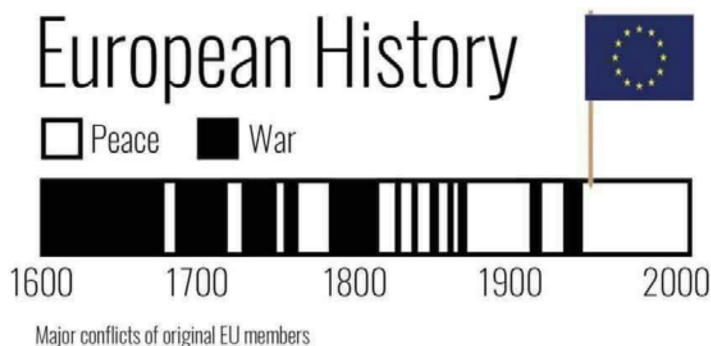
# Crafts and SMEs profiting from EU / EMU

First ideas

- 60 years of peace
- 30 years of a political entity
- 25 years of Internal Market
- 15 years with the Euro

## 1. 60 years of peace means stability, prosperity and welfare



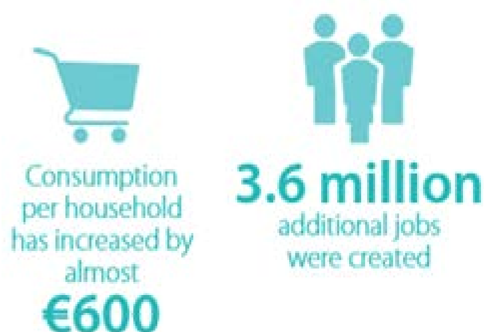

- 60 years of piling-up assets and investment within companies, public sector and families
- 60 years no mass-killing of people, no distortion of assets, no distortion of hopes and expectations
- In 1957 only 12 of the current member states were democracies. Today there are 28 which makes EU the largest union of democracies in the world.
- Recent developments show that nothing of them can be taken for granted: raise of political force which want to destroy the European Union, unsustainable mass migration, terrorism, new nationalistic tension between Member States and group of Member States
- A split-up of the European Union will not only destroy the internal market and the Euro zone, but make military and non-military conflicts possible again.

## 2. Europe is a main player at global level – single European countries will be irrelevant

- European countries have to join forces to be a relevant play at global level – WTO, G7, G20
- This is especially true for trade policy, financial market regulations, global standards and targets in climate policy, IPR protection and technical standards
- Only together European can achieve the political, monetary and military relevance to deal with others on equal footing
- The EU is the largest trade block in the world and a top trading partner for 80 countries.

## 3. The internal market the main driver for growth, jobs and welfare in the EU

Impact of the Single Market since 1990[1]

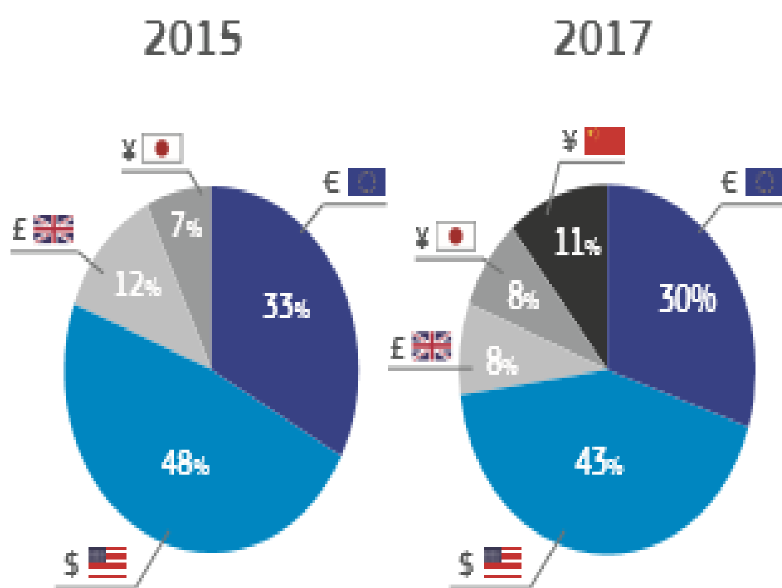



- Free access to a market with about 500 million potential consumer
- Joint standards and regulations instead of 28 different rules
- Principle of mutual recognition in cases where no common standard exists
- Access to the public procurement market in 28 Member States
- Joint protection of IPR and joint defence against dumping and unfair subsidies
- Joint polices and regulations with neighbouring countries
- EU GDP increase was 1.7% higher if compared to a scenario without EU

[1] Difference between actual GDP, Consumption, Employment and the level that would have occurred without integration since 1990.

- Integration increased GDP per capita by almost 1050 Euro
- Consumption per Household increased by almost €600
  - Integration led to the creation of 3.6 million jobs

## 4. Single currency – the advantage for all companies doing cross border business

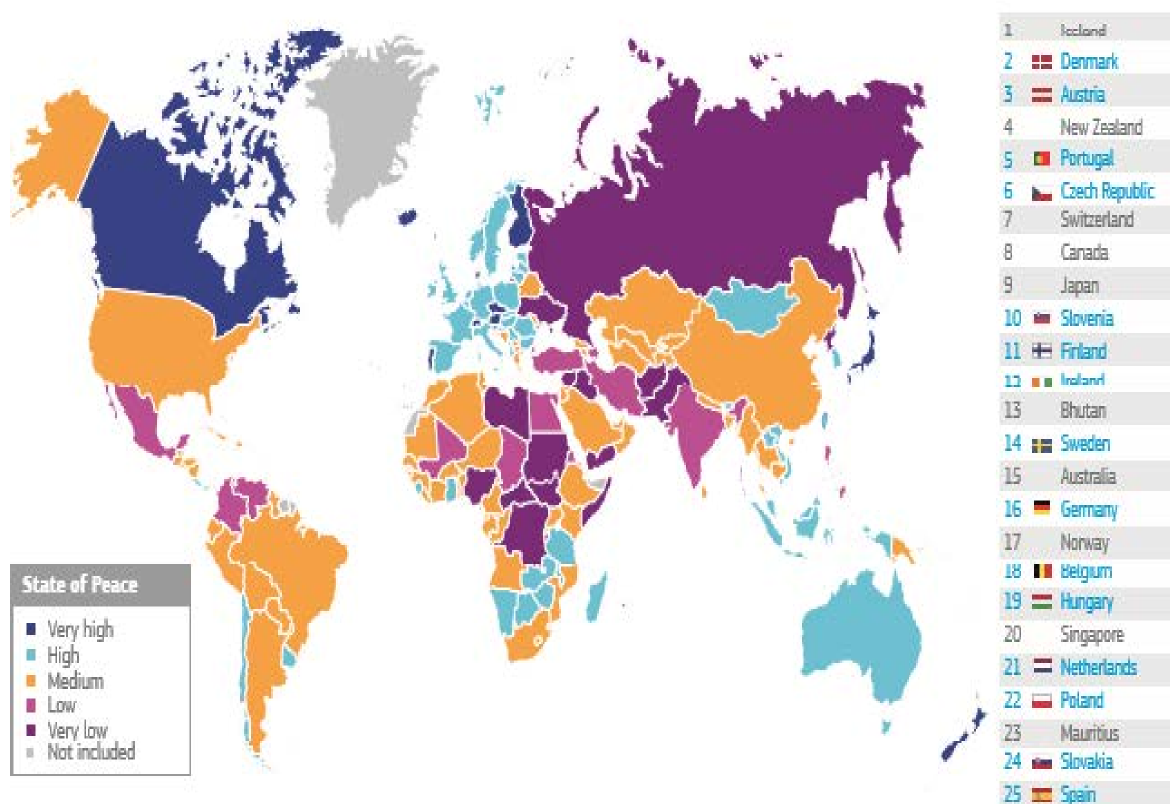



he Euro is the second most import global currency with almost 1.5 trillion euro held by central banks around the world

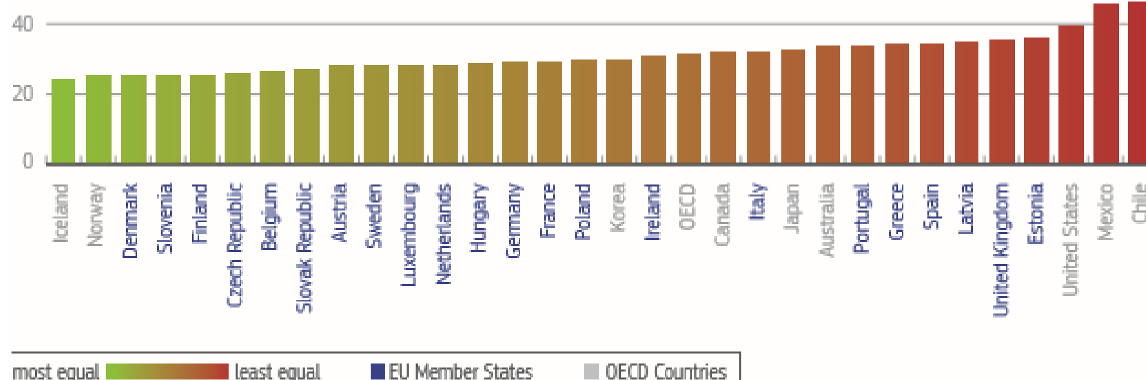
- No transaction costs for currency exchange for all companies sourcing and selling cross border
- No currency risks for longer term contracts increase trading within the Euro zone
- Lower interest rates increase competitiveness and consumption
- Stable exchange rates allow long term calculation of investment, cash flow and business plans

## Annex 1: 60 Years of Peace means stability, prosperity and welfare

**25 most peaceful countries in the world**



Europe is home to the most equal societies in the world




Note: This graph shows the distribution of income between individuals using the Gini coefficient where 0 represents perfect equality.

Source: OECD, latest available data

# Annex 2: 25 years of Internal Market

Figure 1 shows that the level of integration has increased for all EU countries between 1990 and 2015. Moreover, figure 2 presents the difference in terms of GDP, consumption, employment and investments between the current scenario (i.e., with EU integration) and a scenario with no EU integration. Looking at the tables it is clear that integration have strongly benefitted every EU country.

Figure 1. Summary Single Market integration index: 1990 benchmark and 2015 level

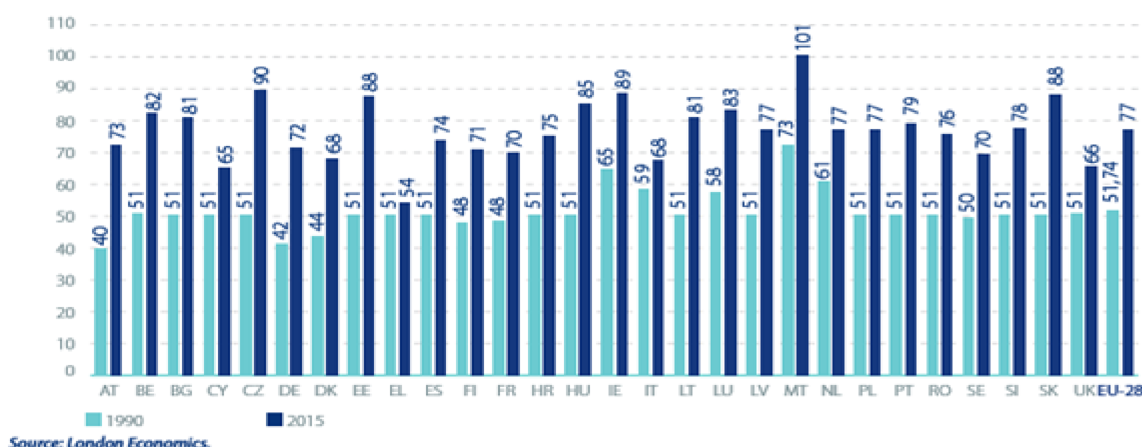



Figure 2. Difference between actual GDP, Consumption, Employment and Investment and the level that would have occurred without integration since 1990.

| 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.

To further support the results shown above, figures 3 to 8 provides the reader with a closer look to the positive impact of the Single Market at EU level. Specifically, Figure 3 shows the increasing trend of EU GDP per capita between 1990 and 2015. Then, Figures 4 to 7 display the positive impact of the four founding pillars of the Single Market, namely: freedom of movement of goods, freedom of movement of services, freedom of movement of capital and freedom of movement of people. Lastly, figure 8 depicts the positive relation between level of integration and GDP per capita by EU country.

Figure 3. EU GDP per capita

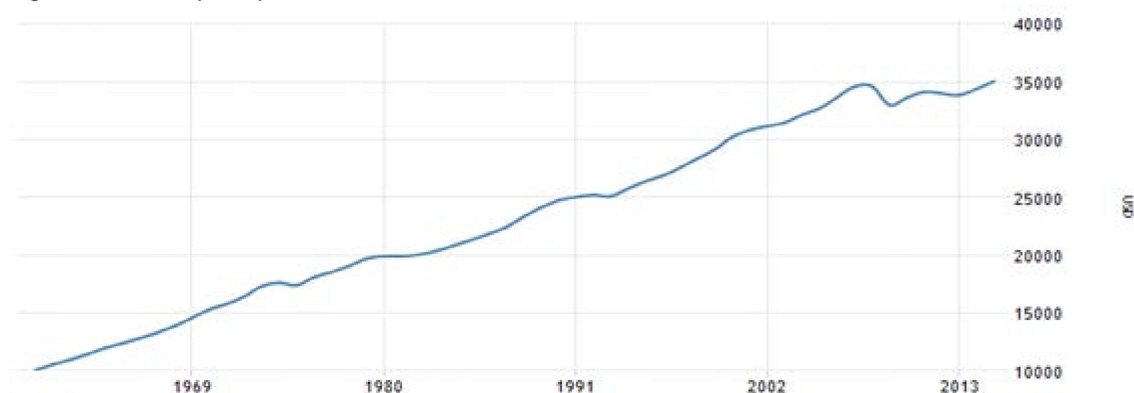



Figure 4. Free movement of goods: Percentage of EU-wide intra-EU exports of goods to EU-wide GDP

*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.

Figure 5. Free movement of services: Percentage of EU-wide intra-EU exports of services to EU-wide GDP

*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.

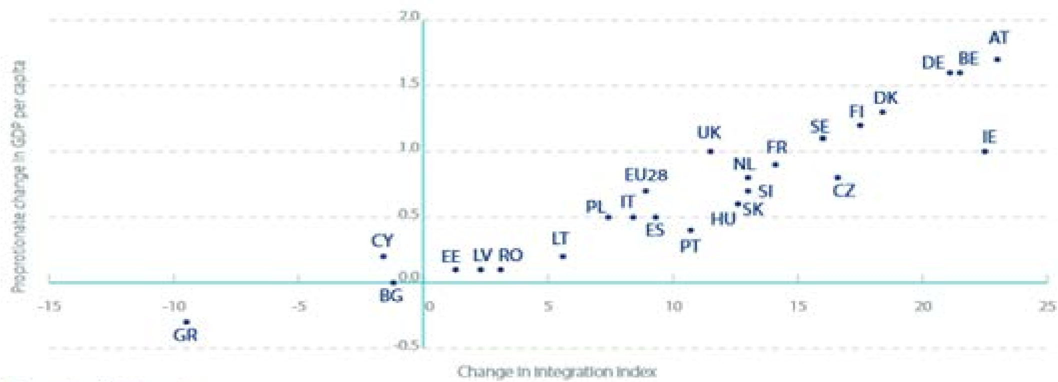
Figure 6. Free movement of capital: Percentage of the stock of intra-EU outward FDI to EU-wide GDP

*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.

Figure 7. Free movement of people: EU average of percentage of EU workers from outside the host country in total employment in the host country

***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. EU integration and GDP per capita: change in summary integration indicator and GDP per capita between 1990 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.