

## **The Single Market as an engine for employment growth through the external trade**

Topic: Input-output analysis for policy making 2

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This article quantifies for the first time not only the domestic employment effects of foreign EU exports but also the correct number of jobs generated through intra-European trade (Single Market) in the production of such exported commodities. The literature has neglected very often the latter effects mainly due to the lack of appropriate methodology and database. The empirical evidence shows that the EU has really progressed during the period 2000-2007 towards a more vertically integrated economy, reducing the labour intensity of the goods and services exported outside the EU, trading most prominently within the EU Single Market and subsequently, generating an increasing number of jobs. Despite the reduction in the labour intensity of the European exports, the associated employment grew from 22 to 25 million jobs, out of which 9 million jobs were created due to spillover and feedback effects associated to the Single Market.