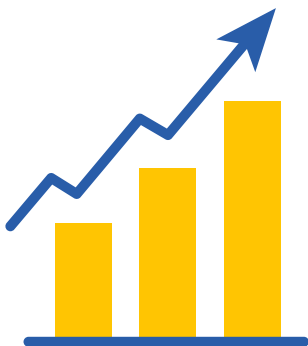


# The Single European Market: What's Holding It Back?

The **Single European Market (SEM)** is like a giant free trade zone where people, goods, services, and money can move freely across 27 EU countries.



Two major reports —the **Draghi Report on Competitiveness (2024)** and the **Letta Report on the Future of the Single Market (2024)**—highlight **big problems that need fixing** if Europe wants to stay competitive.



It's made life easier for businesses and consumers, making it **cheaper to travel, shop, and work across Europe**. But it's not perfect.



# 1. It's Still Not Fully Integrated

Think of the SEM like a **puzzle with missing pieces**. Some parts work great (like free movement of goods), but others are still **full of barriers**.

What's Wrong?

**Letta:** Key sectors—**services, banking, and digital markets**—are still full of national restrictions.

**Draghi:** Small businesses find it **too complicated** to expand across borders.

**Letta:** Some governments **resist deeper integration**, slowing progress.

**Example:**

If you're a freelancer in Spain who wants to offer digital services to clients in Germany, you might hit **different tax rules, licensing issues, and paperwork** that make it harder than it should be.

## 2. Some Countries Get More Benefits Than Others

Not every country wins equally from the SEM. **Big economies with strong industries**—like Germany and France—tend to **benefit the most**, while others struggle to compete.

**Example:**

Imagine you live in **Portugal** and want to start a tech company. You might find it harder to **attract investment** compared to someone in Germany, where there's already a well-developed tech industry.

**Draghi:** The **richest countries gain the most**, while smaller economies struggle.

**Letta:** Some regions are losing jobs as **investment concentrates in stronger economies**.

**Southern & Eastern Europe** find it harder to attract businesses and funding.

What's Wrong?



### 3. Too Many Rules & Bureaucracy



EU laws are meant to make business fair, but sometimes they **create too much red tape**, making things harder instead of easier.



What's Wrong?



- >>> **Draghi:** EU rules are **too complex** for small businesses.
- >>> **Letta:** **Over-regulation in digital and green policies** might slow innovation.
- >>> **EU competition rules** prevent European companies from growing **big enough to compete with US and Chinese giants**.



**Example:**

A startup in Greece might **spend months dealing with EU regulations** before they can expand across borders, while a competitor in the US can **scale up much faster**.



## 4. Countries Have Less Control Over Their Own Economies



The EU wants to **harmonize** its economy, but sometimes **one-size-fits-all rules don't work** for every country.

### What's Wrong?

- >>> **Letta:** Some governments feel trapped between **EU rules and their own economic needs**.
- >>> **Draghi:** The **same rules don't work for every country**—a rule that suits Germany might hurt Greece.
- >>> **State aid restrictions** limit how much governments can **support local industries**.



### **Example:**

Imagine Italy wants to support its car industry, but EU state aid rules stop it from giving subsidies to local manufacturers. Meanwhile, China and the US give huge subsidies to their industries.

## 5. The EU is Vulnerable to Global Shocks

The SEM relies on **global trade**, but this can make Europe **vulnerable** to economic crises and supply chain problems.



**Example:** During **COVID-19**, Europe **struggled to get medical supplies** because much of its production was overseas. Similarly, the **Ukraine war exposed Europe's reliance on Russian gas**.

### What's Wrong?

- **Draghi:** Europe depends **too much on global supply chains**.
- **Letta:** The EU is **falling behind in key industries** like tech and green energy.
- **European firms struggle** against non-EU competitors **who get government subsidies**.



## 6. Jobs & Social Issues



The SEM has made it easy to **work anywhere in Europe**, but it's also created **unintended problems** for workers.



### Example:

If you're a doctor in Bulgaria, you might **move to France for better pay**, leaving fewer medical professionals back home. This is called **brain drain**.

### What's Wrong?

- **Draghi:** Brain drain—top talent moves from poorer regions to richer ones.
- **Letta:** Wage differences and weak protections create unfair competition for workers.
- **Tax and social security differences** allow companies to **exploit loopholes**.

## 7. Political Backlash & Euroscepticism

Not everyone thinks the SEM is fair. Some believe it **benefits big businesses more than ordinary people**, fueling anti-EU sentiment.

### What's Wrong?

- **Letta:** Some people feel the SEM **helps corporations more than citizens**.
- **Draghi:** Frustration with EU economic policies **creates political division**.
- Disagreements over **market rules and competition policies** are causing tensions between national governments and Brussels.



**Example:** Some workers in France or Italy blame the EU for **job losses**, saying EU market rules have made it **easier for companies to move jobs to cheaper countries**.



## SO, WHAT'S NEXT?

The **Single European Market** is a success, but it **needs fixing** to stay competitive. The **Letta and Draghi Reports** suggest:



Europe has the tools to **stay ahead**, but it needs to **adapt fast** to keep up with **global competitors** like the US and China. The question is: **will EU leaders make the bold changes needed?**



What do you think?

Should the EU push for more **economic integration**, or should countries have **more control over their own economies**?

