



**Market openness,
Regulatory Reform &
Economic Performance**



EUROPEAN COMMISSION
External Relations



Delegation of the
European Union to
China

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Economic reform
***the engine of the European
Union***

History and Evolution of the EU

Schuman

**Declaration of
9th May 1950:**

*"Europe will not be
made all at once,
or according to a
single plan. It will
be built through
concrete
achievements
which first create a
de facto solidarity"*



***The EU would be built
through three main phases***

1. Customs Union and Single Market
2. Monetary and Economic Union
3. Political Union

The Key principles running the economic reform process in the EU



Free and open market

- Prohibition of all custom duties, quantitative restrictions and measures of equivalent effect on the import and export of goods between Member States.
- Abolition of any kind of obstacles to the free movement of goods between MS.
- Any imported product circulates freely within the whole EU.
- A common custom tariff applies to products from third countries, the average tariff duty for industrial products is 2%.
- Approximation of all the laws governing the functioning of the internal market

Non state / public intervention

- Restrict state monopolies, prohibition of state aid to companies that distort trade, other than aid to consumers, aid for development of certain regions

Approximation of taxes and tax policy

Free competition

- Prohibition of agreements between companies on price fixing, limits to production, investment or technical development, market share or sources of supply
- Abuse by companies of dominant position in the whole EU market or part of it

The tools for success in economic reform in Europe

- ***Transparency,***
- ***consultation,***
- ***predictability and***
- ***democratic institutions***

Transparency

- Transparency is not only a principle and a base for economic reform, it is also a powerful tool for economic performance
- transparency in public procurement in EU has helped to build the largest and most dynamic and competitive procurement market in the world.

Consultation

- Ownership and participation of all stakeholders is key to the successful implementation of any economic reform.
- It is particularly important in the EU where the national, regional and local authorities are called to implement the legislation.
- their concerns and views must be taken on board from an early stage, the risk of efficient implementation are at stake.

Predictability

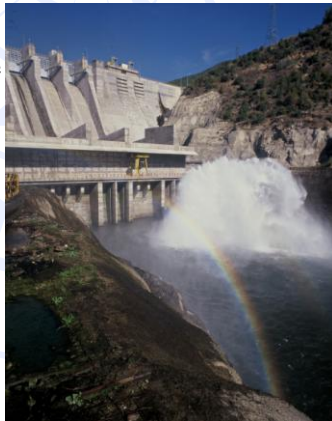
- It derives from transparency and consultation.
- An open law making and reform process ensures the predictability of the measures.

Institutional setting

- A perfect balance and equilibrium of powers is essential to ensure a good reform process and ensure enforcement and implementation.
- It is also important to ensure a broad representation of stakeholders involved in the reform process.
- A system of check and balances

Solidarity

- a safety net to digest reforms and counter-balance the difficulties of some reforms
- Re-distribution policy, at all levels and a safety net provides a stable and predictable scenario for economic reform
- Endorsement of economics reforms is a success if authorities have the means to re-balance the inevitable impact of economic reform



- *A reform process is better understood if there is a clear target*
- *Targets should be clear and well identified, with tangible and concrete results.*



Regulation vs De-regulation

- De-regulation has come through more regulation at EU level
- Approximating and harmonizing rules and practises in 27 MS could only be achieved by regulating at EU level.
- Implementing rules at national, regional and local level are necessary to reach and cover all scenarios and ensure enforcement.

Central Reform vs Subsidiarity

- the EU should only take action where an objective can be better attained at the level of the EU rather than at the level of individual MS.
- this principle needed more clarity and a proper definition of scope, the subsequent treaty reforms paid special attention to a detailed share of competencies between the EU institutions and MS.

EU reforms and the World

- The EU has conducted the largest and most intensive economic reform in Economic History, affecting to 500 million people.
- The process is not over
- The EU reforms and integration process have inspired many other countries in the World



Thank You for your Attention

European Union

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