EUROPE AS A TASK

Fishbowl: Unlocking the Potential of the Single Market

Tuesday, May 13, 2025; 11:00—12:10; Main Hall, Czernin Palace

With the recently unveiled Competitiveness Compass and the reports by Enrico Letta and Mario Draghi, the European Union is seeking to regain its lost momentum, with a core priority of von der Leyen's second Commission being the removal of persistent barriers in the Single Market. A recent IMF study estimates that the EU's internal barriers are equivalent to a tariff of 45 per cent for manufacturing and 110 per cent for services, thus surpassing the announced US tariffs against the EU. But while the US tariff announcement sent shockwaves around the world, the continued fragmentation of the EU market lacks a comparable sense of urgency or political traction. ***Why do the internal barriers in the EU continue to receive so little political attention despite their massive economic cost? Have we given up on reducing barriers on the internal market?***

The Draghi and Letta reports have been widely recognised as an attempt to reboot the stalled process of European economic integration by putting competitiveness and the Single Market back at the centre of the EU's political agenda. One of the most resonant ideas from Letta's report is the call to create a "Fifth Freedom" — the free movement of knowledge and skills to strengthen Europe's innovation base, and enhance productivity and economic resilience. Similarly, Draghi places a strong emphasis on deepening capital markets integration to finance Europe's green, digital, and strategic ambitions. ***Which proposals in the Draghi and Letta reports offer the most realistic paths toward deeper European economic integration, and where do these blueprints still fall short?***

In his report, Letta identifies telecommunications, energy, financial services, and defence as priority sectors for integration. A unified telecoms market would lower costs and boost digital innovation; integrated energy markets would enhance energy security and drive the green transition; a deeper Capital Markets Union would unlock investment; and defence cooperation or joint purchases would improve efficiency and drive down costs. Beyond Letta's list, health and transport also show integration potential, particularly after the COVID-19 pandemic and recent supply chain disruptions. ***Which sectors of the European economy hold the greatest potential for deeper Single Market integration, and how do economic benefits compare to political feasibility in those cases?***

One of the more unorthodox suggestions from Mario Draghi is the creation of a so-called 28th regime, where companies operating in Europe would be subject to the same rules regardless of where in the EU they are based. A uniform legal framework could allow businesses, particularly SMEs and scale-ups, to expand more easily across borders. In theory, this could be a game-changer for the Single Market, as it would unlock growth and innovation by significantly cutting compliance costs and regulatory complexity. However, the feasibility of such a regime faces major challenges, notably the need for at least minimal tax coordination and harmonisation. ***What conditions would be needed to make the optional 28th regulatory regime work across the EU, and is such a framework politically and legally viable today?***

One of the leitmotifs of the recent push to boost European competitiveness is the drive to simplify rules and reduce the administrative burden. However, this is often mistakenly equated with deregulation, when in fact simplification means making rules clearer, more coherent, and easier to apply without abandoning key policy goals. It is about cutting unnecessary complexity, streamlining reporting, and ensuring better regulation, while designing smarter rules that are easier to implement for both businesses and public authorities. ***How can the EU simplify its regulatory framework and reduce administrative burdens without weakening the standards and objectives that underpin its policy goals?***