

THE SINGLE EUROPEAN MARKET (SEM)

The Single European Market means that there are no physical or fiscal barriers (import taxes) to the movement of goods, services, capital and labour throughout the EU. As a result, all European firms can treat the EU as their home market. It poses a challenge to Ireland in terms of increased exposure to competition from large powerful firms and an opportunity in terms of a larger consumer market for goods and services.

MAIN IMPLICATIONS OF THE SEM FOR IRELAND

- The free movement of goods and services puts pressure on Irish firms to be competitive and produce their goods and services at low cost. If Irish firms are efficient, exports increase and employment rises. Costs fall as the elimination of border controls reduces the time spent entering and leaving member states, so exporting firms benefit.
- Firms that take advantage of the larger market can have much greater production runs, leading to economies of scale and a lowering of costs.
- The downside of a single market is the opening of the Irish economy to foreign goods which if cheaper may squeeze out local producers. The influx of new goods benefits consumers who enjoy the greater choice available to them.
- Competition to supply services and goods to governments in the EU (public procurement) is now open to all firms in the Union. This means that lucrative contracts to supply items like national telephone directories can go to the cheapest tender, regardless of the EU state it comes from.
- The mutual recognition of vocational qualifications opens up job opportunities for Irish nationals in Europe and means that citizens of any member state can seek employment in Ireland. People are now free to live and work in any member state without losing their rights to social security.
- The EU is also trying to improve the lot of workers by adopting new standards for workers and employers. In future, workers will find that the length of their working week will be determined by EU law and that they have a right to be consulted on major decisions taken by their employers.
- Banks and insurance companies may open up and sell their products in any member state while still being controlled by their own regulatory authority under what is called the Single Passport in Banking and Insurance. This means, for example, that an Irish bank will be able to open for business in Valencia, Spain, while being controlled by the Irish Central Bank or a UK bank can open in Ireland while being controlled by the Bank of England.
- As part of the policy to create a SEM, special cohesion funds were provided to improve the economies of member states so that they could meet the convergence targets laid down for economic and monetary union.
- The member states have agreed to accept and recognise each other's standards so that goods selling in one country are equally acceptable in other member states. If a firm in Ireland receives certification from the

Implications of the single market —

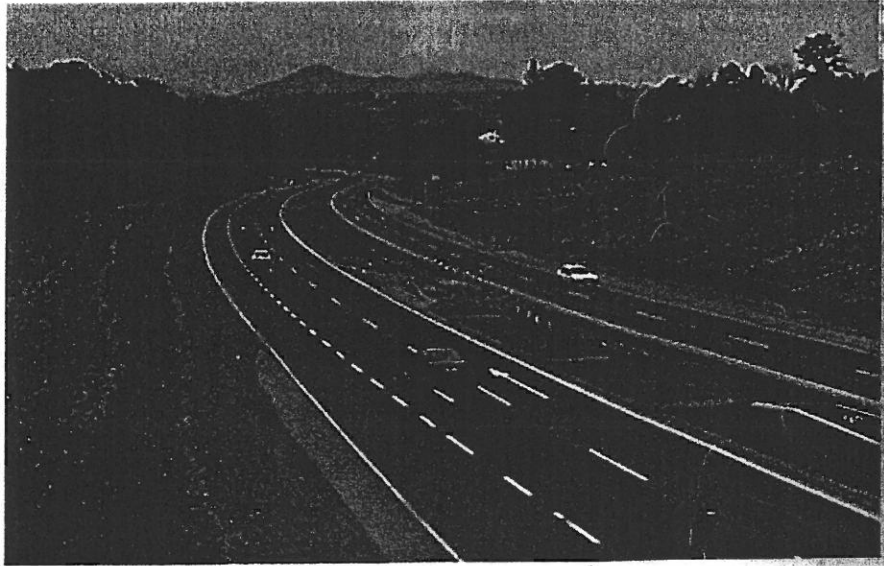
- More exports
- More imports
- Lower exporting costs
- Economies of scale
- Public procurement
- Recognition of vocational awards
- Cohesion funds
- Products sold in all member states
- Expansion and growth of firms

The EU —

Introduced free trade
 Developed policies on agriculture, fisheries etc.
 Brings countries closer together
 Improves underdeveloped regions
 Introduces regulations and directives
 Is a large trading bloc

IMPORTANCE OF THE EUROPEAN UNION

- The original purpose of the EEC was to bring European countries closer together so that the possibility of war between them would decline – such conflicts had been a feature of the continent for hundreds of years. The war in the Balkans shows how quickly regional and ethnic rivalries can descend into open warfare.
- The EU has helped to improve the underdeveloped regions of Europe so that all member states have good infrastructures and high standards of living.
- EU policies on agriculture, fishing, community development etc. are designed to promote economic activity and improved living standards.
- The various regulations and directives of the EU harmonise laws throughout the Union, making it easier for member states to do business with each other.
- Measures are constantly being introduced to assist workers and consumers. For example, measures are already in place to ensure that pharmaceuticals, cosmetics and toys are safe and that workers' rights regarding the length of the working week and participation in industry are protected.
- Free trade and the single market has meant that trade between the various member states has flourished, and firms have increased their international competitiveness.



● *The Bray/Shankill by-pass received significant EU funding*

- The EU is now one of the largest trading blocs in the world, being responsible for over 20% of the entire world trade. The Irish economy has benefited greatly from our membership.
- The EU acts as a single state in matters relating to world issues such as war, famine or other disasters. Sometimes its response has lacked decisiveness and unity, and members have been criticised for putting national interests before the interests of Europe or the world.