THE FOUR FREEDOMS OF THE EUROPEAN UNION

BRIEFINGS PREPARED BY THE EU3DOMS PROJECT

Debate on the Future of the Four Freedoms of the European Union, ‘EU3doms’ supported by the Europe for Citizenship Programme
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INTRODUCTION

Everyone knows what the four freedoms mean in the European Union. But does everyone really know them? The so-called four freedoms and the notion of European citizenship often seem mere abstractions instead of profitable rights. However, they are part of our everyday life. As a citizen of a member state we are automatically citizens of the EU as well, benefiting some special rights and enjoying the free movement of people, goods, capital and services. For instance, we can vote for and stand as a candidate in European Parliament and municipal elections. We have the right to be protected by the embassy or consulate of any other EU country in case our home country is not represented in that non-EU country. We enjoy the freedoms when we go to the supermarket to buy some French cheese. We reap their benefits when we go on holiday to Italy, crossing the borders even without a passport. We enjoy them when we get access to healthcare services abroad with our European health insurance card. We also enjoy them when we study in the Netherlands, open a bank account in Spain without any difficulties.

Are they obvious? Maybe, yes. But they were not so obvious for our grandparents and they are not obvious for those who live outside the EU. European citizenship and the four freedoms bring us something unprecedented, something very convenient: the feeling of belonging also beyond the national borders. Four freedoms made us feel everywhere in the EU almost like home.

In this brief booklet we would like to introduce what European citizenship and the four freedoms mean to us; how they evolved throughout the integration; what kind of challenges they have to face today. We pay special attention to the topics that can have relevance for the cities involved in EU3doms. Labour shortage, border controls, attracting FDI can be also discussed with a European perspective, profiting from the freedoms. We included some interesting numbers about trends in trade or tourism, students in tertiary education, and those who work abroad. Results of an online questionnaire about EU freedoms will be also shown. Lastly, important issues raised during the events organized under the title Day of the Four Freedoms of the European Union by the project EU3doms are highlighted in boxes to shape facts and figures taken from the literature.

The booklet’s aim is to provide a base to discuss and develop further the undiscovered opportunities of our European membership and the potentials to be exploited. We would like to address decision-makers, entrepreneurs, as well as citizens, to give them the necessary information about their rights and possibilities and to involve them in a common re-thinking process: the EU freedoms can easily contribute to our towns’ and cities’ everyday life. Let’s use them smartly!

Photo, collage & video competition was launched in the beginning of the project by all EU3doms project partners. Works had to illustrate the four freedoms of the European Union. A few from the best awarded works are included into the briefing to illustrate how students think about and live the four freedoms.
What does European Citizenship mean?

Every national from the EU’s 28 member countries is automatically citizen of the European Union. The EU citizenship does not replace national citizenship – since you cannot be EU citizenship without being a citizen of one of the Member States – but adds a set of special rights to it.¹ These rights influence all European citizens’ everyday life, thus when you travel, study, work, vote or marry in another Member State or just simply do shopping online from companies established in other Member States, you fully enjoy your Citizens’ rights.

1. Picture: EU citizenship and the freedom included into its concept inspired the work awarded the second place by the Municipality of Lendava (picture edited by Aja Rizvanović)

What kind of rights do you have as an EU citizen?²

1. **Not to be discriminated on the basis of nationality**;

2. **To move and reside freely within the EU**: You can read more details about this right in the Free movement of people’s Chapter.

3. **To vote for and stand as a candidate in European Parliament and municipal elections** in your Member State of residence, under the same conditions as nationals of that State: Citizens vote every 5 years for a new European Parliament which then represents citizens’ interest.


4. To be protected by the embassy or consulate of any other EU country in case your home country is not represented in that non-EU country. This means that assistance is provided under the same conditions as a citizen of that country, in situations including death, accident or illness, arrest or detention, violent crime and repatriation.

5. To petition the European Parliament in matters which come within the Union’s fields of activity and which affects the petitioner directly and complain against EU institutions and bodies to the European Ombudsman;

6. Equal access to the EU Civil Service (i.e. to all staff serving the Institutions of the EU: the Commission, EU Council of Ministers, the European Council, the European Parliament) and the right to contact and receive an answer from any EU institution in one of the EU’s official languages. Moreover, EU legislation has to be available in all 24 official languages, and every Member of the European Parliament has the right to speak in his or her own language in parliamentary debates. It also guarantees that everyone is able to follow and access the Parliament’s work.

7. To access the documents of all EU institutions, bodies, offices and agencies with exceptions for the Court of Justice, the European Central Bank and the European Investment Bank. In case you would like to access to a particular EU legislative proposal, just search for it in the EUR-Lex database and follow its life cycle from the moment it is launched until it becomes law.

8. To organise or support a citizens’ initiative together with other EU citizens to call for new EU legislation.

What should you do to launch a European Citizens’ Initiative (ECI)?

In case you meet a problem affecting a larger community, let’s say, European citizens which might require a European solution, this instrument can contribute to ask the Commission to propose a new EU legislation. Collect at least one million signatures of EU citizens agreeing with your initiative within one year of registration, from at least seven of the 28 Member States. A minimum number of signatories is required in each of those seven Member States. A citizens’ initiative is possible in any field where the Commission has the power to propose legislation, for example environment, agriculture, transport or public health. In order to launch a citizens’ initiative, citizens must form a “citizens’ committee” of at least seven EU citizens resident in at least seven different Member States. The members of the citizens’ committee must be EU citizens old enough to vote in the European Parliament elections (18 except in Austria, where the voting age is 16). The citizens’ committee must register its initiative on this website before starting to collect statements of support from citizens. Once the registration is confirmed, organisers have one year to collect signatures. In case they have success, they will meet with the Commission within three months and can present their initiative at a public hearing in the European Parliament. The Commission will adopt a formal response, in case it is positive, the normal legislative procedure kicks off.

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3 Here you can find more details about the petition process: https://petiport.secure.europarl.europa.eu/petitions/en/home
4 Here you can find more details about the European Ombudsman: www.ombudsman.europa.eu
How many initiatives could collect the required number of statements of support and meet all the criteria?

The following three initiatives have successfully gathered the required number of signatories so far.

- "Right2Water" was the first European Citizens’ Initiative submitted to the European Commission in December, 2013. Organisers of the initiative invited the Commission to propose legislation implementing the human right to water and sanitation as recognised by the United Nations, and promoting the provision of water and sanitation as essential public services for all. The Commission adopted a Communication on 19/03/2014 taking actions in response to the aims of the initiative, namely that ‘Water and sanitation are a human right! Water is a public good, not a commodity!’.

- "One of us" was supported by 1.9 million Europeans with the aim at ‘juridical protection of the dignity, the right to life and of the integrity of every human being from conception in the areas of EU competence in which such protection is of particular importance’. In response, the European Commission has adopted a Communication on 28/05/2014, however it decided not to follow up on the call of the initiators.

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5 You can read more about the initiative and its consequences here: http://ec.europa.eu/dgs/secretariat_general/followup_actions/citizens_initiative_en.htm
6 You can read more about the initiative and its consequences here: http://ec.europa.eu/citizens-initiative/public/initiatives/successful/details/2012/000005/en
- “Stop Vivisection” has collected more than 1.150.000 certified signatures asking people to support paradigm shift in biomedical and toxicological research. The initiative has been submitted to the European Commission in March, 2015 with the aim to abrogate directive 2010/63/EU on the protection of animals used for scientific purposes and to present a new proposal. In response, the Commission has adopted a Communication 03/06/2015 in which it concludes that although the Commission agrees with terminating gradually animal testing in Europe, its approach for achieving that objective differs from the one proposed in this Citizens’ Initiative. Therefore, it did not submit a proposal to repeal Directive 2010/63/EU and did not propose the adoption of a new legislative framework.\(^7\)

How could this all come about? – A bit of history

The rights and duties of the citizens in the Member States have been increased gradually in the EU, with such milestones as the freedom of movement (since 1957) and the direct voting rights in European Parliament elections (since 1979).

However, 1 November 1993 – when the Treaty of Maastricht entered into force – was the day after which we can speak about a new legal status, called “citizens of the European Union”. This was the first and still is a unique opportunity, since no other citizens in the world enjoy transnational rights to participate actively in the shaping of legislation across nation states.\(^8\)

As the rights of every individual within the EU were established in different forms and were not visible and explicit enough for citizens, the EU decided to include all fundamental values and civil, political, economic and social rights protected in the EU in a single document. This document is the EU Charter of Fundamental Rights containing six headings: Dignity, Freedoms, Equality, Solidarity, Citizens’ rights and Justice. The Charter was recognized in the Treaty of Lisbon as a legally binding guarantor of the rights of all citizens. Hereby, it became part of the EU Treaties when the Treaty of Lisbon came into force in December 2009.\(^9\)

3. Picture: Free in the moment: photos taken in Croatia, Slovenia and Hungary illustrating advantages of EU citizenship (picture edited by Katja Intihar)

\(^7\) You can read more about the initiative and its consequences here: http://ec.europa.eu/citizens-initiative/public/initiatives/successful/details/2012/000007/en
In addition, the **Lisbon Treaty** contributed to strengthen the concept of EU citizenship, bring the Union closer to its citizens and facilitate active debate across Europe in the following ways:

- It introduced a **new form of public participation for European citizens**, the above-mentioned **Citizens’ Initiative** with the aim at encouraging public debate on European-wide important issues;
- By giving stronger power for the European Parliament – i.e. for the representatives of the Union’s citizens –, it intended to support participatory democracy by giving greater say for European citizens on the decision-making process of the Union;
- **It extended the right of public access to EU institutions’ documents** and it required a **greater openness and transparency**;
- **The citizenship rights have been renewed** through a clearer form.

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**4. Picture:** Most elements of European Citizenship and the achievements of the EU was illustrated by the winner of the photo competition in Hévíz. The words highlighted are: peace, unity, economy, freedom, union, law, Europe (picture edited by Levente Asperján)
What are the challenges the European Citizenship faces?

Although many symbols – such as the European flag, the euro, the European anthem (Beethoven’s ‘Ode to Joy’), the EU motto (‘United in diversity’), the European passport, the EU driving licences, and the Europe Day (9 May) – remind us a shared European identity, people cannot feel they belong to the European Union. This phenomenon can be changed if EU citizens become aware of what the EU is doing and understand why. One way of achieving this would be the explanation of EU affairs in much clearer and simple language.

Every five years, the citizens of the European Union have the opportunity to elect a new European Parliament. However, the participation in the elections is reducing year by year. The 2014’s elections – with 42.54% of people voting – was the lowest voter turnout for a European Parliament election. The reasons behind why people decided that it wasn’t worth exercising their democratic right should be analysed and solved by raising awareness and offering new approaches.

According to the Lisbon Treaty European citizens have the right of public access to documents of all the Union institutions, bodies, offices, and agencies. However, in practice this right to transparency is still failed to take fully into account in many cases, that is why a new regulation is needed but the European Parliament and the Commission have not reached a compromise yet.10

Although the objectives of the European Citizenship (ECI) is bringing citizens closer to the EU and supporting participatory democracy, the decreasing use of this possibility and the low rate of successful initiatives demonstrate that the system does not work as well as it was planned. The reasons behind can be, for example, too many requirements, long and endless procedure, quality of the Commission response etc.11

The 2010 EU Citizenship Report concluded that EU citizens are not benefiting fully from their rights because they are not aware of them.12 Although this tendency has improved, in 2015 still only two fifths of Europeans (42%) feel informed (either ‘very well informed’ or ‘fairly well informed’) about their rights as a citizen of the European Union.13

The Day of the Four Freedoms in Nis on 9 June 2017, among others, dealt with the problem of youth participation in decision-making processes both at local, national and European levels. Participants came to conclusion that high unemployment rate, lack of coordination and harmonization between education system and labour market demands, weak inter-sectoral and regional cooperation in youth policy and the support for youth as well as the lack of awareness and information about career opportunities present a key issue both in regions of Serbia and the EU. The high level of apathy and notable lack of interest among youth was highlighted and, consequently, low participation of youth in the decision making processes. In the countries of the Western Balkan region and Eastern Europe brain drain has become a big issue which is not tackled effectively so far.

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According to our survey, EU citizens feel they cannot influence EU politics which are overcomplicated, Brussels and EU institutions are far away. Less than 33% of the surveyed EU citizens feel their voice count in the European Union, while 56% strongly disagree or tend to disagree with this statement. This phenomenon is called the ‘Democratic deficit’.

In framework of the EU3doms project we surveyed citizens’ opinion about EU related issues in four EU Member states (HU, RO, AT, SI) and one candidate state (SRB). The data is own calculation’s result based on the questionnaire.
The EU institutions and Member States need to do much more to make people feel personally involved in EU decision-making, rebuild their reputation through less bureaucracy and corruption.

During the Event in Hévíz on 21 August 2017 panellists highlighted that it is an important problem if citizens are not aware on the functioning of the EU, moreover, if one country’s institutional stability is far from the necessary standards and citizens are not familiar with EU programmes, the country is not able to benefit from the EU, cannot absorb the available financial resources.

To raise public awareness about the citizens’ rights the EU introduced several programmes, like the Europe for Citizens, however these actions do not reach as many citizens as they should. That is why, based on feedback from citizens in the EU Citizenship report 2017, the Commission announced to conduct an EU-wide information and awareness raising campaign on EU citizenship rights in 2017 and 2018. As already the EU Citizenship Report in 2010 pointed out, the 2017’s report has also concluded that actions are required in the daily life for EU citizens, namely to simplify it in order to eliminate the gap still existed between the applicable legal rules and the reality, particularly in cross-border situations.

How can you get involved in European politics and shape the EU’s political agenda?

Although almost half of surveyed citizens feel that they are aware of the means on how to influence EU decision-making, it may be useful to reiterate therefore we will deal with them in the next part. It is interesting the fact that the surveyed Serbians feel in higher proportion that they are aware of the means on how to influence EU decision-making than the participated EU citizens in four Member States (Austria, Hungary, Slovenia and Romania).

3. Figure: ‘I am aware of the means on how to influence EU decision-making’
Source: based on EU3doms questionnaire

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15 In framework of the EU3doms project we surveyed citizens’ opinion about EU related issues in four EU Member states (HU, RO, AT, SI) and one candidate state (SRB). The data is own calculation’s result based on the questionnaire.
Beside voting and/or being a candidate for the EU Parliament, launching a petition directed to the Parliament or an initiative directed to the Commission, you can influence EU policies in many ways. Become familiar with some of these various methods in the followings:

> **Join online debate forums** dedicated to key European issues where you can discuss and post your views, for instance, on Commissioners’ or MEPs’ blogs. Visit the webpage [http://www.debatingeurope.eu/](http://www.debatingeurope.eu/), leave your comment or suggest your own debate and European leaders will respond.

> **Contact the Commission or Parliament** directly, online or at one of their offices in your country. They are your guide to policies and information, so use their services and stay informed.


> **Share your opinion via “Your Voice in Europe” service** organized by the Commission. Interested citizens and stakeholders can share their views taking part in open consultations and public discussions on different policy fields from Agriculture to Transport. Thus, take the opportunity to participate in policy and law-making processes before the Commission finalises its proposals. You can even subscribe to email notifications about new roadmaps, and be invited to join formal consultation processes.

> **Raise your voice**, for instance, through the opportunities provided by the **European Economic and Social Committee (EESC)**. The EESC, as the “voice” of civil society, is eager to ensure that the views, experiences and ideas of Europe’s citizens are heard. That is why it aims to involve European citizens through visits, competitions and other activities organized by the EESC. For example, the EESC selects 33 schools from the 28 Member States of the EU and the five EU candidate countries every year to take part in a debate related to the challenges Europe faces. The topic of YOUR EUROPE, YOUR SAY! 2017 is Europe at 60: Where to next? and the debate will be held in the end of March, 2017.

> **Have your say!** Tell politicians and policy-makers what your opinion is about the major issues affecting youth. The Structured Dialogue is a process for discussions between young people and policy makers about different themes, to make sure the opinions of young people are taken into account regarding the EU’s youth policy.

> **Submit a project individually or in group to win the European Charlemagne Youth Prize!** Young people aged between 16 and 30 from any EU Member States can participate in order to show active participation in the development of Europe. Projects should promote European and international understanding; foster the development of a shared sense of European identity and integration; and provide role models for youth living in Europe and offer good practices of Europeans living together as one community.

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17 Find more information and all upcoming public consultations here: [http://ec.europa.eu/info/law/contribute-law-making_en#initial-idea](http://ec.europa.eu/info/law/contribute-law-making_en#initial-idea)
18 Here you can read more about the EESC: [http://www.eesc.europa.eu/?i=portal.en.home](http://www.eesc.europa.eu/?i=portal.en.home)
19 Would you like to get involved? Read more in the following link and contact the National Working Group in your country for further details:[http://ec.europa.eu/programmes/erasmus-plus/opportunities-for-organisations/support-for-policy-reform/structured-dialogue_en](http://ec.europa.eu/programmes/erasmus-plus/opportunities-for-organisations/support-for-policy-reform/structured-dialogue_en)
20 In order to read more details about the prize, click the following link: [http://www.charlemagneyouthprize.eu/](http://www.charlemagneyouthprize.eu/)
> One of the best ways to become more familiar with the EU’s decision-making system is **applying for a traineeship at one of the EU institutions**. Are you a university graduate or postgraduate (Master’s or PhD level)? If yes, there are many possibilities to become an intern at one of the EU institutions based in Brussels, Strasbourg or Luxembourg taking on trainees for three to five months. Check your opportunities here: [https://europa.eu/european-union/about-eu/working/graduates_en](https://europa.eu/european-union/about-eu/working/graduates_en)

### Active Citizenship through EU Programmes

In the followings, find out some examples of EU-wide schemes which promote active European citizenship:

**The Europe for Citizens Programme** supports initiatives which reflect on two main general objectives:

- To contribute to citizens’ broader understanding of the EU, its history and diversity;
- To foster European citizenship and improve conditions for Democratic engagement and civic participation at Union level.

A budget of EUR 185 468 000 for the period 2014-2020 is allocated for projects targeting one of the specific priorities of the two programme areas: 1) European remembrance and 2) Democratic engagement and civic participation.

**The Erasmus+** is the EU programme for education, training, youth and sport between 2014 and 2020. It is one of the most successful programmes of the EU since it provides opportunities for millions of Europeans to study, train, volunteer and gain experience abroad. Although it is not directly focusing on EU citizenship, it serves as a useful basis for promoting the right to free movement. You can read more details about this opportunity in the Free movement of people’s Chapter.

The most familiar programme initiated by the European Union is Erasmus+ among EU as well as Serbian citizens. More than 90% of the people questioned have heard about it. Interesting the fact that more surveyed Serbian citizens than EU Member States’ citizens have heard about both the European Strategy for the Danube Region and the Europe for Citizens Programme. While more than 86% of Serbian respondents have heard about Europe for Citizens Programme, this rate is less than 60% among the participants from EU Member States.

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21 Here you can read more information about Europe for Citizens Programme: [http://ec.europa.eu/citizenship/europe-for-citizens-programme/index_en.htm](http://ec.europa.eu/citizenship/europe-for-citizens-programme/index_en.htm)

22 Here you can read more information about Erasmus+ Programme: [http://ec.europa.eu/programmes/erasmus-plus/](http://ec.europa.eu/programmes/erasmus-plus/)

23 In framework of the EU3doms project we surveyed citizens’ opinion about EU related issues in four EU Member states (HU, RO, AT, SI) and one candidate state (SRB). The data is own calculation’s result based on the questionnaire.
The Rights, Equality and Citizenship Programme defends the rights and freedoms that people are entitled to under EU law. Besides it strengthens gender equality, combats all forms of discrimination, and fights racism, it also aims to promote EU citizenship rights. The programme provides funding to NGOs, public authorities and other organisations for activities that further these aims.²⁴

Where can you find more information about your rights and the concept of the European citizenship?

As you already know, you have the right to ask for and receive information about basically everything happening within the European Union, moreover, for free.

In person or via phone or e-mail:

- If you have question about the EU, contact your Europe Direct information centre (EDIC) or European Points, which are working in every Member States. Check here the nearest in the region or town where you live: http://europa.eu/european-union/contact/meet-us_en.

- if you need help finding detailed information on European law, integration, policies and institutions, find the nearest European documentation centre (EDC) here: http://europa.eu/european-union/contact/meet-us_en.

- If you would like to know more about how to vote in European parliamentary elections, contact one of the EP Information Offices working in every Member State.

- **European Commission Representations** are the voice of Commission in the Member States and aim to communicate EU affairs at both national and local levels. Find out [here](#) the representation of your country.

- In case you have **problems related to the maladministration in the institutions and bodies of the European Union**, **make a complaint to the European Ombudsman** working in Strasbourg.

**Through the Internet:**

- Do you need an **online bookshop, library and archive of EU publications** dating back to 1952 where the PDF and e-book versions are free of charge? Just click on the [EU Bookshop website](#).

- Do you need practical **information in your own language** about your rights when moving, living, studying, training, working, shopping or simply travelling abroad? If yes, visit the website [Your Europe](#).

- Are you wondering what happens in the **European Parliament’s plenary sittings**? Follow it in all the 24 official languages of the European Union via [live stream](#) or you can search for former plenary videos via an [online database](#).

**What does this all look like in practice? - Meet Ana and Tom, two youngsters from Europe**

Ana is from Serbia, she is engaged in volunteer work and actively involved in her local community. Therefore, she was very happy when she knew that the civil society project of her organization was selected in the framework of Europe for Citizens Programme. **Since Serbia can fully participate in the Europe for Citizens Programme**, Anja has the opportunity to meet young people from different European countries to talk about the voluntarism, active participation and their role in development of communities.

Tom is Austrian and he is very committed to the issue of animal protection. That is why when he heard about the **“Stop Vivisection” Citizens’ Initiative** he read through the suggestions of the initiative and decided to sign it.

Ana would like to study abroad but she was not sure what kinds of possibilities she has as a Serbian citizen to study in the EU. That is why she wrote to the [EU Info Point](#) in Novi Sad which is the **official information centre for distribution of all kinds of information about European Union** that citizens are interested in. She received a very useful response with a collection of all opportunities in the topic of studying abroad. Then she decided to apply to an Erasmus Mundus Joint Masters Scholarship Programme.

Ana and Tom met in the [Erasmus Mundus Joint Masters Scholarship Programme (EMJMS)](#) in which framework they studied at four different countries – Serbia, Austria, Hungary and China – and at the end of the programme they received a joint Master degree.

During the **European Parliament election, 2014** Tom was spending his Hungarian semester of the EMJMS programme but he wanted to use its democratic right to vote. **As an EU national**, he could **vote under the same conditions as Hungarians**, just he had to express his intention to do so and be put on the electoral roll in Hungary.
During his semester in China, Tom decided to visit Cambodia. He spent there for 5 amazing days, however, he lost his ID card. Tom got scared because Austria does not have any diplomatic representation in Cambodia. But then suddenly came to his mind that as a citizen of the EU he is ‘entitled to protection in the territory of a third country by the diplomatic or consular authorities of any other Member State’, on the same conditions as the nationals of that State. So he asked the Embassy of the French Republic for assistance.

5. Picture: I am Marina from Serbia: photo inspired by reflections on EU citizenship from a candidate country (picture awarded third place by Belgrade Open School)
FREE MOVEMENT OF PEOPLE

Introduction

Free movement of people means that citizens of the European Union can take jobs, study, retire and settle in any of the member states and any discriminative restriction against them is prohibited. In other words, countries of the EU should permit all their citizens to apply for jobs, to take part in education or to live abroad without considering their nationality. This freedom requires certain adaptations in countries’ domestic legislation and the mutual recognition of different professional qualifications, degrees and certifications. Any kind of discrimination is prohibited, limitations are only acceptable in connection with public health, public policy or national security.

Development

Free movement of persons was a core idea since the beginning of the European integration. However, in the beginning it only aimed the free movement of the economically active part of the society, expressed in the Treaty of Rome.

In other words, the primary goal was not the facilitation of travelling, but the free movement of employees to boost economic prosperity and to rebalance supply and demand on the labour market.

The right became more extensive in 1985 with the signature of the Schengen Agreements. When in 1992 the Maastricht Treaty introduced European citizenship, free movement was declared as a fundamental right of every EU citizen. Finally, the Directive 2004/38/EC was the one which consolidated the different measures in the field and applied an all-embracing approach.

The so called Free Movement Directive brought together the previous measures in European legislation, touching upon also the free movement of family members (also including non EU citizen family members). It also introduced the coordination of social security systems, laying down common rules to protect social security rights when moving within the EU. The regulation covered different branches of social security like sickness, maternity or paternity leave, professional accidents, unemployment benefit, family allowance.

Free movement of people also required the abolition of physical barriers between Member States. Schengen Area was established in 1995 and today it is composed of 26 countries.

Schengen Agreement was signed in 1985 in Luxembourg. Countries agreed in the gradual abolition of border controls. The Agreement was implemented in 1995 including seven countries. Today, it is composed of 26 countries (22 EU Member States and Iceland, Liechtenstein, Norway, and Switzerland). The six EU Member States not included in the Schengen Area are Bulgaria, Croatia, Cyprus, Ireland, Romania and the United Kingdom.

26 Horváth, Z. (2011). Kézikönyv az Európai Unióról, HVG Orac Lap és Könyvkiadó, Budapest
International controls in the inner borders ceased, while Schengen border’s controls became stricter. The countries concerned have common visa policy, EU citizens do need only an identity card or passport when travelling from one member state to another.

**In practice**

**Who are concerned?**

The Free Movement Directive 2004 covers every EU citizens and their family members but the right takes effect only after one moves to another EU country, or if returns home after living in an EU country. Family members include spouses, registered partners, descendants and ascendants, they enjoy the same rights if they accompany the EU citizens concerned. EU citizens can exercise this right also in Switzerland, Iceland, Lichtenstein and Norway (and vice versa, their citizens can freely move and reside in the EU countries), as they are members of European Economic Area.

The European Economic Area (EEA) was established in 1994, to include some extra EU countries (Norway, Lichtenstein, Iceland) in the Single Market with certain exclusions. EEA countries enjoy almost the same four freedoms as EU Member States. Although Switzerland has not joined the EEA, due to bilateral agreements with the EU and its Member States, it has the same status regarding the free movement of people.

**What does this right mean in practical terms?**

First, as an EU citizen you only need a valid identity card or passport to cross the border travelling to an EU member state. Authorities can check your identity at the borders but they cannot deny your right to cross the border (if not justified by national security, public health or public policy reasons). Non-EU family members, from third countries may need visas, but EU countries must provide support to obtain the necessary documents. In order to take advantage of their family ties third country family members have to prove their relation to the EU citizen (certificate of marriage, birth, etc.). They need only one visa in the Schengen Area.

Once you arrived to an EU host country, under the Directive 2004 you have the right to reside there for up to 3 months without any restriction (with valid ID or passport). After three months you can stay in the country in several cases. Workers and self-employed persons as well as those who provide services have the automatic right for staying. In case you do not have a job yet but you are seeking, your residence can be prolonged for up to 6 months. You also have the permission for residence if you are enrolled in an educational or vocational institution. However, students have to have medical insurance and they also have to prove they possess sufficient resources to maintain themselves. Unemployed or retired persons have to meet the same conditions. The Directive 2004 also enables citizens to have permanent residence after five years. EU citizens who permanently live in an EU host country have the access to welfare services, like child support, social security, medical insurance. They can also decide to retire in another country and pensions will be calculated based on where and for how long the person worked in the EU.

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31 Since 2015 there were some changes in border control because of migrant crisis. See later.
According to our survey, more than half of the respondents chose the free movement of people among the first three achievements of the EU, while 37% of them mentioned the Schengen Area.

5. Figure: ‘Free movement of people within the EU brings overall benefits to the economy of my country (surveyed EU countries)’
Source: based on EU3doms questionnaire

6. Figure: ‘The right to work/study in other EU Member States’
Source: based on EU3doms questionnaire

We also asked them about the freedoms provided. An overwhelming majority considers the right to work and study in other EU Member States as a good thing. It is interesting that Serbian citizens see these freedoms even a better thing than the given EU countries’ citizens.
Exercise your rights - Examples of SOLVIT

Some successful stories are gathered how SOLVIT solved problems related to the right of free movement of people:

- “After having worked in Belgium, a Hungarian woman claimed unemployment benefits and gave birth to 2 children there, but found out she was no longer eligible for family benefits. Her work permit had expired – before 1 May 2011 Hungarian nationals needed a work permit to work in Belgium. This meant she couldn’t claim she was actively seeking employment as required. SOLVIT took this up with the Belgian authorities and the woman was recognised as an active jobseeker.”

- “A Hungarian national had worked for 20 years in Romania and 18 in Hungary. When approaching retirement age, he applied for his pension in Hungary. The Hungarian authorities asked Romania to calculate his pension rights for the years worked there. For almost a year, they received no reply, despite several reminders. But thanks to the intervention of the Romanian SOLVIT centre, the Romanian pension authority sent the Hungarian authorities the decision on the Romanian pension rights. This settled the problem and enabled the Hungarian pensioner to get on with enjoying his retirement.”

- “An Austrian physiotherapist applied for professional recognition in Portugal. One year later he still had not had a response from the Portuguese authorities. When enquired how things were progressing, he was asked to wait until they called back. This delay was jeopardizing his chances of working in Portugal. He had been offered a job but couldn’t take it without having his professional qualifications recognised. Thanks to SOLVIT Portugal, the physiotherapist obtained the recognition and was able to start working in Portugal.”

Interesting numbers

- In 2012 approximately 13.6 million EU citizens lived in an EU member state different from their country of nationality. Luxembourg held the highest share of foreign citizens of their population, and proportions are high also in Cyprus, Latvia and Estonia.

- The same year 6.5 million EU citizens worked in an EU member state different from their country of citizenship. (NB: only workers who have residence in the reporting country were registered in this statistic)

- Many thousands of border workers benefit from freedom of movement every day throughout Europe, including Hungary, Slovenia, Romania, etc.

- According to a Eurobarometer survey in 2013 free movement was considered the major achievement of European integration by European citizens. 56% of them quote this as the EU’s most positive achievement even above peace between Member States (50%).

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38 ibid
• In 2010 more than 571,000 students of EU member states studied in another EU country.\textsuperscript{40}

• There is a growing tendency in student mobility in tertiary education in Austria, Hungary, Romania and Slovenia.\textsuperscript{41} Between 2008 and 2012 the number of outward mobile students had been almost doubled in Hungary and Austria, and it had been more than tripled in Romania.

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{figure.png}
\caption{‘Student mobility: Growing number of outward mobile students in tertiary education’}
\textit{Source: Eurostat, 2014 Dataset}
\end{figure}

• More than 188 million Europeans have a European health insurance card which enables them to have access to healthcare services if they need it during they stay in another member state of the EU.\textsuperscript{42}

• For 30 years the Erasmus programme has involved more than 4.4 million students who have been able to study in a State other than their home country. In 2014, the EU united previous educational exchange programmes (Erasmus, Leonardo da Vinci, Comenius, Grundtvig, etc.) under ERASMUS+. All together they involved further 5 million people in different exchange and training programmes.\textsuperscript{43}

• In 2012, every 10th enterprise in the European non-financial business economy belonged to the tourism industries employing approximately 12 million people. \textsuperscript{44}

• Residents of EU-28 made nearly 1.2 billion tourism trips in 2014. Top five destinations were Spain, Italy, France, Germany and Austria.\textsuperscript{45}

\textsuperscript{40} ibid
\textsuperscript{45} ibid
Almost all Days of the Four Freedoms organized by EU3doms discussed the importance of training young people abroad which is more and more frequent within and beyond the EU. However, since partner municipalities are situated in rural and remote areas it was always highlighted that these people shall be attracted to go back to their homeland and flourish their knowledge acquired there.

8. Figure: ‘Total number of nights spent at outbound destination within EU’
Source: Eurostat, 2017

9. Figure: ‘Tourism: number of nights spent by TOP 5 outbound destination - Hungary in 2015’
Source: Eurostat, 2017
10. Figure: 'Tourism: number of nights spent by TOP 5 outbound destination - Austria in 2015'
Source: Eurostat, 2017

11. Figure: 'Tourism: number of nights spent by TOP 5 outbound destination - Romania in 2015'
Source: Eurostat, 2017
Challenges

Although the free movement of people opened up a new dimension to all EU citizens, there are still several challenges today that impede people to profit from it.

- According to Eurobarometer survey published in 2011 62% of European citizens think that the Single Market was only benefiting big companies; 51% felt that it was worsening working conditions and 53% believed that it bore few advantages for the underprivileged.\(^\text{46}\)

- One of the main effects of the economic and financial crisis was the increasing unemployment in the whole EU. Recently unemployment rates started to decrease, at the end of 2016, EU-28 average was 8.3%.\(^\text{47}\)

- Youth unemployment rates are usually higher (double or even more). However, we have to take into consideration that unemployment rates include also those young people (between 15-24) who take part in education. This means that even students who are not job-seekers are counted as unemployed. As a result, there is a steep rise in employment in this population: as young people are getting older they enter to the labour market and find a job.\(^\text{48}\)

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6. Picture: The free movement of people is the right with which EU citizens are the most familiar
   (picture edited by Nikolett Barcza from Hévíz, Hungary)

7. Picture: The winner of the photo competition launched by Harghita County Council collected the memories of these friends
   having visited different parts of Europe together (picture edited by Anita Both)
Despite of unemployment, there is quantitative labour shortage, caused by labour force emigration, or the so called brain-drain among others. As a result, labour demand and supply are not balanced across Member States (and often not even across regions).

We can also speak about qualitative labour shortage or presence of skill mismatches. This means that despite of unemployment, it is difficult for employees to find a job that meets their qualification level, or on the other hand, employers cannot find workers for vacancies that require certain skills. There is shortage in some occupation throughout Europe: there is a need for metal, machinery and related trade workers, science and engineering, and ICT professionals. Regions have to face different challenges in attracting skilled workforce or promoting local employment.

- Countryside regions often fail to keep young skilled workforce who prefer to move to bigger cities and to the capital to get a job.
- However, nowadays thanks to technological developments de-urbanisation trends are to be shaped: more and more businesses make it possible to work from home, with online connection, enabling people not to commute every day.
- Such a new way of working can convince the young to stay in the countryside, but only if the given regions can ensure good infrastructure (both physical and technological) and community engagement. This latter is very important, because sense of belonging is crucial when people decide where to live.
- Thus, countryside villages and towns should focus on developing infrastructure, investing in the available IT equipment, enhancing cultural activities and community life.
- Investments in rural development, subsidies for young farmers are also a good way to revitalize countryside (see EU Common Agricultural Policy, the so called CAP).

Countries face labour shortage in different ways:

- In Austria there is a relatively high labour market tightness, which means that there is a high number of job vacancies (but companies have difficulties to find skilled workforce). Regional imbalances are low, sectoral shortage is at medium level. Reasons for shortages among others are the decrease in vocational education and training and the lack of experience for school leavers.
- Hungary has to face sectoral shortage: labour shortage is present in the service sector and in the industry. There is also shortage in skilled and elementary occupations (medical professionals, nurses, ICT professionals, engineers and sales persons, cooks). Regional imbalances are medium. Reasons for shortage are lack of technical competencies, emigration, and demand in healthcare.
- Romania suffers mainly from shortage in craft and related trades workers, service and sales workers, and occupations in healthcare. Some of the reasons for shortage is emigration, salary, and working conditions.

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50 ibid
- **In Slovenia** there is sectoral shortage in industry and construction, furthermore there is occupational shortage in manufacturing, retail and seasonal shortage in hospitality. Lack of hard skill and working conditions are some of the reasons behind.

- All in all, it seems that the possibility of working wherever you want cannot resolve unemployment and labour shortage neither.

- **Re-implemented border controls** because of migration: the ongoing phenomenon of huge migrant flows from the Middle East and Africa resulted in resettling of border controls within Schengen Area.

- Member states can temporarily reintroduce border controls in EU internal borders in case of protection of public policy or internal security.

- The latest events in 2015-2016, also called as the European refugee crisis led to the rethinking of European migration and border control policies. Some Member States re-introduced internal border controls, as external border control management (for example in Greece and Italy that have to control borders at the costs of Mediterranean Sea) show serious problems.

- **Austria** introduced border control on the Austrian-Hungarian land border and Austrian-Slovenian land border;

- **Hungary** built a fence on the Hungarian-Serbian land border and on Hungarian-Croatian land border;

- **Slovenia** also constructed a fence on its border with Croatia.

- **Romania** urged accession to Schengen when compulsory migrant quotes have been debated in the EU.53

- In the last two years, **Serbia**, as many other countries of the Balkans had to experience immense flows of migrants and refugees heading to the EU, especially to the Western countries. The crisis means humanitarian and financial challenge to the country, as common EU policy regarding the migrant flows was not articulated. Different reactions of neighbouring countries (re-implemented border controls, fences) resulted in international tenses, however, according to the EU Serbia’s „open borders policy, political discourse and overall handling of the crisis have largely been considered positive“ and the country acted „as an EU partner committed to cooperation and regional stability.”54 **Serbia is considered as a key partner in handling the ongoing crisis and it also contributes to the future accession of the country to the European Union.**

**Accession to Schengen and accession to the EU**

Although Romania is a Member State of the EU, it is not part of Schengen Area yet. The country (together with Bulgaria) should meet some pre-conditions to join. **The Commission already thinks that the country has met all the requirements to do so**, however final decision has not been made yet. Accession to the Schengen Area has clear benefits to Romania – such as easy crossing at the borders for Romanian citizens – however the country has to take a multiple responsibility in controlling the external borders when the ongoing migration crisis has a pressure on the whole Schengen Area.

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55 Schengen Visa Info (2016). Romania and Bulgaria Qualify to Join the Schengen Area, Retrieved from: http://www.schengenvisainfo.com/romania-bulgaria-qualify-join-schengen-area/ [Date accessed: 25, April, 2017]
Serbia has not joined the EU yet. Since 2012 the country is officially EU candidate, in 2013 the Stabilisation and Association Agreement (SAA) between the EU and Serbia entered into force. SAA between the EU and Serbia established a bilateral free trade area which should be realized gradually over a period of six years. As a result, free movement of goods can take effect before the accession. Similarly, certain types of capital movements also should be allowed according to SAA.\textsuperscript{56}

FREE MOVEMENT OF GOODS

Free movement of goods is one of the key elements of the internal market, established in Article 28-30 of the Treaty on the functioning of the EU. It gives access to the Member States’ market for producers, and to a wide variety of goods for consumers. Once a product has been produced and marketed in a Member State it can be sold in the whole EU.

Development

Free movement of goods was the first one of the four freedoms and it had to come a long way until today. As a primary initiative at the beginning of the integration, it came to fruition thanks to the European Customs Union (now EUCU), established in 1958 (however, the elimination of customs duties was accomplished only in 1968.). As a result of EUCU, countries of the European Economic Community removed customs barriers between each other and applied common customs policy towards third countries. This means that traders did not have to pay duty for exporting their products within EEC.

Customs tariffs were eliminated from 1968 between Member States, but other kind of barriers still impeded free trade of goods. The next necessary step was the harmonisation of national legislation, as different standards were used in connection with the production and trade in each country. So ‘the problem for the common market was not the existence of national regulations, but the differences between them.’57 Producers who wanted to enter with their goods to other countries’ markets had to examine and meet the given standards. This caused additional costs to the producers, indirectly affecting free trade among member states. In order to abolish these technical barriers, harmonisation directives were introduced, which aimed to converge national regulations.58

In practice

Free movement of goods means that countries of the European Union must not impose any kind of duties on goods produced in the EU when crossing borders and neither goods produced in third country once imported to the EU. These latter also have to be considered as goods of free circulation within the EU. That is why you can choose from a wide variety of products from different countries in the supermarket, from Spanish chorizo till Norwegian salmon. As a result of the Single Market, EU Member States negotiate collectively in the frame of the World Trade Organization (WTO), where the regulations of international trade are laid down.59

Since the beginning of the implementation of this freedom, decision makers had to face the fact that not only customs duties can reduce competitiveness of imported goods but other types of measures too. For example, if a country poses restrictions on the importable amount of a given product, or on the proportion of ingredients, or on the label, they also impede free movement. As a result, any charge that has equivalent effect on trade or quantitative restrictions on

imports are equally prohibited. For instance, charges that are imposed on imported products with the same effects as customs duties to protect domestic products must be regarded as this type of charge. Quantitative restrictions or measures having equivalent effects are also prohibited. In other words, any kinds of regulations or restrictions that directly or indirectly hamper free movement of goods are prohibited. Practically the initial customs union resulted in a principle of totally free circulation of goods: if a product was made and marketed legally in a Member State, it must be allowed on the market of any other member state (principle of equivalence). That is why we can read more and more labels “made in EU” on different products, instead of a given country of origin.

Any discrimination must be justified by non-economic considerations, like public morality, policy or security (for example protection of health and life of humans, animals or plants), only in an equivalent proportion to restrictions.

8. Picture: Free movement of goods was also included into the work which received the most likes on Facebook from Hévíz [Picture edited by Zsófia Ertl]

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60 Judgment of the Court of 1 July 1969 in Case 24/68. “Any pecuniary charge, however small and whatever its designation and mode of application, which is imposed unilaterally on domestic or foreign goods by reason of the fact that they cross a frontier, and which is not a customs duty in the strict sense, constitutes a charge having equivalent effect... even if it is not imposed for the benefit of the state, is not discriminatory or protective in effect and if the product on which the charge is imposed is not in competition with any domestic product.” Retrieved from: http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A61969CJ0002 Date accessed: 17, February, 2017

61 Judgement of Court of Justice in “Dassonville” Case 8/74. “All trading rules enacted by Member States which are capable of hindering, directly or indirectly, actually or potentially, intra-Community trade are to be considered as measures having an effect equivalent to quantitative restrictions.” Retrieved from: http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:61974CJ0008&from=EN Date accessed: 17, February, 2017

9. Picture: Free movement of goods was the main focus of the work prepared for the competition of Harghita County Council (picture edited by Anett Bakos)

The free movement of goods also implies common consumer protection. Moreover, European standards for product safety ensure that those goods which do not meet the restrictions will be withdrawn.

Interesting numbers

- Commonly, Member States in the EU trade goods more within the EU than with third countries. In 2013 most countries’ overall trade of goods was realized with EU28 states [except the United Kingdom, Greece and Malta].

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• Austria, Hungary, Slovenia and Romania also have a high share of export in their total export with EU Member States (between ~70-75%)

• Motor vehicles, trailers and semi-trailers seem to be the most significant goods in EU trade, they keep their top position among most traded goods since 1994.64

• Both exports and imports to and from EU-28 countries are slightly growing in Austria, Hungary, Slovenia and Romania

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64 Eurostat: Intra-EU trade of the most traded goods, Retrieved from: http://ec.europa.eu/eurostat/statistics-explained/index.php/Intra-EU_trade_of_the_most_traded_goods#The_5_most_significant_products_in_intra-EU_trade [Date accessed: 18, February, 2017]
Challenges

- **Harmonisation is still in progress;** the series of measure is not complete yet. It causes difficulties mainly to the small and medium-sized enterprises (SMEs). These companies cannot adapt to those national regulations and technical requirements in case of certain products, which are not harmonised yet. So, they focus their activity on domestic area instead of competing with bigger companies in the European market.

- Only 25% of EU-based SMEs export and an even smaller portion export beyond the EU.
  - To enhance competitiveness, the Commission aims to help SMEs to facilitate their access to the Market. That is why COSME, *Europe’s programme for small and medium-sized enterprises* was founded. You can find more information about [SMEs’ access to markets](https://ec.europa.eu/growth/smes/access-to-markets_en) and COSME on the European Commission’s webpage.

The event in Hévíz also put the low rate of SMEs exporting to other EU member states on the table. This is crucial since it means that SMEs representing 99% of European enterprises and employing 2/3 of European employees cannot benefit from this freedom. On the other hand, we have to bear in mind that the EU supports SMEs offering products for the local markets to cut the food chain as short as possible to reinforce its fight against climate change.

- **Lack of enterprising attitude** (compared to the USA).

During the Day of the Four Freedoms in Belgrade held on 24 March 2017, youth representatives highlighted that the main problems when starting business in Serbia are risk of financial failure, lack of practical knowledge and skills, complex administration for registering companies and poor legislative framework. Young people believe that the fear is something that prevents them from starting their own business, they do not have enough experience, nor external support. Participants at the round table agreed that the accession to the EU opens many possibilities in this area and they see opportunity, however, they consider that they lack practical knowledge and skills that they could use in business. Young people believe that these deficiencies can be exceeded through cooperation between high schools and companies, mentoring support from successful people in the business world, providing quality practice, insisting on social responsibility and corporate social responsibility.

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Similarly, the subsequent event held in Miercurea Ciuc on 5 May 2017 put a special focus on the implementation of the entrepreneurial culture into the education system. Panellists emphasized that the interest and potential of young people to become entrepreneurs needs to be strongly helped by fostering entrepreneurial mind-sets and attitudes in education and training. More emphasis should be on learning soft and core skills, including problem-solving, team-building, social and civic competences or initiative taking. Young people receiving vocational education need also practical and entrepreneurial skills, because of the greater mobility of their skillset. This is especially important in case of Eastern European countries facing with the problem of brain drain, constantly losing its young talented people with high professional skills because of the low wages compared with Northern states.

- Technological developments, innovations and different new products also pose challenges, as regulations often cannot keep pace with them, causing barriers in their trade.

- Similarly, new ways of trading emerged thanks to the Internet (such as online shopping) which mean new areas to be covered by EU regulations.
FREE MOVEMENT OF CAPITAL AND PAYMENTS

Free movement of capital is the latest of the four freedoms and the broadest one with its third country dimension. Cross-border capital transactions – such as purchase of currency, buying real estate, company shares and loans, operation in accounts, financial assets, or foreign direct investment – cannot be limited. Free movement of capital contributes to the introduction and strengthening of the European currency and European Monetary Union (EMU). This freedom is also considered to be a supplementary element of the three others.

Development

Originally the Treaty of Rome did not require the full liberalisation of capital movements, it prescribed only the necessary extent for the common market (‘to ensure the proper functioning of it’). Already that time some Member States decided to abolish restrictions on capital movements. When in 1988 European Monetary Union became an objective, Council Directive 88/361/EEC introduced complete freedom for capital movements. However, countries could take certain restrictive measures – under the so-called safeguard clause – in limited number when capital movements could disrupt monetary policy. Since the introduction of European currency only those Member States can apply this measure which do not have euro yet. Temporary restrictions were also allowed in some cases. The Treaty of Maastricht consolidated the freedom through declaring the prohibition of any kind of restriction on capital transactions and payments between Member States as well as between Member States and third countries. Exceptions are mainly related to capital movements with third countries. Also, transitional periods were allowed to the new Member States regarding capital operations, including the purchase of real estate. Nowadays completely free capital movements are realized in the Eurozone where, thanks to the common currency, there are no transaction costs.

In practice

As a European citizen, you can conduct several financial operations: opening bank account, buying real estate and company shares, or investing in any of the Member States. In addition, companies can invest in and own other firms, manage affiliates in other Member States, raise money where it is the cheapest and create jobs. Governments also profit from it as they can borrow on lower rates. Within the Eurozone it has even more impact: you do not have to count how much certain thing costs in your domestic currency. Thanks to this freedom European individuals and businesses have the access to all kind of financial services (e.g. loans, insurances, securities) available in the EU. It contributes to the everyday life and economic prosperity in the whole market.

73 ibid c
According to our online questionnaire, the great majority of citizens considers the possibility of setting up a business in any EU Member State as a good thing.

15. Figure: ‘The right to set up own business in other Member States’
Source: based on EU3doms questionnaire

Exercise your rights – example of SOLVIT

SOLVIT is an organization under the European Commission which aims to help European citizens and their family members to exercise their rights.

A successful story about how SOLVIT solved a problem related to the right of free movement of capital:

- “A Slovenian national working and living in Spain applied for a refund for tax on his savings (€207.86), which had been automatically withheld by his bank. But the Spanish authorities did not refund the amount – in contravention of EU law designed to stop double taxation of savings income. After SOLVIT’s intervention, the Spanish authorities refunded the amount held by the banks.”

Interesting numbers

- The free flow of capital among EU Member States resulted in growing scale of capital investment across countries. One of the best indicators measuring this growth is the inward Foreign Direct Investment stock presented in the percentage of gross value added. Practically, it means, that e.g. the incoming stocks of foreign capital is measured 21% of gross value of goods and services produced in Slovenia in 2011.

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• Impact of foreign controlled enterprises can be measured by the number of enterprises and by the number of persons employed by them. Romania has the highest number.

• Foreign direct investment net inflows had a very sharp decline after the economic crisis of 2008.
Challenges

- The latest financial crisis shocked the Eurozone (example of Greece), and it has overwhelming impacts: countries which have not joined to the Eurozone yet, have clear concerns.

- Foreign capital flows are not equally distributed between regions: more developed regions attract more foreign investment.

  - According to a study of Copenhagen Economics, those regions that have borders with other countries, or have international airports are usually more attractive for FDI.\(^\text{79}\)

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- Foreign investments can boost the economy but they can also weaken small and medium-sized enterprises, which typically has interests on domestic markets. Free movement of capital does not always result in equal chances for the different players.

- Tourism is one of those economic activities that offers wide range of possibilities to smaller enterprises and countryside regions as well. Sustainability is a key consideration for the EU’s tourism approach, including cycling routes, sports and wellbeing tourism, nature tourism, and cultural routes.\(^{80}\)

- Also, cross-border cooperation in tourism – especially for border regions – is a good way for economic growth and investments for smaller towns that cannot compete alone with bigger tourist attractions (e.g. thematic routes that are touching upon more countries).

- According to a study of the Commission and the Council of Europe cultural routes have enormous potential for small and medium-sized enterprises, for small business generation, as they promote clustering, intercultural dialogue, and image of Europe in general.\(^{81}\)

### Tourism, as potential breaking point

Tourism and travel will have the fourth biggest annual growth (bit more than 3% is forecasted) between 2015 and 2025 according to the European Investment Report. This means, that the sector will contribute to approximately 38 million jobs by 2025. Governments and sub-national levels (regions, municipalities) should focus on smart well-targeted investments in the tourism sector, that can keep up with the latest trends and the changing needs. Creative funding options such as public private partnership (PPP) or crowdfunding are potential new ways for investments, where traditional funding is not working for different reasons. \(^{82}\)

### Good practices

We are enlisting some good practices realized in the tourism from a British study ([Enhancing the Competitiveness of Tourism in the EU]^{83}\)

- The project called *I Briganti di Cerreto* in Italy aimed to revitalize an almost depopulated village in Emilia-Romagna through “Community Tourism”. Young resident of the village set up a Cooperative, using their different professional backgrounds to introduce activities that can boost tourism (producing traditional food, opening café and restaurant, rental business for hiking equipment etc.). **Engagement of local people is indispensable in tourism activities.**

- One of the main factor to be considered in changing tourism trends is the information and communication technology (ICT), namely how the tourism industry can communicate with consumers. **Digital Tourism Business Framework programme** in Wales, UK, aimed to improve competitiveness of small and medium tourism businesses through the development of an ICT based community. Different tools included direct support to touristic SMEs,

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\(^{82}\) Oxford Economics: European Investment Report, 2015

financial and logistical support for the formation of collaborative digital communities, or promoting user-generated content sharing processes.\(^{84}\)

The event in Hévíz gave opportunity to discuss good practices of the realization of the four freedoms of the EU. The story of Lendava from the last 25 years presented that they started as a success story, however, constantly have had to face a lot of hindrances originating from mistaken policies in the field of youth, family, and education. Lendava lying at the crossing of the Hungarian, Croatian and Slovenian borders, realized that a small, bordering region can only be successful if it establishes something which makes it outstanding. Thus, apart from various policy interventions targeting the youth and young families, the city built up the Vinarium, which generates important tourism and also plans to prepare a bid for the European Capital of Culture contest.

- *Merrion Square Innovation Network* in Dublin, Ireland brought together 40 different stakeholders in hospitality and cultural sectors to create a network and to develop a new cultural area. This project is a good example of *how cluster of cultural (and related) organizations can strengthen identity and community*.\(^{85}\)

- *Dark Sky Alqueva* project in Alentejo, Portugal is a very good initiative in *fighting against the effects of depopulation and regressive economic activity, proving that weaknesses can be turned into strengths*. The region has a very low rate of light pollution and as a result it is a perfect place for star-gazing. Nowadays such a clear and “unpolluted” sky is very rare in Europe, so the region could profit from it, attracting professional and amateur astronomers. Alqueva is now recognised as Starlight Tourism Destination by the UNESCO and the UNWTO. The project resulted in impressive increase in occupancy and in the number of foreign tourists, and it also had a positive impact on other sectors (handicraft and gastronomy). *The project’s lesson is that unique characteristics of a place can offer incomparable benefits if they are well-used*.\(^{86}\)

\(^{84}\) ibid
\(^{86}\) ibid
FREE MOVEMENT OF SERVICES

Introduction

When we would like to define free movement of services, first of all, we have to point out in which aspects it differs from the rest of the four fundamental freedoms, while usually it is hard to distinguish services from another activity (e.g. distribution of goods is inseparable from certain services, i.e. transportation and commerce; or free movement of capital concerns some financial services). Therefore, according to Article 57 of the TFEU, services mean those activities which are provided for remuneration and are not governed by the rules relating to freedom of movement of goods, capital and persons. In other words, those services belong to this category which have cross-border division, pursued against payment and in the case of which the activity is limited in time. Besides, the service provider and service recipient cannot be indigenous in the same country, i.e. the person providing the service must remain in his own country, while his services must cross borders. Therefore, the freedom of establishment and the freedom of services are usually considered as one: ‘the freedom of establishment and provision of services’. The main activities belonging to the category “services” have industrial or commercial character, or these are activities of craftsmen or professions.

Development

Compared to the freedom of goods, the freedom of services was realized slowly for decades. Finally, it started to go ahead in parallel with the Single Market program in the beginning of the ’90s, when the liberalization of services began. Thus, the main services (i.e. banking, finance, air transporting or telecommunication) were liberalised by the Millennium, but since then others were realized too, i.e. liberalization of energy sector. The liberalization of services has become more and more important, while supports the competitiveness and success of the European Union (EU). Services mean the motor of the EU since commercial and public services together account for 70% of GDP in most Member States. Moreover, more than 70% of active EU citizens work in the field of services. Based on these, services are the main pillar of the EU’s internal market. Therefore, to make it more effective (and to increase cross-border services) Internal Market Strategy for Services was created during Lisbon Summit in March 2000.

Later on, Services Directive, which was approved in December 2006 with an implementation deadline of 28 December 2009, eliminated the remaining barriers, thus established a general legal framework making the exercise of the freedom of establishment for service providers and the free movement of services easier, while maintaining a high quality of services. The directive aims to contribute to the administrative and regulatory simplification and modernization, therefore has a huge potential for delivering benefits for consumers and small and medium-sized enterprises, since, due to numerous barriers, particularly SMEs were prevented from extending their operations beyond their national borders and from taking full advantage of the internal market.

87 Zoltán Horváth [2011]. Kézikönyv az Európai Unióról (pp. 242-243.), HVG-ORAC, Budapest
88 Europedia: Freedom to provide services in the EU, Retrieved from: http://www.europedia.moussis.eu/books/Book_2/3/6/06/?all=1 [Date accessed: 10, February, 2017]
89 Zoltán Horváth [2011]. Kézikönyv az Európai Unióról (pp. 244-245), HVG-ORAC, Budapest
90 Europedia: Freedom to provide services in the EU, Retrieved from: http://www.europedia.moussis.eu/books/Book_2/3/6/06/?all=1 [Date accessed: 10, February, 2017]
91 Europedia: Freedom to provide services in the EU, Retrieved from: http://www.europedia.moussis.eu/books/Book_2/3/6/06/?all=1 [Date accessed: 10, February, 2017]
According to Commission communication “Europe 2020”, the full implementation of the Service Directive could increase trade in commercial services by 45% and foreign direct investment by 25%, bringing an increase of between 0.5% and 1.5% in GDP.\(^{93}\)

**In practice**

Free movement of services means that the person who has a registered business providing services (i.e. as a mason, tourist guide or dentist) in the country where he lives, he can offer those services in another EU country without setting up a company or branch there. Therefore, a mason, who lives in a border town (i.e. Sopron in Hungary) and can cross the frontier (travels to Austria) to build some houses in another Member State for remuneration. In other words, **freedom of services is beneficial to those, who want to:**

- provide service abroad temporarily,
- provide service just to a specific client living there,
- test the market before expanding his company there.\(^{94}^{95}\)

In these cases, the service provider is able to supply his service without having to suit to that country's administrative procedure and rules. However, public authorities might be notified about the service.\(^{96}\)

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**Points of Single Contact – PSCs**

If you want to explore business opportunities or expand your business in another EU countries, then PSCs online e-government portals are recommended to find out the rules and regulations and to complete the administrative procedures online. For further information visit www.eu-spocs.eu.

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**Data roaming costs**

Since the volume of downloaded data on your mobile device was topped, worldwide, at €50 (or the equivalent in another currency), it was a good protection against excessive data roaming bills. However, from 15 June 2017 there is no extra roaming fee for going online in another EU country.

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\(^{92}\) Zoltán Horváth (2011). Kézikönyv az Európai Unióról (pp. 246-247.), HVG-ORAC, Budapest


\(^{95}\) Nevertheless, if the entrepreneur relocates its enterprise (moves it to another member state), then he is subject to the freedom of establishment.

\(^{96}\) If you have difficulties with public authorities you can request assistance from here: http://ec.europa.eu/eu-rights/enquiry-complaint-form/home?languageCode=en&origin=yeb_vat

Nevertheless, freedom of services is beneficiary not only for service providers, but also for consumers during shopping, using telecoms and internet, making financial services or effecting an insurance. One of the important regulations is the situation of data roaming costs. When you travel abroad, your phone is by you and you are using it – since it is of primary importance in today’s word –, despite to the higher prices of roaming charges. However, this is changing thanks to the latest regulation: from 15 June 2017 for outgoing and incoming voice calls, outgoing texts and going online there is no extra roaming fee, it will cost the same as domestic price.\textsuperscript{98}

48% of the asked EU citizens were pleased with the roaming-fee reform, however, another 48% have thought that it should be introduced earlier. In Serbia only 33.7% have thought that the decision should have been taken earlier and 63% were pleased with the reform. Only 3% from the surveyed EU states had the opinion that their country could make the reform without the EU.\textsuperscript{99}

Local entrepreneurs presented their business idea and the way towards its realization during the event held in Miercurea Ciuc. Most of them are significantly connected to the freedom of services: young entrepreneurs born in Harghita County in Romania and educated in different universities of Western Europe decided to go back to their homeland and set up their business there in IT sector exploiting the freedom of services. Even if they are based in Romania, 95% of the customers of their services (apps, softwares, etc.) are from other EU countries.

Also important to mention the Single Euro Payments Area (SEPA) which harmonises the way of euro payments made across Europe. Thanks to SEPA, credit transfers, direct debit payments and card payments can be made and received under the same basic conditions for European consumers, business and public administrators.

Therefore, cross-border electronic payments became as easy as domestic ones. SEPA covers the whole EU, Iceland, Norway, Switzerland, Liechtenstein, Monaco and San Marino. However, countries outside the euro area can also extend the application of the above mentioned regulation to their national currency. Sweden and Romania have chosen this option, therefore transactions in euro and payments in Swedish krona and Romanian lei are under the same SEPA rules.\textsuperscript{100}

Exercise your rights

Two successful stories are gathered how SOLVIT solved problems related to the right of free movement of services:

- “Selling services in the EU. Rafting companies from Hungary and Slovakia complained that Slovenian companies enjoyed cheaper and longer access rights to a river in Slovenia. Not only were foreign companies charged more but they also had to buy daily permits to provide their services there. Thanks to SOLVIT, the discriminatory rules were changed and foreign companies can now operate under the same conditions as local companies. Solving this problem took longer because it required a change in the rules.”\textsuperscript{101}

\textsuperscript{99} Sources: Own estimate according to EU3doms online questionnaire.
“Health insurance for students in another EU country. An Austrian student needed an operation while studying in the Netherlands. Under EU rules, she had the right to be treated in the same way as people insured in the Netherlands. This meant that the hospital should have sent the bill directly to her insurer – instead of asking her to pay the bill. SOLVIT pointed out this would be considered discriminatory. The hospital duly corrected the bill and sent it to the relevant Austrian insurance body.”  

During a temporary stay abroad (i.e. while studying, on a holiday or a business trip) in another EU country as an EU citizen, if you need unforeseen medical treatment you are entitled to any urgent medical treatment that can’t wait until you get home. Thus, you have the same rights to health care as people insured in the country you are in. However, you should take your European Health Insurance Card (EHIC) with you when you travel in another EU country.

However, you have the right to seek planned medical treatment in other EU countries. You can access to this service on the same terms and cost as people living in that country, moreover, you may be able to get some or all of your costs covered. Your health insurer can cover all the cost directly if you get public treatment and if you have asked your insurer for prior authorisation before travelling for treatment. Nevertheless, your costs might be covered if you get private treatment, but only in case you pay for the treatment yourself and claim reimbursement afterwards.

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70% of the asked EU citizens have the opinion that the opportunity that they can take health care services in other Member State is a good thing. Although Serbians cannot apply to this opportunity, among the asked citizens 87% have the same positive opinion.

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19. Figure: 'The right of EU citizens to take health care services in other Member States…’
Sources: based on EU3doms questionnaire

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103 For further information regarding EHIC and your rights during temporary stay abroad, visit the following page: http://europa.eu/youreurope/citizens/health/unplanned-healthcare/temporary-stays/index_en.htm.
104 You should contact the National Contact Point for the country where you want to be treated to see it restrict access to certain types of healthcare or not. For further information visit. For further information, visit the following webpage: http://europa.eu/youreurope/citizens/health/planned-healthcare/right-to-treatment/index_en.htm.
Sample stories:

- “Xavier wants to receive regular dental treatment (which is covered by his health insurance) in Member State Sweden. However, the cost of that treatment in the other Member State is higher than the cost at home. Xavier wants the full cost to be covered, so must apply to his insurer for prior authorisation. Once he receives it he can go abroad and get the treatment without having to pay upfront as the full cost will usually be reimbursed directly between the institutions involved.”

- “Yvonne similarly wants to receive dental treatment, in Hungary. She wants to get the treatment as soon as possible. Yvonne checks with the National Contact Point to see if she still has to apply for prior authorisation and finds that she doesn’t have to do so. She therefore goes abroad and gets the treatment. Yvonne pays herself and claims back some reimbursement on her return.”

Did you know? - Some useful tips how you can exercise your rights which you have thanks to freedom of services:

- “If you were denied boarding, your flight was cancelled, you experienced a delay of more than 2 hours at departure or you arrive with a long delay at your final destination, the operating air carrier must give you a written notice setting out the rules for compensation and assistance.”

You have similar rights when you travel by rail, bus or ship. However, you can exercise these rights only within the EU (which means the 28 EU countries, plus in case of air passenger rights including Guadeloupe, French Guiana, Martinique, Réunion Island, Mayotte, Saint-Martin, the Azores, Madeira and the Canary Islands as well as Iceland, Norway and Switzerland).

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106 The stories are from here: http://europa.eu/youreurope/citizens/health/planned-healthcare/expenses-reimbursements/index_en.htm
Interesting numbers

- Examining Hungary, Slovenia and Serbia between 2010 and 2014 focusing on their balance of international trade in service, there is a slowly increasing tendency in the case of Hungary and Slovenia, however, the situation in Serbia is rather variable.

![International trade in services in million euro (trade balance)](chart)

**20. Figure: 'International trade in services in million euro (trade balance)'
Sources: OECD Database**

- In the ’80s Hungary was a popular destination for German and Austrian patients seeking top-quality dentistry and dental prosthetic services of Swiss standards. Hungary’s medical tourism has become more varied and more international since the country joined the EU. It is due to the low cost of treatments and patient service. With these costs medical tourists can afford to fly to Hungary, undergo treatment, enjoy the sights, the culture and shopping offers in Budapest and still save up to 40-70% on what they would have to pay in the UK, USA and Scandinavian countries. In the case of Hungary dentistry, plastic and orthopaedic surgery, cardiac rehabilitation, fertility treatments, dermatology and anti-aging treatments, obesity treatments, addiction recovery programs and eye surgery (both general and ocular implantation) are the most popular treatments and procedures among international patients. Moreover, there are a lot of medical tourism programs in case of which clinics organising the entire trip including flights, accommodation, transfers and treatments.¹⁰⁹,¹¹⁰

¹⁰⁹ Medical tourism in Hungary: [http://spa.gotohungary.com/about-medical-tourism](http://spa.gotohungary.com/about-medical-tourism)
¹¹⁰ As an example there is the case of Héviz. You can get Traditional Héviz Therapy as a medical treatment in a package. For further information visit: [http://www.heviz.hu/traditional-heviz-therapy](http://www.heviz.hu/traditional-heviz-therapy)
Challenges

Freedom of services still facing with lots of challenges. For example, there is the medical treatment which can already cross the borders, while health policies and health systems has started to be increasingly interconnected within the EU, but there are still a lot of questions.

Challenges for EU directive on cross-border healthcare (Directive 2011/24/EU on patients’ rights in cross-border healthcare)\(^{111}\):

1) *Lack of clear rules and reliable information to patients regarding access and reimbursement for healthcare received in another EU country.*

The EU directive on cross-border healthcare has been in force since 2013. This directive clarifies and expands the rights of patients who seek healthcare in another EU country. Thanks to this directive, patients not only allowed to receive healthcare in other member states, but are reimbursed up to the level of costs of the treatment at home. As a result of this directive, each country had to establish at least one national contact point to provide rules and reliable information to patients regarding access and reimbursement for healthcare received in another EU country.\(^{112}\)

2) *‘Meeting patients’ expectations of the highest quality healthcare, which are even higher when they seek treatment away from home. The information given by national contact points on healthcare quality and patient safety will help them make informed choices before going abroad for healthcare.’*

3) *‘Ensuring EU countries work closer together in the interest of patients.’*

4) *‘Clearing up years of legal uncertainty. The new rules also strike the right balance between maintaining the sustainability of health systems while protecting patients’ right to seek treatment outside their home country.’*

**Cross-border Healthcare Expert Group** brings together representatives of all 28 EU member states, therefore provides platform for Member States for exchange of experiences on the operation of the Directive 2011/24/EU.

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\(^{112}\) Medical tourism in Hungary: http://spa.gotohungary.com/about-medical-tourism
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- Schengen Visa Info (2016). Romania and Bulgaria Qualify to Join the Schengen Area, Retrieved from: http://www.schengenvisainfo.com/romania-bulgaria-qualify-join-schengen-area/ [Date accessed: 25, April, 2017]


USEFUL LINKS

About the petition process:

About the European Ombudsman:
www.ombudsman.europa.eu

About citizen initiatives:

About public consultation:
http://ec.europa.eu/info/law/contribute-law-making_en#initial-idea

About the European Economic and Social Committee:
http://www.eesc.europa.eu/?i=portal.en.home

About Erasmus+ National Working Groups:
https://ec.europa.eu/programmes/erasmus-plus/opportunities-for-organisations/support-for-policy-reform/structured-dialogue_en

About Europe for Citizens Programme:
http://ec.europa.eu/citizenship/europe-for-citizens-programme/index_en.htm

About Erasmus+ Programme:
http://ec.europa.eu/programmes/erasmus-plus/

About the Rights, Equality and Citizenship Programme:

To request assistance:

About European Health Insurance Card:

About planned healthcare abroad:

About passengers right:

About medical tourism in Hungary:
http://spa.gotohungary.com/about-medical-tourism1

About Hévíz:
http://www.heviz.hu/traditional-heviz-therapy