

Benefits of the single market

The Single Market is a wider market for UK goods comprising nearly 380 million consumers and making up almost 40% of world trade. Such a huge market gives consumers greater choice.

The Country of Origin Principle known as Mutual Recognition is the cornerstone of the Internal Market. In simple terms, it means that products or services acceptable in one Member State cannot be banned in any other Member State except in exceptional circumstances. In addition, skills and qualifications gained in one Member State are recognised in all others. The mutual recognition of national rules removes the need for detailed agreements between Member States, except in certain areas e.g. to protect health and ensure safety. Directives setting common standards across the EU have been passed where Member States have agreed that legislation is required on health and safety grounds. Products complying with the requirements can circulate freely.

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The Single Market provides for better consumer protection; for example the Toy Directive means that all toys sold in the EU must be safe for children. Another example is the Fourth Motor Insurance Directive on which political agreement was reached by Member States in December 1998. This Directive will make it easier for those involved in motor accidents in other Member States to make an insurance claim when returning to their state of residence.

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UK citizens have the right to work, study or retire in all the other Member States - there are around three-quarters of a million Britons living in other countries.

Benefits for Business:

The Single Market principle of mutual recognition of standards means British manufacturers can sell their products all over Europe without expensive re-testing in every country. Also for businesses there has been a significant reduction in export bureaucracy. The Single Market is in effect a domestic market for European business.

It has also brought concrete benefits across certain sectors:

Automotives

The sheer size of the Single Market makes it viable for manufacturers to develop new models and bring them to market in the EU. Car manufacturers can also capitalise on economies of scale and opportunities for co-operation across the Single Market. In 2002, two thirds of all UK car exports went to other EU countries, worth a total of £6.1 billion

Civil Aerospace

The collective strength of the Single Market has brought real benefits in terms of trade relations – especially when competing for contracts with the US. In addition, the UK Aerospace industry benefits from research & technology grants under the EU Framework programme by winning back to the UK more funding than we contribute – approximately €4 billion [£2.6 billion] per annum.

Pharmaceuticals

The Single Market provides easy access for trade within the EU. In excess of £5 billion of pharmaceuticals were exported to the EU in 2003. A recent review of EU medicines legislation has now provided a harmonised framework of medicines legislation across the EU – as a result, companies need only get one set of authorisations for new products, not twenty-five.

E-Commerce

The Electronic Commerce Directive has helped establish a level playing field for e-economy companies trading across the EU, whilst also stimulating innovation and competitiveness. Importantly, the Directive limits the liability of Internet Service Providers who unknowingly carry or store unlawful content. It also simplifies the informational and contractual requirements required on selling goods and services online.

Benefits for Consumers:

A few examples of the Single Market making a difference for consumers are:

Timeshares

UK consumers are among the chief beneficiaries of the Timeshare Directive which ensures the provision of adequate information and a 10 day cooling-off period, during which advance payments are outlawed.

Product liability

Thanks to EU regulation, consumers who are injured by defective products have the right to sue for compensation without having to prove the producer was negligent, provided that they can prove that the product was defective and the defect in the product caused the injury.

Air transport

Liberalisation has meant that any airline can operate on any route in the EU. This meant an increase in the number of carriers from 119 in 1992 to a peak of 140 in 2000. The number of routes linking Single Market countries has risen by 46% since 1992 boosting choice to passengers. Fares at the lower end of the market fell by 41% between 1992 and 2000. In addition, if a passenger is denied a seat because the airline has overbooked, they can demand compensation and have the right to a refund or else a seat on the next appropriate flight – all thanks to the Single Market.

The greater competition and liberalisation the Single Market has also helped bring about has led to lower prices. Take air fares for example: cheap airlines such as Easyjet would not have been possible without the Single Market. Also airlines can now fly where they want, without national restrictions. This has helped British Airways become the second largest domestic airline in France.

Cars

Changes to EU competition rules in respect of car distribution and servicing allow for greater choice for consumers as to where they get their cars serviced and provide for more effective competition between garages and the supply of spare parts.

Telephony

Charges have fallen substantially – thanks to Internal Market legislation. On average, business users have been paying 30% less since 1992 and residential users are paying 16% less in call charges and subscriptions. Overall, the market increased by 30% between 1998 and 2002.

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