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TITLE: THE ADJUSTMENT CAPACITY OF THE EUROPEAN ECONOMY EXAMINED WITH AN INPUT-OUTPUT BASED KEY SECTOR ANALYSIS: TOWARDS A REVIEW OF THE EUROPEAN SINGLE MARKET

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ABSTRACT:

The Single Market is a pillar of the European Union (EU) and has been essential in the last twenty-five years for the smooth functioning of Europe's economic and monetary policies. Besides, it is also the heart of a range of EU policies such as the Lisbon Strategy on growth and jobs. Despite these achievements, the Single Market still has untapped potential and needs to adapt to new realities. Subsequently, the European Commission set out its reviewed vision for the 21st century Single Market providing a response to the challenges of globalisation. As part of this report, the Commission's services developed a new approach for a more systematic monitoring of the functioning of key goods and services markets, which was presented at the informal European Council in October 2007. Within this context, this paper screens all the industries of the European economy to identify those key markets and sectors that are most important for growth and adjustment in the EU in terms of production, employment and income. It contributes to the literature by making a sensitivity analysis of the backward and forward impact indicators to identify the key sectors and eventually provides results for the EU as a whole and for individual countries for selected sectors: chemicals, fabrication of motor vehicles, food industry, construction work and pulp and paper industry.