

THE APPLICATION OF BENEFITS PROVIDED BY THE EU INTERNAL MARKET TO CROSS-BORDER ENTREPRENEURSHIP

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The creation of the internal market is one of the European Union's (EU) important achievements, which brings a notable contribution to the simplification of commercial affairs between the member states. The opened borders to domestic markets of 500 million consumers and the possibility to operate on the same set of rules throughout the Community without discrimination on national considerations create excellent opportunities for the business expansion.

Statistics show, that the majority of Latvian businesses choose to limit their activities to 2.3 million customers, sharing them with foreign investors, who have stepped in the Latvian market within the country's accession to the EU. The Latvian government cannot keep the local market intact by applying protectionism measures, which is against the EU principles. The only way for entrepreneurs to hold back the external pressing is to be active and spread operation throughout the other countries. The goal of the research is to find out the most efficient way how the benefits of the EU internal market can be delivered to companies.

The analysis of current situation based on state investigations, statistics and publications have identified that the main reason for the companies' reluctance to expand abroad is lack of information and fear to face trade barriers. Latvian companies have little confidence in opportunities provided by the EU. Such facts as the reduction of number of required business licenses in Latvia from 118 to 67, prohibition of quantitative restrictions on imports and exports of goods, removal of customs barriers (tariffs, quotas), and possibility to freely sell products in any EU member state are just often ignored.

There is no discrimination on national considerations possible any more, and the EU benefits should be demonstrated to entrepreneurs. The author has determined that companies need a governmental support and step-by-step backup to commence a wider cross-border operation. There are various local and foreign organisations assisting companies in international performance. One of the most efficient is Investment and Development Agency of Latvia (LIAA), which provides information about business opportunities in other EU countries, relevant legislation, the taxation system, the national economy and external trade, promotes and facilitates cooperation between Latvian and foreign companies. The "EU Matching in Border Regions" organisation provides an opportunity to carry out face-to-face meetings pre-arranged and based on cooperation profiles of participating companies. These are just few examples of existing business support

identified by the author – various agencies, chambers, associations and other bodies are found to open gate to the EU single market advantages.

However, the oral inquiry of entrepreneurs, organised by the author within the seminar concerning cross-border business issues, has shown, that plenty of internet web sites provide information of different quality – usable and useless, up-to-dated and obsolete. Consequently, the vagueness stuns the users; they are not ready to waste time, money and other resources for getting wrong information. As a result, the author has come to a conclusion that there is a logical needed for the centralised information system, and government should take the helm for its creation. The point of single contacts (PSC), defined by the recently adopted Service Directive (2006/123/EC), is an ideal tool to realise the proposal. According to the directive, PSC is to be established in each member state by the end of 2009. It should ensure an access to exhaustive information on the requirements applicable in other Member States through a single gate. In PSC any service provider should be able easily complete all procedures and formalities necessary for access to and exercise of his activities by electronic means. As it is absolutely up to each member state to decide how the PSC will be organised, the authors propose Latvian PSC to converge the existing business assistance portals, ensuring that companies are able to prepare themselves for fair competition under the same rules no matter where a company is established. Accordingly, entrepreneurs will be empowered to practically apply the benefits provided by the EU internal market to their businesses.