



## INTERNAL MARKET

The aim of the EEA Agreement is to promote a continuous and balanced strengthening of trade and economic relations between the EEA States with equal conditions of competition and respect of the same rules. Experience confirms that the EEA Agreement is functioning well and to the satisfaction of the EEA States. The EEA EFTA States have successfully adopted more than forty years' worth of *acquis communautaire* since the EEA Agreement came into force in 1994. All relevant Community legislation in the field of the Internal Market has been integrated into the Agreement and implementation rates in the EEA EFTA States of this legislation are comparable to those of the EU Member States.

The Internal Market is governed by the same basic rules, enabling goods, services, capital and persons to move freely about the EEA. This concept is referred to as the **four freedoms**.

### ▼ Four freedoms

#### Free movement of goods

The Internal Market strives to ensure that goods can move freely across the borders of all the 30 countries in the EEA on the basis of equal conditions of competition. Buyers and sellers of goods do not have to pay customs duties when trading in most products. Prior to the Internal Market, there were many different national technical regulations and standards, which stipulated that products needed to be manufactured and tested in specific ways or that the products had to have certain properties. Through mutual recognition or harmonisation of national technical standards, and through the mutual recognition of testing procedures, these technical barriers to trade are being removed.

#### Free movement of persons

EEA EFTA and EU nationals have the right to enter the territory of any EEA Member State in order to work or look for work. Students, pensioners and non-working persons also have the right to move and reside in another EEA State. There are also provisions regarding family members who may accompany these persons to another EEA State. Each category is governed by specific rules. The right to free movement is

complemented and supported by a system for the co-ordination of social security schemes and a system to ensure the mutual recognition of diplomas.

#### Free movement of services

The ability to provide a service in a Member State of the EEA should not be restricted on the basis of nationality. The free movement of services is closely linked to the free movement of people and the right of establishment. Services also play an important role in many stages of the production of goods. Freeing the movement of services has taken time due to the many legal and non-legal barriers restraining their provision across national borders.

#### Free movement of capital

The free movement of capital is essential for the free movement of persons, services and goods. Being able to move capital without incurring unnecessary delays and transaction costs is a prerequisite to the smooth functioning of an internal market. The integration of financial markets has been an ongoing priority for developing the market, and has gained considerable pace in recent years.

### ▼ Horizontal measures

The four freedoms are promoted and safeguarded by a range of horizontal measures that ensure the long-term viability of the Internal Market. **Strict competition rules** have been introduced to prevent companies from erecting barriers that ultimately reduce the benefits gained from the four freedoms in the EEA. Moreover, the EEA Agreement contains provisions to govern the behaviour of state monopolies, to restrict the use of trade-distorting **state aid**, and to open **public procurement** opportunities to the entire Internal Market.

The EEA Agreement also includes horizontal provisions. These are relevant to the four freedoms and constitute the legal basis for incorporating Community legislation on social policy (including health and safety at work, labour law and equal treatment of men and women), consumer protection, the environment, statistics and company law into the EEA Agreement.



## ▼ Co-operation outside the four freedoms: flanking areas

In addition to providing for the free movement of goods, persons, services and capital, as well as horizontal issues, the EEA Agreement also covers co-operation outside the four freedoms in flanking areas. In these areas, co-operation is to be strengthened and broadened, in so far as these matters are not regulated elsewhere in the Agreement. Co-operation in the flanking areas is carried out through common activities of various types, ranging from dialogue between respective parties and common efforts to encourage certain activities in the EEA to the participation by the EEA EFTA States in EC programmes (see chapter on EEA EFTA Participation in EU Programmes), and the establishment of joint activities in specific areas.

Although not directly linked to the four freedoms, the flanking areas are nevertheless important to the EEA. They are neither based on nor part of the *acquis communautaire* as no reference is made to legally binding Community acts in the field of the four freedoms creating rights and obligations for individuals and economic operators.

The flanking areas are: research and technological development, information services, the environment, education, training and youth, social policy, consumer protection, tourism, culture, energy, employment, enterprise and entrepreneurship, civil protection and public health and statistics. This is not an exhaustive list as the contracting parties to the EEA Agreement may agree to add new areas later.

## ▼ EEA-wide networks

In order to help businesses and citizens explore and take advantage of their rights in the Internal Market, the European Commission has set up several Europe-wide networks. These are open to EEA EFTA participation and are:

- SOLVIT - provides quick and effective solutions to problems relating to the misapplication of Internal Market legislation;
- EURES - enables workers from the EEA States to work and live in other EEA States;

- Dialogue with the Citizens - provides information on rights to work, live, study, buy goods and services, and travel in the EEA;
- MISSOC - provides comparable information on the different social security systems within the EEA; and
- TED - provides information on public contracts for works, supplies and services in the EEA.