



European Policy
Innovation Council



The Cost of Single Market Fragmentation

What We Know, What We Don't, and
What We Need to Measure

July 2026



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Innovation Council

Published by the European Policy Innovation Council (EPIC)

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Executive Summary

Europe has been here before. In 1988, on the eve of the 1992 Single Market programme, the European Commission published the study that became known as the Cecchini Report. It did not merely argue that internal market barriers were undesirable. It measured the cost of leaving them in place. The headline estimate – around ECU 200 billion, about 5% of Community GDP, with a broader range of 4.25% to 6.5% – helped translate market integration from a legal and institutional project into a rational economic choice for Member States (Commission of the European Communities, 1988; Cecchini et al., 1988).

This report argues that Europe needs the same kind of measurement exercise again. The Single Market has delivered enormous economic value, but it remains unfinished. The remaining barriers are no longer mainly frontier formalities and visible customs delays. They are more often regulatory, administrative, sectoral and institutional: restrictive services rules, fragmented professional qualifications, divergent product and packaging requirements, public procurement home bias, energy-market frictions, digital barriers, territorial supply constraints, tax fragmentation, uneven enforcement and national implementation practices.

This report is a literature review. It does not present a new econometric calculation. Instead, it organises the evidence into three categories: what we know, what we do not know, and what Europe now needs to measure.

What we know is substantial. The literature has repeatedly shown that the Single Market has generated large gains for European citizens, firms and Member States. Mion and Ponattu estimate average welfare gains of around €840 per EU citizen per year and aggregate annual gains of about €427 billion for EU Member States from the existing Single Market. Jan in 't Veld estimates that EU GDP would be around 8% to 9% lower without Single Market integration. Felbermayr, Groeschl and Heiland show that undoing European integration would impose large welfare losses. This is the best-served part of the evidence base: Europe has measured the value of the Single Market it has already built, and it has measured the losses that would follow if that market were reversed.

What we do not know with comparable precision is the benefit of completing the Single Market from today's baseline. There are important estimates: EPRS places broad completion gains between €651 billion and €1.1 trillion per year in its 2014 Cecchini Revisited study, and around €615 billion per year in its 2017 Cost of Non-Europe mapping. Sectoral and mechanism-specific studies also point to large gains from reducing regulatory heterogeneity,

remaining goods-market border effects, services restrictions, procurement home bias and energy-market inefficiencies. But no single, model-consistent, economy-wide study currently estimates the GDP, welfare, productivity and investment benefits of completing the unfinished Single Market across the full contemporary agenda.

This gap matters politically. Member States are not generally opposed to the Single Market in principle. But they face national incentives to protect domestic sectors, preserve regulatory autonomy, defend familiar administrative practices and respond to local constituencies. The benefits of integration are often diffuse, cross-border and long-term; the benefits of protection are local, immediate and politically organised. Measurement can change this calculation. Cecchini helped make the choice for the 1992 programme rationale. A new Cecchini-style report should help make the choice for completion rational today.

The Letta Report has already supplied the political blueprint for a renewed Single Market. It argues that the Single Market should not be treated as complete and identifies the sectors and reforms that matter for Europe’s next phase: finance, energy, electronic communications, services, defence, health, transport, SMEs, tax, procurement, simplification and enforcement (Letta, 2024). But Letta is not a quantified Cecchini-style exercise. Letta tells Europe what completing the Single Market now requires. A new Cecchini-style report should tell Europe what completing it is worth.

The central recommendation of this report is therefore to convene a research steering group to measure the benefits of completing the Single Market. It should combine barrier studies, sectoral studies, firm surveys, administrative-cost estimates, price and trade-flow analysis, gravity modelling, general-equilibrium modelling and macroeconomic integration of results. Its purpose should not be to create a slogan or another dashboard. Its purpose should be to give Europe a credible, comparable and policy-usable measurement of the economic gains from removing the remaining barriers to integration.

Key message

Europe has measured the Single Market it built. It has measured what it would lose if that market were undone. It has not yet measured, with comparable seriousness, what it would gain by completing it. That is the cost of Single Market Fragmentation.

Key findings

1. The Cost of Non-Europe tradition begins with Cecchini: measurement was used to make market integration politically rational.
2. The literature is strongest on the value of the existing Single Market and the cost of disintegration.
3. The literature is weaker on the benefits of completing the unfinished Single Market from today’s baseline.
4. Existing completion estimates suggest gains in the low-to-mid single digits of EU GDP, with institutional benchmarks around 4% to 5% and broader estimates reaching 5% to 9%.
5. These numbers should be treated as order-of-magnitude estimates, not as one definitive GDP calculation.
6. A new Cecchini-style research steering exercise is needed to measure the benefits of completing the Single Market today.

Table 1. The report in three questions

Question	Evidence base	Report answer
What do we know?	Cecchini, Mion & Ponattu, in’t Veld, Felbermayr, Pilati & Zuleeg	The Single Market has delivered large gains, and dismantling it would be very costly.
What don’t we know?	EPRS, RAND, OECD/ Fournier, Spornberger, JRC, sectoral studies	We do not have one model-consistent estimate of the GDP/welfare benefits of completing today’s unfinished Single Market.
What do we need to measure?	Letta agenda, Commission Single Market Strategy, Terrible Ten, sectoral barriers	Europe needs a new Cecchini-style research steering exercise on the benefits of completion.

Introduction: Europe once measured the Cost of Non-Europe

The Single Market was not created by inevitability. It was argued for, measured, negotiated and chosen. One of the central instruments in that choice was measurement. In 1988, the Commission's summary of the Cecchini work presented the economic gains from the 1992 programme as potentially amounting to ECU 200 billion or more, adding about 5% to Community GDP. It described the failure to achieve a Single Market as a source of unnecessary costs and lost opportunities, and it framed completion as a permanent boost to European prosperity (Commission of the European Communities, 1988).

The significance of the Cecchini Report was the political economy of the number. The report made fragmentation visible. It showed that internal barriers were not only legal irritants or administrative inconveniences; they were costs paid by firms, consumers, workers and governments. It gave the Single Market programme an economic foundation: non-Europe had a measurable price.

The research design was as important as the conclusion. Cecchini was not simply a single author report. The full publication records a research steering committee, Commission coordination, external experts, sectoral studies, barrier studies, surveys of firms and macroeconomic modelling. The Commission summary lists studies of individual market barriers, studies of manufacturing and service sectors, studies of economies of scale and competition, a survey of 11,000 industrialists and econometric modelling to integrate microeconomic data into macroeconomic results (Commission of the European Communities, 1988; Cecchini et al., 1988).

That is the model Europe now needs again. The Single Market has changed. The barriers that remain today are less visible than frontier formalities and customs red tape, but they are no less economically important. They are embedded in regulation, implementation, enforcement, authorisations, qualifications, service restrictions, standards, public procurement, energy market design, tax systems, digital markets, and national administrative practice.

The political context has also changed. In 2024, the Letta Report argued that the Single Market should not be treated as a completed endeavour but as an ongoing political project. Letta calls for a new Single Market adapted to a larger, more geopolitical and more competitive world. It places scale, finance, energy, electronic communications, services, defence, health, transport, SMEs, public procurement, tax and enforcement at the centre of the next phase (Letta, 2024).

The Letta Report is therefore essential – but it is not enough. It provides the strategic agenda. It does not provide a unified economic measurement of what completing that agenda would deliver. This report argues that the missing step is a new Cecchini-style measurement exercise: a coordinated research effort on The Benefits of Completing the Single Market.



If Cecchini measured the benefits of creating the Single Market, Europe now needs to measure the benefits of completing it.



The aim is not to produce a politically convenient headline number. The aim is to establish a credible evidence base that can inform choices. Europe is again facing a choice about integration. If that choice is to be made rationally, the economic benefits of completion must be measured with the same seriousness with which Europe once measured the benefits of creation.

What we know: the Single Market is a major economic asset

The strongest part of the literature is not about the remaining barriers. It is about the value of the Single Market that already exists and the cost Europe would incur if that market were reversed or dismantled. This literature is important because it establishes the scale of the asset. It shows that the Single Market is not a marginal policy instrument; it is one of Europe's central sources of prosperity and scale.

The evidence can be grouped into three layers. First, the original ex ante measurement of the benefits of creating the Single Market. Second, modern estimates of the value of the existing Single Market for welfare, GDP and citizens. Third, disintegration studies estimate what Europe would lose if the Single Market, or European integration more broadly, were undone.

Cecchini and the original measurement of non-Europe

The Cecchini Report remains the historical anchor. Its headline estimate was that completing the internal market could add roughly 5% to Community GDP, with a broader range of 4.25% to 6.5%. The Commission summary presented the gain as around ECU 200 billion or more in 1988 prices (Commission of the European Communities, 1988).

The estimate included more than savings from border formalities. It also covered the effects of removing barriers that restricted entry and competition, the gains from economies of scale, and efficiency gains from intensified competition. This is important for today because it shows that a credible completion estimate cannot be limited to observable administrative costs. The larger gains come from competition, scale, restructuring, productivity and dynamic adjustment.

Cecchini also recognised the political nature of the task. The summary stated that the challenge was political and social as well as economic, because integration would affect protected positions in regions, nations, companies, industries and workforces. This is the enduring lesson: measurement is not a substitute for politics, but it can make political cooperation rational.

Box 1. The Cecchini method

The original Cost of Non-Europe research combined barrier studies, sectoral studies, business surveys and macroeconomic modelling. It studied frontier delays, procurement, technical standards, cross-border business obstacles, services, manufacturing sectors, economies of scale and competition. The method was not one model alone; it was a coordinated research programme that assembled microeconomic evidence into a macroeconomic case.

Modern estimates of the value of the existing Single Market

Modern studies confirm that the Single Market has large economic value. Mion and Ponattu estimate the trade-boosting effects of the Single Market using a quantitative trade model with heterogeneous firms, labour mobility, endogenous mark-ups and productivity. They estimate average welfare gains

of around €840 per EU citizen per year and aggregate annual welfare gains of about €427 billion for EU Member States, or €461 billion for Single Market members more broadly (Mion and Ponattu, 2019).

These figures are useful because they speak directly to citizens and regions. They show that the Single Market produces welfare gains that can be expressed in per-capita terms. They also show that the gains are uneven: core regions and smaller open economies often gain more in absolute terms, while peripheral regions gain less. That distributional finding matters for Single Market politics because it shows that integration produces aggregate gains but does not automatically solve regional divergence.

Jan in 't Veld provides a macroeconomic benchmark using the Commission's QUEST model. His simulations suggest that EU GDP would be around 8% to 9% lower without Single Market integration. The result captures trade and competition effects and is a powerful estimate of the Single Market as an existing macroeconomic asset (in 't Veld, 2019).

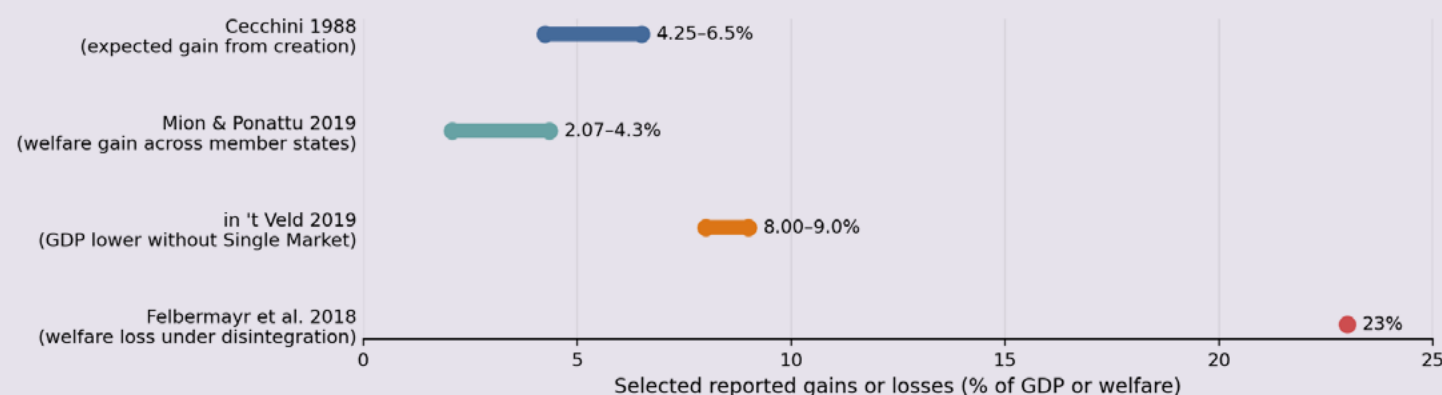
Pilati and Zuleeg, writing for the European Parliament's budgetary policy department, make a related political point: the benefits of EU membership are not captured by net operating budgetary balances. Their briefing cites Single Market-related jobs, GDP and welfare gains to show that budgetary net balances miss the main economic value of EU membership and integration (Pilati and Zuleeg, 2020).

The cost of disintegration

Further literature estimates the cost of undoing the Single Market or European integration. Felbermayr, Groeschl and Heiland use a quantitative trade model to simulate disintegration scenarios and find very large welfare losses in some cases. Their work is important because it demonstrates the economic danger of fragmentation and the asymmetry between small open economies and larger economies (Felbermayr, Groeschl and Heiland, 2018).

But disintegration estimates must be used carefully. The cost of dismantling the Single Market is not the same as the gain from completing it. A study that estimates what Europe would lose if integration were reversed answers a defensive question: what is at risk? A study estimating completion gains answers a forward-looking question: what could Europe still gain? Both questions are legitimate, but they are not interchangeable. The value of the Single Market should not be conflated with the cost of its incomplete nature.

Figure 1 summarises the strongest part of the literature: the value of the Single Market already created and the cost Europe would incur if that market were reversed or dismantled.



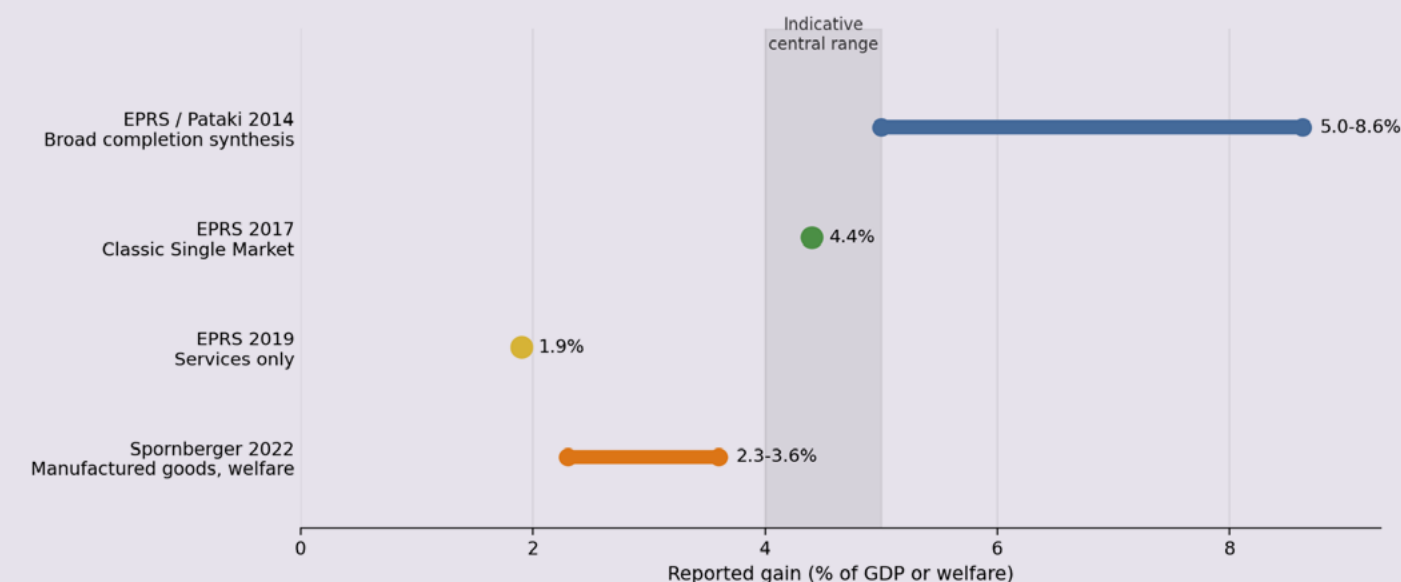
Other evidence in this category includes: Mion & Ponattu's estimate of €840 per citizen per year and Pilati & Zuleed's reminder that the real gains of membership far exceed net budget balances. These estimates are not all directly comparable, but they point in the same direction: the Single Market already delivers large gains.

Figure 1. What we know: selected estimates of the value of the existing Single Market and the cost of losing it.

What we don't know: the benefit of completing the Single Market

The underserved part of the literature is the forward-looking completion question. We know that the Single Market already delivers large benefits. We know that dismantling it would be costly. What we do not know with comparable precision is the GDP, welfare, productivity and investment benefit of completing the Single Market from today's baseline.

Several important estimates exist. The problem is, however, that they are scattered across policy syntheses, sectoral studies, gravity models, structural models and mechanism-specific estimates. They use different baselines, cover different sectors, report different outcomes and treat dynamic effects differently. As a result, they do not yet amount to a single Cecchini-style measurement of completion.



Taken together, the completion-oriented literature points toward a plausible central range of around 4-5% of EU GDP, with broader estimates extending higher. But this remains an inference from heterogeneous studies, not a single model-consistent estimate. The evidence is strong enough to show that completion matters, but not yet strong enough to provide the kind of politically persuasive measurement that Cecchini provided in 1988.

Note: RAND/Hafner (+EUR183-269bn exports) and Fournier (+ 10-13% trade intensity) are important but not plotted because they use different units.

Figure 2. What we do not yet know precisely: selected completion-oriented estimates.

Institutional completion estimates

The closest broad estimates come from the European Parliamentary Research Service's Cost of Non-Europe work. Pataki's 2014 study, explicitly titled Cecchini Revisited, estimates that completing the Single Market in goods, services, public procurement, the digital economy and the consumer acquis could generate annual gains of €651 billion to €1.1 trillion, equivalent to 5% to 8.6% of EU GDP (Pataki, 2014). This is the most important broad headline benchmark, but it is a synthesis of heterogeneous sources rather than one unified structural model.

The 2017 EPRS mapping exercise provides a more conservative benchmark. It estimates that fully delivering and further completing the classic Single Market could generate around €615 billion per year, or 4.4% of EU GDP, after full phasing-in (EPRS, 2017). This figure is useful as a central policy benchmark because it sits around the 4% to 5% range and is more conservative than the upper Cecchini Revisited range.

The 2019 EPRS update, Europe's two trillion euro dividend, further disaggregates the Cost of Non-Europe. It identifies a classic Single Market cluster of around €713 billion, including services at around €297 billion and goods at around €183 billion (EPRS, 2019). The services figure is particularly important because services remain the largest under-completed Single Market frontier. But the broader headline should not be treated as a clean fragmentation bill.

Mechanism-specific completion evidence

RAND Europe's study on the free movement of goods estimates the potential benefits of removing barriers to foreign direct investment and non-tariff barriers in intra-EU merchandise trade. It finds that removing these barriers could increase intra-EU merchandise exports by €183 billion to €269 billion in the long term (Hafner, Robin and Hoorens, 2014). This is strong evidence of untapped potential in goods, but it is a trade-flow estimate, not a GDP or welfare estimate.

Fournier and co-authors use OECD gravity modelling to examine the effect of product market regulation and regulatory heterogeneity on trade. Their estimates suggest that aligning product market regulation with better performers and reducing heterogeneity could increase intra-EU trade intensity by more than 10%, with specifications around 13%. This is central mechanism evidence: regulatory divergence remains an internal trade barrier. But the result is not directly a GDP estimate.

Spornberger's structural gravity work is one of the strongest residual-fragmentation studies because it focuses on remaining border effects in manufactured goods. It finds that a further deepening of the Single Market could potentially unlock another roughly 50% increase in trade and around 3% in welfare, with more detailed figures around 43% to 59% for trade shares and 2.3% to 3.6% for welfare under a halving of remaining manufactured-goods border barriers (Spornberger, 2022). This is highly relevant because goods are already the most integrated part of the Single Market. If residual barriers still matter there, the case for services, procurement, energy, capital and digital markets is even stronger.

Sectoral evidence: where remaining barriers appear

Several sectoral studies make the completion problem concrete. Herz and Varela-Irimia document large border effects in European public procurement using 1.8 million contract awards. Public procurement accounted for around €2,015 billion in 2015, about 14% of EU GDP. Yet only 1.32% of contracts, or 2.32% by value, were awarded across national borders. A local firm is over 900 times more likely to win a contract than a foreign firm after controls; for IT services, local firms are almost 250 times more likely to win (Herz and Varela-Irimia, 2020). The study does not provide a GDP estimate, but it shows that legal openness does not automatically produce market integration.

Newbery, Strbac and Viehoff estimate the benefits of integrating European electricity markets. They find that day-ahead market coupling could deliver around €1 billion per year, intra-day and balancing gains another €1.3 billion, and total potential benefits, including reduced unscheduled flows and curtailment, up to €3.9 billion per year (Newbery, Strbac and Viehoff, 2016). This is a strong example of a sector where completion gains are measurable in euros, but it remains sector-specific.

Digital-market studies provide further evidence. Cardona and co-authors estimate that removing remaining barriers to cross-border e-commerce could add around 0.03% to 0.04% to EU GDP (Cardona et al., 2015). Duch-Brown and Martens show that removing geo-blocking restrictions can generate gains for consumers and producers, especially in smaller markets (Duch-Brown and Martens, 2016). These studies are narrow, but they demonstrate that consumer choice and price dispersion are part of the competition question.

Services studies underline the largest unresolved frontier. Benz and Jaax estimate high policy-induced trade-cost equivalents in services using OECD Services Trade Restrictiveness Index data and structural gravity methods (Benz and Jaax, 2022). Their estimates are not a direct EU-internal completion calculation, but they help explain why services completion is likely to be central to any new Cecchini-style report.

Why existing estimates cannot simply be added

A tempting conclusion would be to add all available estimates and produce one large number. That would be methodologically wrong. The completion literature is not additive in that way. Barriers overlap, estimates use different units, and dynamic effects are treated inconsistently.

First, baselines differ. Cecchini estimated the benefits of creating a Single Market before the 1992 programme. Mion and Ponattu estimate the value of the Single Market that exists. in 't Veld and Felbermayr estimate what would be lost if integration were reversed. EPRS estimates completion gains. These are different counterfactuals.

Second, outputs differ. Some studies estimate GDP. Others estimate welfare, real income, trade shares, export volumes, consumer surplus, procurement border effects, tariff equivalents or administrative costs. These are all relevant, but they cannot be treated as equivalent. A 13% trade-intensity gain is not the same as a 13% GDP gain.

Third, sector coverage differs. Goods, services, procurement, digital markets, energy, financial markets, professional mobility, tax and enforcement are not consistently covered across the literature. Some of the strongest model-based studies are narrow. Some of the broadest estimates are syntheses.

Fourth, overlap is substantial. Regulatory heterogeneity can appear as a goods barrier, a services barrier, a professional qualification barrier, a digital barrier or a procurement barrier. Public procurement may involve goods, services or construction. Digital barriers may affect goods sales, services sales and consumer welfare. Adding all estimates at full value would double-count several channels.

Fifth, static and dynamic effects differ. Static models capture trade, price and allocation effects. The long-run benefits of Single Market completion may also include firm scaling, innovation, investment, productivity growth, competition-driven restructuring and stronger European industrial ecosystems. These dynamic effects may be large, but they are harder to estimate and should not be asserted without evidence.

The conclusion is not that measurement is impossible. The conclusion is that measurement must be organised. The existing literature is sufficient to justify the claim that completion gains are large, but not yet sufficiently structured to yield a single, policy-usable estimate of the benefits of completing the Single Market.

Why precise measurement matters for the Single Market argument

Measurement matters because the Single Market is a collective-action problem. Member States are not the obstacle because they are hostile to Europe. The binding constraint is the incentive structure they face. National governments naturally protect domestic sectors, respond to national constituencies, preserve administrative autonomy, manage local risks and defend familiar regulatory choices.

A national rule can look reasonable when viewed from one capital. It may protect a domestic profession, a local supplier, a national labelling system, a public procurement practice or a politically sensitive sector. But when twenty-seven Member States act in the same way, the cumulative effect is fragmentation. Europe loses scale not because any one barrier is decisive, but because thousands of small barriers make the Single Market less single.

This is why measurement is politically useful. If the cost of a barrier is invisible, the domestic argument for keeping it dominates. If the cost is quantified, the calculus changes. Member States can see not only what they might lose by removing a barrier, but what they and others gain when barriers are prevented, reduced or mutually recognised.



Europe is a choice
– and it is a rational
one. Measurement is
how Europe makes
that rationality
visible.



Cecchini did exactly this for the 1992 programme. The report did not eliminate political conflict. It made the economic stakes visible enough for political cooperation to become rational. It converted an integration programme into a quantified bargain.

Today, Europe again needs to make the Single Market bargain visible. Completing the Single Market is often presented as a legal obligation or an institutional aspiration. It should also be

presented as an economic choice. The language should be simple: Europe is not asking Member States to give something up for Brussels. It is asking them to remove costly frictions that prevent their firms, consumers and workers from benefiting fully from a continental market.

The Letta Report provides the agenda for this choice. It identifies scale as a central problem and argues that national markets in strategic sectors now act as a ceiling rather than a protection. It calls for deeper integration in finance, energy, electronic communications, services and other strategic sectors. But for this agenda to become politically irresistible, Europe needs its measurable economic case.

What we need to measure: a new Cecchini-style report

The central proposal of this report is to convene a research steering group to produce a new Cecchini-style report titled The Benefits of Completing the Single Market. This should not be another political strategy. Letta already provides the strategic agenda. It should not be merely an annual dashboard. Existing Single Market tools already track many legal and administrative indicators. The missing product is a coordinated measurement exercise that estimates the economic gains from completion.

The new exercise should begin from today’s baseline. It should not ask what the Single Market has already delivered, nor what would happen if it were dismantled. It should ask what Europe would gain by reducing the remaining barriers identified in the literature, in the Letta Report and in the Commission’s Single Market Strategy.

The study should be structured around workstreams. Each workstream should have a clear barrier definition, a method, data sources, output metrics and a treatment of overlap with other barriers. Some workstreams will produce direct euro-cost estimates. Others will produce trade, welfare or productivity estimates. The steering group should integrate these into a coherent range, not a false-precision total.

Table 2. Workstreams for a new Cecchini-style report

Workstream	What to measure	Likely methods	Output
Services and regulated professions	Gains from reducing services restrictions, professional qualification barriers, establishment rules and licensing obstacles.	STRI/PMR indicators, gravity models, firm surveys, GVA modelling.	GDP/GVA, welfare, services trade, productivity.
Goods and regulatory heterogeneity	Remaining non-tariff barriers, technical rules, standards, mutual recognition and regulatory divergence.	Structural gravity, barrier inventories, business surveys, firm-level evidence.	Trade, productivity and welfare gains.
Public procurement	Fiscal and welfare gains from reducing national/regional home bias and improving cross-border bidding.	TED microdata, gravity models, award-value analysis, competition analysis.	Procurement savings, welfare, cross-border award shares.
Energy	Benefits from deeper market coupling, balancing, interconnectors, grid integration and clean-energy infrastructure.	Market-coupling models, system models, interconnector flow analysis.	Annual euro savings, price effects, security and system-cost gains.
Digital and consumer markets	Gains from removing cross-border e-commerce barriers, geo-blocking and online consumer frictions.	CGE, partial equilibrium, price-data analysis, consumer-surplus modelling.	GDP, consumer surplus, producer surplus, price dispersion.
Capital / Savings and Investments Union	Investment, productivity and financing gains from reducing financial fragmentation.	Financial integration modelling, capital allocation analysis, firm-finance data.	Investment, cost of capital, productivity and GDP effects.

Territorial supply constraints	Consumer savings from removing restrictions on cross-border sourcing and parallel trade.	Retail price dispersion, sourcing data, pass-through analysis.	Consumer surplus, price convergence, annual euro savings.
Administrative burden and implementation	Cost of divergent procedures, gold-plating, reporting burdens, weak enforcement and delayed recognition.	Standard Cost Model, firm surveys, SOLVIT/infringement/notification data.	Firm compliance cost, lost expansion, time-to-market.

The new research steering work should emulate the Cecchini method, but using modern data and modelling. It should combine microeconomic evidence with macroeconomic integration.

First, it should identify barriers precisely. A barrier should not be defined as a general frustration. It should be linked to a legal rule, administrative procedure, market practice, enforcement gap, regulatory divergence or data-observed pattern of fragmentation. The Commission’s list of the Terrible Ten is a great starting point.

Second, it should quantify direct costs where possible. This applies to reporting obligations, establishment procedures, posting declarations, packaging and labelling rules, registration requirements and duplicated compliance obligations. Standard Cost Model methods and firm surveys are appropriate here.

Third, it should estimate trade and market-access effects. This applies to services rules, professional qualification restrictions, non-tariff barriers, public procurement, standards, authorisations and cross-border establishment. Gravity models, structural gravity and firm-level expansion data are central.

Fourth, it should estimate consumer and price effects. This applies to territorial supply constraints, geo-blocking, price dispersion, consumer choice and retail fragmentation. Price data and consumer-surplus analysis are needed.

Fifth, it should estimate dynamic effects with caution. Firm scaling, competition, innovation, investment and productivity are likely to be the largest long-run channels, but they should be modelled transparently and separately from static effects.

Sixth, it should control for overlap. A new Cecchini-style report should explicitly show which estimates are additive, which overlap, and where conservative deductions are required. The output should be a range with clear components, not one unexplained headline.

Proposed mandate

The research steering group should be asked one question: What are the GDP, welfare, productivity, investment, consumer and fiscal benefits of completing the Single Market from today’s baseline?

Table 3. What the new report should produce

Output	Purpose
Headline range	A defensible range for the benefits of completing the Single Market, with conservative, central and upper estimates.
Sectoral estimates	Comparable estimates for services, goods, procurement, energy, digital, capital, territorial supply constraints and administrative burden.
Barrier-cost profiles	A clear explanation of the channel through which each barrier imposes costs.
Distributional evidence	Where possible, estimates by firm type, region, Member State, consumer group and sector.
Policy ranking	A ranking of reforms by estimated economic impact and feasibility.
Methodological annex	Transparent assumptions, overlap treatment, data sources and uncertainty ranges.

Conclusion: back to Cecchini

The Cost of Non-Europe is not a metaphor. It is a measurement tradition. In 1988, Cecchini helped Europe see that fragmented national markets imposed a real economic cost. That measurement did not by itself create the Single Market, but it gave the 1992 programme its economic force. It helped make integration a rational choice for Member States.

Europe now needs that clarity again. The Single Market has delivered large gains, and the literature has documented those gains. It has also been shown that disintegration would be extremely costly. But the next political question is different. It is not whether the Single Market was worth creating. It is what Europe would gain by completing the Single Market, which it still does not have.

The evidence reviewed in this report points in one direction: completion gains are large. Institutional benchmarks suggest low-to-mid single-digit GDP gains, with central estimates around 4% to 5% and broader estimates reaching 5% to 9%. Mechanism-specific studies show remaining barriers in goods, services, procurement, energy, digital markets and regulation. But the evidence is still fragmented. Europe has not yet produced a modern, model-consistent, Cecchini-style report on the benefits of completing the Single Market.

The Letta Report has given Europe the political blueprint. The Commission's Single Market Strategy has identified concrete barriers. The literature has provided enough evidence to know the prize is large. What remains missing is the research steering work that can assemble, test and integrate the evidence into a measurement capable of shaping political choices.

The final argument is institutional. Member States need reasons to cooperate that are visible, credible and economically grounded. A national barrier can look rational from one capital. A completed Single Market becomes rational when the collective gains are measured and made visible. That was the lesson of Cecchini. It should be a lesson for Europe again.

This is the bridge from Cecchini to Letta and back to a new measurement exercise.

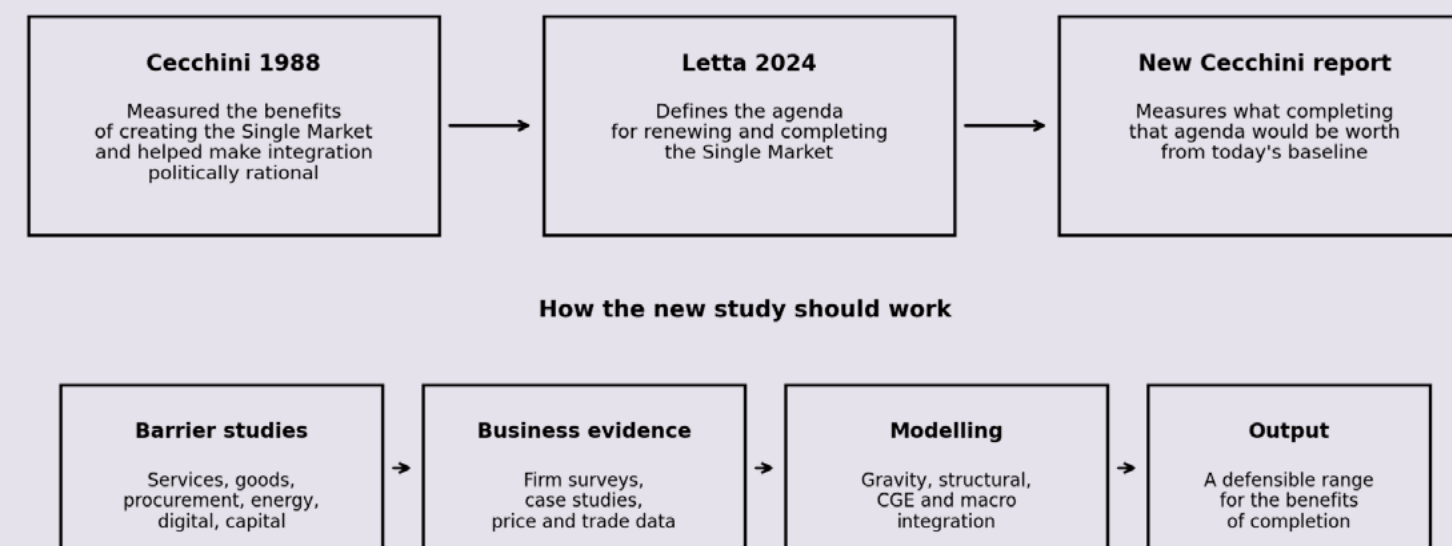


Figure 3. From Cecchini to Letta to a new Cecchini-style report.

Europe is a choice – but it is a rational one. If Europe wants Member States to choose completion, it must measure the benefits of that choice. Cecchini measured the benefits of creating the Single Market. Europe now needs a new Cecchini report to measure the benefits of completing it.

Annex A. Evidence base

This annex summarises the evidence used in the report. The classification is methodological rather than thematic. The key distinction is between sources that measure the existing value of the Single Market or disintegration losses, and sources that estimate the gains from completing the Single Market from today's baseline.

Table A1. What we know

Source	Category	Main finding	Use
Cecchini (1988)	Creation benefits	4.25%–6.5% GDP range; around 5% headline.	Historical anchor.
Mion & Ponattu (2019)	Existing Single Market value	€840 per EU citizen per year; €427bn for EU Member States.	Citizen-level welfare value.
Pilati & Zuleeg (2020)	EU membership benefits	Net operating balances omit wider Single Market and EU benefits.	Political framing.
in 't Veld (2019)	Existing value / disintegration	EU GDP 8%–9% lower without Single Market integration.	Macroeconomic benchmark.
Felbermayr et al. (2018)	Disintegration loss	Large welfare losses from undoing integration.	Context.

Table A2. What we don't know

Source	Category	Main finding	Use
Pataki / EPRS (2014)	Completion synthesis	€651bn–€1.1tn; 5%–8.6% GDP.	Broad completion benchmark.
EPRS (2017)	Completion synthesis	€615bn; 4.4% GDP.	Central policy benchmark.
EPRS (2019)	Completion disaggregation	Classic Single Market €713bn; services €297bn.	Sectoral disaggregation.
Hafner, Robin & Hoorens / RAND (2014)	Goods / NTBs	€183bn–€269bn additional merchandise exports.	Goods-market evidence.
Fournier et al. / OECD (2015)	Regulatory heterogeneity	+10% to +13% intra-EU trade intensity.	Regulatory mechanism.
Spornberger (2022)	Residual goods barriers	2.3%–3.6% welfare gains from halving remaining manufactured-goods border barriers.	Strong residual-barrier evidence.

Table A3. Mechanism evidence

Source	Barrier / sector	Main finding	Use
Herz & Varela-Irimia (2020)	Public procurement	Local firms over 900 times more likely to win than foreign firms.	Shows legal integration is not enough.

Newbery, Strbac & Viehoff (2016)	Electricity markets	Up to €3.9bn/year from electricity market integration.	Sectoral completion example.
Cardona et al. (2015)	E-commerce	0.03%–0.04% EU GDP from removing remaining e-commerce barriers.	Digital completion mechanism.
Duch-Brown & Martens (2016)	Geo-blocking	Consumer and producer gains from removing geo-blocking.	Consumer-market mechanism.
Benz & Jaax (2022)	Services barriers	High ad valorem equivalents for policy-induced services trade costs.	Services frontier evidence.
European Commission (2025)	Terrible Ten barriers	Identifies current priority barriers for Single Market Strategy.	Measurement agenda.

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