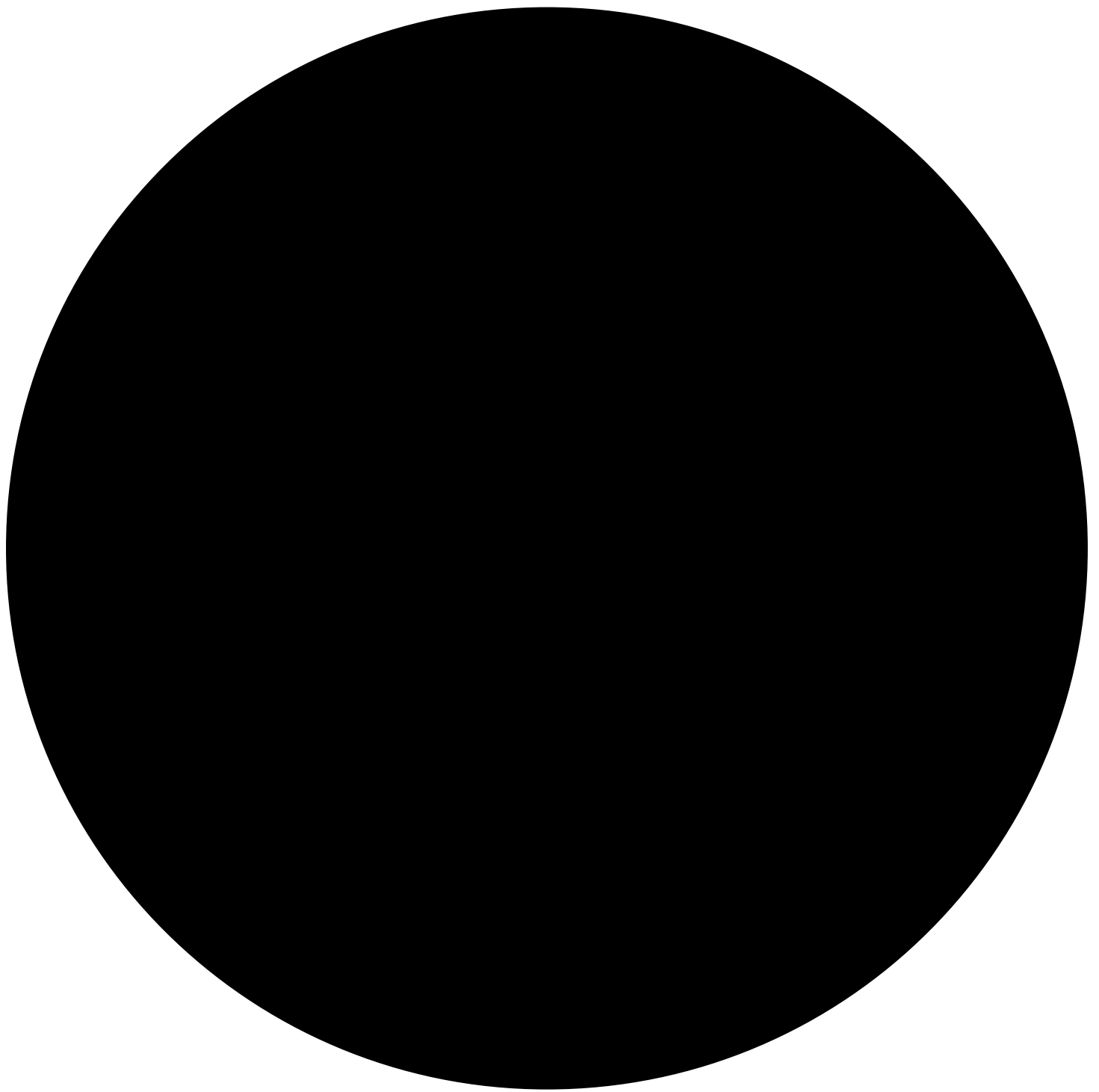


THE ECONOMIC COST OF ENDING SCHENGEN

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The response of European governments to the refugee crisis, spurred by the growth of populist anti-immigration movements, is eroding the Schengen treaty that has allowed the free movement of people and goods between countries for decades, and Daesh's terrorist attacks in Paris and Brussels have exacerbated the problem. Germany, Austria, France or Sweden, among other countries, have recovered internal border controls at some points, or are considering implementing new ones. Leaving aside its significant social

and political implications, the economic cost of ending Schengen would be enormous. A report by Germany's [Bertelsmann Foundation](#) estimates that the return to internal border controls would mean a hole of 470 billion in European GDP in the next 10 years. [Bloomberg](#) compares it to losing a company the size of BMW every year for a decade.

Free movement gave birth to a market of 400 million people, with 24 million business trips and 57 million cross-border cargo transfers annually, according to data from [European Parliament](#). According to the Bertelsmann foundation, regaining controls would result in higher costs and prices with a negative impact on the slow recovery of the European economy. In an optimistic scenario, goods from other European countries would increase their price by 1%, up to 3% in a more pessimistic scenario.

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