

§ 3 The European Union as a unified economic area

I. The Europeanization of the economy in Europe

- 1968: *customs union*; until 1969: creation of the common market
- 1987 - 1992: creation of the *internal market* (by more than 300 legislative acts)
- 1990 - 2002: accomplishment of the *Economic and Monetary Union*
 - 1999: introduction of the Euro (€)

II. The principle of an open market economy with free competition

(art. 119 FEU Treaty)

- a specific principle for the field of economic policy; not a fundamental value
- a decision in favour of an open (not social) market economy
- a decision in favour of free competition (→ elimination of obstacles to competition)

III. The customs union (art. 28 et seq. FEU Treaty)

1) General aspects

- no custom duties on import or exports within the Union
- regulation of the custom duties on imports or exports from/to third countries in the *Common Customs Tariff (CCT)* (Regulation 2658/87)
- partly unitary procedural law, see *Modernised Customs Code (CC)* (Regulation 450/2008)

2) The prohibition of charges having equivalent effects to custom duties

(art. 28, 30 FEU Treaty)

- wide concept of ECJ, see case 2, 3/69, *Diamandarbeiders*

3) The prohibition of favouring domestic goods through internal taxation

(art. 110 FEU Treaty)

IV. The concept of the internal market (art. 26 FEU Treaty)

- **legal definition** in art. 26 FEU Treaty:

"The internal market shall comprise 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."

- the internal market needed to be established by several hundreds of legal acts and needs to be ensured continuously by new legal acts reacting to new threats and developments
- the consequences: a *fundamental change of economic life* in Europe:
 - lowering of prices for goods and services through competition
 - faster introduction of new technical achievements for lower prices
 - introduction of new agriculture products in many member states
 - general elevation of the standard of living
 - *serious side effects*: end of responsible and sustainable enterprise management in Europe, destructive pressure for rationalisation, race to the bottom concerning social, environmental and other non-economic standards, desertion of less competitive regions, more and harder work for less money for a part of the population

V. The economic fundamental freedoms in the internal market

1) General aspects

- the innovative character of the FF as *transnational subjective rights*
- the strict and systematic enforcement of the FF by the jurisdiction of the ECJ
- the importance of the FF as an additional motor for the economic boom in the late 20th century

2) The individual freedoms

- Diagram 5 - rights of economic mobility
- a) Free movement of goods** (art. 28 et seq. FEU Treaty)
- b) Free movement of workers** (art. 45 et seq. FEU Treaty)
- c) Freedom of establishment** (art. 49 et seq. FEU Treaty)
- d) Freedom to provide services** (art. 56 et seq. FEU Treaty)
- e) Free movement of capital** (art. 63(1), 64 et seq. FEU Treaty)
- f) Free movement of payments** (art. 63(2), 65 et seq. FEU Treaty)

3) The complementation by the freedom of movement and residence (art. 21 FEU Treaty)

- non-economic mobility

VI. The realization and protection of the internal market

- approximation of laws (art. 114 et seq. FEU Treaty)
- protection of competition against the power of undertakings (art. 101 et seq.)
- protection of competition against distortion by state aids (art. 107 et seq. FEU Treaty)

VII. The economic and monetary union (art. 119 et seq. FEU Treaty)

- coordinated economic policies (art. 119 et seq. FEU Treaty)
- common currency with primary objective of price stability (art. 127 et seq. FEU Treaty)
- *Fiscal Pact* of 2012 strictly limiting government deficits