



## Target Market: The European Union - The Single European Market

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### Benefits for Canadian Businesses

Since the late 90s the Single European Market has emerged to become one of the largest trading markets in the world, with enormous benefits to businesses seeking to sell or buy products and services.

Below are just some of the benefits, which can accrue to Canadian companies wishing to examine new growth markets:

- *Harmonization of regulations:* In many cases Single Market rules have replaced a large number of complex and different national laws with a single European Union (EU) framework. The benefit to business is that health and safety, environmental and other industry compliance costs are reduced, improving profit margins for businesses.
- *Improved choice and efficiency:* The Single Market has contributed positively to the range of products and services on offer, while the establishment of common standards has led to safer and more environmentally-friendly products. Improved efficiency in the production and distribution stages has led to more competitive prices and higher sales revenues.
- *Huge market potential:* Any business trading within the EU can benefit from the huge potential and diverse markets that make up the European Union: 27 countries with a population of over 475 million. The currency exchange rate presently favours Canadian businesses investing in a European sales and distribution platform.
- *No border controls:* Since 1992 inter-state trade between the EU Single Market's members has risen by 30%. The absence of border bureaucracy and customs duties and tariffs has cut delivery times and reduced freight costs. New markets have been opened up to small and medium-sized enterprises (SMEs) who previously would have been deterred from exporting by the costs and difficulties involved. Businesses can benefit from huge economies of scale by supplying markets, which lie on their doorstep.
- *Market compliance:* The Single Market 'mutual recognition principle' means that in most cases companies based, say in the UK, can do business anywhere in the EU by complying with the rules in their home Member State.
- *Language:* Although Member states have retained their respective national language, English remains the most commonly spoken language.
- *Starting up:* It is now easier to start or buy a business. The average cost for setting up a new company has fallen by approximately 50% in 2007, and the time needed to legally register a company has been cut to about 32 days in 2007.

- *Public sector tenders:* Companies can now bid for public sector contracts to supply goods and services in other Member States, thanks to the opening up of public procurement process. All public sector contracts with a value over £10,000 must be advertised publicly.
- *Financial capital:* The investment that businesses need to start and expand – flows easily across national borders within the Single Market. This helps companies to sustain growth, generate jobs at a lower cost base and therefore make higher profits.
- *The Euro:* The largest economic and monetary union at present is the Eurozone, where the Euro is the only trading currency. Only UK, Denmark and Norway have retained their national currencies, although all inter-state trade is carried out in Euros.
- *Improved standard of living:* Over the last 15 years the Single Market has increased EU states' prosperity by 2.15% of total GDP. In 2006 alone this meant an overall increase of Euros 240 billion - or Euros 518 for every EU citizen.
- *Inter-state movement:* Within the EU it is easier to travel and to trade. EU citizens can travel across most of the EU without carrying a passport and without being stopped for checks at borders. Shoppers have full consumer rights when shopping outside their country, and there are no limits on what they can buy and take with them for personal use.
- *Freedom of movement of labour:* There are more opportunities to live, work and study in other member states. More than 15 million EU citizens have moved to other EU countries to work, benefiting from the transferability of qualifications and social benefits.
- *Lower prices:* the opening up of national markets and the resultant increase in competition has driven down prices of, for example, haulage costs, internet access, air travel and communication costs.
- *Public spending:* As a result of more open and competitive public procurement rules, governments have more money to spend on priorities such as health, defense, transport and education.

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