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Opinion of the European Economic and Social Committee

The cost of non-Schengen for the single market – impact on Bulgaria and Romania

(own-initiative opinion)

(C/2025/762)

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1. Conclusions and recommendations

1.1. The European Economic and Social Committee (EESC) calls the Council to set a date for lifting land border controls between Bulgaria and Romania and the other Schengen Member States as early as 2024. The EESC calls on all stakeholders to work collaboratively towards this goal, ensuring that the benefits of Schengen membership are extended equally to all EU citizens.

1.2. The Schengen Agreement is essential for the free movement of people, goods, services and capital within the EU, and is a key factor in the EU's economic success. The competitiveness of the EU has become a pressing political priority, as underscored by the recent reports of Enrico Letta and Mario Draghi. A key message of these reports is the necessity for swift and comprehensive implementation of Single Market rules, along with further integration.

1.3. Despite its significant achievements, the European single market remains a work in progress. Recent crises have further exposed its vulnerabilities to disruptions. Any limitations on the freedom of movement within the single market, including technical restrictions on routes and road transport, have an adverse effect on EU competitiveness and economic growth, hampering the full realisation of the social market economy as envisaged in the Treaties.

1.4. For years, Member States have been temporarily reintroducing border controls ([1]). However, the economic and social impact of these decisions on the single market has not been subject to evaluation. The EESC considers that the European Commission should regularly provide reliable data on the economic and social effects directly linked to the introduction of border controls within the Schengen area, including with respect to competitiveness.

([1]) https://home-affairs.ec.europa.eu/policies/schengen-borders-and-visa/schengen-area/temporary-reintroduction-border-control_en; https://home-affairs.ec.europa.eu/document/download/11934a69-6a45-4842-af94-18400fd274b7_en?filename=Full%20list%20of%20MS%20notifications_en.pdf.

1.5. As of 31 March 2024, the Council has lifted internal air and maritime border controls with Bulgaria and Romania. Nevertheless, internal land border controls with those Member States remain, leading to unnecessary economic and social costs for the whole of the single market.

1.6. Different estimates show that companies operating in Bulgaria and Romania pay billions of euros annually as a result of increased logistics costs, delays impacting deliveries of goods and equipment, and increased costs for fuel and drivers. All these direct costs are inevitably passed on to consumers in the form of higher prices, and have an impact on workers' physical and mental health.

1.7. Land border controls have a clear environmental impact due to the CO_2 emissions from vehicles waiting to cross the border. They hamper tourism and impede the free movement of labour. The uncertainty and inefficiencies associated with land border controls deter foreign direct investment and harm the investment climate.

1.8. Bulgaria and Romania's lack of Schengen membership has a political price. Joining the Schengen area should not be used as a form of non-formal, post-EU accession conditionality. This approach creates mistrust in the European institutions and fuels Eurosceptic sentiments.

2. **Background**

2.1. The **European single market** is a remarkable achievement and one of the foundations of European integration. It grants EU businesses access to a vast domestic market of nearly 450 million people, stimulating trade, competition, and economic growth, and fostering wealth and cohesion for all Europeans. Nevertheless, despite already having celebrated its 30th anniversary ([2]), the single market **remains a work in progress**. The **Schengen Agreement** remains a **cornerstone of the EU's single market.**

2.2. In spite of the need to deepen the single market, around 60 % of the **current barriers** to the provision of services have been of the same type for the last 20 years ([3]) and, at present, are hampering the transition to the green and digital economy.

2.3. Recent crises, such as the COVID-19 pandemic and the war in Ukraine, have revealed the **single market's vulnerability to disruptions**. To address this, the market must remain operational at all times, even during unforeseen crises. Quick action to counter breakdowns, including supply chain shortages and dependencies on third countries, is essential.

2.4. Since 2011 ([4]), ([5]), Bulgaria and Romania have satisfied all prerequisites for implementing the Schengen acquis across various domains ([6]). The European Parliament has adopted eight resolutions calling for the speedy entry of both countries into Schengen, with the last of these dating from 10 April 2024. The EESC also adopted a resolution ([7]) on 14 December 2023, stating that there should not be additional conditions for Bulgaria and Romania beyond the existing treaties and regulations.

([2]) https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52023DC0162.
([3]) BusinessEurope – Examples of single market barriers for businesses - 2023 – https://www.businesseurope.eu/publications/examples-single-market-barriers-businesses-2023.
([4]) OJ C 380 E, 11.12.2012, p. 160.
([5]) Communication from the Commission to the European Parliament and the Council on Making Schengen stronger with the full participation of Bulgaria, Romania and Croatia in the area without internal border controls, COM(2022) 636 final.
([6]) Bulgaria and Romania fact-finding mission report_en.pdf; https://home-affairs.ec.europa.eu/document/download/634c9fb4-9860-472b-9d1b-09762a782ab4_en?filename=Report%20fact-finding%20mission%20to%20Bulgaria_en.pdf.
([7]) Resolution of the European Economic and Social Committee on the EESC's support for the accession of Romania and Bulgaria to the Schengen area, 14 December 2023 (OJ C, C/2024/1563, 5.3.2024, ELI: http://data.europa.eu/eli/C/2024/1563/oj).

2.5. In 2023, the Council lifted internal air and maritime border controls with Bulgaria and Romania as of 31 March 2024. Checks at internal land borders have been maintained **without an established date for their removal.**

2.6. In his report on the future of the single market, **Enrico Letta** calls on the European institutions to firmly oppose any attempt to limit freedom of movement between Member States, including technical restrictions on routes and road transport, and any suspension of the Schengen Agreement. The report explicitly states that ***'a date for the lifting of checks at internal land borders between Bulgaria, Romania, and other Schengen countries must be established in 2024*** ([8])***'***. The same message was conveyed by the European Commission President, Ursula von der Leyen, when she presented her political guidelines for the next European Commission 2024-2029 to the European Parliament.

3. **General comments**

3.1. The decision to **keep the land border controls between Bulgaria and Romania and the other EU member states, results in significant costs** and creates a de facto additional barrier preventing companies from reaping the full benefits of the single market. The impact on regional, economic, and social cohesion highlights the broader implications for EU unity and stability. By taking active steps towards the full integration of Bulgaria and Romania into the Schengen Area, the EU can strengthen its internal cohesion, enhance its competitiveness, and uphold the fundamental principles of free movement and solidarity that underpin the European project.

3.2. The EESC notes that Eastern Europe, including Bulgaria and Romania, plays a crucial role in terms of security and supply chains, including with respect to aid to Ukraine. The EESC stands ready to support these efforts and urges all stakeholders to prioritise the swift and effective resolution of this matter.

3.3. The EESC also notes that there are limited analyses and data available on the economic effects of non-Schengen on the single market. There is only one study, commissioned by the European Parliament in 2016, the purpose of which was **to assess the impact of the re-establishment of border controls** within the Schengen area, rather than assessing the effect of keeping the Member States outside of the Schengen Areas.

3.4. The European Commission assesses **physical barriers to trade** ([9]), but this only covers events such as border blockades, demonstrations, and attacks on trucks. The effects of land border controls, including the temporary reintroduction of border controls by Schengen Member States, are not considered.

3.5. In the context of the EU **enlargement** process, discussions are emerging on existing gaps in economic relationships with candidate countries when measured against the possibility of EU single market membership ([10]). Economic convergence with the EU is still insufficient in the case of Bulgaria and Romania, and border controls affect this process negatively. Using accession to the Schengen area as a form of non-formal, **post-EU accession conditionality** ([11]) creates mistrust in the European institutions and fuels **Eurosceptic sentiments** ([12]).

([8]) https://www.consilium.europa.eu/media/ny3j24sm/much-more-than-a-market-report-by-enrico-letta.pdf.

([9]) https://single-market-economy.ec.europa.eu/single-market/barriers-trade/physical-barriers-trade_en.

([10]) The impact on the European Union of Ukraine's potential future accession, Bruegel Report, 11 April 2024, https://www.bruegel.org/system/files/2024-04/Report%2002.pdf.

([11]) The impact on the European Union of Ukraine's potential future accession, Bruegel Report, 11 April 2024, https://www.bruegel.org/system/files/2024-04/Report%2002.pdf.

([12]) Public opinion poll in Romania reveals that over 60 % of citizens feel that their exclusion from the Schengen Area signifies a second-tier status within the EU. INSCOP Research, Sondaj de opinie național – aprilie 2024 Partea a V-a: Opinia românilor despre aderarea parțială la spațiul Schengen - https://www.inscop.ro/aprilie-2024-sondaj-de-opinie-inscop-research-realizat-la-comanda-news-ro-partea-a-v-a-opinia-romanilor-despre-aderarea-partiala-la-spatiul-schengen/ and https://www.inscop.ro/wp-content/uploads/2024/04/26.04.24-Sondaj-INSCOP-NEWS-Partea-a-V-a-Schengen.pdf.

4. **Specific comments**

4.1. A detailed study by the Economic Research Institute of the Bulgarian Academy of Science (ERI) shows that the **annual** average negative effect on the Bulgarian economy owing to the country's partial accession to the Schengen Area is a yearly **loss of over EUR 834 million** ([13])**, including direct, indirect and environmental effects**. These encompass the direct costs of goods transported, road freight transport and losses from missed opportunities to generate alternative revenue for road freight transport; the total environmental effect of having an extended waiting time at borders at an average exchange price per tonne of CO_2 pollution emitted; losses due to missed opportunities to generate additional income; and total losses due to lost potential state budget revenues from taxes due. There are no compatible numbers for Romania; however, estimates ([14]) are that delays at land borders cost transport operators EUR 90 million, with an additional EUR 2.32 billion in **lost annual revenues**. These costs result in reduced competitiveness of businesses and economies.

4.2. There is a **diverse use of modes of freight transport** across different Member States, which should be considered when measuring the effects of land border controls. For instance, **Greece** is among the three Member States with the **highest share of maritime freight** transport (96,4 %), while **Romania** is among the three Member States with the **lowest share of maritime freight transport** (16,0 %) ([15]). At the same time, the EU's **road freight volume grew** by 22 % from 2013 to 2022. **Trucks** continue to form the backbone of supply chains, **transporting 77 % of inland freight** (road, rail and waterway) in the EU ([16]).

4.3. The Hungarian-Romanian border serves as a crucial gateway to the main EU market, effectively absorbing the traffic from routes and chains of delivery passing through Greece, Bulgaria, and Romania. The EU countries are their main trade partners, with merchandise import and export of respectively 71 % and 72 % for Romania, 69 % and 77 % for Hungary and 55 % and 63 % for Bulgaria ([17]).

4.4. Delays and queues of passenger cars and trucks crossing the land borders between Bulgaria and Romania and Romania and Hungary vary depending on the season, but lie on average within a minimum of 20 minutes and over 200 minutes, sometimes lasting for even over 5 days ([18]). The length of freight truck queues can sometimes be over 30 km at specific land border control points. Long queues at borders can cause perishable goods to spoil (affecting negatively agri and food sectors), resulting in financial losses for exporters and importers alike. Apart from costs linked to trucks delay at the borders, costs and losses linked to implementation of infrastructural projects are also reported, as equipment needed cannot be transported in due time. E-commerce growth is also negatively affected, as despite trade could done online, deliveries are made in the traditional way.

4.5. Detailed studies indicate that transportation companies operating in Bulgaria and Romania face additional costs ranging from 5 % to 20 % due to border delays ([19]). This includes fuel costs, drivers' wages, and vehicle maintenance. These costs are ultimately passed on to consumers, contributing to higher prices for goods ([20]). For Bulgaria, the costs amount to as much as EUR 432 million in losses for freight transport, increasing to EUR 711 million when the potential effects are taken into account. For Romania, it is over EUR 2.5 billion, according to UNTRR estimates.

([13]) Bobeva, D., Nestorov, N., Pavlov, A., Stoilov, S. (2024). Evaluation of the Economic Impact of a Country`s Accession to the Schengen Area – the Case of Bulgaria. Economic Thought Journal, 69 (2), 139-163. https://doi.org/10.56497/etj2469201.
([14]) https://www.iru.org/resources/iru-library/call-address-excessive-truck-waiting-times-internal-and-external-eu-borders.
([15]) Eurostat, (tran_hv_ms_frmod).
([16]) https://www.iru.org/news-resources/newsroom/who-driving-what-and-where-eu-road-freight-trends.
([17]) WTO Trade Profiles 2023, https://www.wto.org/english/res_e/publications_e/trade_profiles23_e.htm.
([18]) Information from the National Transport Chamber of Bulgaria, and the Ministries of Internal Affairs of Romania and Bulgaria.
([19]) UNTRR study, *Road Transport Market in Romania, 2018-2030*, April 2024 - https://piata-transporturilor.ro/?page_id=160.
([20]) World Road Transport Organisation – January 2024 – '*This directly cost transport operators €90 million, with an additional €2.32 billion in lost annual revenues*.' - https://www.iru.org/resources/iru-library/call-address-excessive-truck-waiting-times-internal-and-external-eu-borders.

4.6. Continued border controls have a **negative environmental impact**, due to CO_2 emissions from vehicles waiting to cross the border whose engines are left running while they are being processed. According to conservative assumptions and estimations ([21]), yearly border carbon emissions resulting from the remaining border controls at the Hungary-Romania, Romania-Bulgaria and Bulgaria-Greece borders amount to over 46 thousand tCO_2/year. This is equivalent to the yearly emissions from the electricity consumption of about 28 000 EU households ([22]).

4.7. The uncertainty and the inefficiencies associated with border controls deter foreign direct investment and **harm the investment climate**. Investors seek stable and predictable environments, and the perceived risk of delays and increased operational costs often redirects investment to other Schengen countries. This phenomenon exacerbates the economic disparities between eastern and western European countries.

4.8. According to findings in the study conducted by the European Parliament in 2016 ([23]), non-Schengen membership could affect market expectations about these countries' status within the EU and the euro area (although Bulgaria and Romania are still yet to adopt the euro). It is a **political signal that a country is not part of the EU's 'core'**, and could have a bearing on the yields of government bonds, the price of financial assets, and the interest rates faced by firms and households, as well as potentially having a negative impact on the real economy.

4.9. Prolonged waiting times at land borders can significantly infringe upon **human rights** and exacerbate inequalities. Individuals may face undue delays, stress, and health risks, regardless of their nationality or circumstances. Such barriers hinder the free movement of people, impacting trade, education, and family reunification, and have a significant impact on the mental and physical health of workers, especially drivers. Implementing efficient border management systems and upholding the principles of equality are crucial in ensuring that these fundamental rights are protected and that all individuals are treated with dignity and respect, irrespective of their background.

4.10. Prolonged border controls between Bulgaria and Romania and their neighbouring Schengen Area countries, such as Greece and Hungary, create significant time constraints for travellers and negatively affect the bus transport sector ([24]). This **hampers tourism**, a vital sector for both countries, and hinders EU economies and regional development. ERI research suggests that Bulgaria alone loses over EUR 62 million annually in tourism revenue.

4.11. Non-Schengen status impedes the **free movement of labour**, limiting opportunities for workers from Bulgaria and Romania to seek employment in their neighbouring EU Member States. This limitation affects construction, agriculture, and services industries, which rely heavily on seasonal and temporary workers ([25]).

4.12. There is limited statistical data on employment, entrepreneurship, and vocational opportunities involving cross-border mobility within the EU, which would allow for an assessment of the impact of land border controls on Bulgaria, Romania, Hungary, and Greece. However, a negative impact can be inferred, given that **workers' mobility is affected by the availability of transportation options.**

4.13. Greater labour mobility is associated with higher productivity and economic output. Mobile citizens of working age (20-64) from Romania and Bulgaria ([26]) as a percentage of their home country's resident population continues to grow (Romania: from 11,5 % in 2010 to 18,6 % in 2020 – highest in EU; Bulgaria: from 6 % in 2010 to 10,3 % in 2020 – fourth highest in EU). Removing land border controls will facilitate the availability of transportation options and increase the **opportunities for cross-border labour mobility**, thereby also boosting the opportunities for higher productivity and economic output in the relevant cross-border regions.

([21]) *The Unnecessary Burden*, KPMG research, March 2023, https://assets.kpmg.com/content/dam/kpmg/ro/pdf/2023/Schengen_border_CO2-emissions-impact.pdf.
([22]) Own calculations, Eurostat data: lfst_hhnhtych and *EU energy in figures* – statistical pocketbook 2023.
([23]) *The cost of non-Schengen – impact of border controls within Schengen area on the single market*, May 2016, https://www.europarl.europa.eu/RegData/etudes/STUD/2016/578974/IPOL_STU(2016)578974_EN.pdf.
([24]) Organised tourist trips are mainly carried out by bus.
([25]) Labour mobility involves complex dynamics beyond Schengen membership, including language barriers, job availability, and social integration. While Schengen integration is likely to enhance labour mobility, attributing a specific percentage reduction solely to non-Schengen status requires more targeted research.
([26]) Eurostat (lfst_lmbpcita and demo_pjangroup).

4.14. Paradoxically, with respect to the **security concerns**, the partial admittance of Bulgaria and Romania to the Schengen Area undermines rather than enhances EU security. Effective management of external borders is a shared responsibility, and integrating these countries into Schengen could strengthen overall security measures through enhanced cooperation and resource sharing. Furthermore, expenditures linked to sustaining and maintaining border security infrastructure, incl. police forces between Bulgaria and Romania, Bulgaria and Greece and Romania and Hungary could be redirected to strengthen the external border of the EU.

Brussels, 4 December 2024.

The President
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