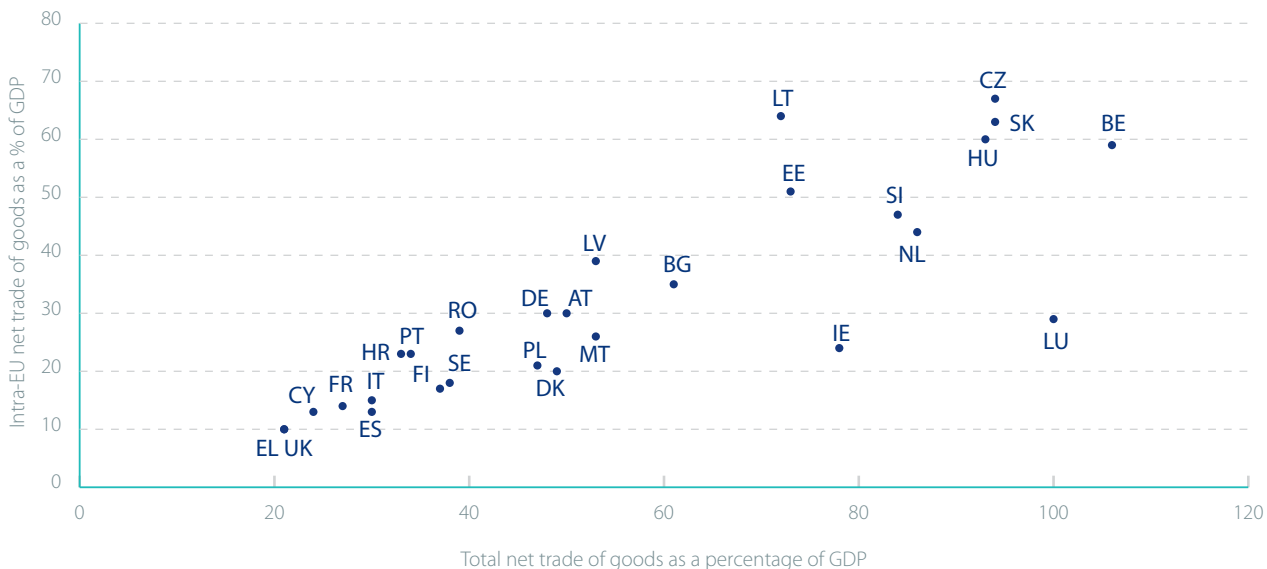
³⁵ Monteagudo, J., Rutkowski, A. and Lorenzani, D. (2012). The economic impact of the Services Directive: A first assessment following implementation, European Commission, Economic Papers No. 456, June.

Annexes



Annex 1 Total and intra-EU trade in goods and services

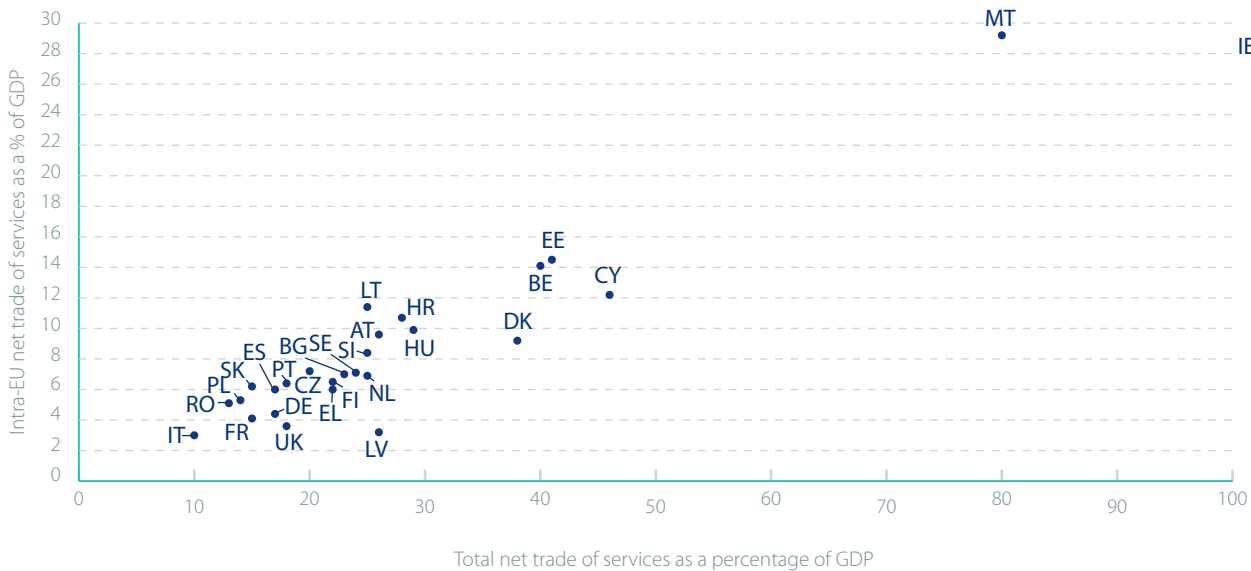
Figure 30 Total and intra-EU trade in goods



Source: LE Europe calculations based on Eurostat.

Note: Total and intra-EU trade in services of Member States is equal to the respective average of a country's total and intra-EU exports and imports expressed as a percentage of the country's GDP.

Figure 31 Total and intra-EU trade in services



Source: LE Europe calculations based on Eurostat.

Note: Intra-EU trade in services of Member States is equal to the average of a country's intra-EU exports and imports expressed as a percentage of the country's GDP. Data for Slovakia is based on 2012 due to missing data. EU28 average excludes Luxembourg because it is such a large outlier.

Annex 2 The impact of the Single Market: a summary of findings from the literature

Over the past 25 years, a number of studies by academics, think-tanks, and the European Commission have quantified the impact of the Single Market.³⁶ Some of these studies are *ex-ante*: they provide an estimate of the likely impact of Single Market policies. Others are *ex-post*: they look backward and provide estimates of the impact of Single Market integration which *actually occurred* during the period covered by the studies.

In principle, a comprehensive analysis of the effect of Single Market integration would need to take account of the following static and dynamic impacts:

- Static impacts flowing from:
 - increases in market size
 - exploitation of economies of scale
 - increased competition which raises productivity and lowers prices
- Dynamic impacts arising from:
 - wider choice of products and services for consumers
 - increased investment (capital formation)
 - increased innovation and R&D

A recent study by the Swedish National Board of Trade³⁷ provides a comprehensive overview of the main studies, which aimed to quantify the impact of the Single Market either through specific integration mechanisms (such as international trade or FDI) or by assessing the overall impact of the Single Market.

Some of the best-known *ex-ante* and *ex-post* studies are presented briefly below.

The most famous *ex-ante* study is the Cecchini report (Cecchini *et al.* 1988³⁸). This used 1985 data for the 12 Member States to estimate that the gains from achieving a complete Single Market among the 12 Member States could reach 4.3% to 6.4% of EU12 GDP.

These gains were expected to arise from 1) an elimination of trade barriers between the 12 EU Member States; 2) an elimination of production barriers; 3) economies of scale; 4) competition effects.

Overall, the greatest contribution to expected gains from the Single Market arose from eliminating production barriers and achieving economies of scale.

Baldwin (1989³⁹) calculated that, in addition to the efficiency gains estimated by the Cecchini report, EU GDP would grow by a further 0.2% over a period of 15 years. This would be the consequence of the dynamic effects of increased investment arising from better allocation of economic resources.

Harrison *et al.* (1994⁴⁰), using a general equilibrium modelling approach, estimated that the completion of the Single Market Programme (SMP) would, in the long run, raise EU GDP by about 2.4%.

The first *ex-post* assessment undertaken by the European Commission in 1996⁴¹ suggested that the Single Market had raised the EU's GDP level in 1994 by 1.1% to 1.5% relative to the level expected without the Single Market. According to this analysis, the key factors contributing to this boost in GDP were a) an increase in competition and efficiency, and b) an increase in total factor productivity. Each of these effects accounted for about half of the total GDP growth.

A more comprehensive assessment of the impact of the Single Market, undertaken in 2007, focused on a 15-year period: from 1992 (the completion date of the SMP) to 2006.⁴² Using a general equilibrium approach, the assessment aimed to quantify the effects of competition and innovation on manufacturing as well as the impact of opening up the electricity and telecommunications markets. Overall, the Single Market (including the liberalisation of the network industries), along with the enlargement of the EU, is estimated to have raised the level of EU-25 GDP in 2006 by 2.2% compared to what it would have been without the SMP.

In a 2010 study prepared for the LIME working group, the European Commission estimated that the level of EU GDP was raised by 4.8% to 5.7% as a result of the Single Market.⁴³

Finally, a 2015 study published by the Bertelsmann Foundation (op. cit.) shows that, since 1992, the Single Market integration of the first

36 The present section draws largely on a study undertaken recently for the European Parliament by London Economics (2013), Performance-based Full Policy Cycle for the Digital Single Market, IP/A/IMCO/ST/2013-04, October.

37 National Board of Trade (2015), Economic Effects of the European Single Market - Review of the empirical literature, May.

38 Cecchini, P., Catinat, M., and Jacquemin, A. (1988), The Benefits of a Single Market, Wildwood House.

39 Baldwin, R. (1989), On the Growth Effects of 1992, NBER Working Paper No. 3119.

40 Harrison, G., Rutherford, T., and Tarr, D. (1994), Product standards, imperfect competition, and the completion of the market in the European Union, Policy Research Working Paper 1293, World Bank, April.

41 European Commission (1996), Economic evaluation of the Internal Market, European Economy, Reports and Studies, No. 4.

42 Izkovitz, F., Dierx, A., Kovacs, V., And Sousa N. (2007), Steps towards a deeper economic integration: the Internal Market in the 21st century. A contribution to the Single Market Review, European Commission, European Economy, Economic Papers No. 271, January.

43 European Commission (2010), Quantifying the potential macroeconomic impact of the Single Market, Note for the LIME working group, November.

15 Member States has boosted GDP per capita by between 2.3% (Germany) and 0.4% (Sweden), with only Greece showing a negative impact of 1.3%.

However, while substantial gains have already been achieved, a number of studies point out that even greater benefits could be achieved for EU citizens and businesses if the Single Market became more integrated and if the remaining barriers to cross-border trade, mobility of people and capital flows were eliminated or reduced.

- According to Izkovitz *et al.* (2007), the long-term level of EU GDP could be raised by an extra 2.2% with a further increase in Single Market integration.
- Aussilloux *et al.* (2011⁴⁴) estimate that if all remaining barriers to trade were fully eliminated within the European Union, the level of EU GDP could be 14% higher in the long run, relative to a scenario of no further integration.
- Using the same model and approach as Aussilloux *et al.*, Decreux (2012⁴⁵) shows that even a more modest objective of reducing the remaining trade barriers in the EU by 50% would raise the long-term level of EU GDP by 4.7%.

Using the European Commission's Quest general equilibrium model, Hobza and Mourre (2010⁴⁶) undertook a scenario analysis of the potential impact of the Europe 2020 strategy.⁴⁷ This foresees the introduction of medium to long-term reforms aiming to put public finances on a sustainable basis, raising the EU's economic potential, as well as achieving the 2020 objectives. Whilst not strictly a Single Market initiative, the Europe 2020 strategy, if achieved, will certainly strengthen the Single Market. The general equilibrium results show that the impact of Europe 2020 could be substantial. The boost to the annual GDP growth rate could range from approximately 0.2% (in a limited reform scenario) to about 0.7% (in an ambitious reform scenario) over the period 2010 - 2020. As a result, by 2020, the level of EU GDP would be approximately 1.5% to 7% higher than otherwise.

The present study builds on the previously described studies, especially the Bertelsmann study, by providing up-to-date quantitative assessments of the impact the Single Market has had so far on each of the Member States, as well as what it could have in the future if integration was increased. The empirical analysis provides estimates of the impact of Single Market integration since the early 1990s on five broad economic indicators: GDP, consumption by households, investment by companies, employment, and productivity.⁴⁸ Chapter 2 describes the indicators of Single Market integration which have been used, and Chapter 3 presents the empirical analysis.

44 Aussilloux, V., Emlinger C., and Fontagné, L. (2011), What benefits from completing the Single Market?, La lettre du CEPII, No. 316, December.

45 Decreux, Y. (2012), Completing Single Market II' in HM Government and CEPR 'Twenty Years On: The UK and the Future of the Single Market, Centre for Economic Policy Research

46 Hobza, A. and Mourre, G. (2010), Quantifying the potential macroeconomic effects of the Europe 2020 strategy: stylised scenarios, European Economy, Economic Papers 424, September.

47 Europe 2020 is the EU's growth strategy for the current decade. For more information on Europe 2020 see http://ec.europa.eu/europe2020/index_en.htm.

48 The analytical framework used in the present study is the same as in Bertelsmann Foundation (2014), 20 Jahre Binnenmarkt, Wachstumseffekte der zunehmenden europäischen Integration.

Annex 3 Changes of the summary integration index and its components before, during, and after the 2008-09 economic and financial crisis

Table 12 Change in summary integration indicator

Country	Base year to 2008	2008 – 2010	2010 - 2015
Austria	19.50	0.35	3.10
Belgium	18.55	-0.01	2.93
Bulgaria	2.22	-2.45	-0.94
Cyprus	7.37	0.11	-9.04
Czech Republic	6.35	1.72	8.52
Denmark	13.93	0.75	3.77
Estonia	1.04	1.52	-1.21
Finland	12.58	1.26	3.66
France	13.44	1.10	1.43
Germany	17.70	0.46	2.97
Greece	3.37	-5.64	-7.22
Hungary	5.37	0.89	6.35
Ireland	4.73	6.91	10.88
Italy	6.35	0.65	1.42
Latvia	0.20	2.10	-0.05
Lithuania	0.54	1.08	4.00
Luxembourg	13.74	6.04	11.80
Malta	4.14	5.76	10.36
Netherlands	10.10	1.16	2.85
Poland	4.68	1.68	1.05
Portugal	5.12	-0.57	6.20
Romania	0.55	-0.17	2.77
Slovakia	7.67	0.30	4.99
Slovenia	10.02	0.47	2.55
Spain	6.56	-0.23	2.94
Sweden	13.93	1.44	0.63
United Kingdom	12.08	2.19	-2.81
EU-28 average	7.88	1.06	2.68

Note: Croatia is not included because its entry into the European Union is too recent to compare pre- and post-crisis indicators. For Luxembourg and Malta, the integration indicator components for free movement of services and capital are set equal to those for Ireland. This is because Luxembourg and Malta are outliers for these two indicators. The base year is two years prior to joining the EU for newer Member States, and 1995 for older Member States.

Table 13 Change in components of summary integration indicator: intra-EU trade in goods as a percentage of GDP

Country	Base year to 2008	2008 – 2010	2010 - 2015
Austria	13.65	-2.35	0.15
Belgium	15.85	-4.05	0.95
Bulgaria	3.40	-3.80	8.40
Cyprus	4.80	-1.40	-0.65
Czech Republic	11.65	0.45	14.95
Denmark	4.50	-3.60	0.95
Estonia	2.65	1.20	2.05
Finland	3.65	-2.95	0.75
France	2.95	-1.10	0.35
Germany	10.90	-1.35	0.85
Greece	1.00	-1.65	2.05
Hungary	11.70	0.90	10.45
Ireland	-14.00	-0.10	-0.60
Italy	2.00	-0.75	1.10
Latvia	1.25	5.65	4.55
Lithuania	5.95	1.45	7.00
Luxembourg	13.75	-8.30	-6.85
Malta	-0.60	-1.50	-3.80
Netherlands	14.80	-0.80	3.05
Poland	8.30	0.05	4.55
Portugal	3.70	-1.25	2.70
Romania	-0.15	1.70	3.55
Slovakia	9.50	-2.50	13.60
Slovenia	12.05	-1.60	5.60
Spain	1.80	-0.70	2.55
Sweden	4.35	-2.40	-1.35
United Kingdom	-0.35	0.05	-0.95
EU-28 average	5.16	-0.99	3.04

Note: Croatia is not included because its entry into the European Union is too recent to compare pre- and post-crisis indicators. For Luxembourg and Malta, the integration indicator components for free movement of services and capital are set equal to those for Ireland. This is because Luxembourg and Malta are outliers for these two indicators. The base year is two years prior to joining the EU for newer Member States, and 1995 for older Member States.

Table 14 Change in components of summary integration indicator: intra-EU trade in services as a percentage of GDP

Country	Base year to 2008	2008 – 2010	2010 - 2015
Austria	1.60	-0.60	1.40
Belgium	6.75	0.75	2.35
Bulgaria	-0.50	-1.60	-0.15
Cyprus	3.55	-3.75	-1.20
Czech Republic	1.50	0.35	1.05
Denmark	8.35	-0.75	0.20
Estonia	0.55	1.00	0.00
Finland	2.20	-0.50	1.55
France	0.45	1.15	0.50
Germany	1.85	0.05	0.85
Greece	1.90	-0.30	1.45
Hungary	4.40	0.95	0.90
Ireland	14.90	3.70	-0.25
Italy	0.15	-0.05	-0.15
Latvia	0.45	0.55	-0.10
Lithuania	1.45	-0.25	4.25
Luxembourg	14.90	3.70	-0.25
Malta	6.65	3.70	-0.25
Netherlands	0.90	0.25	-2.95
Poland	0.80	0.20	1.00
Portugal	1.50	-0.35	1.40
Romania	0.70	-0.90	2.75
Slovakia	0.45	-1.55	2.10
Slovenia	1.80	0.10	1.70
Spain	1.70	-0.25	1.30
Sweden	2.90	-0.10	2.25
United Kingdom	1.60	0.10	-0.55
EU-28 average	2.92	0.24	0.82

Note: Croatia is not included because its entry into the European Union is too recent to compare pre- and post-crisis indicators. For Luxembourg and Malta, the integration indicator components for free movement of services and capital are set equal to those for Ireland. This is because Luxembourg and Malta are outliers for these two indicators. The base year is two years prior to joining the EU for newer Member States, and 1995 for older Member States.

Table 15 Change in components of summary integration indicator: intra-EU FDI as a percentage of GDP

Country	Base year to 2008	2008 – 2010	2010 - 2015
Austria	11.34	0.32	0.41
Belgium	13.94	-0.51	-1.18
Bulgaria	8.22	0.13	-6.65
Cyprus	7.90	2.77	-19.34
Czech Republic	2.64	2.55	6.74
Denmark	12.53	1.09	0.65
Estonia	9.42	1.18	-1.69
Finland	12.50	2.78	4.50
France	11.19	0.82	-4.98
Germany	7.92	-0.42	1.00
Greece	2.31	0.40	-1.06
Hungary	3.46	2.83	16.64
Ireland	20.39	17.24	33.62
Italy	4.45	0.29	-1.12
Latvia	2.54	2.02	-0.09
Lithuania	4.06	1.22	1.46
Luxembourg	20.39	17.24	33.62
Malta	-2.83	17.24	33.62
Netherlands	16.18	-0.11	0.22
Poland	3.13	3.36	4.42
Portugal	7.92	2.78	12.09
Romania	1.73	1.25	2.01
Slovakia	3.86	0.25	-0.50
Slovenia	3.33	-0.27	-0.06
Spain	14.32	0.30	-0.44
Sweden	18.35	3.82	-5.24
United Kingdom	8.01	2.28	0.39
EU-28 average	8.31	2.88	3.86

Note: Croatia is not included because its entry into the European Union is too recent to compare pre- and post-crisis indicators. For Luxembourg and Malta, the integration indicator components for free movement of services and capital are set equal to those for Ireland. This is because Luxembourg and Malta are outliers for these two indicators. The base year is two years prior to joining the EU for newer Member States, and 1995 for older Member States.

Table 16 Change in components of summary integration indicator: homogeneity

Country	Base year to 2008	2008 – 2010	2010 - 2015
Austria	25.67	2.31	7.46
Belgium	19.10	1.99	7.55
Bulgaria	-2.26	-4.10	0.08
Cyprus	8.77	0.23	-10.74
Czech Republic	8.31	2.17	10.51
Denmark	13.16	3.35	8.83
Estonia	-5.30	1.67	-2.44
Finland	11.23	3.07	5.54
France	16.11	2.59	7.46
Germany	24.51	2.48	6.56
Greece	-0.88	-15.32	-25.32
Hungary	3.76	-0.57	-2.04
Ireland	-10.76	1.71	1.64
Italy	4.79	2.02	3.82
Latvia	-2.08	0.79	1.30
Lithuania	-4.64	0.79	5.33
Luxembourg	7.76	3.47	6.12
Malta	10.31	0.20	1.35
Netherlands	-0.52	3.86	7.34
Poland	5.25	1.38	-3.05
Portugal	-1.95	-3.53	3.64
Romania	0.31	-1.90	2.47
Slovakia	12.38	2.43	7.25
Slovenia	18.74	2.49	2.95
Spain	-1.74	-0.54	5.52
Sweden	9.48	1.86	5.79
United Kingdom	16.56	4.38	-7.59
EU-28 average	6.52	0.78	1.98

Note: Croatia is not included because its entry into the European Union is too recent to compare pre- and post-crisis indicators. For Luxembourg and Malta, the integration indicator components for free movement of services and capital are set equal to those for Ireland. This is because Luxembourg and Malta are outliers for these two indicators. The base year is two years prior to joining the EU for newer Member States, and 1995 for older Member States.

Member State overviews

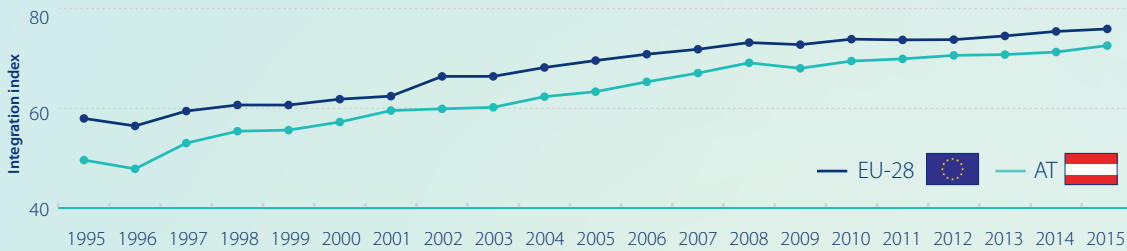
This section provides a country-by-country analysis. The 28 two-page overviews include figures on the current state of Single Market integration in each Member State and its impact on their economies. They also outline what further integration could mean and potential avenues for policy action at national level.



Austria

SINGLE MARKET INTEGRATION

Evolution



Overall ranking



Source: LE Europe analysis

Note: The summary indicator measures the degree of integration of the Member State into the Single Market. It combines information on different aspects of the Single Market freedoms, the adoption of EU legislation by Member States, and information on the extent to which the economic performance of Member States is similar to the EU economy limit. For further details on the construction of the index as well as the rank relative to other Member States for the components of the indicator, see annex to this note.

Ranking across indicators



Free movement of goods



Free movement of services



Free movement of capital



Homogeneity
(convergence of economic performance and policies)



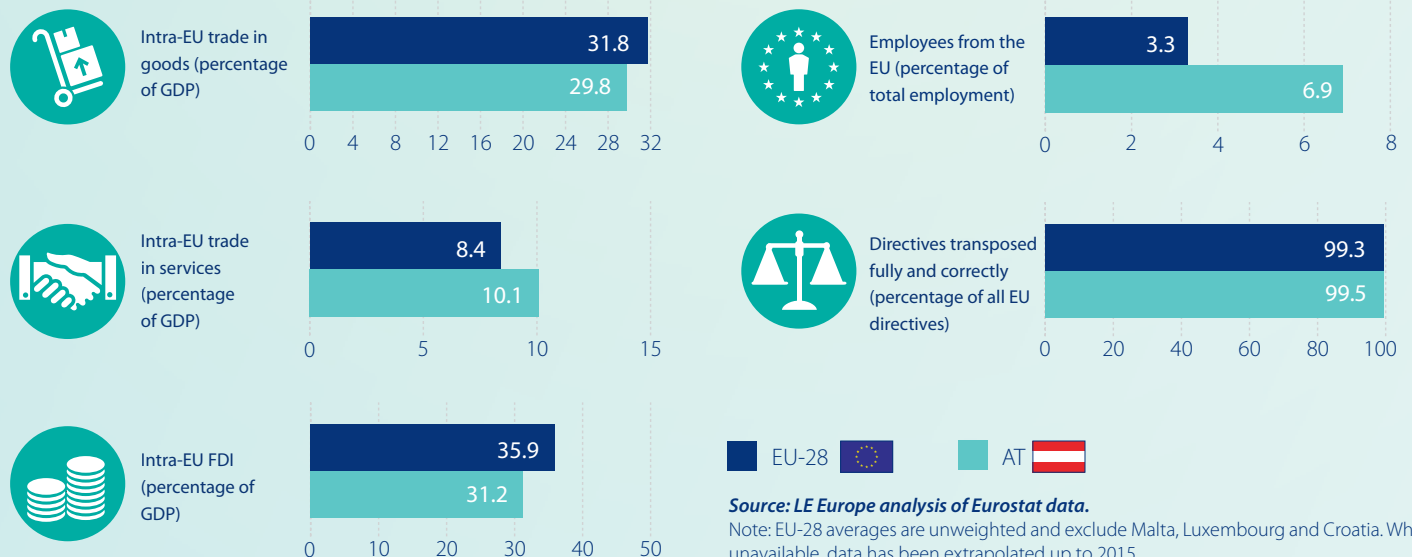
Transposition conformity
(implementation of EU law)

Source: LE Europe analysis of Eurostat data.

Note: The indicators of free movement of goods and services reflect a number of aspects of intra-EU trade in goods and services. The indicator of free movement of capital focuses on intra-EU FDI flows. The indicator of homogeneity shows the extent to which a Member State's economic performance and key policy variables converge (or diverge) from the EU average. The indicator of transposition conformity measures the performance of Member States in implementing EU law. Detailed information on each of these indicators is provided in the report.

Current state

Austria's integration (relative to the average among Member States) is mixed regarding the four freedoms, and is higher than average regarding the implementation into national law of EU directives:



Source: LE Europe analysis of Eurostat data.

Note: EU-28 averages are unweighted and exclude Malta, Luxembourg and Croatia. Where unavailable, data has been extrapolated up to 2015.

IMPACT

FURTHER BENEFITS

RECOMMENDATIONS

The impact of the Single Market on Austria since 1990



- Boosting integration to the level of the most integrated Member State
- Increasing integration in the services Single Market by 50%



GDP per capita

↑
2.6%



↑
0.6%



Consumption

↑
€1,100
per household



↑
€250
per household



Employment

↑
105,000
jobs



↑
24,000
jobs



Investment (in millions)

↑
€2,000



↑
€450

The recommendations below offer concrete steps for Austria to integrate further into the Single Market. They are based on a review of all ongoing European Commission cases against Member States (for lack of or incorrect implementation of EU directives; and breach of EU law). The cases with the greatest impact on the functioning of the Single Market form the basis for the country-specific recommendations.

Goods and Services Single Market:

Transpose in full Directives 2014/24/EC, 2014/25/EC on public procurement and concessions) into national law.^(a)

Services Single Market and free movement of people:

Transpose Directive 2013/55/EU on the recognition of professional qualifications.^(b)

Services Single Market:

Eliminate requirements imposed on certain service providers which run counter to the Services Directive (Directive 2006/123/EC). [These are requirements for patent attorneys, legal form and excessive shareholding requirements for architects, engineers, patent attorneys and veterinarians, and restrictions on multidisciplinary companies for architects, engineers and patent attorney].^(c)

Digital Single Market:

Implement measures of cost reduction in deploying high-speed electronic communications networks (Directive 2014/61/EU).^(d)

(a) Infringement package, May 2016, European Commission.

(b) Infringement package, September 2016, European Commission.

(c) Infringement package, November 2016, European Commission.

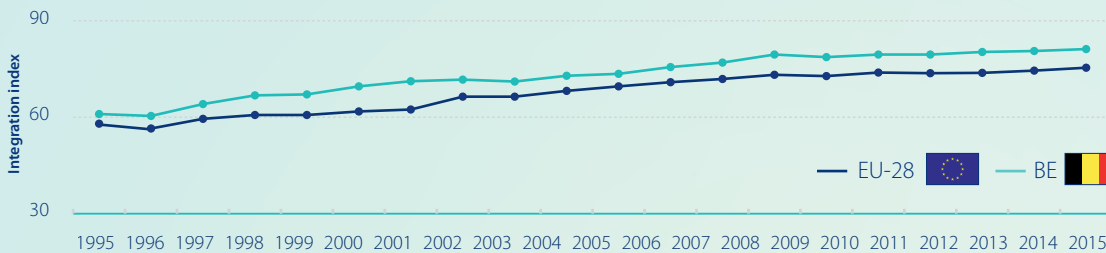
(d) Infringement package, May 2016, European Commission.

Note: Approximate numbers above. For exact figures, see report.

Belgium

SINGLE MARKET INTEGRATION

Evolution



Overall ranking



Source: LE Europe analysis

Note: The summary indicator measures the degree of integration of the Member State into the Single Market. It combines information on different aspects of the Single Market freedoms, the adoption of EU legislation by Member States, and information on the extent to which the economic performance of Member States is similar to the EU economy limit. For further details on the construction of the index as well as the rank relative to other Member States for the components of the indicator, see annex to this note.

Ranking across indicators

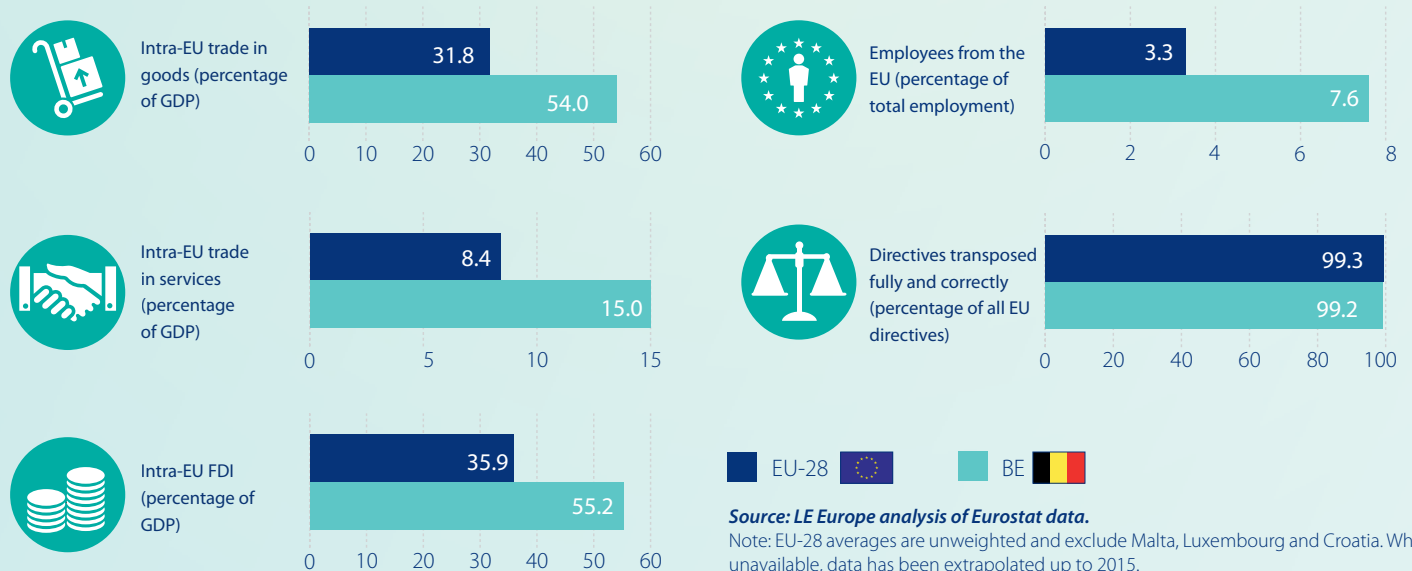


Source: LE Europe analysis of Eurostat data.

Note: The indicators of free movement of goods and services reflect a number of aspects of intra-EU trade in goods and services. The indicator of free movement of capital focuses on intra-EU FDI flows. The indicator of homogeneity shows the extent to which a Member State's economic performance and key policy variables converge (or diverge) from the EU average. The indicator of transposition conformity measures the performance of Member States in implementing EU law. Detailed information on each of these indicators is provided in the report.

Current state

Belgium's integration (relative to the average among Member States) is higher than average regarding the four freedoms, and is lower than average regarding the implementation into national law of EU directives:



Source: LE Europe analysis of Eurostat data.

Note: EU-28 averages are unweighted and exclude Malta, Luxembourg and Croatia. Where unavailable, data has been extrapolated up to 2015.

IMPACT

FURTHER BENEFITS

RECOMMENDATIONS

The impact of the Single Market on Belgium since 1990



- Boosting integration to the level of the most integrated Member State
- Increasing integration in the services Single Market by 50%



GDP per capita

2.5%



0.5%



Consumption

€1,060
per household



€200
per household



Employment

113,000
jobs



21,000
jobs



Investment (in millions)

€2,400



€440

The recommendations below offer concrete steps for Belgium to integrate further into the Single Market. They are based on a review of all ongoing European Commission cases against Member States (for lack of or incorrect implementation of EU directives; and breach of EU law). The cases with the greatest impact on the functioning of the Single Market form the basis for the country-specific recommendations.

Goods and Services Single Market:

Transpose in full Directives 2014/23/EC 2014/24/EC, 2014/25/EC on public procurement and concessions) into national law.^(a)

Services Single Market and free movement of people:

Transpose Directive 2013/55/EU on the recognition of professional qualifications.^(b)

Services Single Market:

Eliminate restrictions on multidisciplinary restrictions for accountants.^(c)

Digital Single Market:

Implement measures of cost reduction in deploying high-speed electronic communications networks (Directive 2014/61/EU).^(d)

(a) Infringement package, May 2016, European Commission

(b) Infringement package, September 2016, European Commission

(c) Infringement package, November 2016, European Commission

(d) Infringement package, September 2016, European Commission

Note: Approximate numbers above. For exact figures, see report.



Bulgaria

SINGLE MARKET INTEGRATION

Evolution



Overall ranking



Source: LE Europe analysis

Note: The summary indicator measures the degree of integration of the Member State into the Single Market. It combines information on different aspects of the Single Market freedoms, the adoption of EU legislation by Member States, and information on the extent to which the economic performance of Member States is similar to the EU economy limit. For further details on the construction of the index as well as the rank relative to other Member States for the components of the indicator, see annex to this note.

Ranking across indicators



Free movement of goods



Free movement of services



Free movement of capital



Homogeneity
(convergence of economic performance and policies)



Transposition conformity
(implementation of EU law)

Source: LE Europe analysis of Eurostat data.

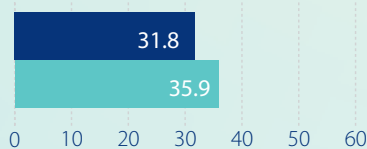
Note: The indicators of free movement of goods and services reflect a number of aspects of intra-EU trade in goods and services. The indicator of free movement of capital focuses on intra-EU FDI flows. The indicator of homogeneity shows the extent to which a Member State's economic performance and key policy variables converge (or diverge) from the EU average. The indicator of transposition conformity measures the performance of Member States in implementing EU law. Detailed information on each of these indicators is provided in the report.

Current state

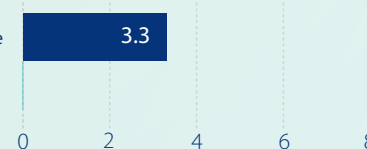
Bulgaria's integration (relative to the average among Member States) is mixed regarding the four freedoms, and is higher than average regarding the implementation into national law of EU directives:



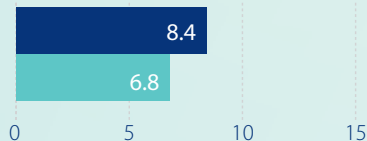
Intra-EU trade in goods (percentage of GDP)



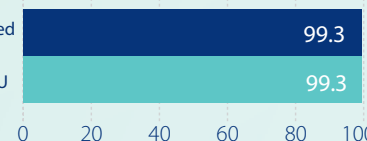
Employees from the EU (percentage of total employment)



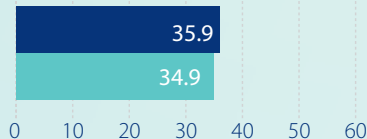
Intra-EU trade in services (percentage of GDP)



Directives transposed fully and correctly (percentage of all EU directives)



Intra-EU FDI (percentage of GDP)



EU-28 BG

Source: LE Europe analysis of Eurostat data.

Note: EU-28 averages are unweighted and exclude Malta, Luxembourg and Croatia. Where unavailable, data has been extrapolated up to 2015. Data not available for employees from EU for BG

IMPACT

FURTHER BENEFITS

RECOMMENDATIONS

The impact of the Single Market on Bulgaria since 1990



- Boosting integration to the level of the most integrated Member State
- Increasing integration in the services Single Market by 50%



GDP per capita

↑
2.3%



↑
0.5%



Consumption

↑
€150
per household



↑
€30
per household



Employment

↑
67,000
jobs



↑
14,000
jobs



Investment (in millions)

↑
€200



↑
€40

The recommendations below offer concrete steps for Bulgaria to integrate further into the Single Market. They are based on a review of all ongoing European Commission cases against Member States (for lack of or incorrect implementation of EU directives; and breach of EU law). The cases with the greatest impact on the functioning of the Single Market form the basis for the country-specific recommendations.

Goods and Services Single Market:

Transpose in full Directives 2014/23/EC on concessions into national law.^(a)

Goods and Services Single Market:

Strengthen the capacity of the Public Procurement Agency and contracting authorities and improve the design and control of public tendering procedures.^(b)

Digital Single Market:

Implement measures of cost reduction in deploying high-speed electronic communications networks (Directive 2014/61/EU).^(c)

Note: Approximate numbers above. For exact figures, see report.

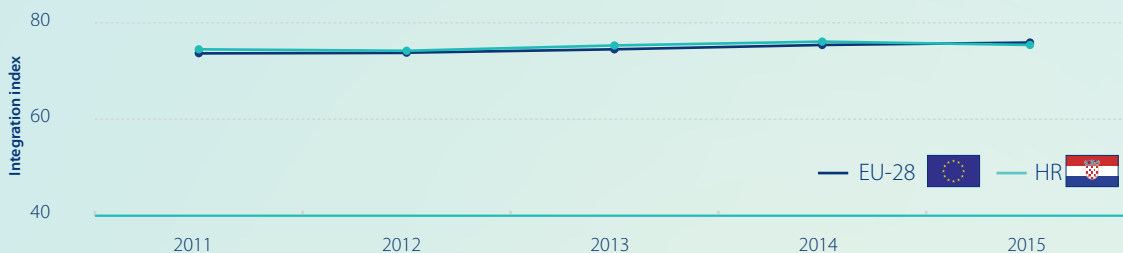
(a) Infringement package, May 2016, European Commission
 (b) Country specific recommendations European Semester, 2016
 (c) Infringement package, September 2016, European Commission



Croatia

SINGLE MARKET INTEGRATION

Evolution



Overall ranking



Source: LE Europe analysis

Note: The summary indicator measures the degree of integration of the Member State into the Single Market. It combines information on different aspects of the Single Market freedoms, the adoption of EU legislation by Member States, and information on the extent to which the economic performance of Member States is similar to the EU economy limit. For further details on the construction of the index as well as the rank relative to other Member States for the components of the indicator, see annex to this note.

Ranking across indicators

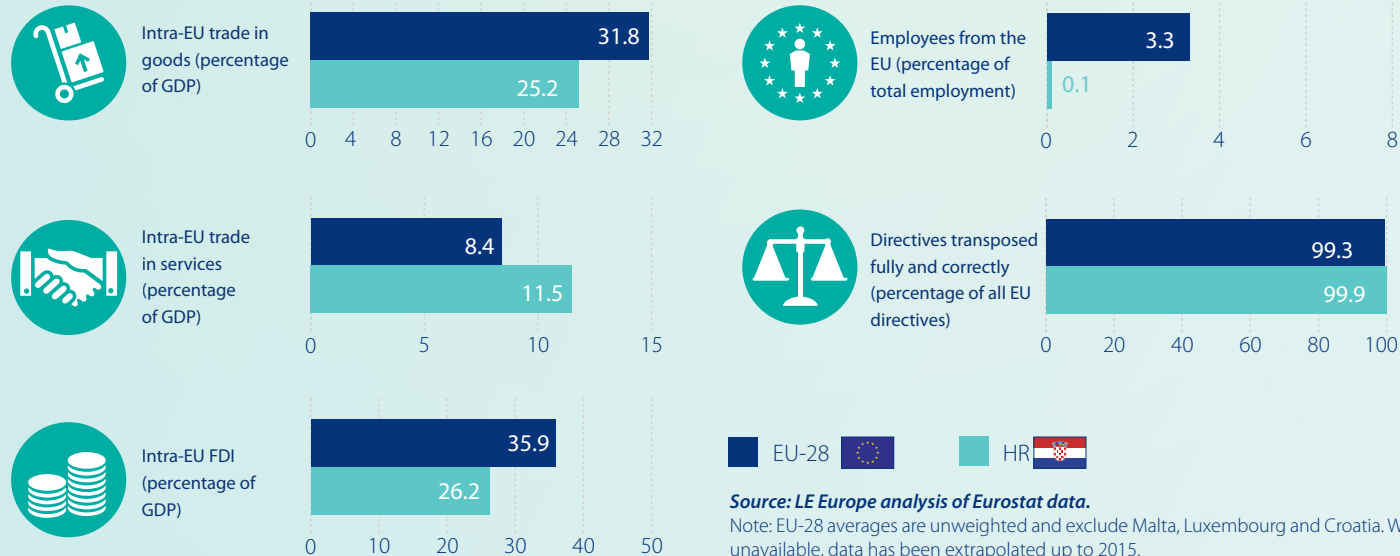


Source: LE Europe analysis of Eurostat data.

Note: The indicators of free movement of goods and services reflect a number of aspects of intra-EU trade in goods and services. The indicator of free movement of capital focuses on intra-EU FDI flows. The indicator of homogeneity shows the extent to which a Member State's economic performance and key policy variables converge (or diverge) from the EU average. The indicator of transposition conformity measures the performance of Member States in implementing EU law. Detailed information on each of these indicators is provided in the report.

Current state

Croatia's integration (relative to the average among Member States) is mixed regarding the four freedoms, and is higher than average regarding the implementation into national law of EU directives:



Source: LE Europe analysis of Eurostat data.

Note: EU-28 averages are unweighted and exclude Malta, Luxembourg and Croatia. Where unavailable, data has been extrapolated up to 2015.

IMPACT

FURTHER BENEFITS

RECOMMENDATIONS

The impact of the Single Market on Croatia since 1990



- Boosting integration to the level of the most integrated Member State
- Increasing integration in the services Single Market by 50%



The recommendations below offer concrete steps for Croatia to integrate further into the Single Market. They are based on a review of all ongoing European Commission cases against Member States (for lack of or incorrect implementation of EU directives; and breach of EU law). The cases with the greatest impact on the functioning of the Single Market form the basis for the country-specific recommendations.

Goods and Services Single Market:

Transpose in full Directives 2014/23/EC 2014/24/EC, 2014/25/EC on public procurement and concessions) into national law.^(a)

Digital Single Market:

Implement measures of cost reduction in deploying high-speed electronic communications networks (Directive 2014/61/EU).^(b)



GDP per capita

↑
1.2%



↑
0.6%



Consumption

↑
€190
per household



↑
€90
per household



Employment

↑
19,000
jobs



↑
9,000
jobs



Investment (in millions)

↑
€100



↑
€50

Note: Approximate numbers above. For exact figures, see report.

(a) Infringement package, May 2016, European Commission

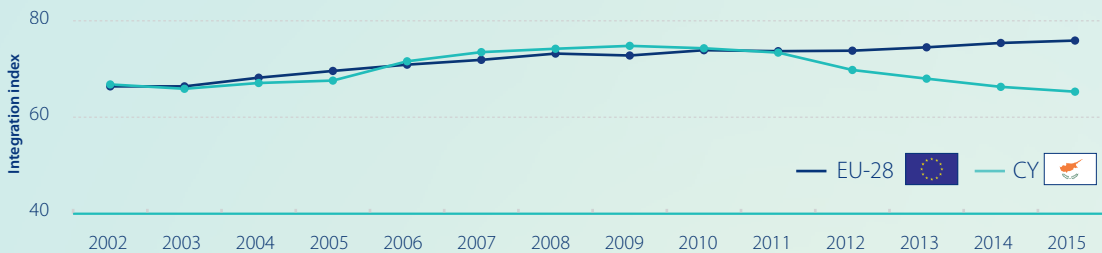
(b) Infringement package, September 2016, European Commission



Cyprus

SINGLE MARKET INTEGRATION

Evolution



Overall ranking



Source: LE Europe analysis

Note: The summary indicator measures the degree of integration of the Member State into the Single Market. It combines information on different aspects of the Single Market freedoms, the adoption of EU legislation by Member States, and information on the extent to which the economic performance of Member States is similar to the EU economy limit. For further details on the construction of the index as well as the rank relative to other Member States for the components of the indicator, see annex to this note.

Ranking across indicators

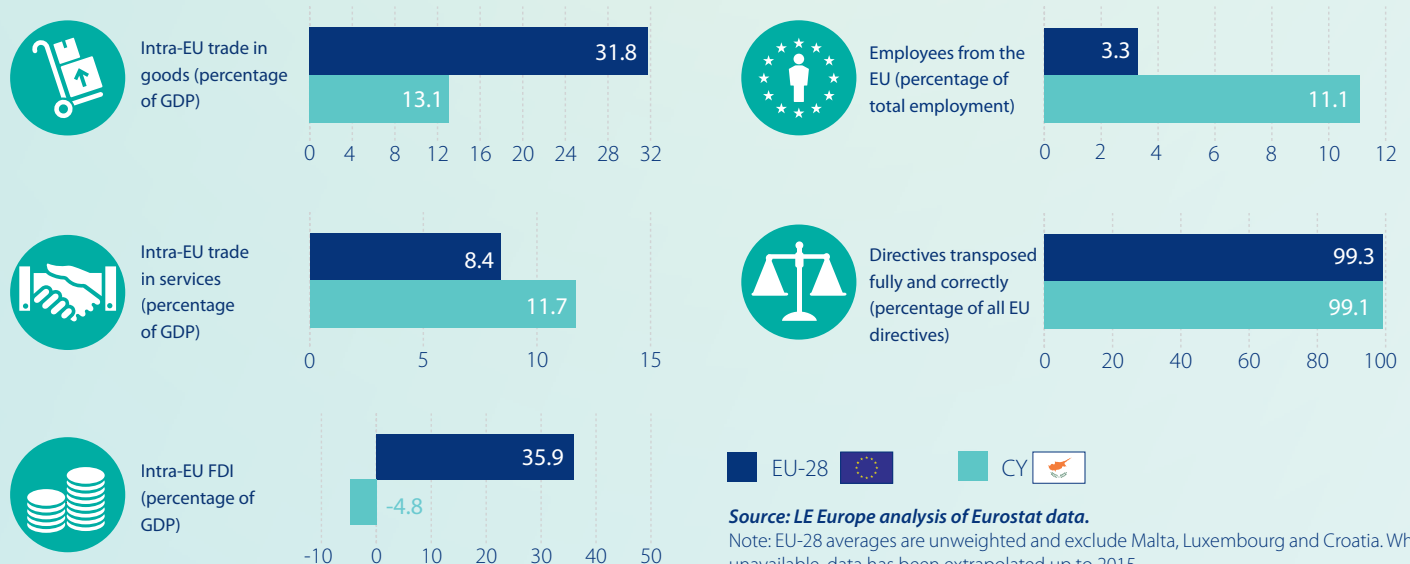


Source: LE Europe analysis of Eurostat data.

Note: The indicators of free movement of goods and services reflect a number of aspects of intra-EU trade in goods and services. The indicator of free movement of capital focuses on intra-EU FDI flows. The indicator of homogeneity shows the extent to which a Member State's economic performance and key policy variables converge (or diverge) from the EU average. The indicator of transposition conformity measures the performance of Member States in implementing EU law. Detailed information on each of these indicators is provided in the report.

Current state

Cyprus's integration (relative to the average among Member States) is mixed regarding the four freedoms, and is lower than average regarding the implementation into national law of EU directives:



Source: LE Europe analysis of Eurostat data.

Note: EU-28 averages are unweighted and exclude Malta, Luxembourg and Croatia. Where unavailable, data has been extrapolated up to 2015.

IMPACT

FURTHER BENEFITS

RECOMMENDATIONS

The impact of the Single Market on Cyprus since 1990

- Boosting integration to the level of the most integrated Member State
- Increasing integration in the services Single Market by 50%



GDP per capita

↑
1.6%



↑
0.7%



Consumption

↑
€660
per household



↑
€280
per household



Employment

↑
5,000
jobs



↑
2,000
jobs



Investment (in millions)

↑
€40



↑
€20

The recommendations below offer concrete steps for Cyprus to integrate further into the Single Market. They are based on a review of all ongoing European Commission cases against Member States (for lack of or incorrect implementation of EU directives; and breach of EU law). The cases with the greatest impact on the functioning of the Single Market form the basis for the country-specific recommendations.

Goods and Services Single Market:

Transpose in full Directives 2014/23/EC and 2014/25/EC on public procurement and concessions) into national law.^(a)

Services Single Market and free movement of people:

Transpose Directive 2013/55/EU on the recognition of professional qualifications.^(b)

Services Single Market:

Eliminate shareholding requirements for all engineering professions, including civil engineers and architects in Cyprus which run counter to the Services Directive (Directive 2006/123/EC).^(c)

Digital Single Market:

Implement measures of cost reduction in deploying high-speed electronic communications networks (Directive 2014/61/EU).^(d)

(a) Infringement package, May 2016, European Commission

(b) Infringement package, September 2016, European Commission

(c) Infringement package, November 2016, European Commission

(d) Infringement package, September 2016, European Commission

Note: Approximate numbers above. For exact figures, see report.



Czech Republic

SINGLE MARKET INTEGRATION

Evolution



Overall ranking



Source: LE Europe analysis

Note: The summary indicator measures the degree of integration of the Member State into the Single Market. It combines information on different aspects of the Single Market freedoms, the adoption of EU legislation by Member States, and information on the extent to which the economic performance of Member States is similar to the EU economy limit. For further details on the construction of the index as well as the rank relative to other Member States for the components of the indicator, see annex to this note.

Ranking across indicators



Free movement of goods



Free movement of services



Free movement of capital



Homogeneity
(convergence of economic performance and policies)



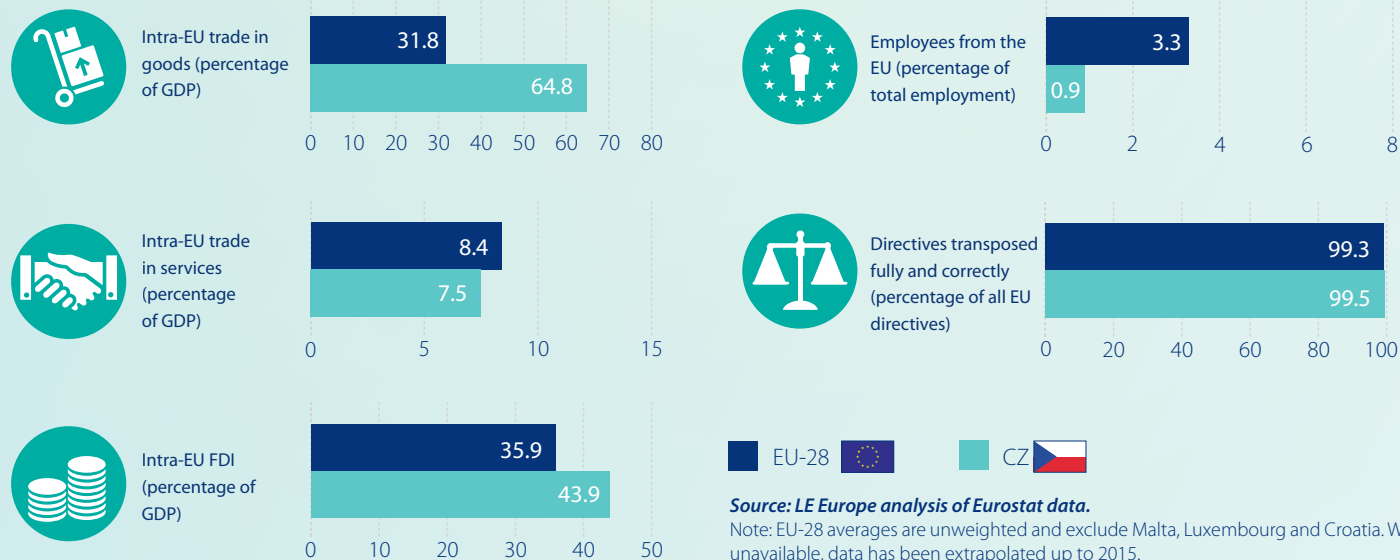
Transposition conformity
(implementation of EU law)

Source: LE Europe analysis of Eurostat data.

Note: The indicators of free movement of goods and services reflect a number of aspects of intra-EU trade in goods and services. The indicator of free movement of capital focuses on intra-EU FDI flows. The indicator of homogeneity shows the extent to which a Member State's economic performance and key policy variables converge (or diverge) from the EU average. The indicator of transposition conformity measures the performance of Member States in implementing EU law. Detailed information on each of these indicators is provided in the report.

Current state

The Czech Republic's integration (relative to the average among Member States) is mixed regarding the four freedoms, and is higher than average regarding the implementation into national law of EU directives:



Source: LE Europe analysis of Eurostat data.

Note: EU-28 averages are unweighted and exclude Malta, Luxembourg and Croatia. Where unavailable, data has been extrapolated up to 2015.

IMPACT

FURTHER BENEFITS

RECOMMENDATIONS

The impact of the Single Market on the Czech Republic since 1990

- Boosting integration to the level of the most integrated Member State
- Increasing integration in the services Single Market by 50%



GDP per capita

↑
2.6%



↑
0.4%



Consumption

↑
440
per household



↑
€60
per household



Employment

↑
129,000
jobs



↑
18,000
jobs



Investment (in millions)

↑
€1,150



↑
€160

The recommendations below offer concrete steps for the Czech Republic to integrate further into the Single Market. They are based on a review of all ongoing European Commission cases against Member States (for lack of or incorrect implementation of EU directives; and breach of EU law). The cases with the greatest impact on the functioning of the Single Market form the basis for the country-specific recommendations.

Goods and Services Single Market:

Transpose in full Directives 2014/23/EC, 2014/24/EC, 2014/25/EC on public procurement and concessions) into national law.^(a)

Services Single Market and Movement of people:

eliminate nationality requirement for notaries.^(b)

Digital Single Market:

Eliminate requirement that telecoms operators have to apply for registration in the Commercial Register as well as to establish a seat in the Czech Republic in order to provide electronic communications services.^(c)

Digital Single Market:

Implement measures of cost reduction in deploying high-speed electronic communications networks (Directive 2014/61/EU).^(d)

(a) Infringement package, May 2016, European Commission

(b) Infringement package, February 2016, European Commission

(c) Infringement package, April 2015, European Commission

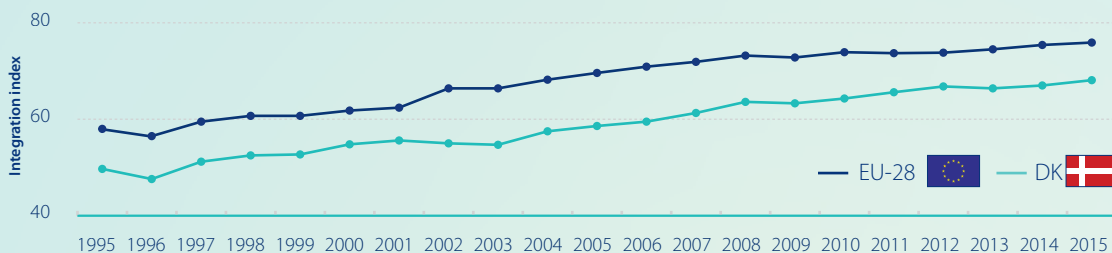
(d) Infringement package, September 2016, European Commission

Note: Approximate numbers above. For exact figures, see report.

Denmark

SINGLE MARKET INTEGRATION

Evolution



Overall ranking



Source: LE Europe analysis

Note: The summary indicator measures the degree of integration of the Member State into the Single Market. It combines information on different aspects of the Single Market freedoms, the adoption of EU legislation by Member States, and information on the extent to which the economic performance of Member States is similar to the EU economy limit. For further details on the construction of the index as well as the rank relative to other Member States for the components of the indicator, see annex to this note.

Ranking across indicators

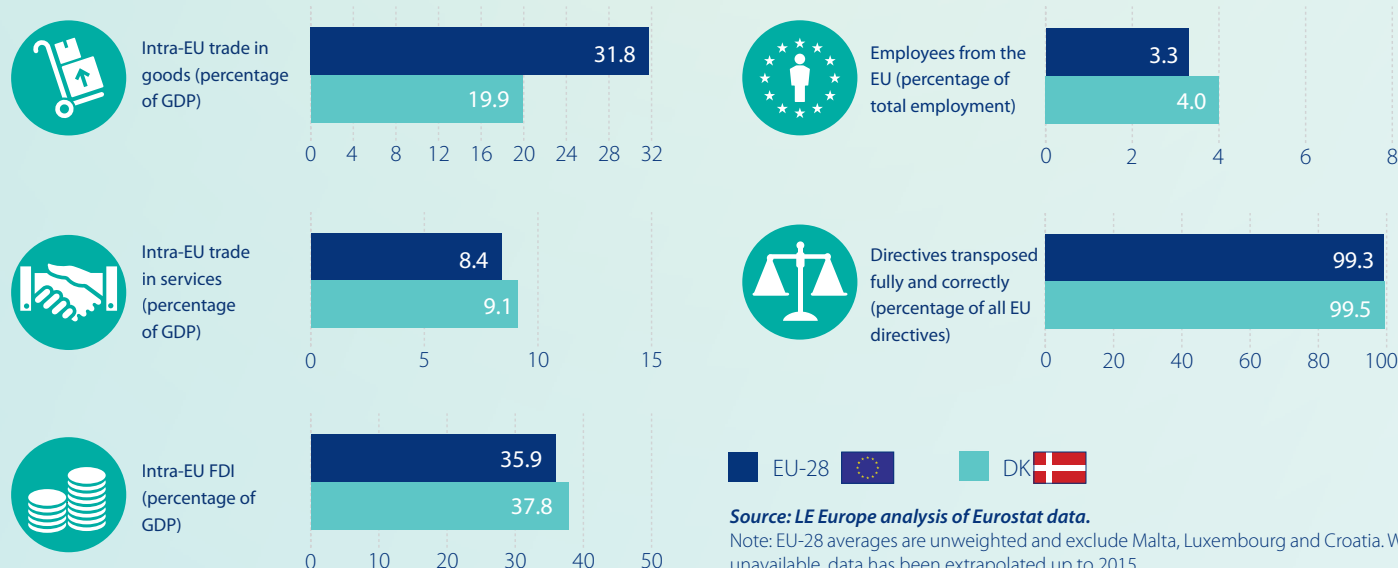


Source: LE Europe analysis of Eurostat data.

Note: The indicators of free movement of goods and services reflect a number of aspects of intra-EU trade in goods and services. The indicator of free movement of capital focuses on intra-EU FDI flows. The indicator of homogeneity shows the extent to which a Member State's economic performance and key policy variables converge (or diverge) from the EU average. The indicator of transposition conformity measures the performance of Member States in implementing EU law. Detailed information on each of these indicators is provided in the report.

Current state

Denmark's integration (relative to the average among Member States) is mixed regarding the four freedoms, and is higher than average regarding the implementation into national law of EU directives:



Source: LE Europe analysis of Eurostat data.

Note: EU-28 averages are unweighted and exclude Malta, Luxembourg and Croatia. Where unavailable, data has been extrapolated up to 2015.

IMPACT

FURTHER BENEFITS

RECOMMENDATIONS

The impact of the Single Market on Denmark since 1990



- Boosting integration to the level of the most integrated Member State
- Increasing integration in the services Single Market by 50%



GDP per capita



Consumption



Employment



Investment (in millions)



The recommendations below offer concrete steps for Denmark to integrate further into the Single Market. They are based on a review of all ongoing European Commission cases against Member States (for lack of or incorrect implementation of EU directives; and breach of EU law). The cases with the greatest impact on the functioning of the Single Market form the basis for the country-specific recommendations.

Services Single Market:

eliminate authorisation/compulsory certification requirement for certain construction services which run counter to the Services Directive (Directive 2006/123/EC).^(a)

Goods and Services Single Market:

Adequately transpose Directive 2005/29/EC on unfair commercial practices.^(b)

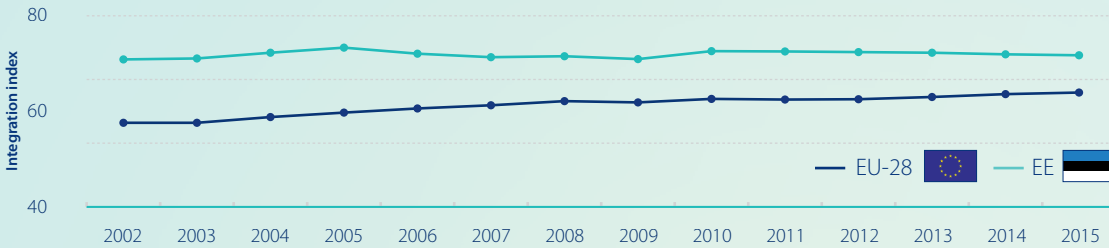
Note: Approximate numbers above. For exact figures, see report.

(a) Infringement package, November 2016, European Commission
 (b) Infringement package, September 2015, European Commission

Estonia

SINGLE MARKET INTEGRATION

Evolution



Overall ranking



Source: LE Europe analysis

Note: The summary indicator measures the degree of integration of the Member State into the Single Market. It combines information on different aspects of the Single Market freedoms, the adoption of EU legislation by Member States, and information on the extent to which the economic performance of Member States is similar to the EU economy limit. For further details on the construction of the index as well as the rank relative to other Member States for the components of the indicator, see annex to this note.

Ranking across indicators

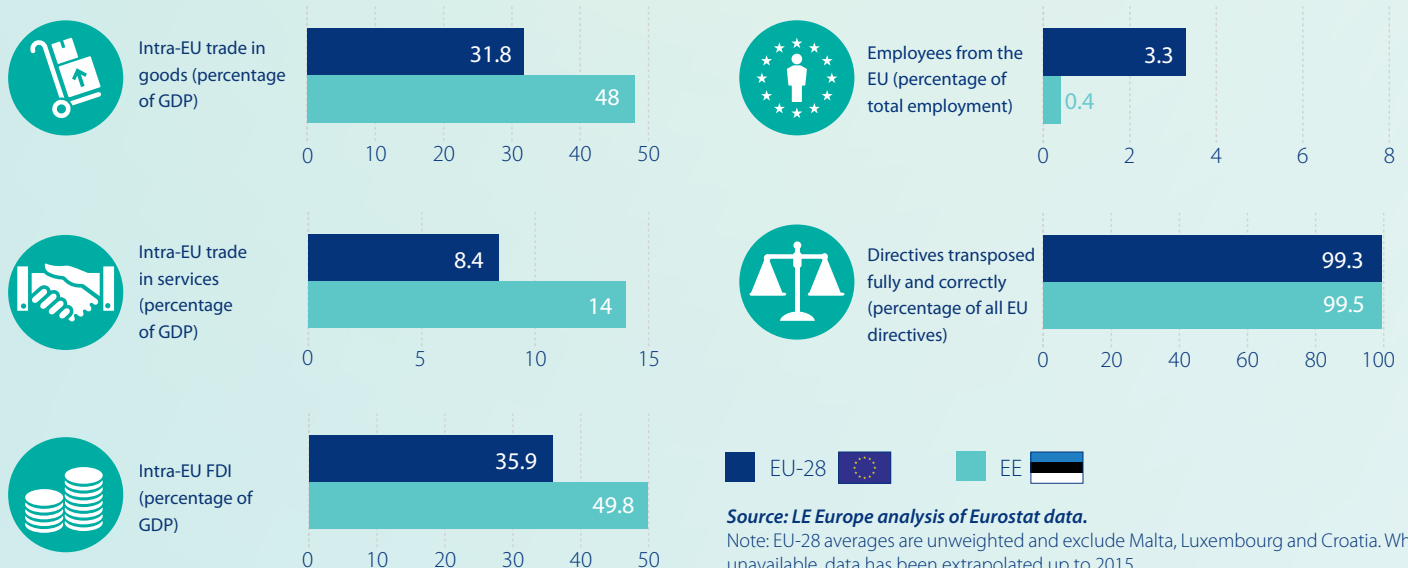


Source: LE Europe analysis of Eurostat data.

Note: The indicators of free movement of goods and services reflect a number of aspects of intra-EU trade in goods and services. The indicator of free movement of capital focuses on intra-EU FDI flows. The indicator of homogeneity shows the extent to which a Member State's economic performance and key policy variables converge (or diverge) from the EU average. The indicator of transposition conformity measures the performance of Member States in implementing EU law. Detailed information on each of these indicators is provided in the report.

Current state

Estonia's integration (relative to the average among Member States) is mixed regarding the four freedoms, and is higher than average regarding the implementation into national law of EU directives:



Source: LE Europe analysis of Eurostat data.

Note: EU-28 averages are unweighted and exclude Malta, Luxembourg and Croatia. Where unavailable, data has been extrapolated up to 2015.

IMPACT

FURTHER BENEFITS

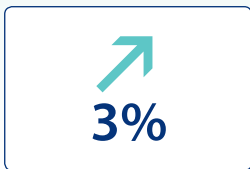
RECOMMENDATIONS

The impact of the Single Market on Estonia since 1990

- Boosting integration to the level of the most integrated Member State
- Increasing integration in the services Single Market by 50%



GDP per capita



Consumption



Employment



Investment (in millions)



The recommendations below offer concrete steps for Estonia to integrate further into the Single Market. They are based on a review of all ongoing European Commission cases against Member States (for lack of or incorrect implementation of EU directives; and breach of EU law). The cases with the greatest impact on the functioning of the Single Market form the basis for the country-specific recommendations.

Goods and Services Single Market:

Transpose in full Directives 2014/23/EC 2014/24/EC, 2014/25/EC on public procurement and concessions) into national law.^(a)

Digital Single Market:

Implement measures of cost reduction in deploying high-speed electronic communications networks (Directive 2014/61/EU).^(b)

Note: Approximate numbers above. For exact figures, see report.

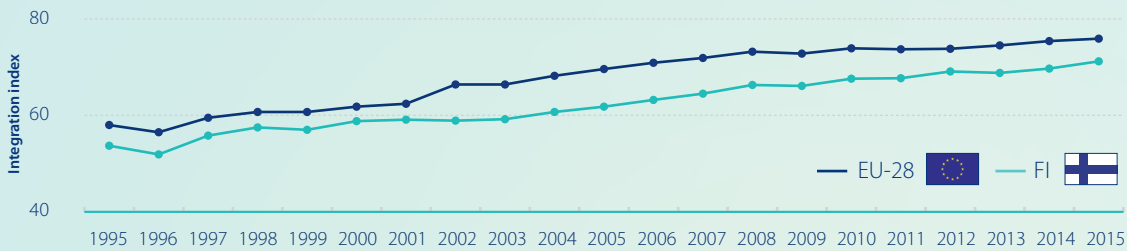
(a) Infringement package, May 2016, European Commission
 (b) Infringement package, September 2016, European Commission



Finland

SINGLE MARKET INTEGRATION

Evolution



Overall ranking



Source: LE Europe analysis

Note: The summary indicator measures the degree of integration of the Member State into the Single Market. It combines information on different aspects of the Single Market freedoms, the adoption of EU legislation by Member States, and information on the extent to which the economic performance of Member States is similar to the EU economy limit. For further details on the construction of the index as well as the rank relative to other Member States for the components of the indicator, see annex to this note.

Ranking across indicators



Free movement of goods



Free movement of services



Free movement of capital



Homogeneity
(convergence of economic performance and policies)



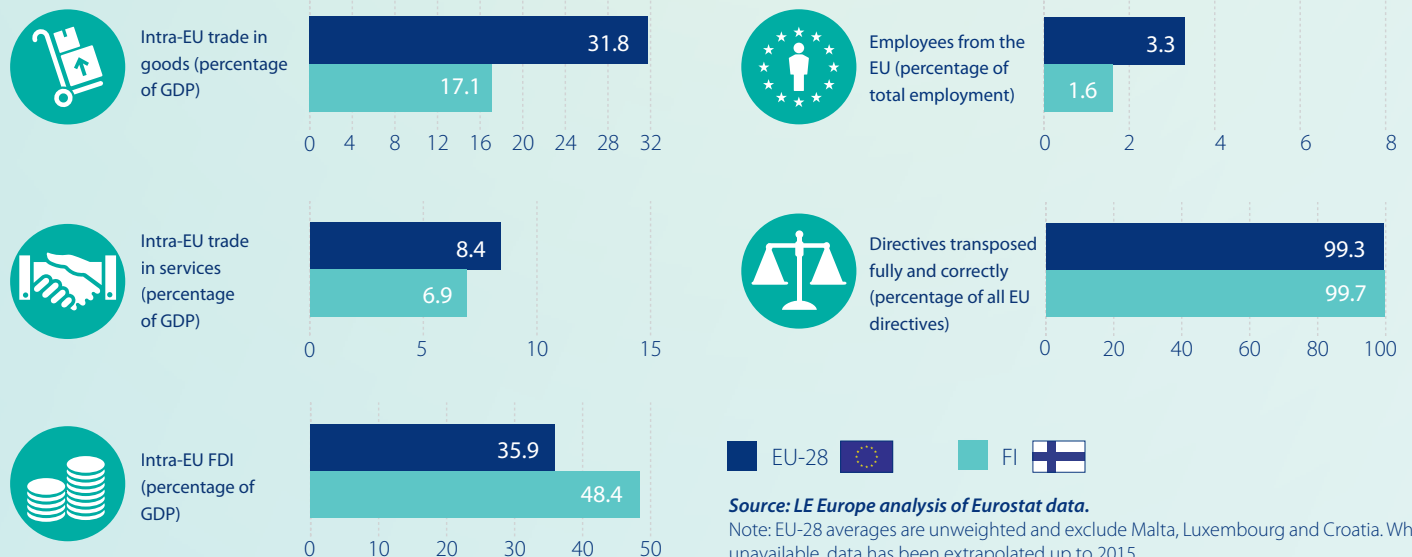
Transposition conformity
(implementation of EU law)

Source: LE Europe analysis of Eurostat data.

Note: The indicators of free movement of goods and services reflect a number of aspects of intra-EU trade in goods and services. The indicator of free movement of capital focuses on intra-EU FDI flows. The indicator of homogeneity shows the extent to which a Member State's economic performance and key policy variables converge (or diverge) from the EU average. The indicator of transposition conformity measures the performance of Member States in implementing EU law. Detailed information on each of these indicators is provided in the report.

Current state

Finland's integration (relative to the average among Member States) is mixed regarding the four freedoms, and is higher than average regarding the implementation into national law of EU directives:



Source: LE Europe analysis of Eurostat data.

Note: EU-28 averages are unweighted and exclude Malta, Luxembourg and Croatia. Where unavailable, data has been extrapolated up to 2015.

IMPACT

FURTHER BENEFITS

RECOMMENDATIONS

The impact of the Single Market on Finland since 1990



- Boosting integration to the level of the most integrated Member State
- Increasing integration in the services Single Market by 50%



GDP per capita

↑
1.7%



↑
0.6%



Consumption

↑
€680
per household



↑
€240
per household



Employment

↑
40,000
jobs



↑
14,000
jobs



Investment (in millions)

↑
€730



↑
€260

The recommendations below offer concrete steps for Finland to integrate further into the Single Market. They are based on a review of all ongoing European Commission cases against Member States (for lack of or incorrect implementation of EU directives; and breach of EU law). The cases with the greatest impact on the functioning of the Single Market form the basis for the country-specific recommendations.

Goods and Services Single Market:

Transpose in full Directives 2014/23/EC 2014/24/EC, 2014/25/EC on public procurement and concessions) into national law.^(a)

Goods and Services Single Market:

Adequately transpose Directive 2005/29/EC on unfair commercial practices.^(b)

Services Single Market and free movement of people:

Transpose Directive 2013/55/EU on the recognition of professional qualifications.^(c)

Digital Single Market:

Implement measures of cost reduction in deploying high-speed electronic communications networks (Directive 2014/61/EU).^(d)

(a) Infringement package, May 2016, European Commission

(b) Infringement package, September 2015, European Commission

(c) Infringement package, September 2016, European Commission

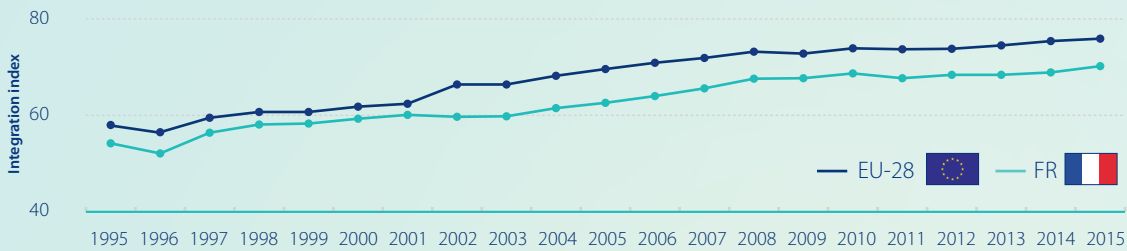
(d) Infringement package, September 2016, European Commission

Note: Approximate numbers above. For exact figures, see report.

France

SINGLE MARKET INTEGRATION

Evolution



Overall ranking



Source: LE Europe analysis

Note: The summary indicator measures the degree of integration of the Member State into the Single Market. It combines information on different aspects of the Single Market freedoms, the adoption of EU legislation by Member States, and information on the extent to which the economic performance of Member States is similar to the EU economy limit. For further details on the construction of the index as well as the rank relative to other Member States for the components of the indicator, see annex to this note.

Ranking across indicators

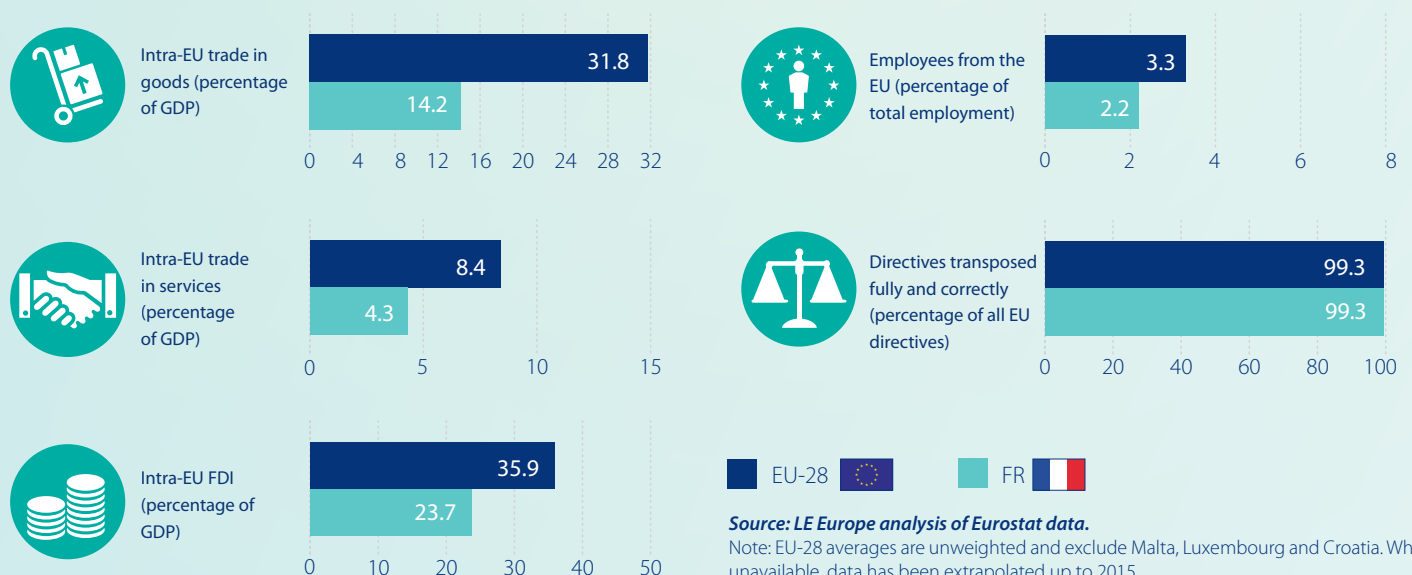


Source: LE Europe analysis of Eurostat data.

Note: The indicators of free movement of goods and services reflect a number of aspects of intra-EU trade in goods and services. The indicator of free movement of capital focuses on intra-EU FDI flows. The indicator of homogeneity shows the extent to which a Member State's economic performance and key policy variables converge (or diverge) from the EU average. The indicator of transposition conformity measures the performance of Member States in implementing EU law. Detailed information on each of these indicators is provided in the report.

Current state

France's integration (relative to the average among Member States) is mixed regarding the four freedoms, and is higher than average regarding the implementation into national law of EU directives:



Source: LE Europe analysis of Eurostat data.

Note: EU-28 averages are unweighted and exclude Malta, Luxembourg and Croatia. Where unavailable, data has been extrapolated up to 2015.

IMPACT

FURTHER BENEFITS

RECOMMENDATIONS

The impact of the Single Market on France since 1990

- Boosting integration to the level of the most integrated Member State
- Increasing integration in the services Single Market by 50%



GDP per capita



Consumption



Employment



Investment (in millions)



The recommendations below offer concrete steps for France to integrate further into the Single Market. They are based on a review of all ongoing European Commission cases against Member States (for lack of or incorrect implementation of EU directives; and breach of EU law). The cases with the greatest impact on the functioning of the Single Market form the basis for the country-specific recommendations.

Services Single Market and free movement of people:

Transpose Directive 2013/55/EU on the recognition of professional qualifications.^(a)

Digital Single Market:

Implement measures of cost reduction in deploying high-speed electronic communications networks (Directive 2014/61/EU).^(b)

Note: Approximate numbers above. For exact figures, see report.

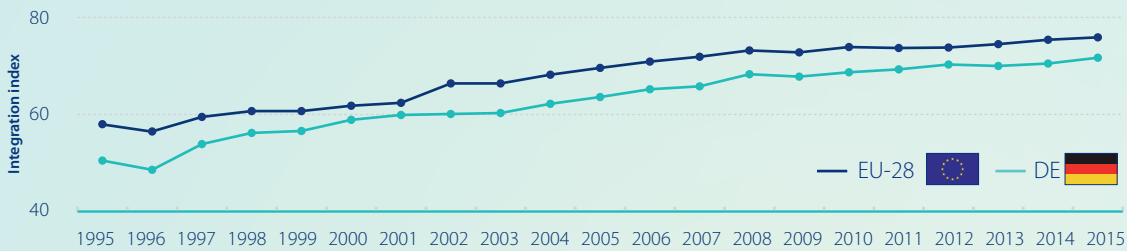
(a) Infringement package, September 2016, European Commission
 (b) Infringement package, September 2016, European Commission



Germany

SINGLE MARKET INTEGRATION

Evolution



Overall ranking



Source: LE Europe analysis

Note: The summary indicator measures the degree of integration of the Member State into the Single Market. It combines information on different aspects of the Single Market freedoms, the adoption of EU legislation by Member States, and information on the extent to which the economic performance of Member States is similar to the EU economy limit. For further details on the construction of the index as well as the rank relative to other Member States for the components of the indicator, see annex to this note.

Ranking across indicators



Free movement of goods



Free movement of services



Free movement of capital



Homogeneity
(convergence of economic performance and policies)



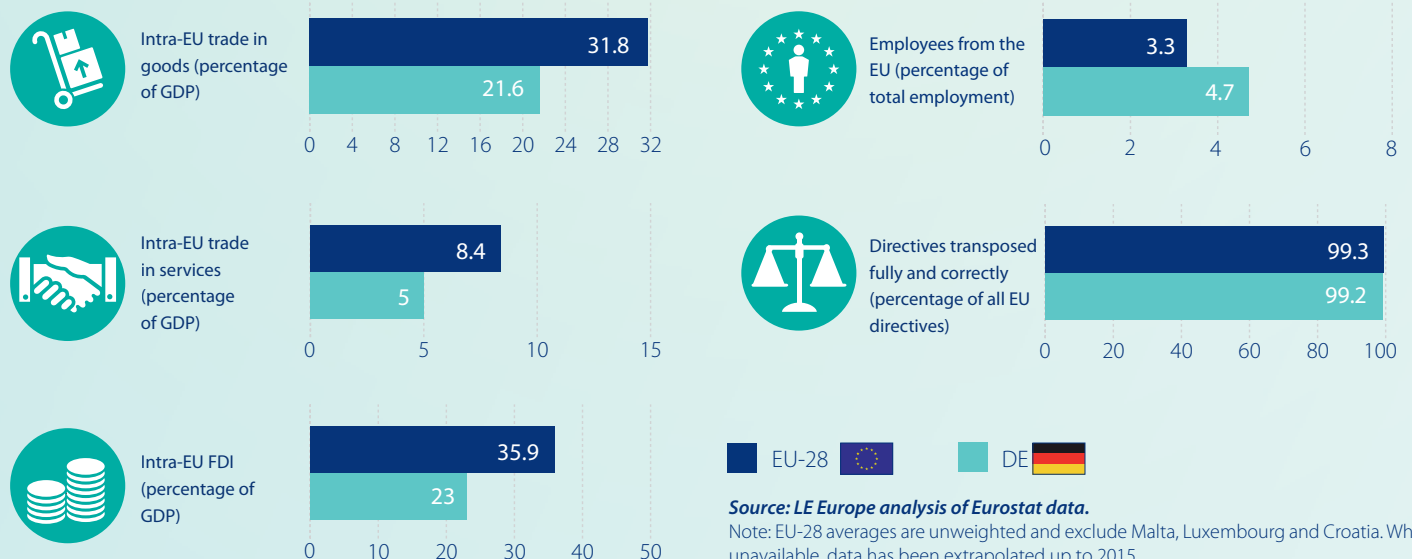
Transposition conformity
(implementation of EU law)

Source: LE Europe analysis of Eurostat data.

Note: The indicators of free movement of goods and services reflect a number of aspects of intra-EU trade in goods and services. The indicator of free movement of capital focuses on intra-EU FDI flows. The indicator of homogeneity shows the extent to which a Member State's economic performance and key policy variables converge (or diverge) from the EU average. The indicator of transposition conformity measures the performance of Member States in implementing EU law. Detailed information on each of these indicators is provided in the report.

Current state

Germany's integration (relative to the average among Member States) is mixed regarding the four freedoms, and is lower than average regarding the implementation into national law of EU directives:



Source: LE Europe analysis of Eurostat data.

Note: EU-28 averages are unweighted and exclude Malta, Luxembourg and Croatia. Where unavailable, data has been extrapolated up to 2015.

IMPACT

FURTHER BENEFITS

RECOMMENDATIONS

The impact of the Single Market on Germany since 1990



- Boosting integration to the level of the most integrated Member State
- Increasing integration in the services Single Market by 50%



GDP per capita

↑
2.4%



↑
0.6%



Consumption

↑
€900
per household



↑
€220
per household



Employment

↑
936,000
jobs



↑
231,000
jobs



Investment (in millions)

↑
€14,000



↑
€3,600

The recommendations below offer concrete steps for Germany to integrate further into the Single Market. They are based on a review of all ongoing European Commission cases against Member States (for lack of or incorrect implementation of EU directives; and breach of EU law). The cases with the greatest impact on the functioning of the Single Market form the basis for the country-specific recommendations.

Services Single Market and free movement of people:

Transpose Directive 2013/55/EU on the recognition of professional qualifications.^(a)

Services Single Market:

Eliminate minimum and maximum tariffs for architects and engineers which run counter to the Services Directive (Directive 2006/123/EC).^(b)

Digital Single Market:

Implement measures of cost reduction in deploying high-speed electronic communications networks (Directive 2014/61/EU).^(c)

(a) Infringement package, September 2016, European Commission

(b) Infringement package, November 2016, European Commission

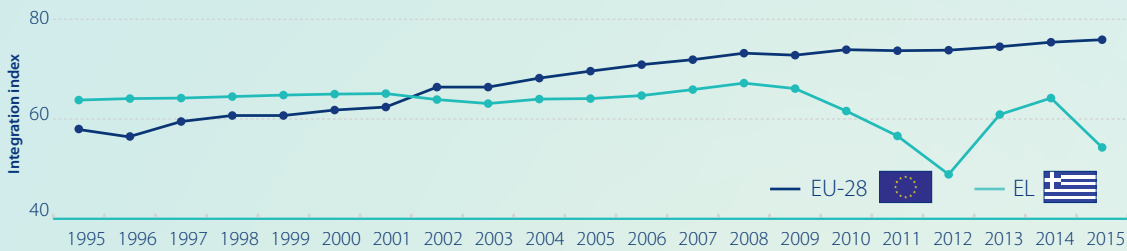
(c) Infringement package, March 2016, European Commission

Note: Approximate numbers above. For exact figures, see report.

Greece

SINGLE MARKET INTEGRATION

Evolution



Overall ranking



Source: LE Europe analysis

Note: The summary indicator measures the degree of integration of the Member State into the Single Market. It combines information on different aspects of the Single Market freedoms, the adoption of EU legislation by Member States, and information on the extent to which the economic performance of Member States is similar to the EU economy limit. For further details on the construction of the index as well as the rank relative to other Member States for the components of the indicator, see annex to this note.

Ranking across indicators

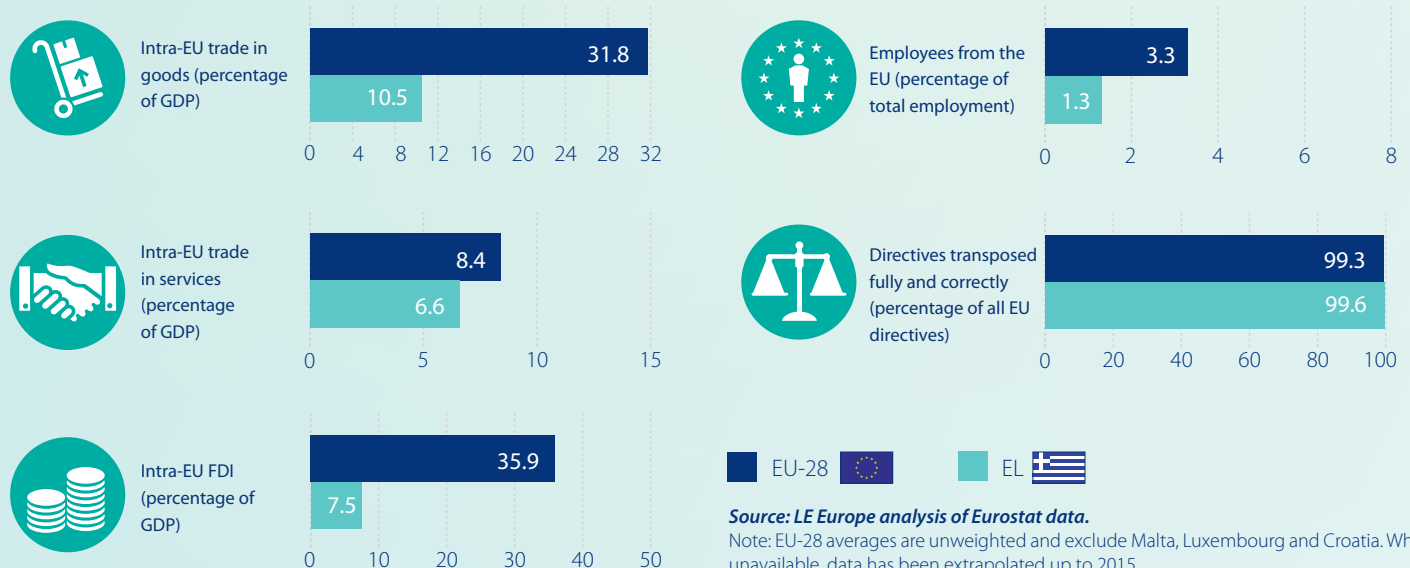


Source: LE Europe analysis of Eurostat data.

Note: The indicators of free movement of goods and services reflect a number of aspects of intra-EU trade in goods and services. The indicator of free movement of capital focuses on intra-EU FDI flows. The indicator of homogeneity shows the extent to which a Member State's economic performance and key policy variables converge (or diverge) from the EU average. The indicator of transposition conformity measures the performance of Member States in implementing EU law. Detailed information on each of these indicators is provided in the report.

Current state

Greece's integration (relative to the average among Member States) is mixed regarding the four freedoms, and is higher than average regarding the implementation into national law of EU directives:



IMPACT

FURTHER BENEFITS

RECOMMENDATIONS

The impact of the Single Market on Greece since 1990

- Boosting integration to the level of the most integrated Member State
- Increasing integration in the services Single Market by 50%



GDP per capita

0.9%



0.8%



Consumption

€280 per household



€240 per household



Employment

33,000 jobs



29,000 jobs



Investment (in millions)

€200



€170

The recommendations below offer concrete steps for Greece to integrate further into the Single Market. They are based on a review of all ongoing European Commission cases against Member States (for lack of or incorrect implementation of EU directives; and breach of EU law). The cases with the greatest impact on the functioning of the Single Market form the basis for the country-specific recommendations.

Goods and Services Single Market:

Transpose in full Directives 2014/23/EC 2014/24/EC, 2014/25/EC on public procurement and concessions) into national law. ^(a)

Services Single Market and free movement of people:

Transpose Directive 2013/55/EU on the recognition of professional qualifications. ^(b)

Digital Single Market:

Implement measures of cost reduction in deploying high-speed electronic communications networks (Directive 2014/61/EU). ^(c)

(a) Infringement package, May 2016, European Commission
 (b) Infringement package, September 2016, European Commission
 (c) Infringement package, September 2016, European Commission

Note: Approximate numbers above. For exact figures, see report.

Hungary

SINGLE MARKET INTEGRATION

Evolution



Overall ranking



Source: LE Europe analysis

Note: The summary indicator measures the degree of integration of the Member State into the Single Market. It combines information on different aspects of the Single Market freedoms, the adoption of EU legislation by Member States, and information on the extent to which the economic performance of Member States is similar to the EU economy limit. For further details on the construction of the index as well as the rank relative to other Member States for the components of the indicator, see annex to this note.

Ranking across indicators



Free movement of goods



Free movement of services



Free movement of capital



Homogeneity
(convergence of economic performance and policies)



Transposition conformity
(implementation of EU law)

Source: LE Europe analysis of Eurostat data.

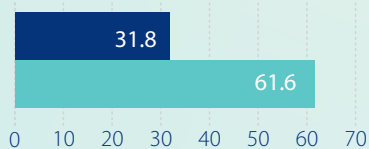
Note: The indicators of free movement of goods and services reflect a number of aspects of intra-EU trade in goods and services. The indicator of free movement of capital focuses on intra-EU FDI flows. The indicator of homogeneity shows the extent to which a Member State's economic performance and key policy variables converge (or diverge) from the EU average. The indicator of transposition conformity measures the performance of Member States in implementing EU law. Detailed information on each of these indicators is provided in the report.

Current state

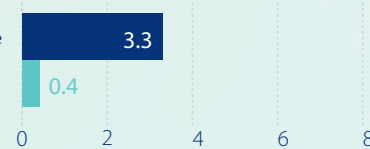
Hungary's integration (relative to the average among Member States) is mixed regarding the four freedoms, and is lower than average regarding the implementation into national law of EU directives:



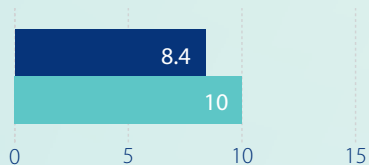
Intra-EU trade in goods (percentage of GDP)



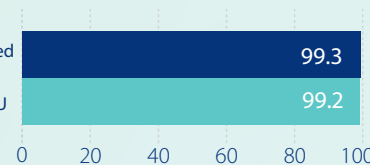
Employees from the EU (percentage of total employment)



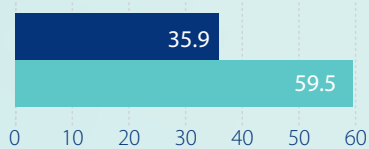
Intra-EU trade in services (percentage of GDP)



Directives transposed fully and correctly (percentage of all EU directives)



Intra-EU FDI (percentage of GDP)



EU-28 HU

Source: LE Europe analysis of Eurostat data.

Note: EU-28 averages are unweighted and exclude Malta, Luxembourg and Croatia. Where unavailable, data has been extrapolated up to 2015.

IMPACT

FURTHER BENEFITS

RECOMMENDATIONS

The impact of the Single Market on Hungary since 1990

- Boosting integration to the level of the most integrated Member State
- Increasing integration in the services Single Market by 50%



GDP per capita



Consumption



Employment



Investment (in millions)



The recommendations below offer concrete steps for Hungary to integrate further into the Single Market. They are based on a review of all ongoing European Commission cases against Member States (for lack of or incorrect implementation of EU directives; and breach of EU law). The cases with the greatest impact on the functioning of the Single Market form the basis for the country-specific recommendations.

Services Single Market and Movement of people:

eliminate nationality requirement for notaries which runs counter to the Services Directive (Directive 2006/123/EC).^(a)

Services Single Market:

eliminate exclusive right granted to a single operator to provide a mobile payments service which runs counter to the Services Directive (Directive 2006/123/EC).^(b)

Digital Single Market:

Implement measures of cost reduction in deploying high-speed electronic communications networks (Directive 2014/61/EU).^(c)

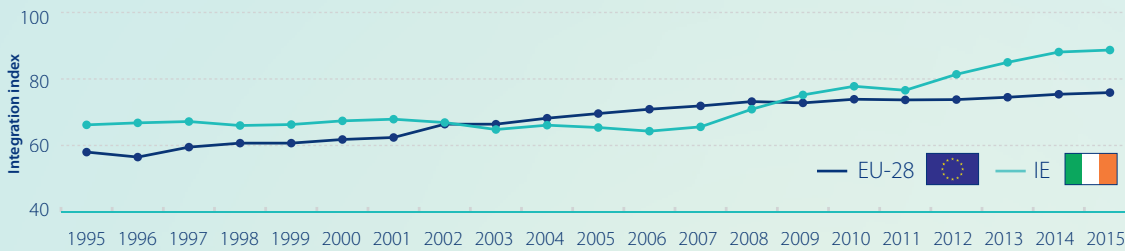
(a) Infringement package, November 2015, European Commission
 (b) Infringement package, November 2016, European Commission
 (c) Infringement package, September 2016, European Commission

Note: Approximate numbers above. For exact figures, see report.

Ireland

SINGLE MARKET INTEGRATION

Evolution



Overall ranking



Source: LE Europe analysis

Note: The summary indicator measures the degree of integration of the Member State into the Single Market. It combines information on different aspects of the Single Market freedoms, the adoption of EU legislation by Member States, and information on the extent to which the economic performance of Member States is similar to the EU economy limit. For further details on the construction of the index as well as the rank relative to other Member States for the components of the indicator, see annex to this note.

Ranking across indicators

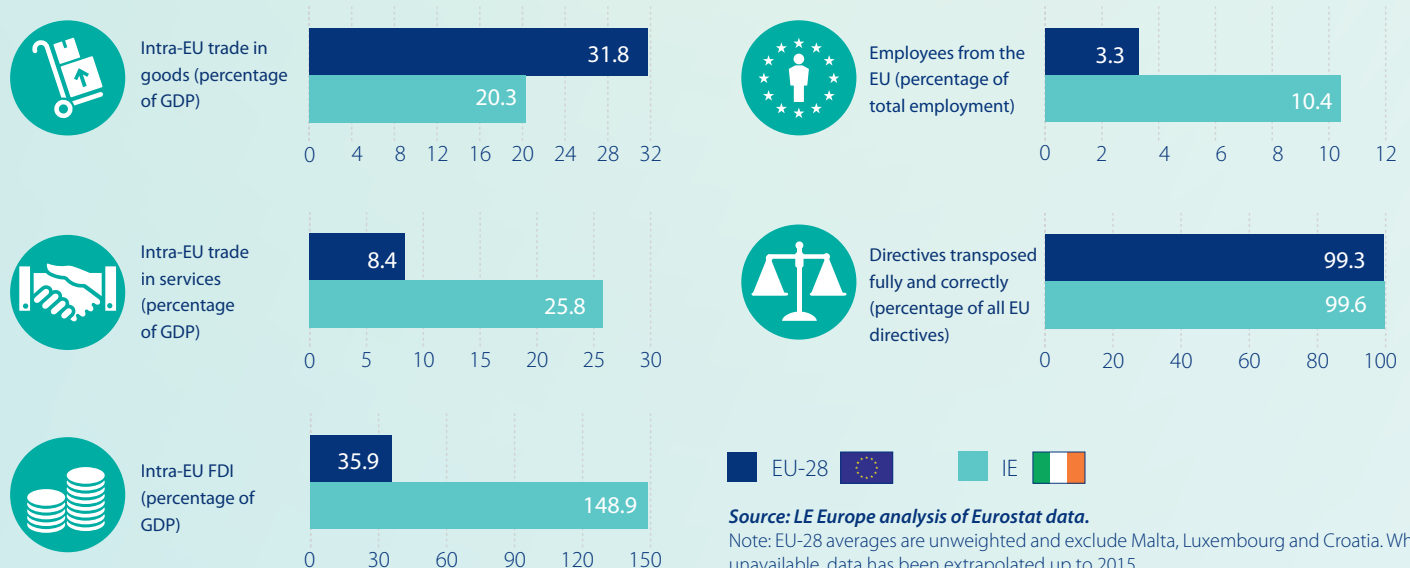


Source: LE Europe analysis of Eurostat data.

Note: The indicators of free movement of goods and services reflect a number of aspects of intra-EU trade in goods and services. The indicator of free movement of capital focuses on intra-EU FDI flows. The indicator of homogeneity shows the extent to which a Member State's economic performance and key policy variables converge (or diverge) from the EU average. The indicator of transposition conformity measures the performance of Member States in implementing EU law. Detailed information on each of these indicators is provided in the report.

Current state

Ireland's integration (relative to the average among Member States) is mixed regarding the four freedoms, and is higher than average regarding the implementation into national law of EU directives:



Source: LE Europe analysis of Eurostat data.

Note: EU-28 averages are unweighted and exclude Malta, Luxembourg and Croatia. Where unavailable, data has been extrapolated up to 2015.

IMPACT

FURTHER BENEFITS

RECOMMENDATIONS

The impact of the Single Market on Ireland since 1990

- Boosting integration to the level of the most integrated Member State
- Increasing integration in the services Single Market by 50%



GDP per capita

↑
1.2%



↑
0.4%



Consumption

↑
€450
per household



↑
€140
per household



Employment

↑
22,000
jobs



↑
7,000
jobs



Investment (in millions)

↑
€600



↑
€200

The recommendations below offer concrete steps for Ireland to integrate further into the Single Market. They are based on a review of all ongoing European Commission cases against Member States (for lack of or incorrect implementation of EU directives; and breach of EU law). The cases with the greatest impact on the functioning of the Single Market form the basis for the country-specific recommendations.

Goods and Services Single Market:

Transpose in full Directives 2014/23/EC 2014/24/EC, 2014/25/EC on public procurement and concessions) into national law.^(a)

Services Single Market and free movement of people:

Ensure that Directive 2013/55/EU on the recognition of professional qualifications is properly transposed.^(b)

Note: Approximate numbers above. For exact figures, see report.

(a) Infringement package, May 2016, European Commission
 (b) Infringement package, March 2016, European Commission

Italy

SINGLE MARKET INTEGRATION

Evolution



Overall ranking



Source: LE Europe analysis

Note: The summary indicator measures the degree of integration of the Member State into the Single Market. It combines information on different aspects of the Single Market freedoms, the adoption of EU legislation by Member States, and information on the extent to which the economic performance of Member States is similar to the EU economy limit. For further details on the construction of the index as well as the rank relative to other Member States for the components of the indicator, see annex to this note.

Ranking across indicators

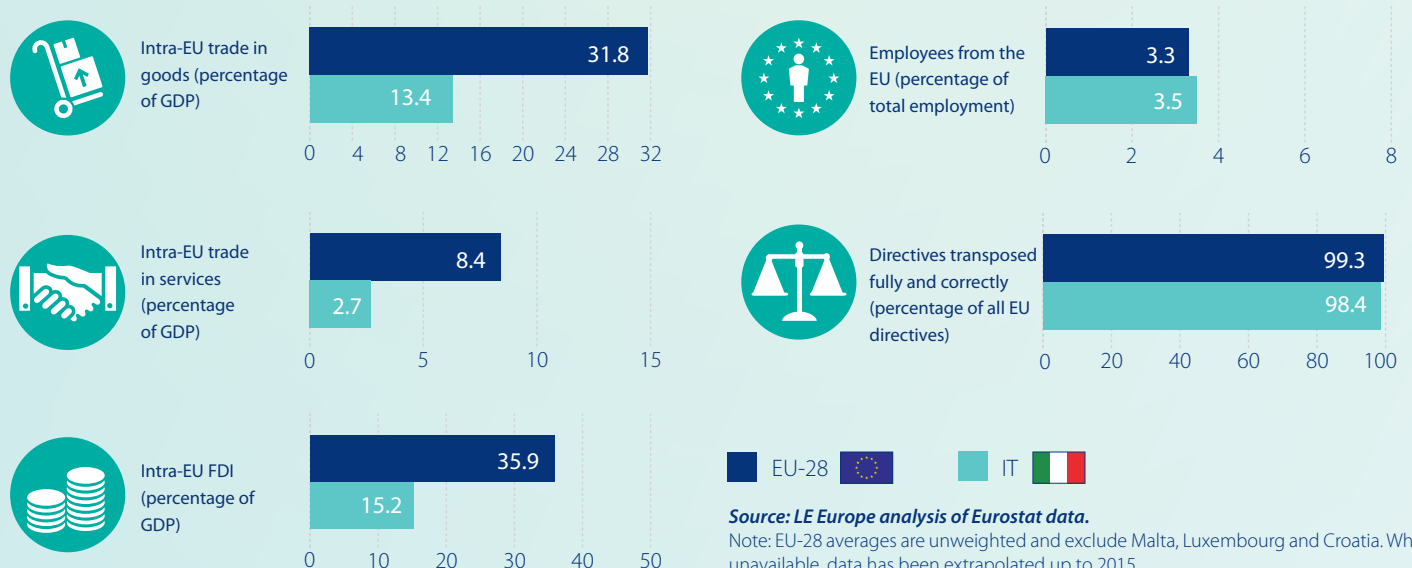


Source: LE Europe analysis of Eurostat data.

Note: The indicators of free movement of goods and services reflect a number of aspects of intra-EU trade in goods and services. The indicator of free movement of capital focuses on intra-EU FDI flows. The indicator of homogeneity shows the extent to which a Member State's economic performance and key policy variables converge (or diverge) from the EU average. The indicator of transposition conformity measures the performance of Member States in implementing EU law. Detailed information on each of these indicators is provided in the report.

Current state

Italy's integration (relative to the average among Member States) is mixed regarding the four freedoms, and is lower than average regarding the implementation into national law of EU directives:



Source: LE Europe analysis of Eurostat data.

Note: EU-28 averages are unweighted and exclude Malta, Luxembourg and Croatia. Where unavailable, data has been extrapolated up to 2015.

IMPACT

FURTHER BENEFITS

RECOMMENDATIONS

The impact of the Single Market on Italy since 1990



- Boosting integration to the level of the most integrated Member State
- Increasing integration in the services Single Market by 50%



GDP per capita

0.5%



0.6%



Consumption

€190
per household



€240
per household



Employment

114,000
jobs



141,000
jobs



Investment (in millions)

€1,400



€1,800

The recommendations below offer concrete steps for Italy to integrate further into the Single Market. They are based on a review of all ongoing European Commission cases against Member States (for lack of or incorrect implementation of EU directives; and breach of EU law). The cases with the greatest impact on the functioning of the Single Market form the basis for the country-specific recommendations.

Services Single Market:

eliminate establishment requirements for attestation companies as a prerequisite to provide certification services in public procurement which run counter to the Services Directive (Directive 2006/123/EC)^(a)

Goods and Services Single Market:

Adequately transpose Directive 2005/29/EC on unfair commercial practices.^(b)

Note: Approximate numbers above. For exact figures, see report.

(a) Infringement package, November 2016, European Commission
 (b) Infringement package, October 2012, European Commission

Latvia

SINGLE MARKET INTEGRATION

Evolution



Overall ranking



Source: LE Europe analysis

Note: The summary indicator measures the degree of integration of the Member State into the Single Market. It combines information on different aspects of the Single Market freedoms, the adoption of EU legislation by Member States, and information on the extent to which the economic performance of Member States is similar to the EU economy limit. For further details on the construction of the index as well as the rank relative to other Member States for the components of the indicator, see annex to this note.

Ranking across indicators

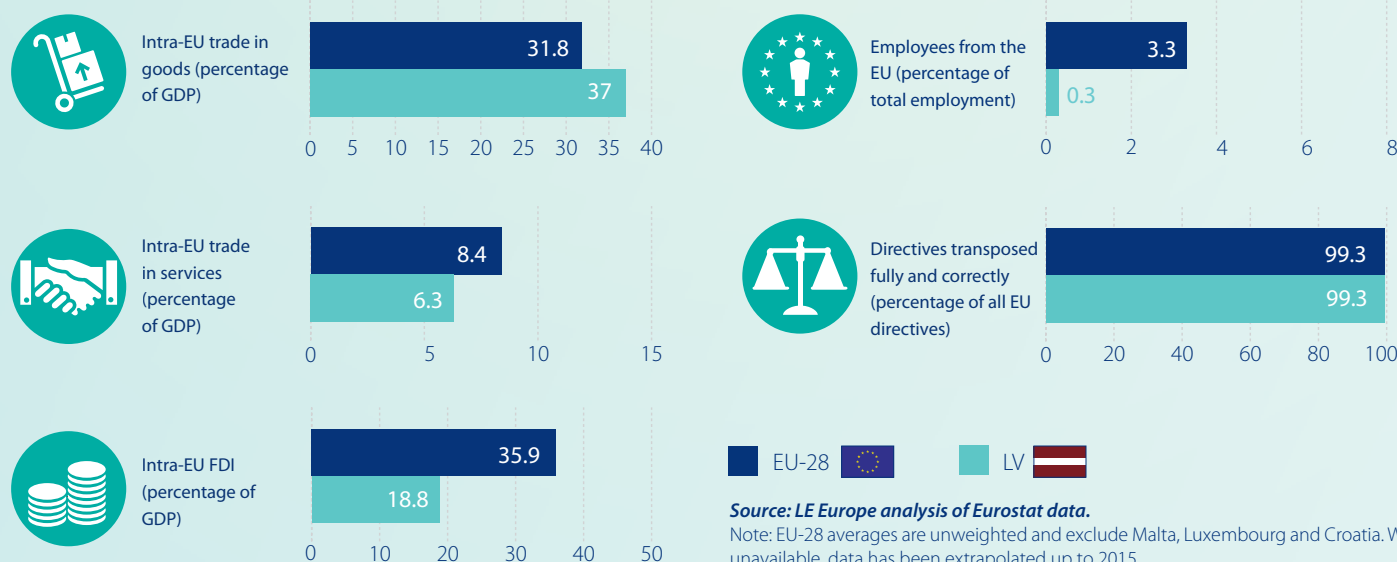


Source: LE Europe analysis of Eurostat data.

Note: The indicators of free movement of goods and services reflect a number of aspects of intra-EU trade in goods and services. The indicator of free movement of capital focuses on intra-EU FDI flows. The indicator of homogeneity shows the extent to which a Member State's economic performance and key policy variables converge (or diverge) from the EU average. The indicator of transposition conformity measures the performance of Member States in implementing EU law. Detailed information on each of these indicators is provided in the report.

Current state

Latvia's integration (relative to the average among Member States) is mixed regarding the four freedoms, and is higher than average regarding the implementation into national law of EU directives:



Source: LE Europe analysis of Eurostat data.

Note: EU-28 averages are unweighted and exclude Malta, Luxembourg and Croatia. Where unavailable, data has been extrapolated up to 2015. No data available for LT for percentage of employees from the EU

IMPACT

FURTHER BENEFITS

RECOMMENDATIONS

The impact of the Single Market on Latvia since 1990

- Boosting integration to the level of the most integrated Member State
- Increasing integration in the services Single Market by 50%



GDP per capita

↑
2.1%



↑
0.5%



Consumption

↑
€330
per household



↑
€80
per household



Employment

↑
18,000
jobs



↑
5,000
jobs



Investment (in millions)

↑
€110



↑
€30

The recommendations below offer concrete steps for Latvia to integrate further into the Single Market. They are based on a review of all ongoing European Commission cases against Member States (for lack of or incorrect implementation of EU directives; and breach of EU law). The cases with the greatest impact on the functioning of the Single Market form the basis for the country-specific recommendations.

Goods and Services Single Market:

Transpose in full Directives 2014/23/EC 2014/24/EC, 2014/25/EC on public procurement and concessions) into national law. ^(a)

Services Single Market and free movement of people:

Transpose Directive 2013/55/EU on the recognition of professional qualifications. ^(b)

Digital Single Market:

Implement measures of cost reduction in deploying high-speed electronic communications networks (Directive 2014/61/EU). ^(c)

(a) Infringement package, May 2016, European Commission
 (b) Infringement package, September 2016, European Commission
 (c) Infringement package, September 2016, European Commission

Note: Approximate numbers above. For exact figures, see report.



Lithuania

SINGLE MARKET INTEGRATION

Evolution



Overall ranking



Source: LE Europe analysis

Note: The summary indicator measures the degree of integration of the Member State into the Single Market. It combines information on different aspects of the Single Market freedoms, the adoption of EU legislation by Member States, and information on the extent to which the economic performance of Member States is similar to the EU economy limit. For further details on the construction of the index as well as the rank relative to other Member States for the components of the indicator, see annex to this note.

Ranking across indicators

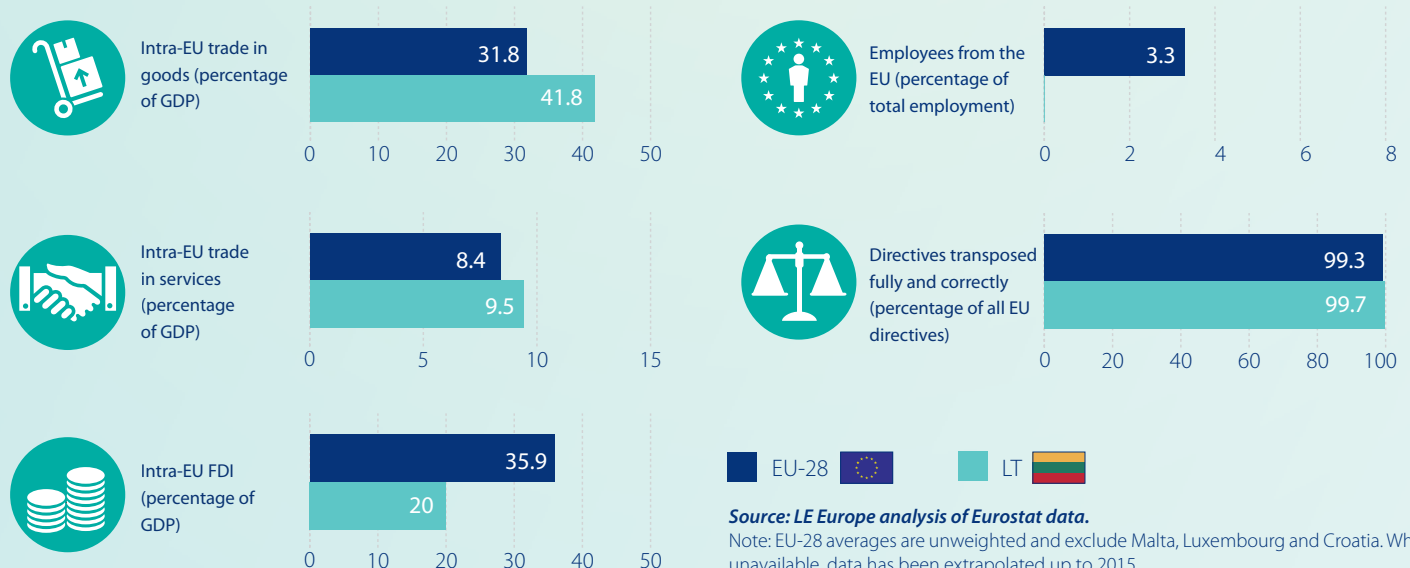


Source: LE Europe analysis of Eurostat data.

Note: The indicators of free movement of goods and services reflect a number of aspects of intra-EU trade in goods and services. The indicator of free movement of capital focuses on intra-EU FDI flows. The indicator of homogeneity shows the extent to which a Member State's economic performance and key policy variables converge (or diverge) from the EU average. The indicator of transposition conformity measures the performance of Member States in implementing EU law. Detailed information on each of these indicators is provided in the report.

Current state

Lithuania's integration (relative to the average among Member States) is mixed regarding the four freedoms, and is higher than average regarding the implementation into national law of EU directives:



Source: LE Europe analysis of Eurostat data.

Note: EU-28 averages are unweighted and exclude Malta, Luxembourg and Croatia. Where unavailable, data has been extrapolated up to 2015.

IMPACT

FURTHER BENEFITS

RECOMMENDATIONS

The impact of the Single Market on Lithuania since 1990



- Boosting integration to the level of the most integrated Member State
- Increasing integration in the services Single Market by 50%



GDP per capita

↑
2.2%



↑
0.5%



Consumption

↑
€340
per household



↑
70
per household



Employment

↑
28,000
jobs



↑
6,000
jobs



Investment (in millions)

↑
€150



↑
€30

The recommendations below offer concrete steps for Lithuania to integrate further into the Single Market. They are based on a review of all ongoing European Commission cases against Member States (for lack of or incorrect implementation of EU directives; and breach of EU law). The cases with the greatest impact on the functioning of the Single Market form the basis for the country-specific recommendations.

Goods and Services Single Market:

Transpose in full Directives 2014/23/EC 2014/24/EC, 2014/25/EC on public procurement and concessions) into national law.^(a)

Services Single Market:

eliminate multidisciplinary restrictions on certain construction service providers which runs counter to the Services Directive (Directive 2006/123/EC).^(b)

Digital Single Market:

Implement measures of cost reduction in deploying high-speed electronic communications networks (Directive 2014/61/EU).^(c)

(a) Infringement package, May 2016, European Commission

(b) Infringement package, November 2016, European Commission

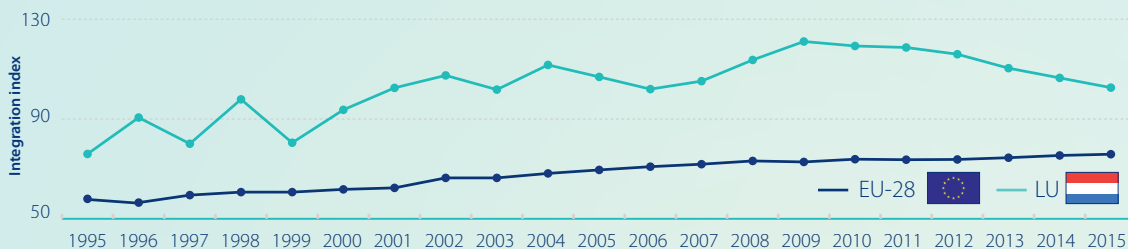
(c) Infringement package, September 2016, European Commission

Note: Approximate numbers above. For exact figures, see report.

Luxembourg

SINGLE MARKET INTEGRATION

Evolution



Overall ranking



Source: LE Europe analysis

Note: The summary indicator measures the degree of integration of the Member State into the Single Market. It combines information on different aspects of the Single Market freedoms, the adoption of EU legislation by Member States, and information on the extent to which the economic performance of Member States is similar to the EU economy limit. For further details on the construction of the index as well as the rank relative to other Member States for the components of the indicator, see annex to this note.

Ranking across indicators



Free movement of goods



Free movement of services



Free movement of capital



Homogeneity
(convergence of economic performance and policies)



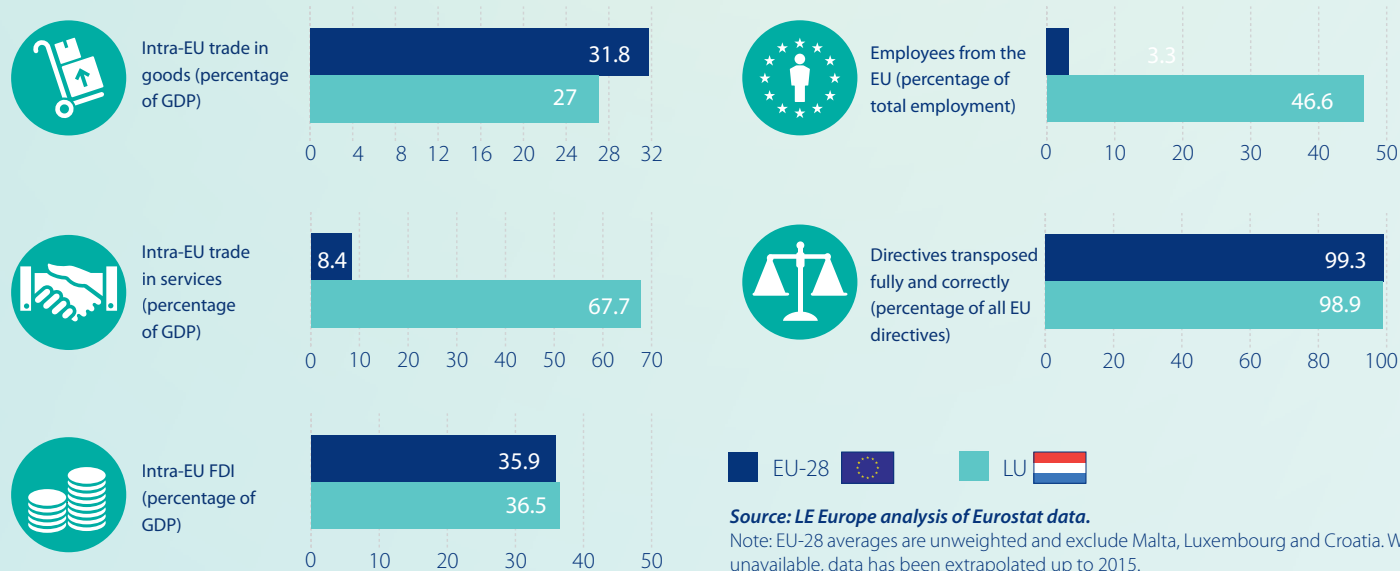
Transposition conformity
(implementation of EU law)

Source: LE Europe analysis of Eurostat data.

Note: The indicators of free movement of goods and services reflect a number of aspects of intra-EU trade in goods and services. The indicator of free movement of capital focuses on intra-EU FDI flows. The indicator of homogeneity shows the extent to which a Member State's economic performance and key policy variables converge (or diverge) from the EU average. The indicator of transposition conformity measures the performance of Member States in implementing EU law. Detailed information on each of these indicators is provided in the report.















Current state

Luxembourg's integration (relative to the average among Member States) is mixed regarding the four freedoms, and is lower than average regarding the implementation into national law of EU directives:



Source: LE Europe analysis of Eurostat data.

Note: EU-28 averages are unweighted and exclude Malta, Luxembourg and Croatia. Where unavailable, data has been extrapolated up to 2015.

IMPACT	FURTHER BENEFITS	RECOMMENDATIONS
<p>The impact of the Single Market on Luxembourg since 1990</p>	<ul style="list-style-type: none"> ■ Boosting integration to the level of the most integrated Member State ■ Increasing integration in the services Single Market by 50% 	
		
<p> GDP per capita</p> <div data-bbox="183 896 438 1064">  <p>n/a</p> </div> <p>→</p> <div data-bbox="630 896 885 1064">  <p>n/a</p> </div>		<p>The recommendations below offer concrete steps for Luxembourg to integrate further into the Single Market. They are based on a review of all ongoing European Commission cases against Member States (for lack of or incorrect implementation of EU directives; and breach of EU law). The cases with the greatest impact on the functioning of the Single Market form the basis for the country-specific recommendations.</p> <p>Goods and Services Single Market: Transpose in full Directives 2014/23/EC 2014/24/EC, 2014/25/EC on public procurement and concessions) into national law.^(a)</p> <p>Services Single Market and free movement of people: Transpose Directive 2013/55/EU on the recognition of professional qualifications.^(b)</p> <p>Digital Single Market: Implement measures of cost reduction in deploying high-speed electronic communications networks (Directive 2014/61/EU).^(c)</p>
<p> Consumption</p> <div data-bbox="183 1220 438 1388">  <p>n/a</p> </div> <p>→</p> <div data-bbox="630 1220 885 1388">  <p>n/a</p> </div>		
<p> Employment</p> <div data-bbox="183 1545 438 1713">  <p>n/a</p> </div> <p>→</p> <div data-bbox="630 1545 885 1713">  <p>n/a</p> </div>		
<p> Investment (in millions)</p> <div data-bbox="183 1881 438 2049">  <p>n/a</p> </div> <p>→</p> <div data-bbox="630 1881 885 2049">  <p>n/a</p> </div>		
<p>The figures for Luxembourg are excluded because the country is a large outlier in terms of measurement of GDP due to its very sizeable financial sector and large non-resident workforce.</p>		

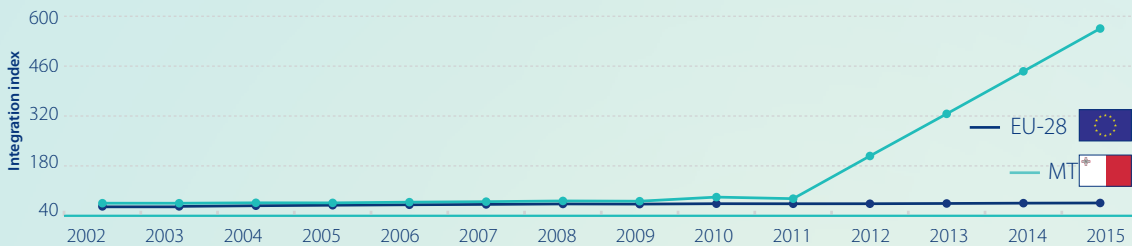
(a) Infringement package, May 2016, European Commission
 (b) Infringement package, September 2016, European Commission
 (c) Infringement package, September 2016, European Commission



Malta

SINGLE MARKET INTEGRATION

Evolution



Overall ranking



Source: LE Europe analysis

Note: The summary indicator measures the degree of integration of the Member State into the Single Market. It combines information on different aspects of the Single Market freedoms, the adoption of EU legislation by Member States, and information on the extent to which the economic performance of Member States is similar to the EU economy limit. For further details on the construction of the index as well as the rank relative to other Member States for the components of the indicator, see annex to this note.

Ranking across indicators



Free movement of goods



Free movement of services



Free movement of capital



Homogeneity
(convergence of economic performance and policies)



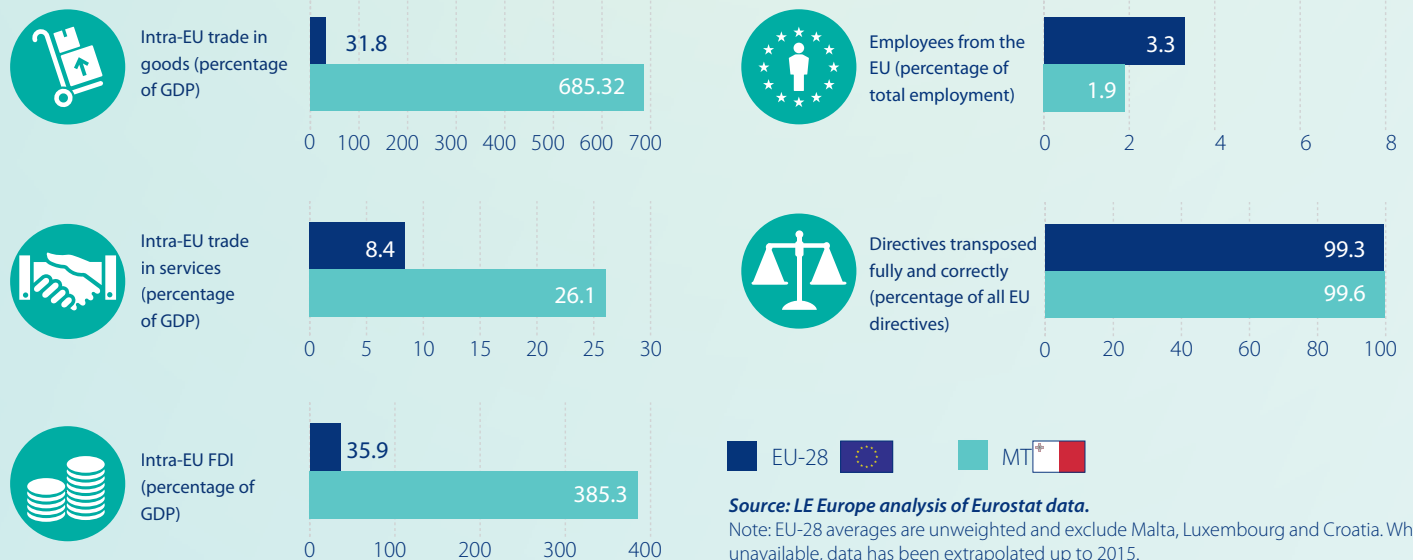
Transposition conformity
(implementation of EU law)

Source: LE Europe analysis of Eurostat data.

Note: The indicators of free movement of goods and services reflect a number of aspects of intra-EU trade in goods and services. The indicator of free movement of capital focuses on intra-EU FDI flows. The indicator of homogeneity shows the extent to which a Member State's economic performance and key policy variables converge (or diverge) from the EU average. The indicator of transposition conformity measures the performance of Member States in implementing EU law. Detailed information on each of these indicators is provided in the report.

Current state

Malta's integration (relative to the average among Member States) is mixed regarding the four freedoms, and is higher than average regarding the implementation into national law of EU directives:



Source: LE Europe analysis of Eurostat data.

Note: EU-28 averages are unweighted and exclude Malta, Luxembourg and Croatia. Where unavailable, data has been extrapolated up to 2015.

IMPACT

FURTHER BENEFITS

RECOMMENDATIONS

The impact of the Single Market on Malta since 1990

- Boosting integration to the level of the most integrated Member State
- Increasing integration in the services Single Market by 50%



GDP per capita



Consumption



Employment



Investment (in millions)



The recommendations below offer concrete steps for Malta to integrate further into the Single Market. They are based on a review of all ongoing European Commission cases against Member States (for lack of or incorrect implementation of EU directives; and breach of EU law). The cases with the greatest impact on the functioning of the Single Market form the basis for the country-specific recommendations.

Goods and Services Single Market:

Transpose in full Directives 2014/23/EC 2014/24/EC, 2014/25/EC on public procurement and concessions) into national law.^(a)

Services Single Market and free movement of people:

Transpose Directive 2013/55/EU on the recognition of professional qualifications^(b)

Note: Approximate numbers above. For exact figures, see report.

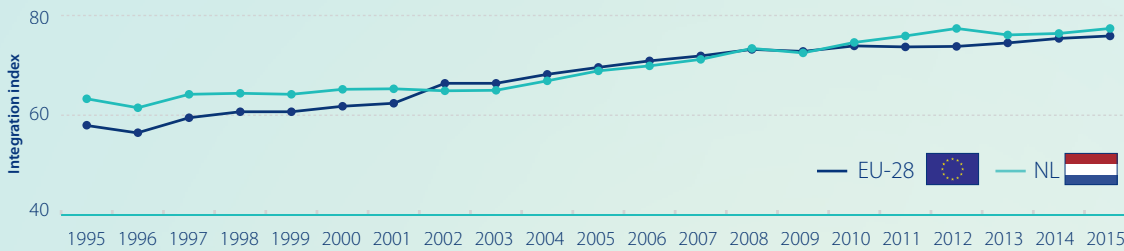
(a) Infringement package, May 2016, European Commission

(b) Infringement package, September 2016, European Commission

The Netherlands

SINGLE MARKET INTEGRATION

Evolution



Overall ranking



Source: *LE Europe analysis*

Note: The summary indicator measures the degree of integration of the Member State into the Single Market. It combines information on different aspects of the Single Market freedoms, the adoption of EU legislation by Member States, and information on the extent to which the economic performance of Member States is similar to the EU economy limit. For further details on the construction of the index as well as the rank relative to other Member States for the components of the indicator, see annex to this note.

Ranking across indicators

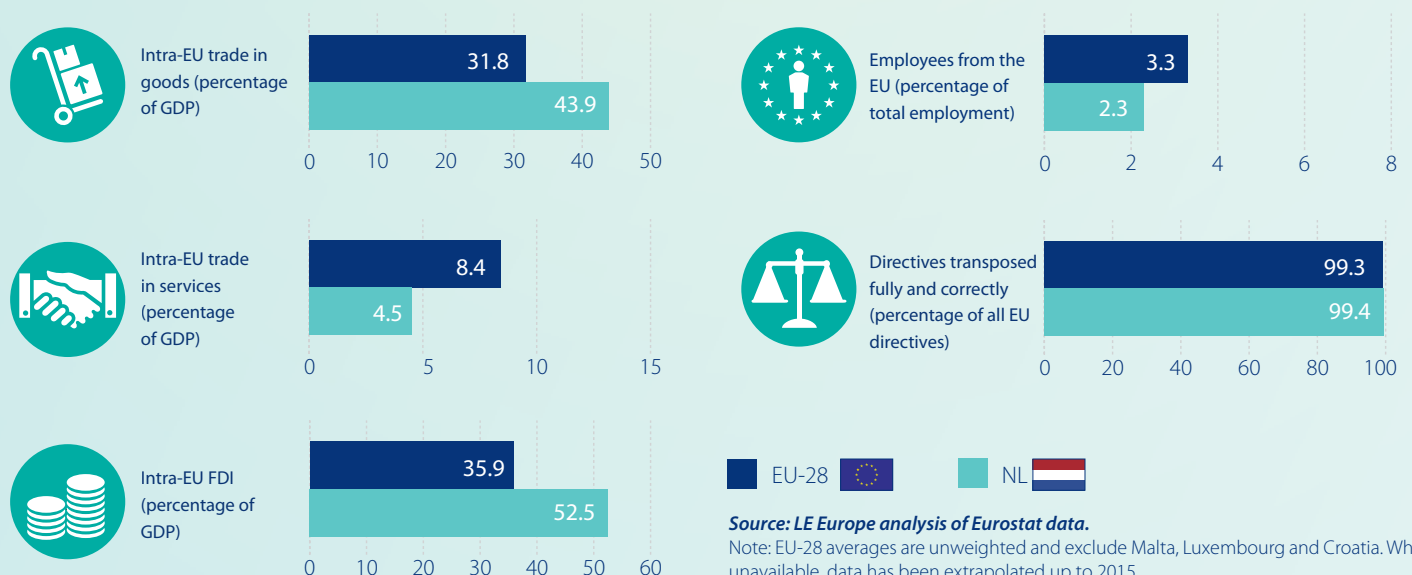


Source: *LE Europe analysis of Eurostat data.*

Note: The indicators of free movement of goods and services reflect a number of aspects of intra-EU trade in goods and services. The indicator of free movement of capital focuses on intra-EU FDI flows. The indicator of homogeneity shows the extent to which a Member State's economic performance and key policy variables converge (or diverge) from the EU average. The indicator of transposition conformity measures the performance of Member States in implementing EU law. Detailed information on each of these indicators is provided in the report.

Current state

The Netherlands's integration (relative to the average among Member States) is mixed regarding the four freedoms, and is higher than average regarding the implementation into national law of EU directives:



Source: *LE Europe analysis of Eurostat data.*

Note: EU-28 averages are unweighted and exclude Malta, Luxembourg and Croatia. Where unavailable, data has been extrapolated up to 2015.

IMPACT

FURTHER BENEFITS

RECOMMENDATIONS

The impact of the Single Market on The Netherlands since 1990

- Boosting integration to the level of the most integrated Member State
- Increasing integration in the services Single Market by 50%



GDP per capita



Consumption



Employment



Investment (in millions)



The recommendations below offer concrete steps for The Netherlands to integrate further into the Single Market. They are based on a review of all ongoing European Commission cases against Member States (for lack of or incorrect implementation of EU directives; and breach of EU law). The cases with the greatest impact on the functioning of the Single Market form the basis for the country-specific recommendations.

Goods and Services Single Market:

Transpose in full Directives 2014/23/EC 2014/24/EC, 2014/25/EC on public procurement and concessions) into national law.^(a)

Services Single Market and free movement of people:

Transpose Directive 2013/55/EU on the recognition of professional qualifications.^(b)

Services Single Market:

Eliminate minimum tariffs for patent agents which run counter to the Services Directive (Directive 2006/123/EC).^(c)

Digital Single Market:

Implement measures of cost reduction in deploying high-speed electronic communications networks (Directive 2014/61/EU).^(d)

(a) Infringement package, May 2016, European Commission

(b) Infringement package, September 2016, European Commission

(c) Infringement package, November 2016, European Commission

(d) Infringement package, September 2016, European Commission

Note: Approximate numbers above. For exact figures, see report.

Poland

SINGLE MARKET INTEGRATION

Evolution



Overall ranking



Source: LE Europe analysis

Note: The summary indicator measures the degree of integration of the Member State into the Single Market. It combines information on different aspects of the Single Market freedoms, the adoption of EU legislation by Member States, and information on the extent to which the economic performance of Member States is similar to the EU economy limit. For further details on the construction of the index as well as the rank relative to other Member States for the components of the indicator, see annex to this note.

Ranking across indicators



Free movement of goods



Free movement of services



Free movement of capital



Homogeneity
(convergence of economic performance and policies)



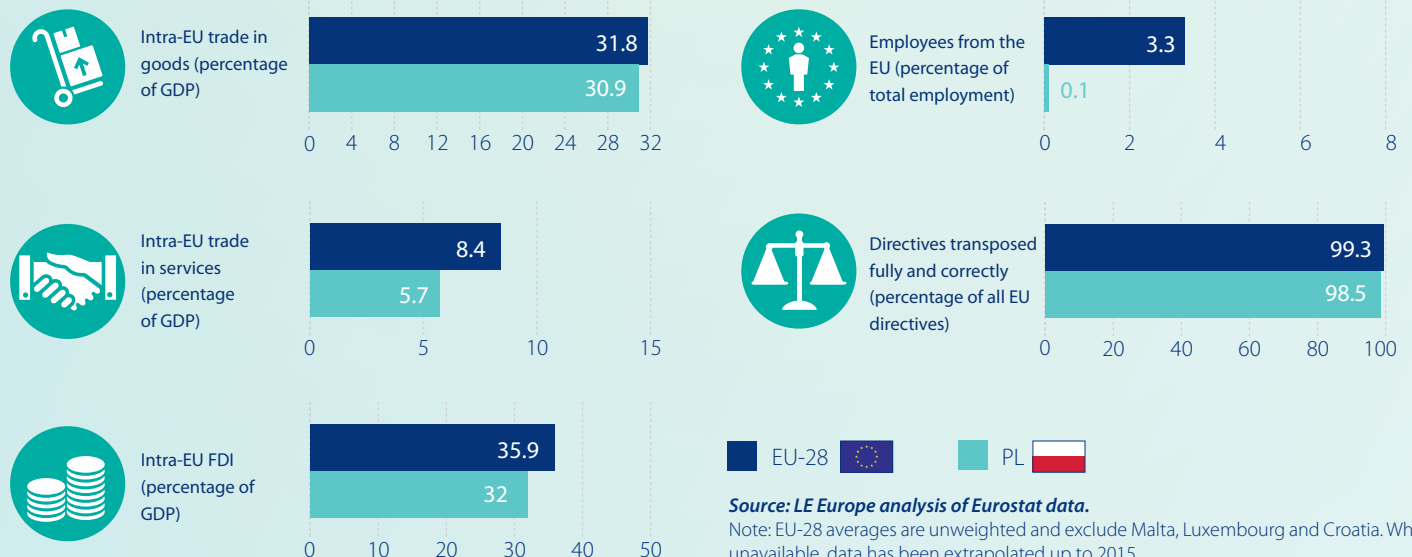
Transposition conformity
(implementation of EU law)

Source: LE Europe analysis of Eurostat data.

Note: The indicators of free movement of goods and services reflect a number of aspects of intra-EU trade in goods and services. The indicator of free movement of capital focuses on intra-EU FDI flows. The indicator of homogeneity shows the extent to which a Member State's economic performance and key policy variables converge (or diverge) from the EU average. The indicator of transposition conformity measures the performance of Member States in implementing EU law. Detailed information on each of these indicators is provided in the report.

Current state

Poland's integration (relative to the average among Member States) is lower than average regarding the four freedoms, and is lower than average regarding the implementation into national law of EU directives:



Source: LE Europe analysis of Eurostat data.

Note: EU-28 averages are unweighted and exclude Malta, Luxembourg and Croatia. Where unavailable, data has been extrapolated up to 2015.

IMPACT

FURTHER BENEFITS

RECOMMENDATIONS

The impact of the Single Market on Poland since 1990



- Boosting integration to the level of the most integrated Member State
- Increasing integration in the services Single Market by 50%



GDP per capita



Consumption



Employment



Investment (in millions)



The recommendations below offer concrete steps for Poland to integrate further into the Single Market. They are based on a review of all ongoing European Commission cases against Member States (for lack of or incorrect implementation of EU directives; and breach of EU law). The cases with the greatest impact on the functioning of the Single Market form the basis for the country-specific recommendations.

Goods and Services Single Market:

Transpose in full Directives 2014/23/EC 2014/24/EC, 2014/25/EC on public procurement and concessions) into national law.^(a)

Goods and Services Single Market:

Adequately transpose Directive 2005/29/EC on unfair commercial practices.^(b)

Services Single Market:

eliminate minimum tariffs for patent agents.^(c)

Note: Approximate numbers above. For exact figures, see report.

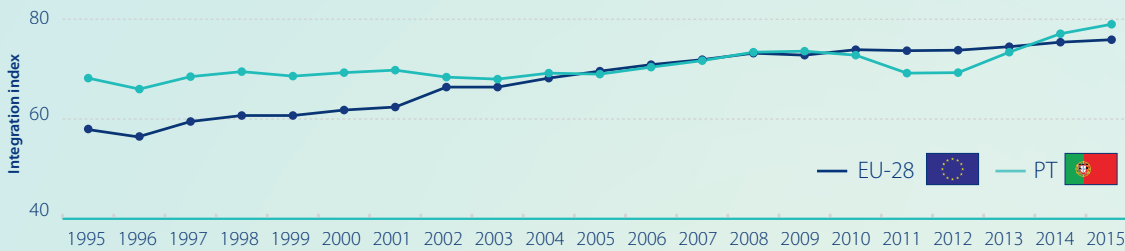
(a) Infringement package, May 2016, European Commission
 (b) Infringement package, September 2015, European Commission
 (c) Infringement package, February 2016, European Commission



Portugal

SINGLE MARKET INTEGRATION

Evolution



Overall ranking



Source: LE Europe analysis

Note: The summary indicator measures the degree of integration of the Member State into the Single Market. It combines information on different aspects of the Single Market freedoms, the adoption of EU legislation by Member States, and information on the extent to which the economic performance of Member States is similar to the EU economy limit. For further details on the construction of the index as well as the rank relative to other Member States for the components of the indicator, see annex to this note.

Ranking across indicators



Free movement of goods



Free movement of services



Free movement of capital



Homogeneity
(convergence of economic performance and policies)



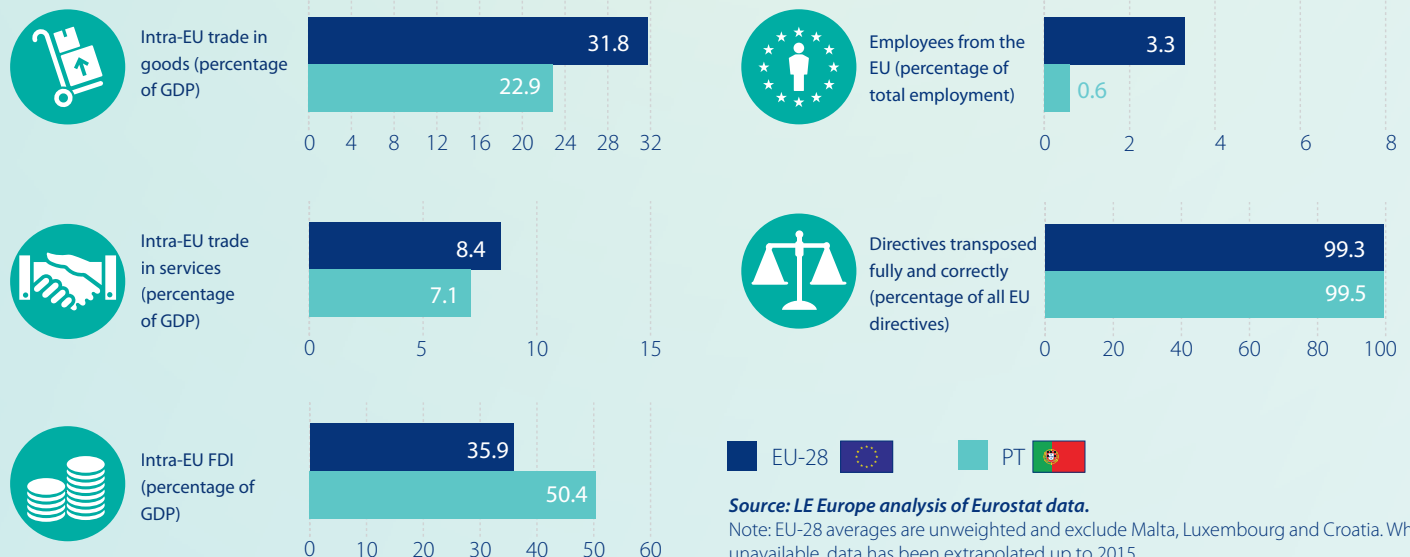
Transposition conformity
(implementation of EU law)

Source: LE Europe analysis of Eurostat data.

Note: The indicators of free movement of goods and services reflect a number of aspects of intra-EU trade in goods and services. The indicator of free movement of capital focuses on intra-EU FDI flows. The indicator of homogeneity shows the extent to which a Member State's economic performance and key policy variables converge (or diverge) from the EU average. The indicator of transposition conformity measures the performance of Member States in implementing EU law. Detailed information on each of these indicators is provided in the report.

Current state

Portugal's integration (relative to the average among Member States) is mixed regarding the four freedoms, and is higher than average regarding the implementation into national law of EU directives:



Source: LE Europe analysis of Eurostat data.

Note: EU-28 averages are unweighted and exclude Malta, Luxembourg and Croatia. Where unavailable, data has been extrapolated up to 2015.

IMPACT

FURTHER BENEFITS

RECOMMENDATIONS

The impact of the Single Market on Portugal since 1990

- Boosting integration to the level of the most integrated Member State
- Increasing integration in the services Single Market by 50%



GDP per capita



Consumption



Employment



Investment (in millions)



The recommendations below offer concrete steps for Portugal to integrate further into the Single Market. They are based on a review of all ongoing European Commission cases against Member States (for lack of or incorrect implementation of EU directives; and breach of EU law). The cases with the greatest impact on the functioning of the Single Market form the basis for the country-specific recommendations.

Goods and Services Single Market:

Transpose in full Directives 2014/23/EC 2014/24/EC, 2014/25/EC on public procurement and concessions) into national law.^(a)

Services Single Market and free movement of people:

Transpose Directive 2013/55/EU on the recognition of professional qualifications.^(b)

Digital Single Market:

Implement measures of cost reduction in deploying high-speed electronic communications networks (Directive 2014/61/EU).^(c)

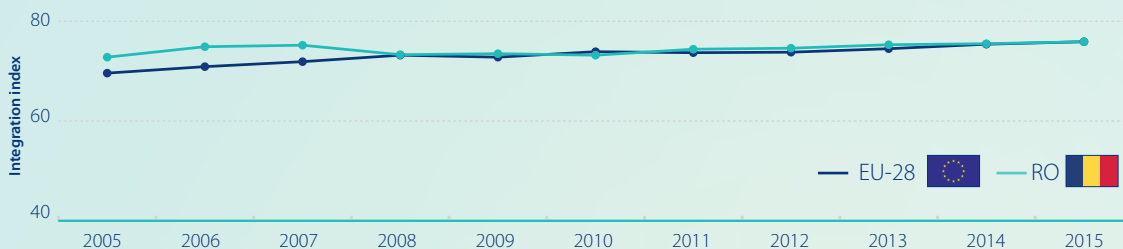
(a) Infringement package, May 2016, European Commission
 (b) Infringement package, September 2016, European Commission
 (c) Infringement package, September 2016, European Commission

Note: Approximate numbers above. For exact figures, see report.

Romania

SINGLE MARKET INTEGRATION

Evolution



Overall ranking



Source: LE Europe analysis

Note: The summary indicator measures the degree of integration of the Member State into the Single Market. It combines information on different aspects of the Single Market freedoms, the adoption of EU legislation by Member States, and information on the extent to which the economic performance of Member States is similar to the EU economy limit. For further details on the construction of the index as well as the rank relative to other Member States for the components of the indicator, see annex to this note.

Ranking across indicators



Free movement of goods



Free movement of services



Free movement of capital



Homogeneity
(convergence of economic performance and policies)



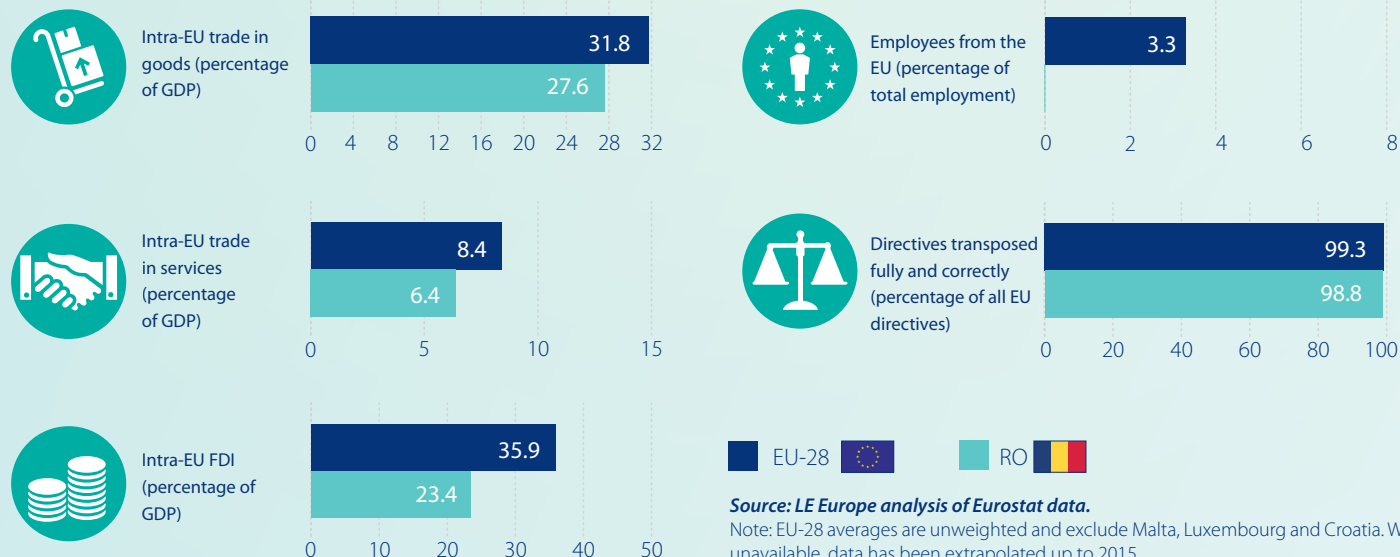
Transposition conformity
(implementation of EU law)

Source: LE Europe analysis of Eurostat data.

Note: The indicators of free movement of goods and services reflect a number of aspects of intra-EU trade in goods and services. The indicator of free movement of capital focuses on intra-EU FDI flows. The indicator of homogeneity shows the extent to which a Member State's economic performance and key policy variables converge (or diverge) from the EU average. The indicator of transposition conformity measures the performance of Member States in implementing EU law. Detailed information on each of these indicators is provided in the report.

Current state

Romania's integration (relative to the average among Member States) is lower than average regarding the four freedoms, and is lower than average regarding the implementation into national law of EU directives:



Source: LE Europe analysis of Eurostat data.

Note: EU-28 averages are unweighted and exclude Malta, Luxembourg and Croatia. Where unavailable, data has been extrapolated up to 2015. No data available for employees from EU

IMPACT

FURTHER BENEFITS

RECOMMENDATIONS

The impact of the Single Market on Romania since 1990

- Boosting integration to the level of the most integrated Member State
- Increasing integration in the services Single Market by 50%



GDP per capita

↑
1.7%



↑
0.5%



Consumption

↑
€210
per household



↑
€60
per household



Employment

↑
142,000
jobs



↑
43,000
jobs



Investment (in millions)

↑
€700



↑
€200

The recommendations below offer concrete steps for Romania to integrate further into the Single Market. They are based on a review of all ongoing European Commission cases against Member States (for lack of or incorrect implementation of EU directives; and breach of EU law). The cases with the greatest impact on the functioning of the Single Market form the basis for the country-specific recommendations.

Goods and Services Single Market:

Transpose in full Directives 2014/23/EC 2014/24/EC, 2014/25/EC on public procurement and concessions) into national law.^(a)

Services Single Market and free movement of people:

Transpose Directive 2013/55/EU on the recognition of professional qualifications.^(b)

Note: Approximate numbers above. For exact figures, see report.

(a) Infringement package, May 2016, European Commission
(b) Infringement package, March 2016, European Commission



Slovakia

SINGLE MARKET INTEGRATION

Evolution



Overall ranking



Source: LE Europe analysis

Note: The summary indicator measures the degree of integration of the Member State into the Single Market. It combines information on different aspects of the Single Market freedoms, the adoption of EU legislation by Member States, and information on the extent to which the economic performance of Member States is similar to the EU economy limit. For further details on the construction of the index as well as the rank relative to other Member States for the components of the indicator, see annex to this note.

Ranking across indicators



Free movement of goods



Free movement of services



Free movement of capital



Homogeneity
(convergence of economic performance and policies)



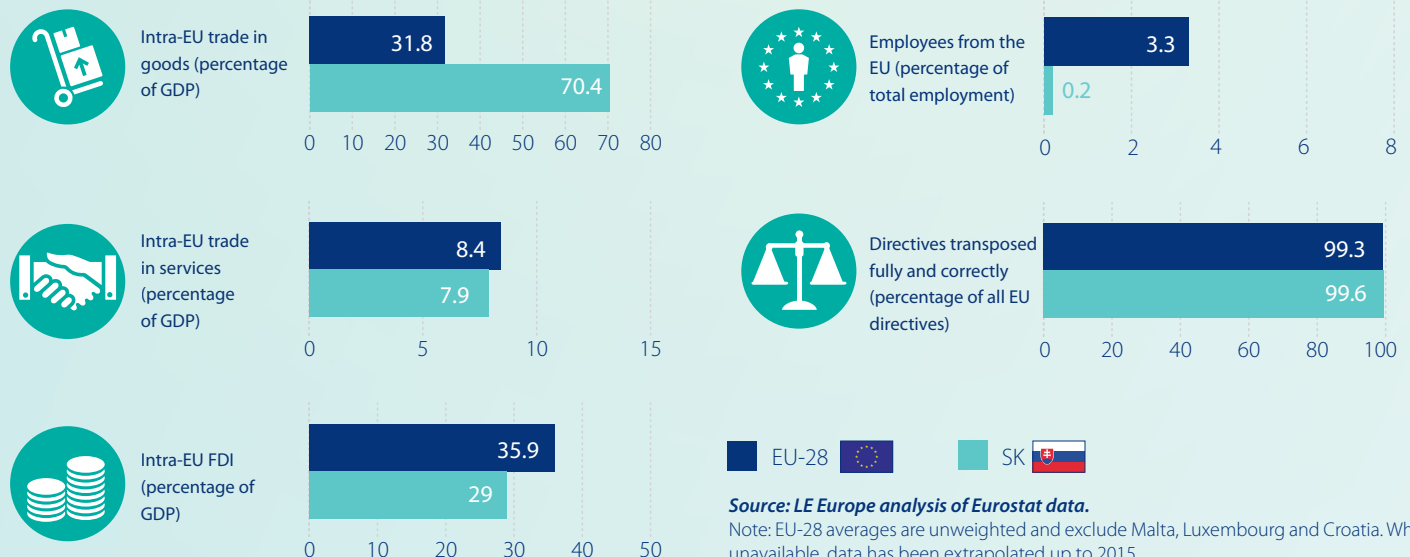
Transposition conformity
(implementation of EU law)

Source: LE Europe analysis of Eurostat data.

Note: The indicators of free movement of goods and services reflect a number of aspects of intra-EU trade in goods and services. The indicator of free movement of capital focuses on intra-EU FDI flows. The indicator of homogeneity shows the extent to which a Member State's economic performance and key policy variables converge (or diverge) from the EU average. The indicator of transposition conformity measures the performance of Member States in implementing EU law. Detailed information on each of these indicators is provided in the report.

Current state

Slovakia's integration (relative to the average among Member States) is mixed regarding the four freedoms, and is higher than average regarding the implementation into national law of EU directives:



Source: LE Europe analysis of Eurostat data.

Note: EU-28 averages are unweighted and exclude Malta, Luxembourg and Croatia. Where unavailable, data has been extrapolated up to 2015.

IMPACT

FURTHER BENEFITS

RECOMMENDATIONS

The impact of the Single Market on Slovakia since 1990



- Boosting integration to the level of the most integrated Member State
- Increasing integration in the services Single Market by 50%



The recommendations below offer concrete steps for Slovakia to integrate further into the Single Market. They are based on a review of all ongoing European Commission cases against Member States (for lack of or incorrect implementation of EU directives; and breach of EU law). The cases with the greatest impact on the functioning of the Single Market form the basis for the country-specific recommendations.

Goods and Services Single Market:

Adequately transpose Directive 2005/29/EC on unfair commercial practices.^(a)

Goods Single Market:

withdraw requirements applicable for retailers with a large turnover to publish and report information on the origin of food products.^{(b) (c)}

Digital Single Market:

Implement measures of cost reduction in deploying high-speed electronic communications networks (Directive 2014/61/EU).^(d)

(a) Infringement package, April 2014, European Commission

(b) Slovak food law obliges retailers with a large turnover to make public at the entrance of each store legibly and visibly the percentage of their turnover from sale of food products produced in Slovakia in relation to the turnover of all food sales. Retailers are also obliged to publish this information on their website and regularly report it to the national Ministry of Agriculture. The Commission considers that these requirements have the effect equivalent to quantitative restrictions on free movement of goods (Article 34 of TFEU), since they lead to consumers' prejudice against products produced outside of Slovakia and encourage retailers to sell domestic products.

(c) Infringement package, November 2015, European Commission

(d) Infringement package, September 2016, European Commission



GDP per capita

↑
2.7%



↑
0.4%



Consumption

↑
€590
per household



↑
€90
per household



Employment

↑
64,000
jobs



↑
9,000
jobs



Investment (in millions)

↑
€500



↑
€70

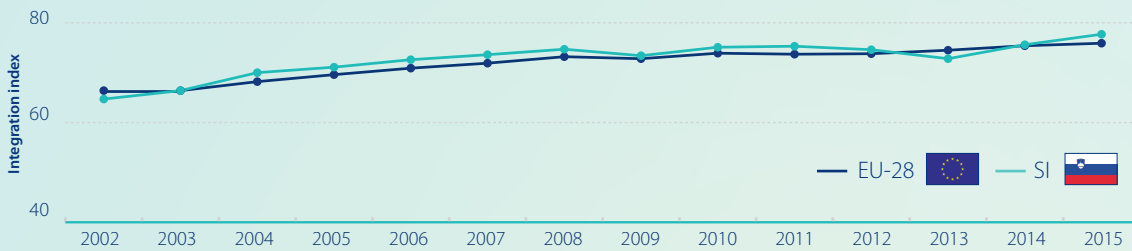
Note: Approximate numbers above. For exact figures, see report.



Slovenia

SINGLE MARKET INTEGRATION

Evolution



Overall ranking



Source: LE Europe analysis

Note: The summary indicator measures the degree of integration of the Member State into the Single Market. It combines information on different aspects of the Single Market freedoms, the adoption of EU legislation by Member States, and information on the extent to which the economic performance of Member States is similar to the EU economy limit. For further details on the construction of the index as well as the rank relative to other Member States for the components of the indicator, see annex to this note.

Ranking across indicators

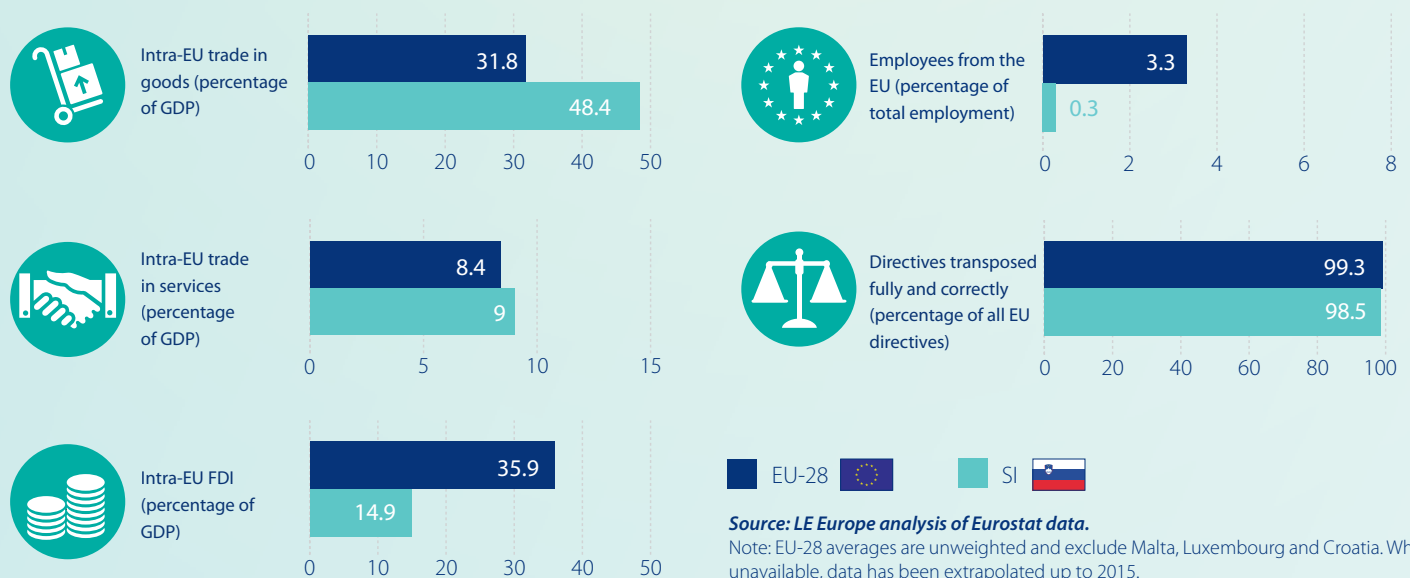


Source: LE Europe analysis of Eurostat data.

Note: The indicators of free movement of goods and services reflect a number of aspects of intra-EU trade in goods and services. The indicator of free movement of capital focuses on intra-EU FDI flows. The indicator of homogeneity shows the extent to which a Member State's economic performance and key policy variables converge (or diverge) from the EU average. The indicator of transposition conformity measures the performance of Member States in implementing EU law. Detailed information on each of these indicators is provided in the report.

Current state

Slovenia's integration (relative to the average among Member States) is mixed regarding the four freedoms, and is lower than average regarding the implementation into national law of EU directives:



IMPACT

FURTHER BENEFITS

RECOMMENDATIONS

The impact of the Single Market on Slovenia since 1990

- Boosting integration to the level of the most integrated Member State
- Increasing integration in the services Single Market by 50%



GDP per capita

↑
1.9%



↑
0.5%



Consumption

↑
€430
per household



↑
€110
per household



Employment

↑
17,000
jobs



↑
5,000
jobs



Investment (in millions)

↑
€150



↑
€40

The recommendations below offer concrete steps for Slovenia to integrate further into the Single Market. They are based on a review of all ongoing European Commission cases against Member States (for lack of or incorrect implementation of EU directives; and breach of EU law). The cases with the greatest impact on the functioning of the Single Market form the basis for the country-specific recommendations.

Goods and Services Single Market:

Transpose in full Directives 2014/23/EC 2014/24/EC, 2014/25/EC on public procurement and concessions) into national law.^(a)

Services Single Market and free movement of people:

Transpose Directive 2013/55/EU on the recognition of professional qualifications.^(b)

Digital Single Market:

Implement measures of cost reduction in deploying high-speed electronic communications networks (Directive 2014/61/EU).^(c)

(a) Infringement package, May 2016, European Commission
 (b) Infringement package, September 2016, European Commission
 (c) Infringement package, September 2016, European Commission

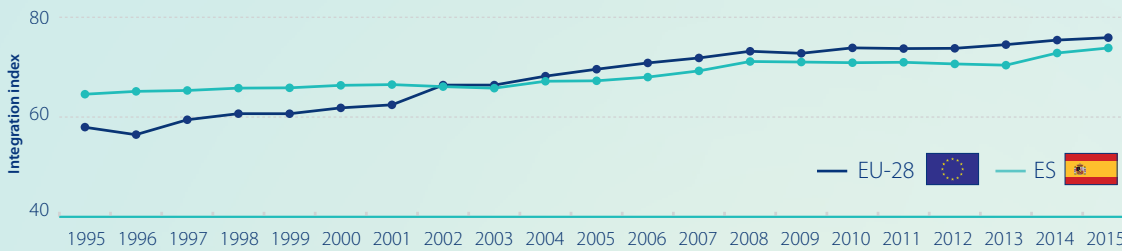
Note: Approximate numbers above. For exact figures, see report.



Spain

SINGLE MARKET INTEGRATION

Evolution



Overall ranking



Source: LE Europe analysis

Note: The summary indicator measures the degree of integration of the Member State into the Single Market. It combines information on different aspects of the Single Market freedoms, the adoption of EU legislation by Member States, and information on the extent to which the economic performance of Member States is similar to the EU economy limit. For further details on the construction of the index as well as the rank relative to other Member States for the components of the indicator, see annex to this note.

Ranking across indicators



Free movement of goods



Free movement of services



Free movement of capital



Homogeneity
(convergence of economic performance and policies)



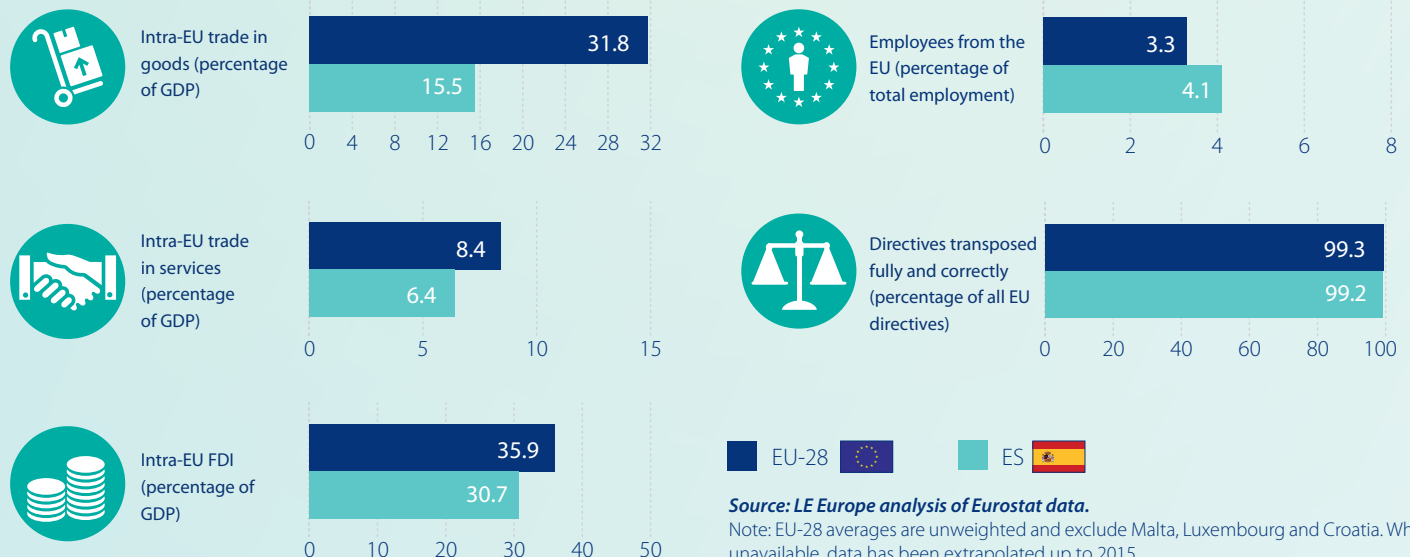
Transposition conformity
(implementation of EU law)

Source: LE Europe analysis of Eurostat data.

Note: The indicators of free movement of goods and services reflect a number of aspects of intra-EU trade in goods and services. The indicator of free movement of capital focuses on intra-EU FDI flows. The indicator of homogeneity shows the extent to which a Member State's economic performance and key policy variables converge (or diverge) from the EU average. The indicator of transposition conformity measures the performance of Member States in implementing EU law. Detailed information on each of these indicators is provided in the report.

Current state

Spain's integration (relative to the average among Member States) is mixed regarding the four freedoms, and is lower than average regarding the implementation into national law of EU directives:



Source: LE Europe analysis of Eurostat data.

Note: EU-28 averages are unweighted and exclude Malta, Luxembourg and Croatia. Where unavailable, data has been extrapolated up to 2015.

IMPACT

FURTHER BENEFITS

RECOMMENDATIONS

The impact of the Single Market on Spain since 1990



- Boosting integration to the level of the most integrated Member State
- Increasing integration in the services Single Market by 50%



GDP per capita

↑
1.8%



↑
0.6%



Consumption

↑
€620
per household



↑
€190
per household



Employment

↑
324,000
jobs



↑
99,000
jobs



Investment (in millions)

↑
€4,000



↑
€1,200

The recommendations below offer concrete steps for Spain to integrate further into the Single Market. They are based on a review of all ongoing European Commission cases against Member States (for lack of or incorrect implementation of EU directives; and breach of EU law). The cases with the greatest impact on the functioning of the Single Market form the basis for the country-specific recommendations.

Goods and Services Single Market:

Transpose in full Directives 2014/23/EC 2014/24/EC, 2014/25/EC on public procurement and concessions) into national law.^(a)

Services Single Market and free movement of people:

Transpose Directive 2013/55/EU on the recognition of professional qualifications.^(b)

Services Single Market:

Eliminate minimum compulsory tariffs and multidisciplinary restrictions for the legal profession of «Procuradores» (a legal profession in Spain responsible of the procedural representation of the parties in most legal proceedings before the Courts).^(c)

Digital Single Market:

Implement measures of cost reduction in deploying high-speed electronic communications networks (Directive 2014/61/EU).^(d)

(a) Infringement package, May 2016, European Commission

(b) Infringement package, September 2016, European Commission

(c) Infringement package, November 2016, European Commission

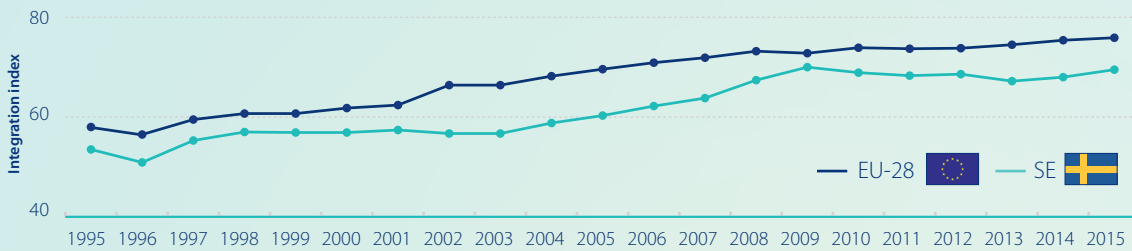
(d) Infringement package, March 2016, European Commission

Note: Approximate numbers above. For exact figures, see report.

Sweden

SINGLE MARKET INTEGRATION

Evolution



Overall ranking



Source: LE Europe analysis

Note: The summary indicator measures the degree of integration of the Member State into the Single Market. It combines information on different aspects of the Single Market freedoms, the adoption of EU legislation by Member States, and information on the extent to which the economic performance of Member States is similar to the EU economy limit. For further details on the construction of the index as well as the rank relative to other Member States for the components of the indicator, see annex to this note.

Ranking across indicators

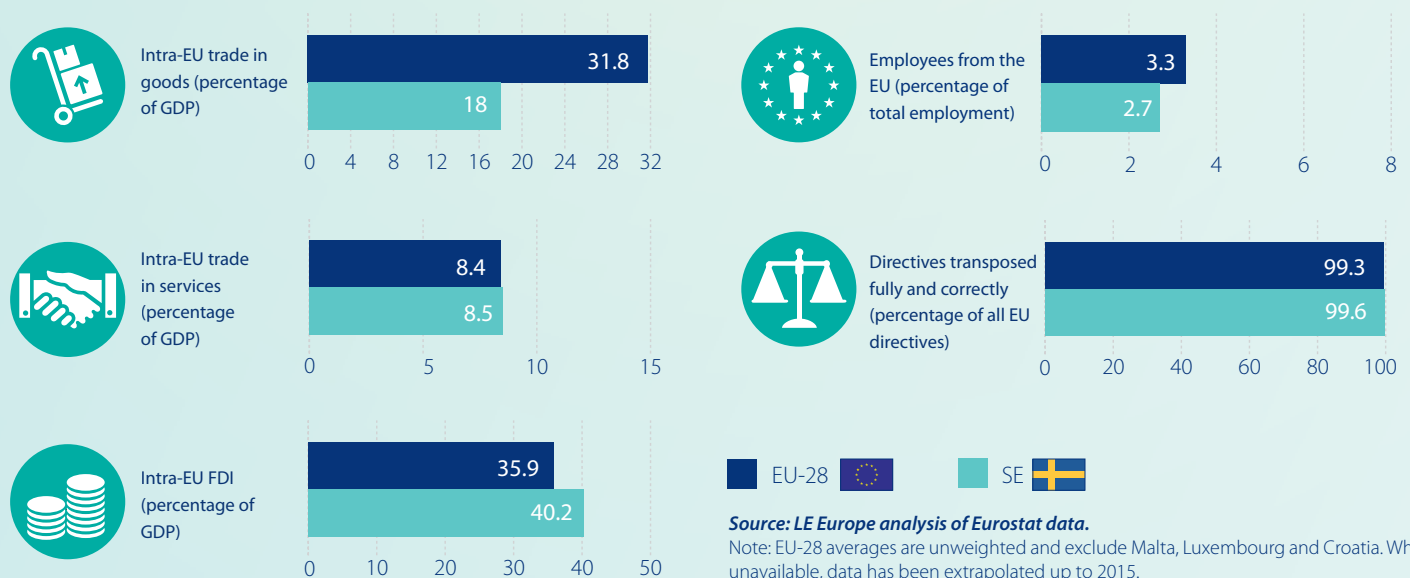


Source: LE Europe analysis of Eurostat data.

Note: The indicators of free movement of goods and services reflect a number of aspects of intra-EU trade in goods and services. The indicator of free movement of capital focuses on intra-EU FDI flows. The indicator of homogeneity shows the extent to which a Member State's economic performance and key policy variables converge (or diverge) from the EU average. The indicator of transposition conformity measures the performance of Member States in implementing EU law. Detailed information on each of these indicators is provided in the report.

Current state

Sweden's integration (relative to the average among Member States) is mixed regarding the four freedoms, and is higher than average regarding the implementation into national law of EU directives:



Source: LE Europe analysis of Eurostat data.

Note: EU-28 averages are unweighted and exclude Malta, Luxembourg and Croatia. Where unavailable, data has been extrapolated up to 2015.

IMPACT

FURTHER BENEFITS

RECOMMENDATIONS

The impact of the Single Market on Sweden since 1990



- Boosting integration to the level of the most integrated Member State
- Increasing integration in the services Single Market by 50%



GDP per capita

↑
1.5%



↑
0.6%



Consumption

↑
€540
per household



↑
€220
per household



Employment

↑
70,000
jobs



↑
28,000
jobs



Investment (in millions)

↑
€1,600



↑
€650

The recommendations below offer concrete steps for Sweden to integrate further into the Single Market. They are based on a review of all ongoing European Commission cases against Member States (for lack of or incorrect implementation of EU directives; and breach of EU law). The cases with the greatest impact on the functioning of the Single Market form the basis for the country-specific recommendations.

Goods and Services Single Market:

Transpose in full Directives 2014/23/EC 2014/24/EC, 2014/25/EC on public procurement and concessions) into national law.^(a)

Goods and Services Single Market:

Adequately transpose Directive 2005/29/EC on unfair commercial practices.^(b)

Note: Approximate numbers above. For exact figures, see report.

(a) Infringement package, May 2016, European Commission

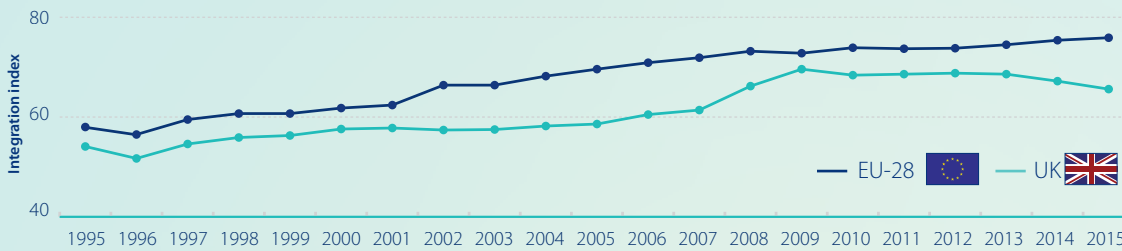
(b) Infringement package, September 2014, European Commission



United Kingdom

SINGLE MARKET INTEGRATION

Evolution



Overall ranking



Source: *LE Europe analysis*

Note: The summary indicator measures the degree of integration of the Member State into the Single Market. It combines information on different aspects of the Single Market freedoms, the adoption of EU legislation by Member States, and information on the extent to which the economic performance of Member States is similar to the EU economy limit. For further details on the construction of the index as well as the rank relative to other Member States for the components of the indicator, see annex to this note.

Ranking across indicators

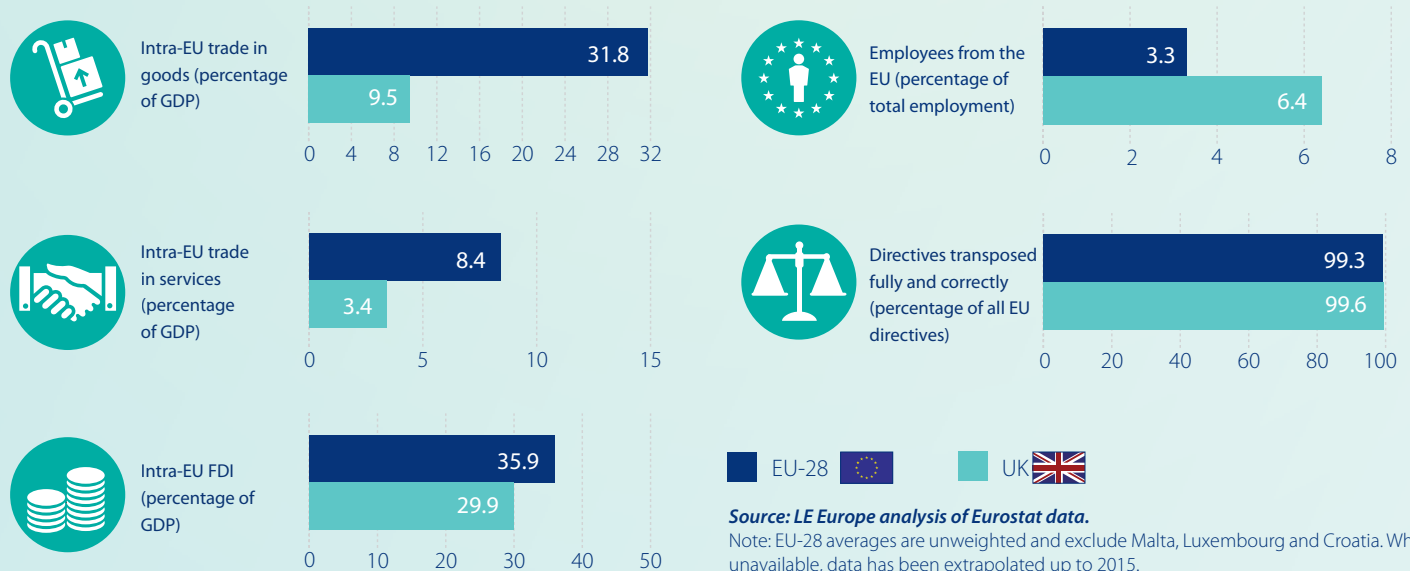


Source: *LE Europe analysis of Eurostat data.*

Note: The indicators of free movement of goods and services reflect a number of aspects of intra-EU trade in goods and services. The indicator of free movement of capital focuses on intra-EU FDI flows. The indicator of homogeneity shows the extent to which a Member State's economic performance and key policy variables converge (or diverge) from the EU average. The indicator of transposition conformity measures the performance of Member States in implementing EU law. Detailed information on each of these indicators is provided in the report.

Current state

The United Kingdom's integration (relative to the average among Member States) is mixed regarding the four freedoms, and is higher than average regarding the implementation into national law of EU directives:



IMPACT

FURTHER BENEFITS

RECOMMENDATIONS

The impact of the Single Market on the United Kingdom since 1990



- Boosting integration to the level of the most integrated Member State
- Increasing integration in the services Single Market by 50%



The recommendations below offer concrete steps for the UK to integrate further into the Single Market. They are based on a review of all ongoing European Commission cases against Member States (for lack of or incorrect implementation of EU directives; and breach of EU law). The cases with the greatest impact on the functioning of the Single Market form the basis for the country-specific recommendations.

Services Single Market and free movement of people:

Transpose Directive 2013/55/EU on the recognition of professional qualifications.^(a)

Digital Single Market:

Implement measures of cost reduction in deploying high-speed electronic communications networks (Directive 2014/61/EU).^(b)



GDP per capita



Consumption



Employment



Investment (in millions)



Note: Approximate numbers above. For exact figures, see report.

(a) Infringement package, September 2016, European Commission
 (b) Infringement package, September 2016, European Commission

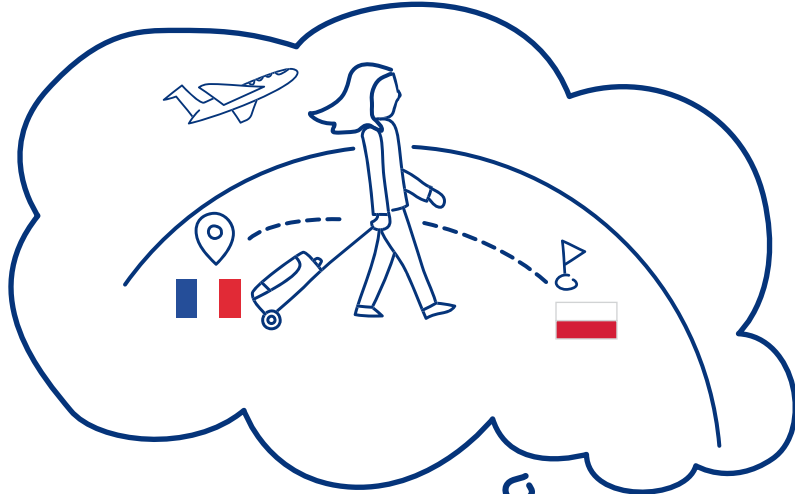
Stories of Single Market integration

The impact of the Single Market goes beyond the figures presented in this study. The following examples describe in concrete terms how European citizens and businesses operating in the EU benefit from Single Market integration.





THE SINGLE MARKET AND CAREER OPPORTUNITIES: AN EMPLOYEE'S PERSPECTIVE

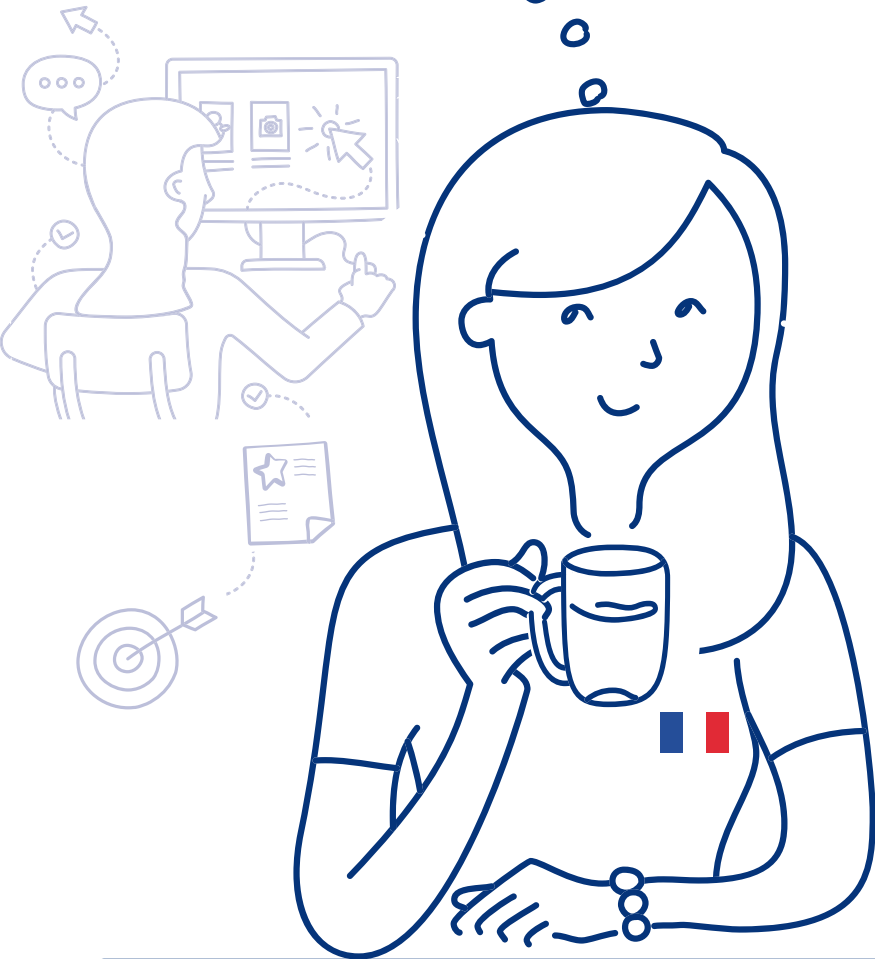
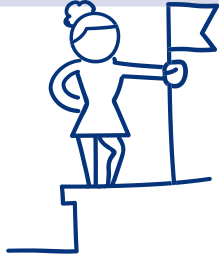


Before the Single Market

Sophie's opportunities for career development elsewhere in Europe are limited due to the complexities of employment bureaucracy (e.g. work visas). This also deters European companies from recruiting outside their own country.

Today

Sophie can live and work in Krakow **without requiring a work visa or other documentation**. She can strengthen her professional skills and progress her career across the entire EU. Her multi-national employer can attract high-calibre employees because of the EU-wide career options they can offer.



Sophie is a French professional in the middle of her career. She is employed by a multi-national company providing business services to EU clients. Sophie moves from Lyon to Krakow to work on a temporary contract for a Polish client.



Before the Single Market

Sophie's academic and professional qualifications are not recognised by potential employers in other European countries.

Today



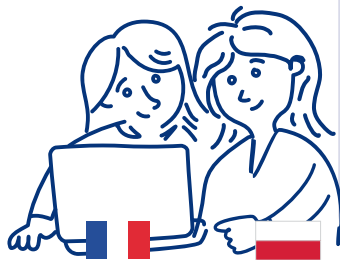
The harmonisation of qualifications means that Sophie's qualifications are recognised throughout the EU. For her multi-national employer, it significantly aids recruitment of suitably qualified EU workers.



Before the Single Market

The bureaucratic delay between receiving a job offer and being able to start employment is a deterrent to Sophie and a potential European employer.

Today



Sophie can immediately start a new job anywhere in the EU. Her multi-national employer can quickly provide clients with suitable employees like Sophie from any Member State. Their EU clients benefit from lower staffing costs, due to the greater cost-effectiveness of temporarily transferring staff with specialised skills from one Member State to another, rather than having to recruit and/or train from scratch. This particularly benefits clients in small Member States which might otherwise be unable to afford specialised services.



Before the Single Market

Sophie loses her rights to pension/social protection/health care by working elsewhere in Europe.

Today

Most rights to pension/social protection/health care are protected throughout the EU. As an example, the Working Time Directive protects the rights of workers employed anywhere in the EU.



THE SINGLE MARKET

A WORK IN PROGRESS:

EXAMPLE OF A REMAINING BARRIER

Temporary posting of EU workers can be more expensive than using the equivalent local worker.

The Posted Workers directive stipulates that EU workers must be treated equitably with workers in the host country. However, some Member States focus only on pay and do not take into account other income (e.g. per diems or housing allowances), which a temporary employee like Sophie might also receive. This pushes up costs for the EU client and these additional costs would have to be passed onto the consumer. As a result, Sophie might be too expensive for the client to hire and she might not get the job.

THE SINGLE MARKET AND PAN-EUROPEAN OPERATIONS: A MANUFACTURER'S PERSPECTIVE

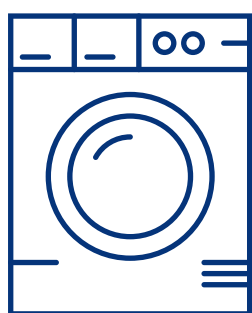
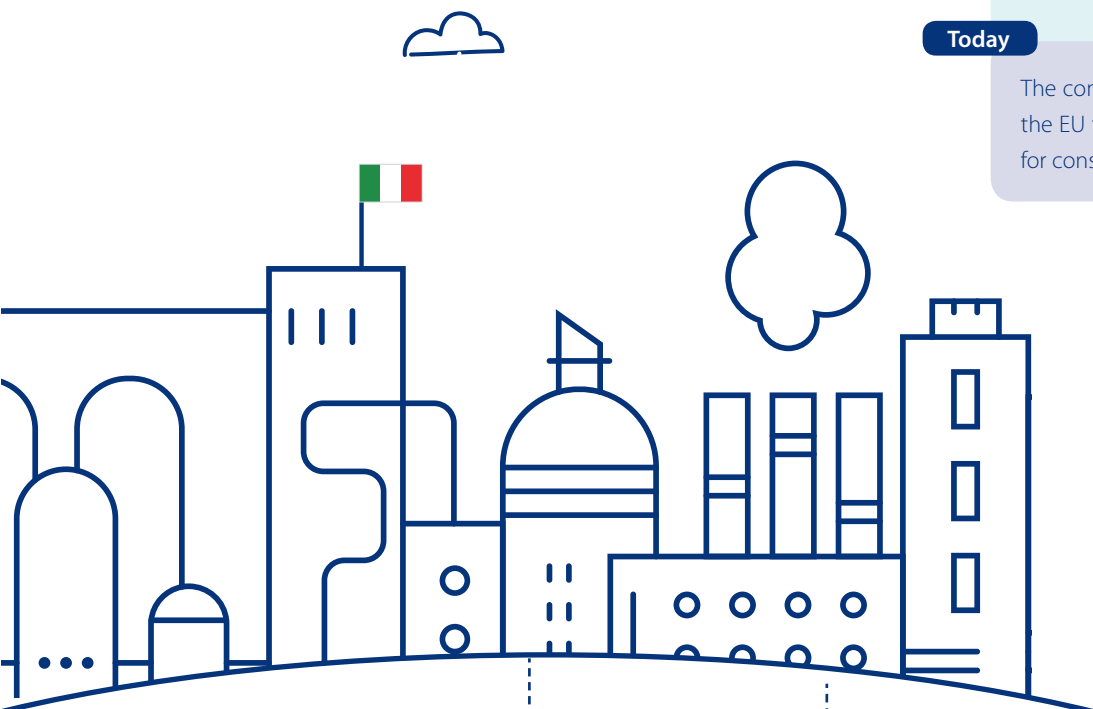
Before the Single Market

Sourcing supplies outside of Italy involves additional costs (e.g. customs/trade tariffs) which are then passed onto the consumer.



Today

The company can source supplies throughout the EU to find cheapest prices (reducing costs for consumers).



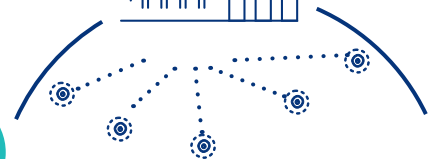
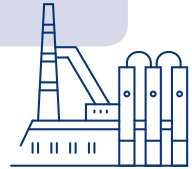
A company produces home appliances in a manufacturing site located in Italy. They export them across Europe and work with customers in most Member States.

Before the Single Market

It is too expensive to set up specialised production units in other European countries (due to different regulations/tariffs), so the production is less efficient and more costly.

Today

Specialised production units can be set up in different Member States, in order to improve production efficiency.



Before the Single Market

Economies of scale are difficult to achieve, therefore consumer cannot benefit from cheaper prices.



Today

Greater economies of scale enhance international competitiveness, resulting in lower prices for consumers.



Before the Single Market

Costs of providing different labelling, packaging and product recall systems for each European country pushes up prices overall for consumers.

Today

Harmonised rules across Member States on labelling, packaging and product recall allow the manufacturer to sell more cheaply to consumers.



Before the Single Market

Different legislation/regulation in other European countries adds to manufacturing and administrative costs.



Today

The harmonisation of legislation allows manufacturer to define specifications for the whole of the EU instead of for each individual country. Consumer protection is higher.



THE SINGLE MARKET

A WORK IN PROGRESS:



EXAMPLE OF A REMAINING BARRIER

Lack of VAT harmonisation

The company must still take account of intra-EU borders. This adds an administration burden, increasing costs for consumers.



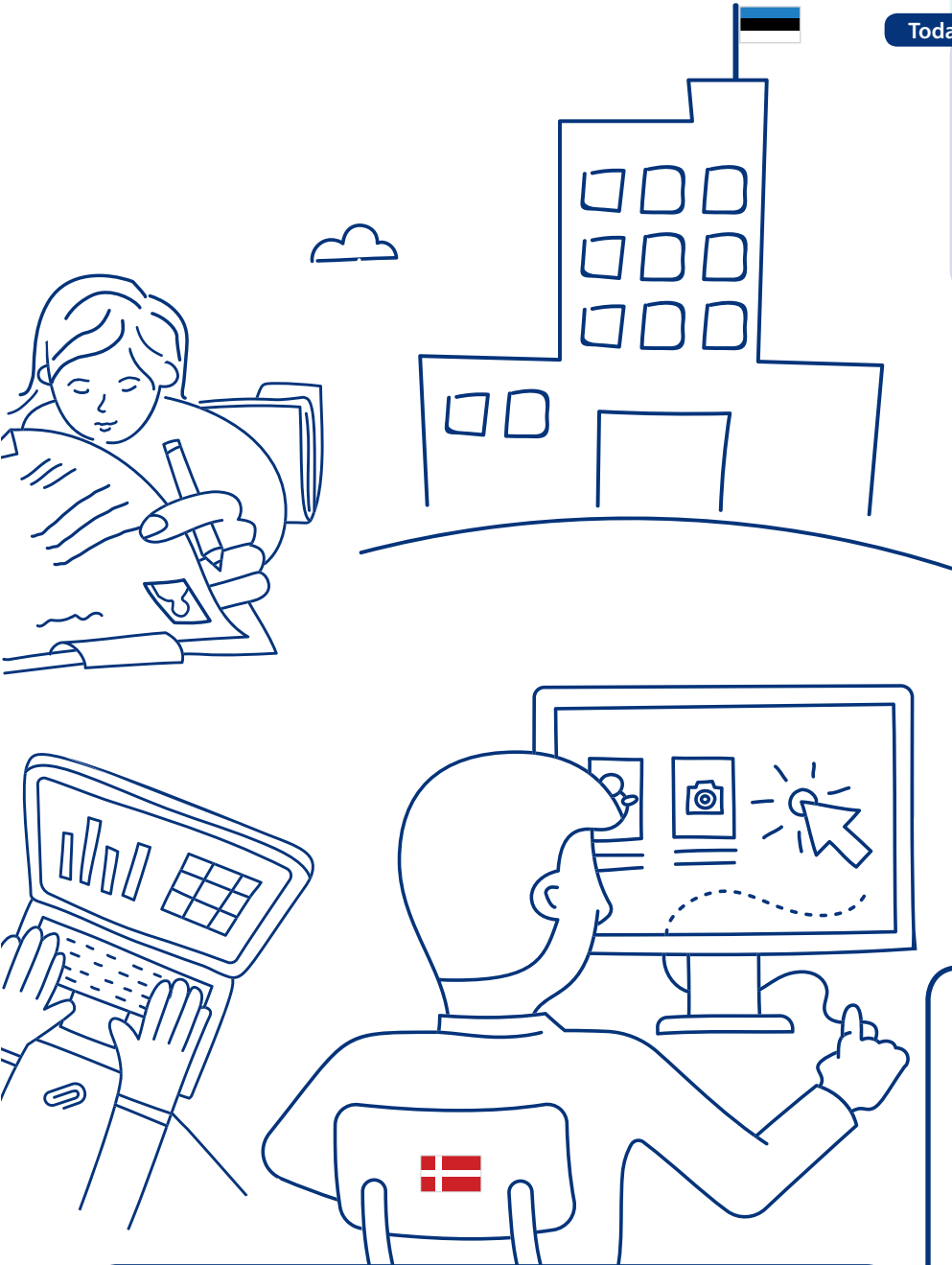
THE SINGLE MARKET AND JOBS: A LOCAL BUSINESS' PERSPECTIVE

Before the Single Market

The company advertises job in Estonia but **cannot find a worker with the specialist skills** they require. As a result, the new product is not developed. Consumers lose the potential benefits of the new product. The company loses the chance to increase its business profitability by adding a new product line.

Today

The job offer is advertised throughout Europe. Since Magnus **can easily move** from Denmark to Estonia, the product development can go ahead without delay. This is cost-effective for the company and the **cost savings** can be passed onto the consumer.



A small Estonian software company is about to launch a new product. They need to hire a new colleague with specialist skills that are not easy to find in Estonia. They recruit Magnus, a Danish developer, who has the perfect profile to work on the project and join their team.

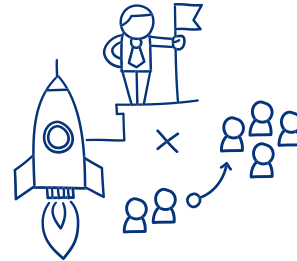


Before the Single Market

The company's workforce is predominantly – if not exclusively – Estonian. **Knowledge-sharing** is therefore **limited** to their experience of working in the Estonian marketplace.

Today

A **diverse workforce**, including EU employees like Magnus, leads to **cross-fertilisation of ideas** and **enhanced informal knowledge-sharing**, resulting in increased productivity for the company.

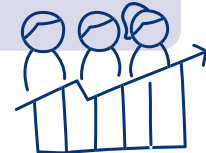


Before the Single Market

As the company is insufficiently competitive, it is less likely to invest in business expansion and therefore **job creation is restricted**. It may lose business to competitors in other world regions with a skilled and cheaper workforce.

Today

The company can **create more jobs** for EU workers due to improved international competitiveness encouraging investment in business expansion.



Before the Single Market

The **international competitiveness** of the company is **limited** by the skills base of Estonian workers.

Today

The **international competitiveness** of the company is enhanced by the ability to fill skills gaps by recruiting EU-wide.



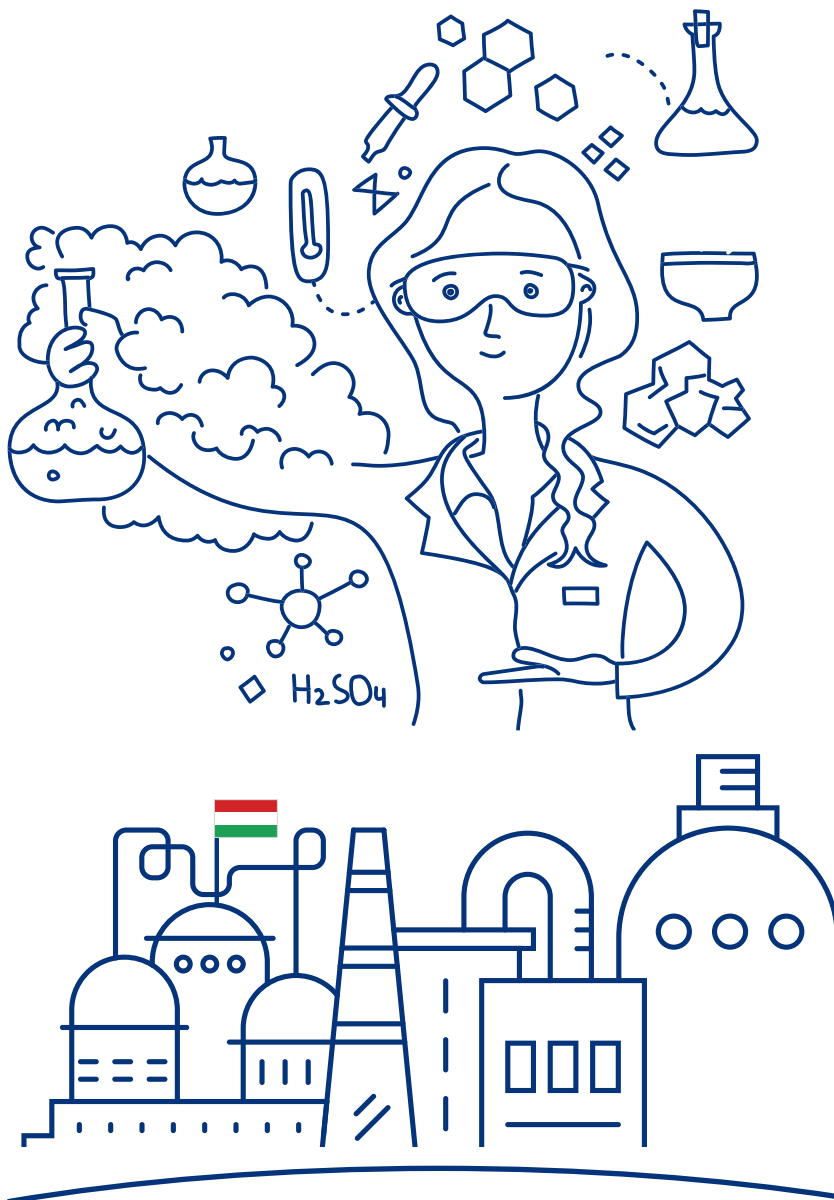
THE SINGLE MARKET

A WORK IN PROGRESS:

EXAMPLE OF A REMAINING BARRIER

Differences in Member State tax regimes and the portability of benefits (e.g. pensions or unemployment benefits) can have financial implications for cross-border workers like Magnus and for the local companies that hire them. As a result, workers from some Member States may be less likely to be hired by companies in other Member States.

THE SINGLE MARKET AND R&D: THE DEVELOPMENT OF AN INNOVATIVE DRUG



The Single Market has reduced the cost of bringing successful innovation to the EU market, stimulating overall research and development across Europe. For example, a pharmaceutical company developing a new cancer drug in Hungary can now benefit from established research networks and from one single EU-wide approval process.



Before the Single Market

The drug must be approved by individual European countries, increasing administrative costs for the pharmaceutical company.

Today

The approval of medicines is centralised for all Member States via the European Medicines Agency (EMA). In principle, consumers benefit from faster and more efficient drug availability.



Before the Single Market

The pharmaceutical company must **label and package the drug differently for each European country.**



Today

Labelling and packaging requirements are uniform across the EU, allowing the pharmaceutical company to optimise supply and distribution of products across multiple Member States. In addition, smaller EU markets benefit from clustering with bigger markets.



Before the Single Market

Each European country has its own legal standards for **pharmacovigilance** (monitoring a new drug after licencing to identify unreported adverse reactions). Therefore consumer health protection may vary across Europe.



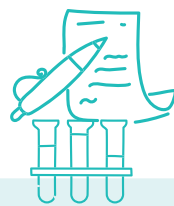
Today

Pharmacovigilance is regulated across the EU. Reporting to one single database considerably reduces the administrative burden on the pharmaceutical company. Better coordination of safety reporting allows for a faster and more precise regulatory response across Member States, which benefits the pharmaceutical company and consumers.



Before the Single Market

Prior to introduction of the 2001 Clinical Trials Directive: Researchers wanting to conduct **clinical trials** in multiple countries must submit an **application to each individual country in a different format and with different timelines.**



Today

The introduction of the Clinical Trials Directive in 2001 **harmonised formats for applications and timelines.** However separate applications are still required in each country.



THE SINGLE MARKET

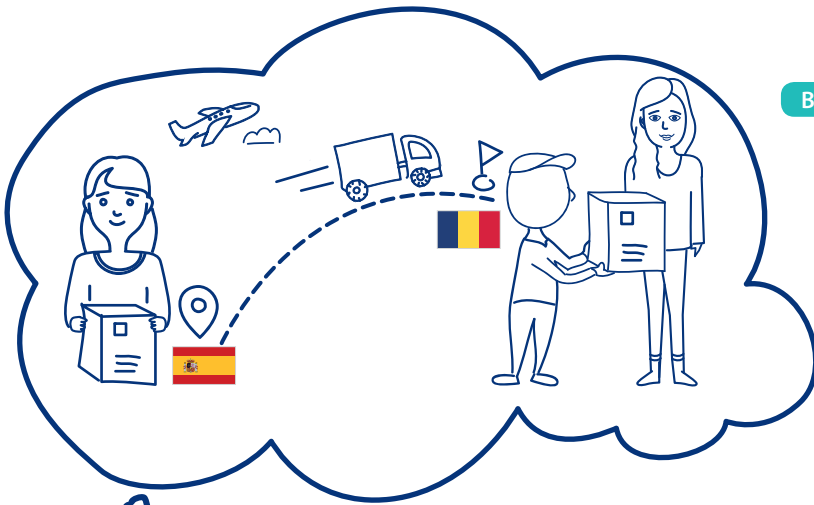
A WORK IN PROGRESS:

EXAMPLES OF REMAINING BARRIERS

- **Potential for continued fragmentation of ethical approval**
Indeed the approval remains the competence of individual Member States.
- **Differing implementation of EU rules by the Member States (gold plating)**
This has been the case with the Clinical Trials Directive, leading to greater bureaucratic burden.



THE SINGLE MARKET AND DELIVERY SERVICES: A PACKAGE TRAVELING ACROSS EUROPE



Before the Single Market

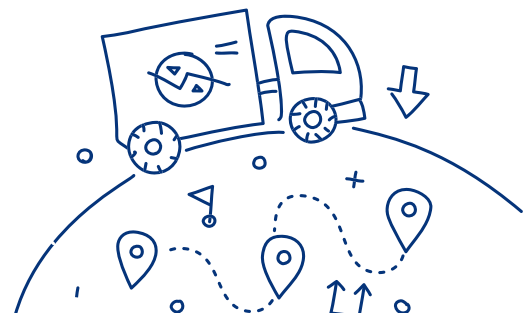
Maria must complete declaration customs-related paperwork for Romanian customs before her package can be shipped.



While services is a Single Market area in which many barriers remain, there are also positive examples. The customer experience of shipping packages across the EU has improve thanks to the Single Market. This is the case of Maria. She wants to send a gift to her friend Andrea who lives in Romania. She contacts a express delivery company to pick up the package at her house in Spain.

Today

Maria does not need to complete customs-related paperwork.



Before the Single Market

The package must go through customs clearance in Spain. The express delivery company has to prepare related paperwork and present the package for **export customs clearance**.

- à Time delay
- à Additional administrative costs



Before the Single Market

In Romania, the express delivery company must present the package and submit data to customs for **import customs clearance**. It also needs to receive Power of Attorney from Andrea.

- à Time delay
- à Additional costs



Before the Single Market

Andrea must pay customs/tariff charges.



Today

Transit and delivery time reduced by at least one day.



Today

No duties to be paid by Andrea.



Today

The package enters the **EU-wide delivery network**. It can cross the border without further inspection for customs purposes.



THE SINGLE MARKET

A WORK IN PROGRESS:

EXAMPLES OF REMAINING BARRIERS

- **Fragmentation of licence requirements**
The parcel delivery company still has to obtain national licenses and authorisations in individual Member States.
- **Different rules in different Member States**
Road transport and aviation (including security and ground handling) are still subject to different national regulation. This increases administrative costs for the courier company, which are passed onto the consumer.
- **Adoption of different technologies across Member States**
Road charging may result in further fragmentation if different countries adopt different technologies. The additional costs would be passed on to the customers.

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The free movement of goods, people, services and capital is the cornerstone of the EU Single Market that has intertwined the economies of the Member States. The Single Market is bringing economic growth, job creation and prosperity for EU citizens and for businesses of all sizes. *'The EU Single Market: Impact on Member States'* offers an overview of the current state of Single Market integration across the EU. It describes how each Member State has integrated into the EU's single economic area. It also measures the impact of the Single Market on their economies and assesses potential further benefits. In addition, the study includes two-page overviews for all Member States, presenting key economic figures and avenues for policy action at national level.

