COST OF NON-SCHENGEN

The impact of border controls within Schengen on the Single Market

Initial assessment

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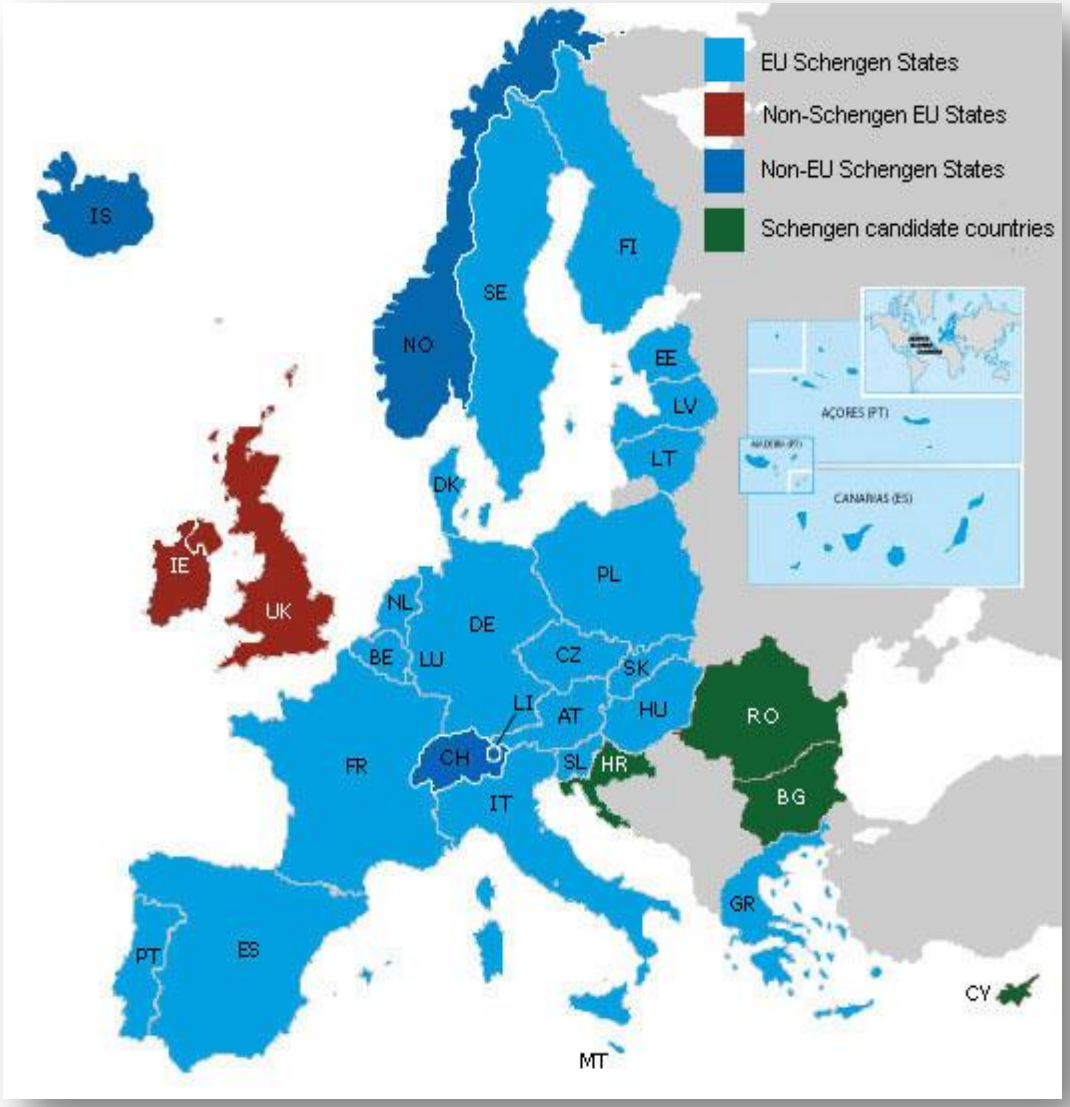
- Schengen in perspective
- Benefits
- Key Challenges

The Schengen area – participating Member States



Source: European Commission

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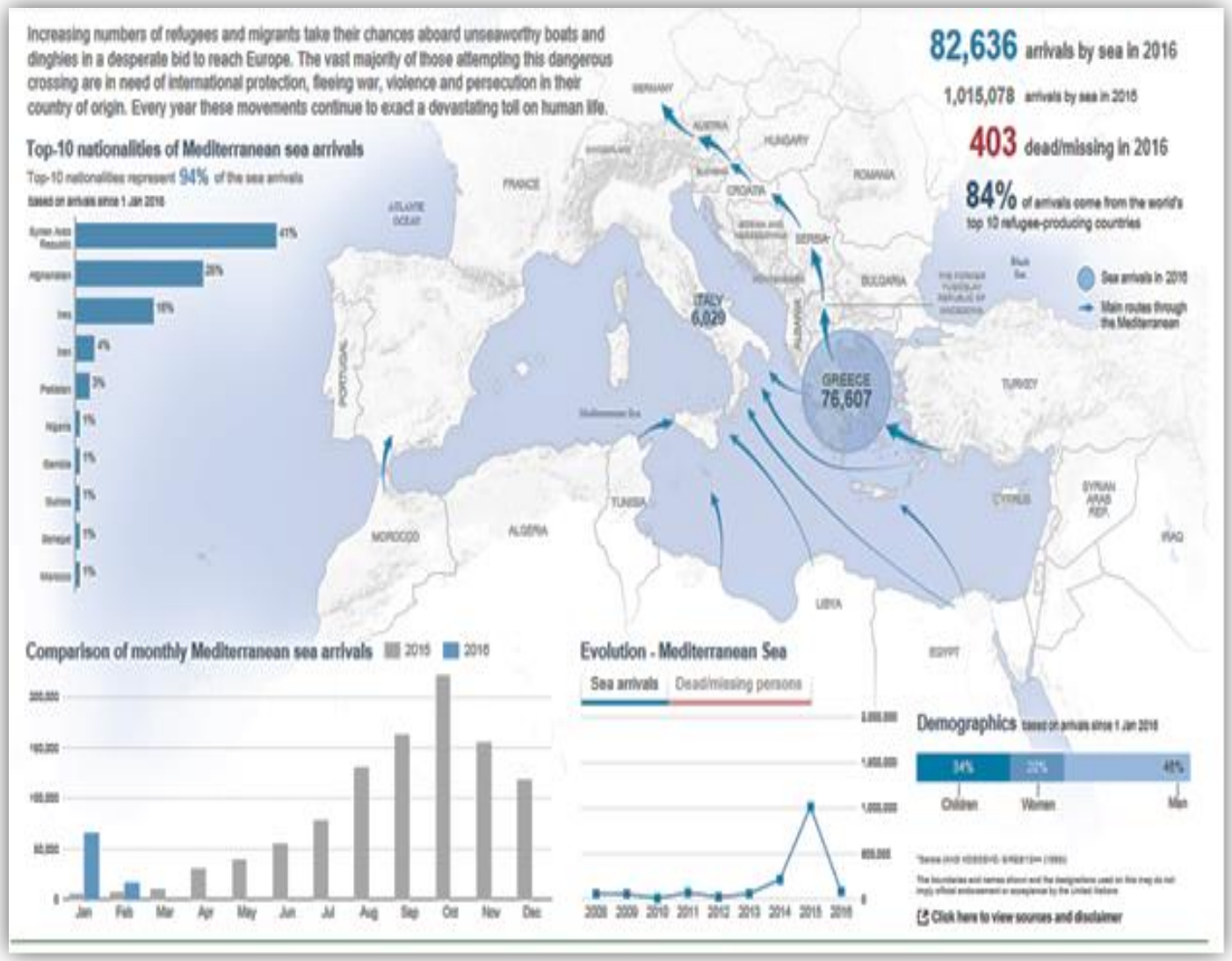
The migration and refugee crisis – numbers and routes



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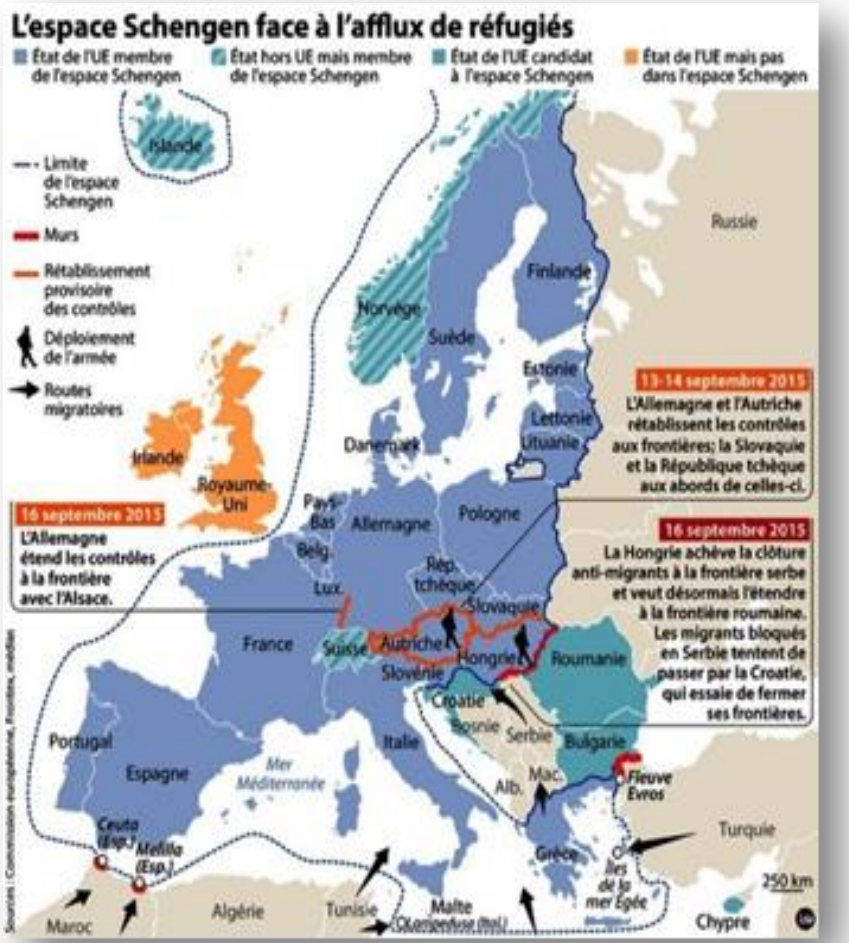
Scope

- Checks are often focused at specific borders or border crossings
- Checks are currently short-term and temporary



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Benefits of the Single Market: Recent Empirical Evidence

GDP

Single Market has increased EU GDP by 4.8% to 5.7% since 1987. (EC 2010)

FDI

Intra-EU FDI increased from EUR 64 billion in 1992 to EUR 260 billion in 2010 (and reached EUR 730 billion before the crisis in 2007) (Eurostat, 2010)

MOBILITY

For the EU-28, the share of citizens working in a different Member State has doubled from 1990-2011, from 1.5% to about 3%. (Eurostat 2012)

CONSUMERS

12% of the EU's population order cross-border in 2013, a raise from 8% in 2009. (Eurostat: isoc_ec_ibuy)

TRADE

Single Market has large positive impact on trade (OECD 2015). It contributed extra 9% of intra-EU trade. This trade effect translates into a growth effect of rough 2% to EU GDP (Kommerskollegium 2015).

For example, UK-EU trade is 55%higher than what economic size, exchange rates, distance and cultural factors would predict (CER 2014).

JOBS

EU employment supported by extra-EU exports between 2000 and 2007 grew from 22 to 25 million jobs, out of which 9 million jobs (in 2007) were due to spill over and feedback effects associated with the single market (Rueda-Cantuche 2013)

SMEs

EU encourages and financial supports innovative Singe Market where SMEs place a central role. For example, In 2016-2017 EU Horizon 2020 budget on research and innovation, £1.5 billion out of a total of £12 billion will be available to SMEs.

Source: EPRS (2016)

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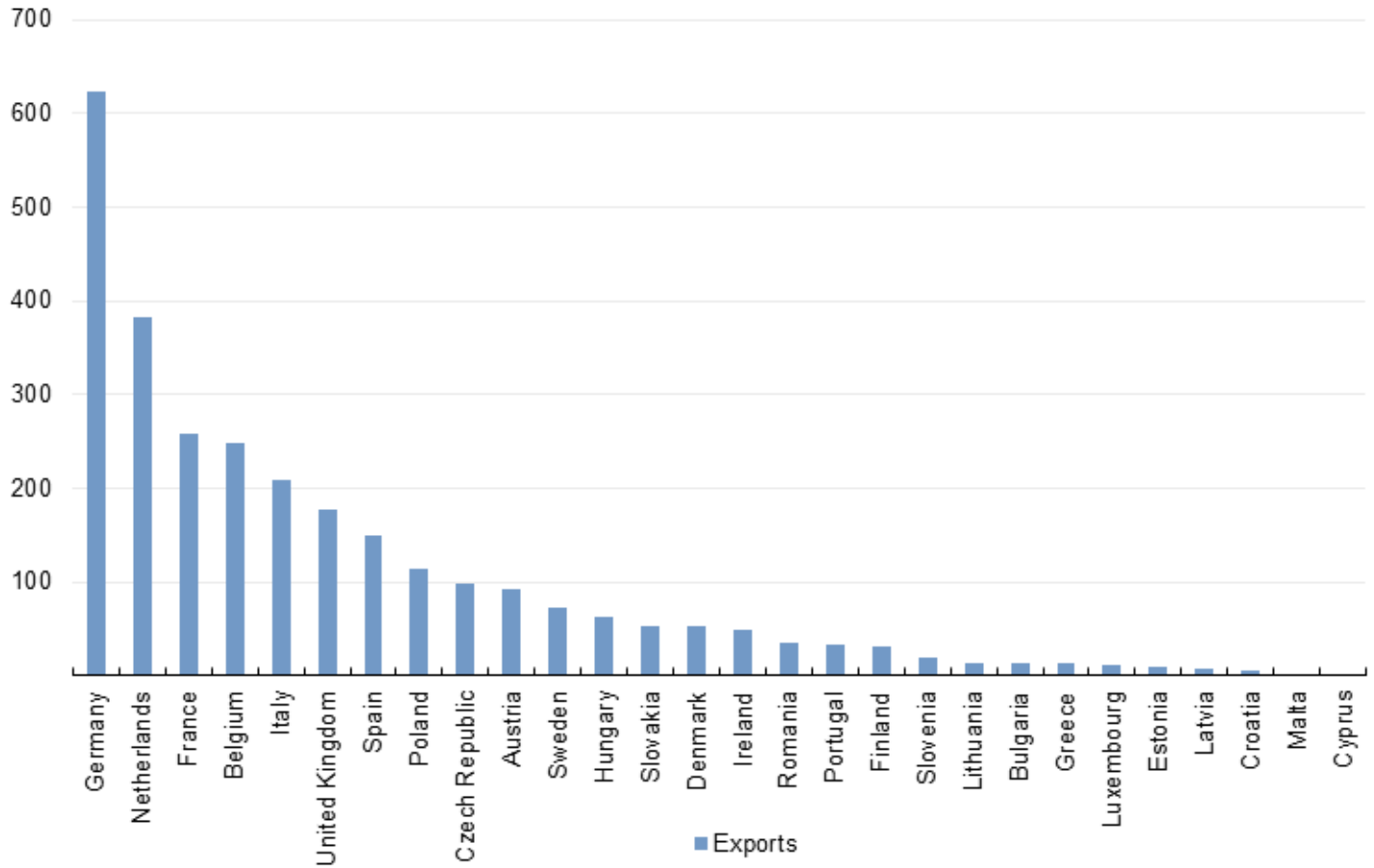
Exports to other Member States in 2013 (bn euro)



Source: Eurostat (2016)

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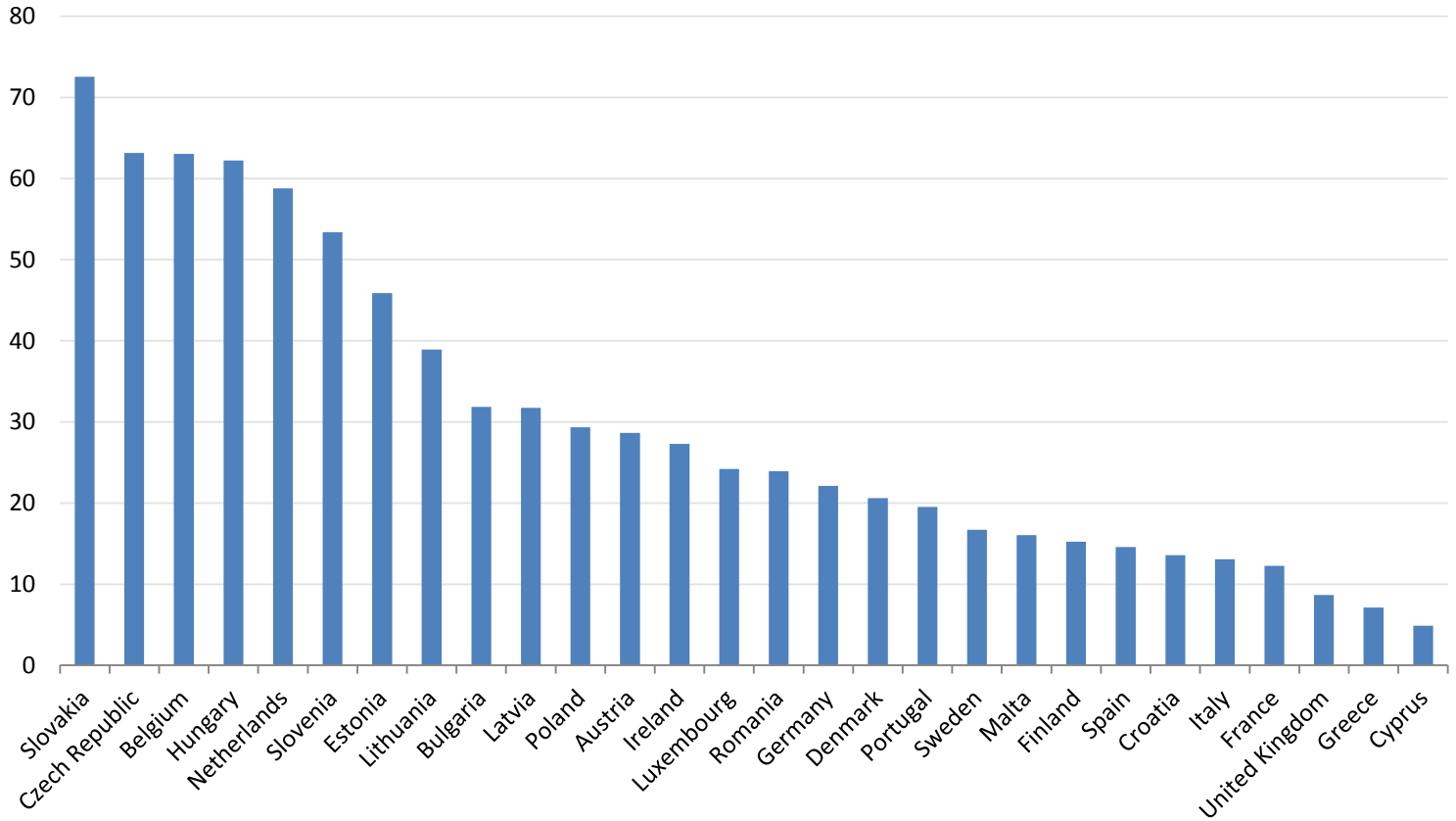
Exports to other Member States in 2013 (% of GDP)



Source: Eurostat (2016)

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MOBILITY	
Cost for the EU-economy per year Most realistic scenario	€7.1 billion
Road transport 1 hour waiting time (€50 to €60 per hour/vehicle)	€3.4 billion
Passenger land transport (delays & congestion)	€2.6 billion
Cost for Member States (additional control travel of documents)	€1.1 billion

CROSS-BORDER COMMUTING & TOURISM	
Cross-border commuting per year	€3 to 4 billion
Tourism industry Intra-EU border re-established	€10 billion
Visa policy also modified (maximised impact)	€20 billion

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EU-GDP (Schengen States) in 2025 - global impact	
In percentage	- 0.86 %
Loss in Euro	€100 billion

INTRA-EU TRADE	
In percentage per year	- 11.5 %
Equivalent effect to an intra-EU trade on goods and services tax	3 % shadow tax

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Key challenges

- ID Checks render mobility more expensive…
- …as Schengen helps participating countries integrate goods, labour and financial markets.
- The varied, and perhaps cross-cutting, repercussions of alterations to Schengen need to be probed in a next stage.

Cost of Non-Schengen, Cumulative Impact on GDP 2015-2025 (billion €)		
	Scenario 1	**Scenario 2**
Germany	-77,2	-234,8
France	-80,5	-244,3
United Kingdom	-87,2	-264,3
Italy	-48,9	-148,5
Austria	-14,2	-43,2
Switzerland	-9,4	-27,7
Spain	-46,2	-140,8
EU 24	-470,5	-1430,1
United States	-91	-276
China	-95	-288

Source: Bertelsmann Stiftung -Prognos AG, Basel, 2016

THANK YOU!

POLICY DEPARTMENT A:
ECONOMIC AND SCIENTIFIC POLICY

EUROPEAN ADDED VALUE UNIT

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Current internal border controls in the Schengen area

Schengen Member State	Dates applicable	Border crossings covered	Article of the Schengen Borders Code	Reason
Denmark	4 January – **23 February 2016**	All, especially sea and land borders with Germany	**25** – emergency reintroduction (maximum 2 months)	Big influx of persons seeking international protection
Norway	15 January – **15 March 2016** (initially 26 Nov 2015 to 15 January 2016)	All, especially ports and ferry connections	**23** – foreseeable events (up to six months)	Continuous big influx of persons seeking international protection
Sweden	10 January – **9 March 2016** (initially 12 Nov 2015 to 9 January 2016)	All, especially southern and western harbours and Öresund bridge between Denmark and Sweden	**23** – foreseeable events (up to six months)	Continuous big influx of persons seeking international protection
Austria	16 November 2015 – **16 March 2016** (initially 16 Sep to 15 Nov 2015)	All, especially Slovenia-Austria border; only specific crossing points may be used	**23** – foreseeable events (up to six months)	Continuous big influx of persons seeking international protection
Germany	14 November 2015 – **13 May 2016** (initially 13 Sep to 13 Nov 2015)	All, especially Austria-Germany border	**23** – foreseeable events (up to six months)	Continuous big influx of persons seeking international protection
France	13 November 2015 – **27 March 2016**	Internal land borders and air borders	**23** – foreseeable events (up to six months)	State of emergency following the 13 November 2015 terrorist attacks

Source: European Parliament (Policy Department for Cititzens' Rights and Constitutional Affairs)

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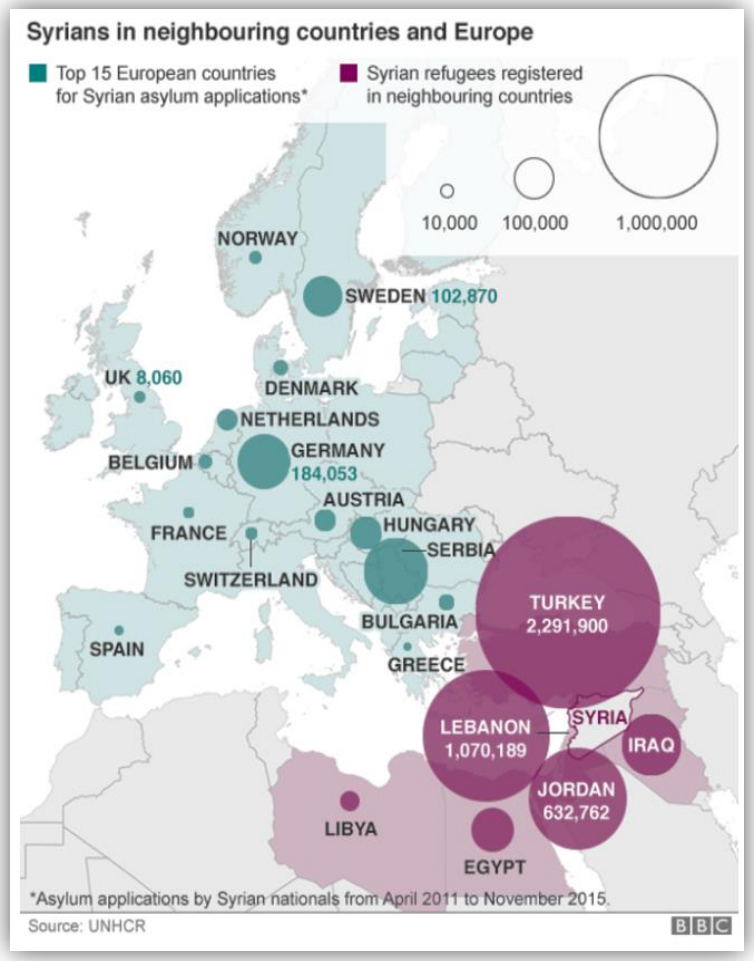
The road to article 26 and a two-year time out for Schengen?



- Germany cannot retain article 23 border controls beyond **13 May 2016** (6-month ceiling under article 23) – going further requires article 26 of the Schengen Borders Code to be triggered
- Article 26 permits temporary internal border controls for up to **two years** where there are "persistent serious deficiencies relating to external border control"
- The Commission has found "serious deficiencies" in Greece's external border management
- If Greece does not remedy these deficiencies within three months (by 11 May 2016), article 26 may be triggered
- **As such, the possibility of medium-term and more widespread internal border controls from May 2016 onwards is very real**

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A few perspectives

- Incentives to free-ride are massive
- Migration flows are hard to predict (country-specific shocks)
- National competition to address “Schengen costs” is inefficient
- Financing of (country-specific) “Schengen costs” must respect a degree of uniformity across Member States