



ERG: What is the Single Market?

- The Treaties refer to an 'Internal Market' not a 'Single Market'
- It includes the free movement of Goods, Services, Capital and People
- The Internal Market involves the harmonisation of laws in the areas of the Environment, Social Policy and aspects of taxation (VAT).
- The Internal Market involves the primacy of the ECJ
- Free Trade Agreements prioritise mutual recognition of laws over harmonisation.

What MPs have said:

David Cameron MP:

*"There is obviously a very strong case for trying to remain in that **Single Market** in some form, but that will be a decision for the new Government and for Parliament."*¹

Boris Johnson MP

*"As the German equivalent of the CBI – the BDI – has very sensibly reminded us, there will continue to be free trade, and access to the **Single Market**."*²

George Osborne MP

*"I will be strongly arguing that we should try and maintain the closest possible economic ties in terms of our access to European Markets to the **Single Market** for our goods and crucially for our services"*³

Jeremy Hunt MP

*"The first part of the plan must be clarity that we will remain in the **Single Market**."*⁴

What the Treaties say:

Article 3(3) TEU requires the EU to

"establish an internal market".

Article 26(1) TFEU requires the EU to:

¹ Hansard 27 June 2016; <http://www.theyworkforyou.com/debates/?id=2016-06-27a.21.2&s=single+market%23+speaker%3A10777#g32.0>

² Telegraph, 27 June 2016; <http://www.telegraph.co.uk/news/2016/06/26/i-cannot-stress-too-much-that-britain-is-part-of-europe--and-alw/>

³ Bloomberg 27 June 2016: <http://www.bloomberg.com/news/videos/2016-06-28/osborne-maintain-closest-possible-ties-to-single-market>

⁴ Telegraph, 28 June 2016; <http://www.telegraph.co.uk/news/2016/06/27/after-brexite-we-can-no-longer-ignore-fears-about-immigration/>

“adopt measures with the aim of establishing or ensuring the functioning of the internal market, in accordance with the relevant provisions of the Treaties”.

Article 26(2) of the TFEU then defines the internal market as:

“an area without internal frontiers in which the free movement of goods, persons, services and capital is ensured in accordance with the provisions of the Treaties”.

Articles 114 – 116 TFEU allow for the approximation of laws – i.e EU laws – on a wide definition of the Internal Market as set out in Article 26.

What is included in the ‘Internal Market?’

Four ‘Freedoms’

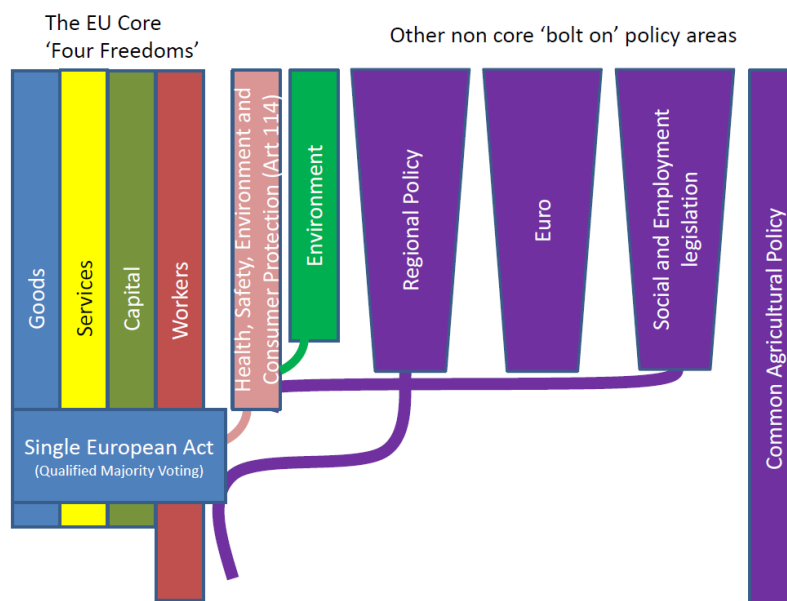
The Internal Market as defined by the EU includes the four original ‘freedoms’: Goods, Services, Capital and Workers. Of these there is only a near perfect market in Goods and the principle of the free movement of workers has been expanded into something more akin to a common citizenship than an economic principle.

Bolt on policy areas:

In addition to the four freedoms, the EU has over time added new policy areas that are now seen as a part of the internal market. These include:

- Environmental policy
- Social and employment policy
- Regional policy (seen as a quid pro quo for the less competitive states membership)

The Common Agricultural Policy has always been a separate discrete policy area.



Source: Open Europe as submitted to the Balance of Competence review⁵

⁵ UK Gov, Balance of Competences Review submissions:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/224582/EITD-responses-all-K-to-W-FINAL.pdf

The EEA v the EU

The EEA (Norway, Iceland and Lichtenstein) is an agreement between those states and the EU that gives those states access to the internal market. The EEA states are legally obliged to follow EU laws in all the areas the EU legislates. The EEA states are within the majority of EU policy areas including the free movement of people.

Customs Union v Free Trade Area

The EEA states are not within the EU Customs Union allowing them to strike their own 3rd party trade deals. In addition the EEA states have negotiated opt-outs from agriculture and fishing policies.

Mutual Recognition v Harmonisation

The EEA and EU work on the harmonisation and replacement of existing laws as opposed to the recognition of laws as 'equivalent'.

Semantics:

Membership of the Single Market – probably means membership of the EU

Access to the Single Market – Could mean membership of the EEA and acceptance of the ECJ

Freedom to trade into the Single Market – Could mean trading with the EU without a trade agreement (i.e USA) or with a preferential trade agreement (i.e South Korea).