

The Cost of non-Europe

Key proposals

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The 2024 European elections represent an opportunity to define the path of ambitious common European action to weather challenges ahead, such as climate change, digital transformation, geopolitical conflicts and defence, erosion of democratic principles and social inequalities.

In this context, at the European Added Value Unit (EAVA) of the European Parliamentary Research Service (EPRS) we have calculated what is called the Cost of non-Europe.

The Cost of non-Europe can be understood as the cost of not setting an ambitious policy agenda at the EU level. It includes not only economic costs, but also costs to society, European values and the environment. More coordinated and common European action in specific areas can reduce these costs and bring added value for society¹.

In a policy briefing published in December², we presented the main results of the Mapping the Cost of non-Europe, a study that investigate the potential benefits of common EU action in different policy areas. In this second policy briefing, we illustrate the main findings of the updated version of the Mapping, named “Ten ways that Europe could do more for you”, recently published³, going more in detail as regarding the results in 10 key areas.

1) Single market for goods and services

The single market is one of the most successful achievements of European integration, ensuring high levels of standard of living and opportunities to live, study, work and do business in one of the largest common market in the world.

However, its potential is not yet fully exploited. The EU could do more to address and effectively tackle the remaining barriers in its single market. Excessive and costly administrative complexity persists and reduces opportunities. Dealing with administrations at different levels, filling-in disparate forms in foreign languages, translating and certifying documents and procedural steps that require in-person presence are particularly difficult and costly for SMEs, start-ups and citizens.

¹ For a more detailed analysis of the ConE methodology, see L. Panella et al., [Mapping the cost of non-Europe report: Theoretical foundations and practical considerations](#), EPRS, 2023.

² The first part of this policy brief was published in December. See L. Panella, [The Cost of non-Europe](#), Policy Brief, LEAP, LUISS, December 2023.

³ L. Panella et al., [Ten ways that Europe could do more for you](#), EPRS, February 2024.

In its resolution⁴, the European Parliament (EP) has called to reduce barriers by launching a permanent task force on administrative simplification. The EP has also proposed an enforcement mechanism to reduce lengthy infringement proceedings, while improving information to tackle home-bias, administrative cost and transparency, in particular in public procurement. Removing remaining unnecessary barriers in the single market could significantly boost intra-EU trade in goods and services, which could greatly help businesses competitiveness and bring more product choice, higher quality, lower prices and better protection for consumers. In the study we found that taking actions in this field could yield significant benefits for EU, amounting to approximately €664 billion, which is equivalent to €1 400 per citizen per year.

2) Green transformation

All over the world, losses due the impacts of climate change and environmental degradation are increasing and are expected to further intensify. Many challenges remain but for EU actions to be effective and beneficial, regulations and funding that encourage market development of clean technologies need to be aligned with social policies. Without addressing social impacts and ensuring a just energy transition, there is a risk of creating inequalities instead of fostering progress and inclusion.

We found that to increase energy efficiency, a rapid installation of renewables as well as further energy sector integration would be the most beneficial in the decarbonisation of EU economy. Deployment of clean technologies as well as renovations of buildings could help create nearly 2 million additional jobs. This coupled with the use of revenues from emission trading and the EU funds would increase purchasing and consumption power of green products and services by EU consumers including those from vulnerable groups and regions.

In order to ensure affordable clean energy, as indicated by the EP⁵, the EU could promote actions such as pricing carbon, supporting deployment of renewables and low carbon technologies like green hydrogen, support vulnerable social groups and regions by common financing and sharing knowledge and best practice on regional and local adaptation efforts. More EU action to accelerate the green transformation could increase EU GDP by €440 billion per year (equivalent to €980 per citizen per year) and generate other substantial benefits for EU economy, citizens and the environment.

3) Digital transformation

More could also be done to successfully speed up the EU's digital transformation by helping businesses to go digital, providing digital skills to Europeans, and strengthening the cybersecurity of digital systems. Embracing digital technologies can help SMEs to expand their business and become more competitive. At the same time, this could also mean that they become more exposed to cyber-attacks. Despite these risks, less than one fifth of SMEs provided cybersecurity training to their employees last year.

⁴ European Parliament resolution of 17 February 2022 on tackling non-tariff and non-tax barriers in the single market ([2021/2043\(INI\)](#)).

⁵ EP resolution of 15 January 2020 on the European Green Deal ([2019/2956\(RSP\)](#)).

The European Parliament has called for more attention to SMEs⁶, which have specific needs, and often struggle to find digital solutions that would work for them and often face unexpected costs in their adoption. Proposed measures such as facilitate the SMEs access to finance and venture capital, help SMEs to access digitally skilled labour or re-skill current employees, and increase cybersecurity knowledge could help SMEs thrive in the digital era. According to our results, boosting the digital transition could generate benefits reaching up to €384 billion overall or €860 per citizen as well as other positive societal and fundamental rights impacts.

4) Employment and cohesion

With nearly one in six Europeans living below the poverty line and the rising risk of in-work poverty, the need to boost social cohesion has emerged as key priority. Territorial inequalities remains a key problem: in many rural areas, a growing trend sees people leaving for cities, posing a threat to the well-being of these regions. Additionally, an aging and declining population further challenge rural and remote areas.

In order to support workers, sustain businesses, and foster economic vitality in poorer regions, the EU could do better to bridge the gap between the most and least developed regions by bolstering European Structural and Investment Funds and implementing better targeted place-based funding. Offering tailor made solutions, integrating the territorial dimension into all EU funds and involving citizens could contribute to a successful cohesion policy. The Parliament's call⁷ for additional measures to address inequalities is a crucial step towards enhancing social cohesion, reducing inequalities, and improving the efficiency of public spending in social policy with benefits that could reach up to €334 billion per year or €750 per citizen.

5) Economic and Monetary Union

Celebrating its 25th anniversary this year, the Euro stands as a symbol of economic strength and unity. Yet, despite recent progresses, the EU lacks a credible fiscal framework with sufficient financial resources, and economic policies that are better coordinated, including with the actions of the European Central Bank. As outlined by the European Parliament, the lack of sufficient centralised EU fiscal capacity hindered a rapid and smooth recovery, and lead to the emergency adoption of a fund to support investment and reforms (Next Generation EU, NGEU) and of a fund to avoid high levels of unemployment (SURE).

The EU own resources and risk sharing could be increased as doing more actions collectively contributes to save resources and to reduce budgetary waste. Additionally, a sufficient EU budget would provide more credibility to EU ambitions as the current EU budgetary capacity is relatively low. The European Parliament⁸ also considers that citizens and their representatives could be better

⁶ EP resolution of 13 July 2023 on the state of the SME Union ([2023/2750\(RSP\)](#)).

⁷ EP resolution of 13 December 2022 on a long-term vision for the EU's rural areas – Towards stronger, connected, resilient and prosperous rural areas by 2040 ([2021/2254\(INI\)](#)).

⁸ EP resolution of 8 July 2021 on the review of the macroeconomic legislative framework for a better impact on Europe's real economy and improved transparency of decision-making and democratic accountability ([2020/2075\(INI\)](#)).

included in the discussion on fiscal and economic issues. Reinforcing dialogue and promoting best practices, for instance by building upon the approach of NGEU could be used to incentivise fiscal responsibility. Making NGEU and SURE permanent and integrated into the EU budget could improve resilience in times of crisis and increase own resources to achieve a sufficient EU budget. Acting in these areas could generate substantial benefits for EU citizens, up to €321 billion or €720 per citizen per year.

6) Gender equality and civil rights

Inequality and discrimination are widespread in society and remain an acceptable daily reality for many. A woman in the workplace earns about 86 cents for every euro earned by a man. The traditional role of women as caregivers is a barrier to their integration in the labour market and right to equal treatment. The European Parliament consider that the EU could do more to ensure that everyone has equal opportunity to work and to lead a fulfilling life. For instance, key actions could be taken to criminalise gender-based violence, ensure that everyone has legal protection from discrimination, supporting national, regional and local organisations to enforce anti-discrimination and hate crime laws, and support the rights of persons with disabilities to have adequate housing and inclusion in society.

Regarding the battle to recognise care work as work that is remunerated adequately, the European Parliament⁹ has called for Member States to offer different financial support options for informal carers such as care or pension credits for those who take a break from employment to care for family members. It has stressed the need for EU-level standards and certification of childcare and long-term care facilities to ensure their quality and the working conditions of employees and dedicated investment package to upgrade care infrastructure and training of care workers. We found that EU action in these areas could generate substantial benefits for citizens that could reach up to €285 billion overall or €630 per citizen each year.

7) Health

Inequalities are also arising in the access to healthcare and health status of citizens across the EU. The COVID-19 pandemic exposed significant weaknesses in European healthcare systems including chronic underfunding and poor coordination. The availability of critical medicines is threatened by shocks outside Europe's borders due to high levels of outsourcing. In addition, medicines authorised by the European Medicines Authority are not equally available in all Member States.

The EU can do more to boost the health sector and the well-being of citizens. Possible actions¹⁰ include the definition of a set of essential healthcare services that could be available to all citizens from primary healthcare doctors. The EU could do also to more to encourage pan-European health promotion and prevention initiatives for the screening of cancer, mental health conditions and sexual and reproductive health services that take sex and gender into consideration. Moreover, in order to boost the well-being

⁹ EP resolution of 5 July 2022 towards a common European action on care ([2021/2253\(INI\)](#)).

¹⁰ EP resolution of 16 February 2022 on strengthening Europe in the fight against cancer – towards a comprehensive and coordinated strategy ([2020/2267\(INI\)](#)).

of all citizens, ensure equitable access especially in rural areas to medical technologies, such as computed tomography, scan and magnetic resonance imaging machines, remains crucial.

More EU action in the area of health could generate added value on the order of €208 billion per year. This is equivalent to €460 per EU citizen.

8) External action and Defence

As armed conflicts have re-emerged in the EU's neighbourhood, security threats have arisen and are threatening citizens' right to live in a safe and stable environment. The EU needs to increase its capacity to act as a single political entity in the international arena and reinforce partnerships with like-minded countries and entities across the globe.

Security and defence are an exclusive prerogative of Member States, performed in the context of international treaties. The EU defence industry suffers from inefficiencies reflected in a low level of collaboration between Member States in their defence R&D programmes (e.g., to develop aircrafts, helicopters, missiles) and small scale production levels that do not exploit economies of scale. This situation implies lower levels of innovation, including potential positive technological spill-over effects on the private sector. Our research has also identified significant budgetary waste owing to duplication of spending at national level that could be more efficiently spent at European level.

The European Parliament has called¹¹ for increased European defence cooperation, emphasizing the need for collaborative and smarter spending on capabilities. This could reduce fragmentation in the defence procurement sector and help ensure the swift deployability of armed forces in the case of a security threat.

EU action in the area of defence, together with other concrete measures in the field of external action, could generate substantial benefits for citizens that could reach up to €170 billion overall or €380 per citizen per year.

9) Justice, Rule of Law and Corruption

A 2023 Eurobarometer survey¹² found that about half of EU citizens believe that cases of corruption are not reported because it is difficult to prove. We found that people living in regions with a greater prevalence of corruption had lower trust in people than those living in regions with a lower prevalence of corruption. Lower trust means lower life satisfaction, loss in quality of life and well-being.

Several EU actions¹³ could strengthen the legislation in place to detect and prosecute corruption as well as to support its enforcement. EU could incorporate corruption under the EU global human rights sanctions regime and boost the funding available to Eurojust, Europol and the European Public Prosecutor's Office to support the investigation and prosecution of serious crimes including corruption

¹¹ EP resolution of 18 January 2023 on the implementation of the common security and defence policy – annual report 2022 ([2022/2050\(INI\)](#)).

¹² Eurobarometer, [Citizens' attitudes towards corruption in the EU in 2023](#), EU Commission, July 2023.

¹³ EP recommendation of 17 February 2022 to the Council and the Vice-President of the Commission / High Representative of the Union for Foreign Affairs and Security Policy concerning corruption and human rights ([2021/2066\(INI\)](#)).

and encouraging them to coordinate more, by ensuring protection for whistle-blowers, and making public bodies more transparent and accountable.

EU action in this area, among other initiatives to safeguard rule of law and prevent democracy backsliding, could generate substantial benefits for citizens that could reach up to €154 billion or €340 per citizen each year.

10) Research, Education and Culture

The EU, while representing 6 % of the world's population, remains a global R&D powerhouse, producing 20 % of the world's top scientific and innovation output¹⁴. However, there are investment shortfalls in strategic and research intense industries as, for example, the EU still fails to reach its target of 3 % expenditure on R&D. The European Parliament has called¹⁵ on the Member States to step up public R&D funding of joint programmes and European partnerships in a coordinated manner. For instance, in the space sector, closing the R&D investment gap in Global Navigation Satellite Systems (GNSS) is critical to ensure that European companies do not lose their competitive advantage. The European Parliament has proposed measures such as facilitate more R&I collaboration among Member States, promote innovation diffusion and transfer in less developed and transition regions of the EU, and strengthen enabling conditions for R&D by addressing market barriers and gender inequalities.

Our study reveals that common EU investments in R&D could bring economic benefits as well as accelerate EU energy and digital transformations as well as benefit the area of health. We estimate that common EU investments in the area of space could bring European added value in increasing GDP, creating jobs, boosting economic competitiveness and open strategic autonomy. These actions, included in a broader analysis that contain also actions in the field of education and culture programmes, could generate up to €85 billion each year (equivalent to €180 per citizen) as well as bring other substantial benefits for the economy and citizens.

¹⁴ EU Commission, Science, [Research and Innovation performance of the EU, 2022 \(SRIP\)](#), Publications Office of the European Union, 2022.

¹⁵ EP resolution of 8 July 2021 on a new ERA for Research and Innovation ([2021/2524\(RSP\)](#)).

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