

**JUDr. Jan Exner, Ph.D.**

**Introduction**

# **EU Internal Market**



**Co-funded by  
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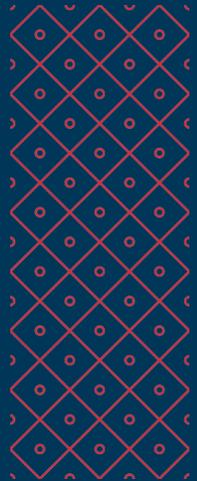
MINISTRY OF EDUCATION,  
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1. Importance of free trade
2. Barriers to free trade
3. History of the internal market
4. Area of freedom, security and justice
5. Legal regulation
6. Fundamental freedoms
7. Basic principles
8. Legal analysis



## Chapter 1

# Importance of Free Trade



# Importance of Free Trade

*“It is the maxim of every prudent master of a family, never to attempt to make at home what it will cost him more to make than to buy.” (Adam Smith)*

Free trade

- Specialization
- Comparative advantage
- Efficient allocation of resources, cheaper products, consumer welfare,...



# Ricardo's Model of Comparative Advantage

Units per hour	Germany	Portugal
Cloth	12	6
Wine	6	10

Germany has an absolute advantage in cloth production, Portugal in wine production.

Units produced*	Germany	Portugal
Cloth	24	0
Wine	0	20

If both countries specialise, they can produce more together.

\*) Let both countries have just 2 hours of work.

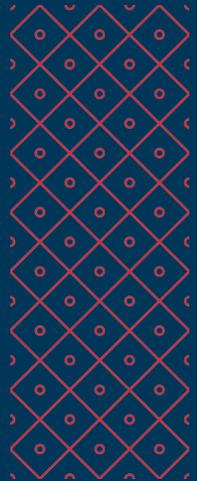


# Takeaway

- The specialisation of economies, together with international trade, **can** enable higher output.

**BUT**

- The model does not tell us whether we will always reach equilibrium, only that it exists.
- Redistribution of the gains is not addressed.



## Chapter 2

# Barriers to Free Trade



# Barriers to Free Trade

Perfect competition does not exist

National interests → trade barriers

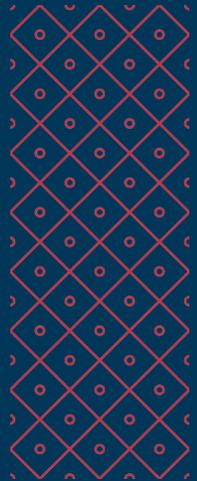
Tariff barriers

- Customs duties
- Measures having an equivalent effect

Non-tariff barriers

- Quantitative restriction on import/quantity
- Measures having an equivalent effect – quality standards

State aid



## Chapter 3

# History of the Internal Market



# Integration Stages

## Free trade area

- Free movement of goods
- Autonomy to regulate relations with non-member states

## Customs Union

- FTA + common external custom policy

## Common Market

- **CU + free movement of persons, services and capital**

## Monetary Union

- CM + single currency (Euro)



# Integration Stages

## Economic Union

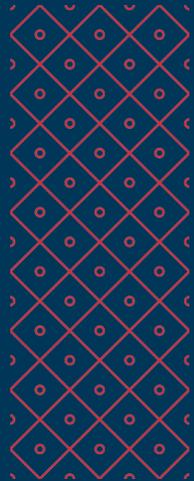
- MU + common monetary and fiscal policy

## Political Union

- EU + policies/institutions

## Full Union

- Complete unification



## **Chapter 4**

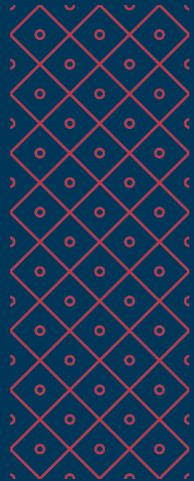
# **Area of Freedom, Security and Justice**



# Area of Freedom, Security and Justice

## Art. 67 et. seq. TFEU

- Respect for fundamental rights and the different legal systems and traditions of the Member States
- Absence of internal border controls for persons
- Common policy on asylum, immigration and external border control
- High level of security
- Access to justice



## Chapter 5

# Legal Regulation



# Legal Regulation

## Market integration

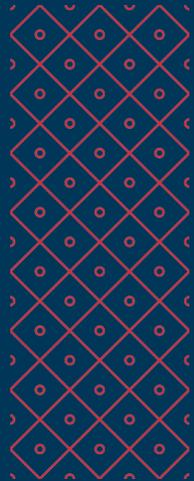
- Negative integration
  - Elimination of obstacles
- Positive integration
  - Approximation of laws
  - Agriculture, transport
- Undistorted competition



# EU Internal Market

Art. 3(3) TEU: *“The Union shall establish an internal market.”*

Art. 26 (2) TFEU: *“(…) an area without internal frontiers in which the free movement of goods, persons, services and capital is ensured in accordance with the provisions of the Treaties.”*



## Chapter 6

# Fundamental Freedoms



# EU Internal Market Freedoms

Free movement of goods (Art. 28 et seq. TFEU)

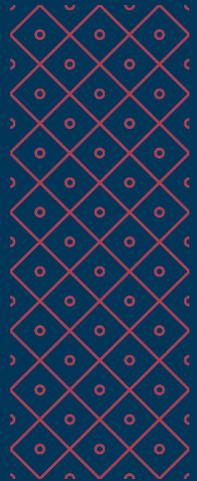
Free movement of workers (Art. 45 et seq. TFEU)

Freedom of establishment (Art. 49 et seq. TFEU)

Free movement of services (Art. 56 et seq. TFEU)

Free movement of capital (Art. 63 et seq. TFEU)

Competition law



## Chapter 7

# Basic Principles



# Basic Principles

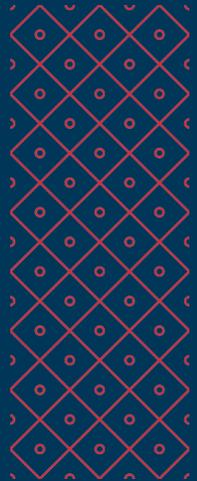
Equal treatment and non-discrimination

- Foreign G/P/S/C enjoy the same treatment as their domestic equivalents
- Does not interfere with national regulatory system
- Does not regulate the standard

Market access

- Rules effectively amounting to restriction

Mutual recognition



## **Chapter 8**

# **Legal Analysis**



# Three-Step Legal Analysis

## Scope

- Cross-border element
- Which freedom/provision of EU law?
- Unification/harmonization?

## Restriction

- Directly/indirectly discriminatory
- Non-discriminatory

## Justification

- Legitimate aim – Treaties, CJEU
- Proportionality



# Three-Step Legal Analysis

Is the situation within the scope of EU law?

- Which freedom is at stake?
- Is the area unified/harmonized?

Has there been a restriction?

- Is the restriction (directly/indirectly) discriminatory or not?
- Is the restriction imposed by the home State or the host State?

Can the restriction be justified?

- What is the legitimate aim used to justify the restrictive measure?
- Is the restriction proportionate (i.e. adequate and necessary) to meet the aim?



# Literature

Barnard, C. (2025) – The Substantive Law of the EU: The Four Freedoms (8th ed., OUP)

Jaeger, T. (2021) – Introduction to European Union Law: Foundations, Institutions, Enforcement, Internal Market Rules (1st ed., Facultas)

Sufrin, B., Dunne, N., Jones, A. (2023) – EU Competition Law: Text, Cases & Materials (8th ed., OUP)



The project “ESF+ na UK“, reg. no. CZ.02.02.XX/00/23\_022/0008957,  
is supported by the [Programme Johannes Amos Comenius](#).

**Faculty of Law**  
nám. Curieových 901/7  
116 40 Prague 1  
[www.prf.cuni.cz](http://www.prf.cuni.cz)

 **Charles University**

