

The background of the image is the European Union flag, featuring a blue field with twelve yellow five-pointed stars arranged in a circle. The flag is shown with a slight wave, giving it a three-dimensional appearance.

European Union: Half a Century of Peace and Prosperity

The European Union



Introduction

27

Member States

Combined
population of
EU Member
States

**500
million**

7.5

Percent of world's
population

Percent of
global GDP

30

60

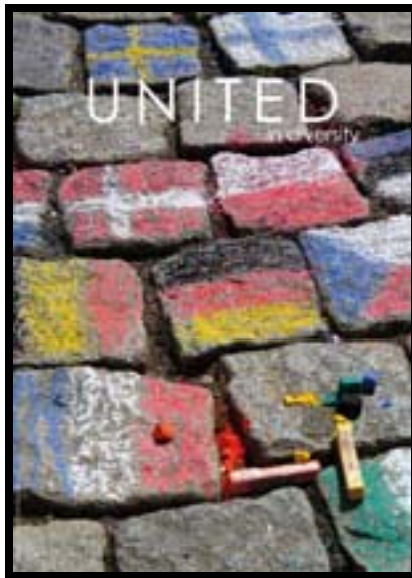
Percent of combined
worldwide Official
Development Assistance

- The European Union (EU) has brought political stability and economic prosperity to its citizens.
- It has created a frontier-free single market and a single currency, the euro.
- It has reunited a fractured continent.
- It is a major economic and commercial power and the world's biggest donor of development aid to poorer countries.
- Its membership has grown from six to twenty-seven nations, bringing the EU's population to nearly half a billion.

The European Union



United in Diversity



- Though richly diverse, EU countries are united in their commitment to peace, democracy, the rule of law and respect for human rights.
- They seek to promote these values in the wider world, to build and share prosperity and to exert their collective influence by acting together on the world stage.

The European Union



Historical Development



Step by Step



The European Union



War and Peace

- The aim in the aftermath of two world wars, where more than 100 million people in Europe lost their lives, was to secure peace between Europe's victorious and vanquished nations and bring them together as equals, cooperating within shared institutions.
- The French economic advisor and politician Jean Monnet, came up with the idea that the governments of France and Germany - both rich on coal and steel – should no longer run their own coal and steel industries.
- Instead, these industries should be organized by people from all the countries involved. In this way, none can on its own make the weapons of war to turn against the other, as in the past.

The European Union



Europe Day, May 9



- On May 9, 1950, Robert Schuman presented his proposal on the creation of an organized Europe, indispensable to the maintenance of peaceful relations.
- This proposal, known as the "Schuman declaration", is considered to be the beginning of the creation of what is now the European Union.
- Today, May 9th has become a European symbol (Europe Day) which, along with the flag, the anthem, the motto and the single currency (the euro), identifies the political entity of the European Union. Europe Day is the occasion for activities and festivities that bring Europe closer to its citizens and peoples of the Union closer to one another.

The European Union



1951

Founding Members

Belgium
France
Germany
Italy
Luxembourg
Netherlands



The European Union



1957, Treaty of Rome

- In 1957, **the six founding countries** decided to build a European Economic Community (EEC), based on a wider common market covering a whole range of goods and services.
- The common market was established with the Treaty of Rome 1957.
- The common market intended to eliminate all trade barriers between the six countries with the aim of increasing economic prosperity.





1986, Internal Market

- A lack of progress led the Community in the mid-1980s to consider a more thorough approach to the objective of removing trade barriers, with more effective methods: the internal market.
- This was primarily set out in the celebrated Commission White Paper of June 1985 and incorporated in the Treaty by the 1986 Single European Act.
- The internal market ensured **four freedoms of movement**:
 - ❖ **Goods**
 - ❖ **Services**
 - ❖ **Persons**
 - ❖ **Capital**
- The internal market was completed in 1993.

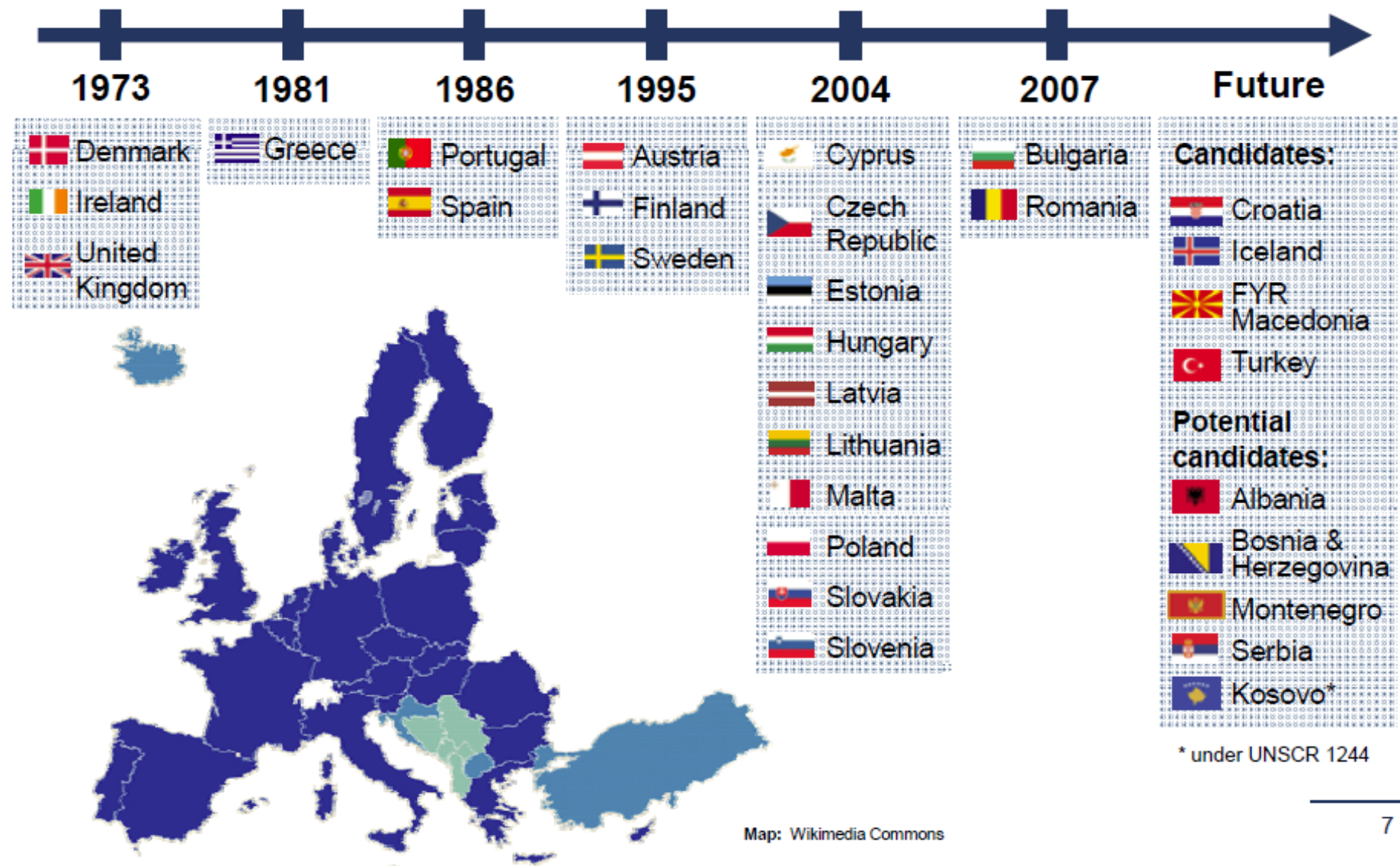




EU Enlargement



Widening the Union - EU Enlargements



The European Union

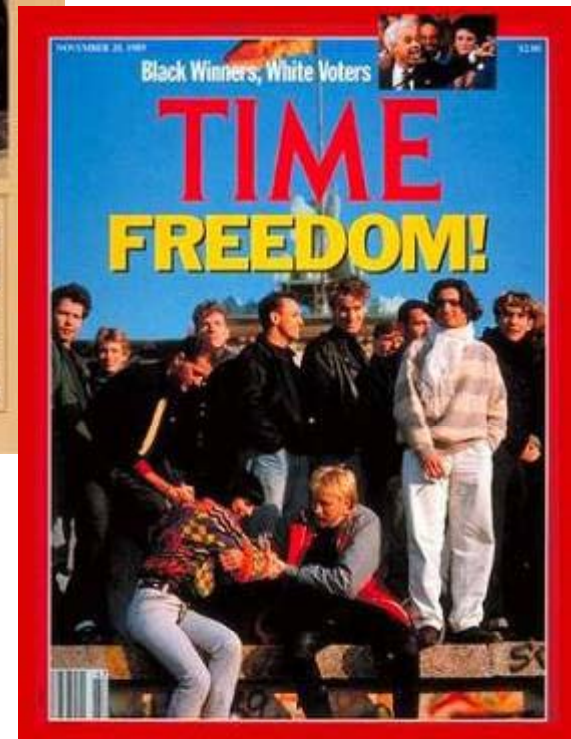


1989

Fall of the Berlin Wall

Unification of Germany and the return of democracy to the countries of central and eastern Europe.

Soon after there was a queue of candidate countries among central and eastern European countries applying for EU membership.





Conditions for Enlargement

- The EU is open to any European country that fulfils the democratic, political and economic criteria for membership.
- The Copenhagen Criteria:
 - ❖ Stable institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities.
 - ❖ A functioning market economy and the capacity to cope with competitive pressures.
 - ❖ Adoption and implementation of EU law.

The European Union

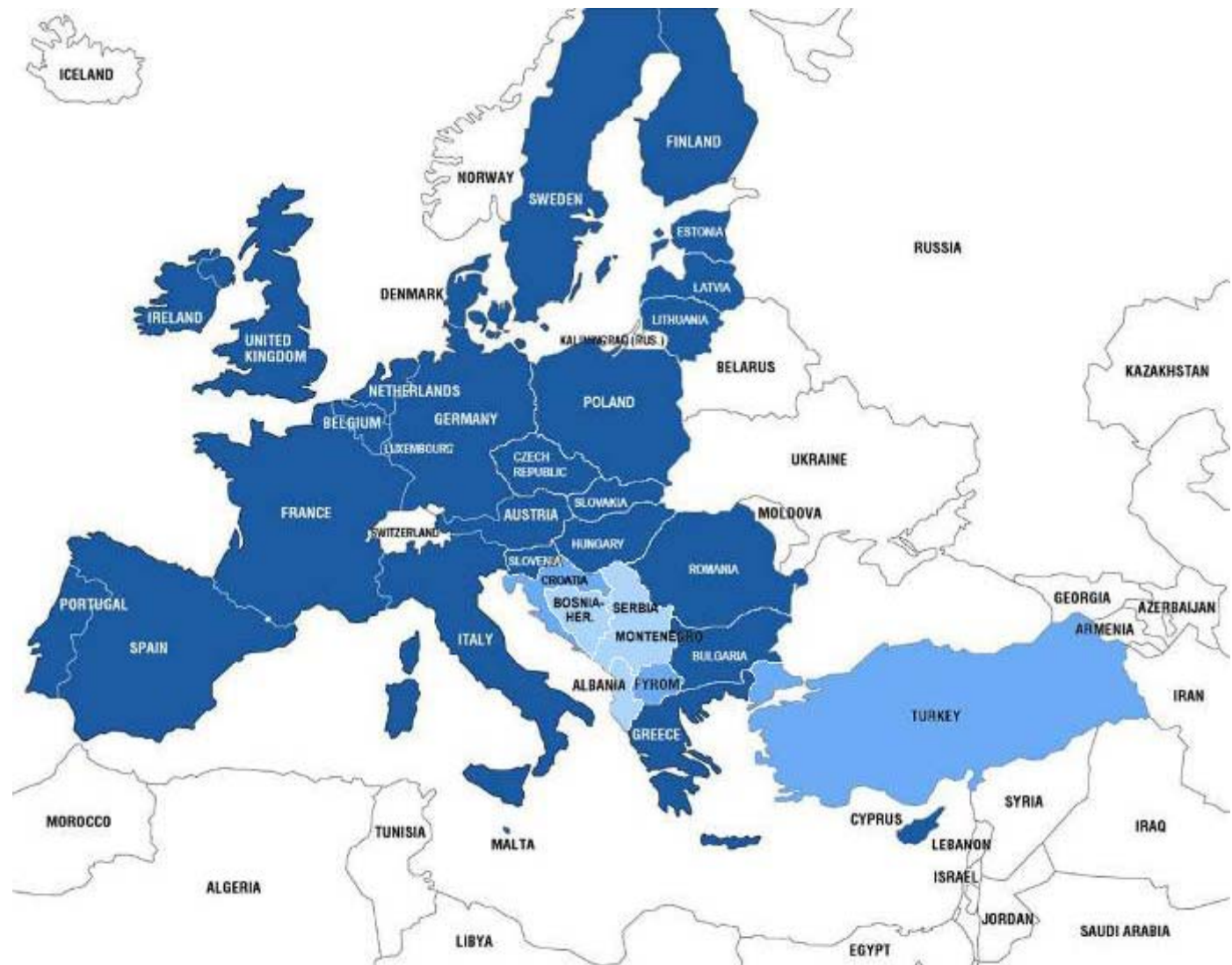


Candidate Countries

Croatia
Former Yugoslav
Republic of Macedonia
Turkey

Potential Candidate Countries

Albania
Bosnia & Herzegovina
Montenegro
Serbia including Kosovo
under UN Security Council
Resolution 1244



The European Union



The Euro - One Currency for One Europe





1999, Introduction of the Euro



- EU countries using the euro
- EU countries not using the euro

- The euro is the **single currency** of the EU, and was introduced in **1999**.
- 11, then, 15 countries adopted the euro as a virtual currency in 1999 – in 2002 the euro notes and coins were issued.
- Today **17** out of 27 EU countries have adopted the euro.
- The euro has become an attractive world currency like the US dollar.



Euro Area ≠ European Union

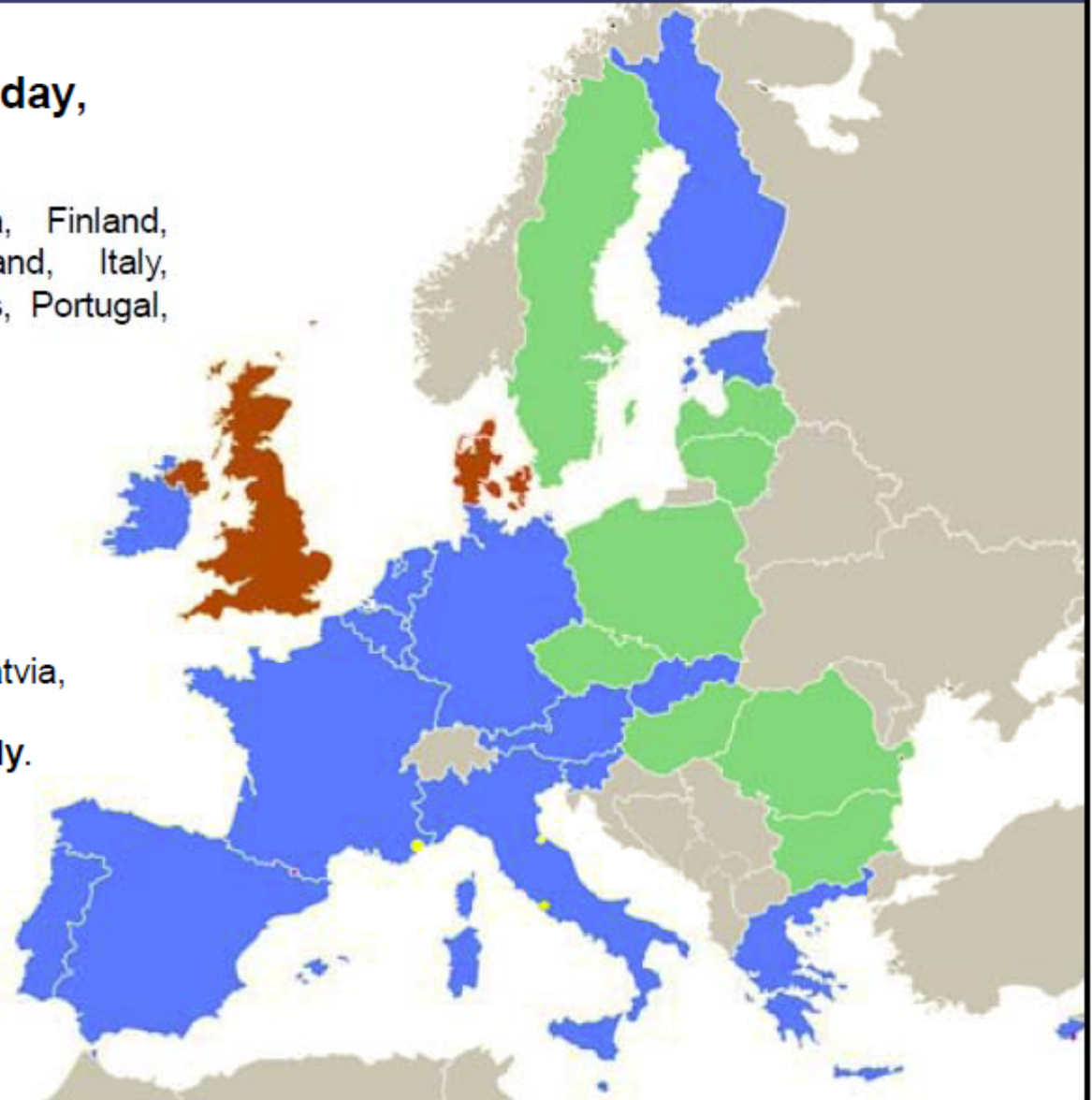
**Of the 27 EU Member States today,
17 have adopted the euro**

Blue Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia and Spain

What about the other 10?

Brown Denmark and the United Kingdom have opted out and are not obliged to adopt the euro.

Green Bulgaria, Czech Republic, Hungary, Latvia, Lithuania, Poland, Romania, Sweden will have to adopt the euro eventually.





What Are the Benefits of the Single Market?

+ Increased competition

→ Lower prices

→ Wider choice of products and services

→ More jobs

+ Easier travel

+ More opportunities to live, work and study in other EU countries





What Are the *Additional* Benefits and “Costs” of Adopting the Euro?

Price stability and security of purchasing power



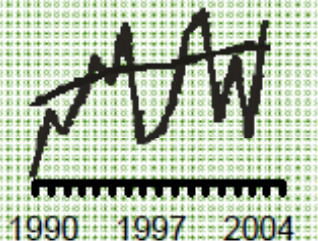
Elimination of transaction costs



Price transparency across countries



Elimination of exchange rate risks



Countries can no longer change their interest rate or their exchange rate.



Countries cannot have an independent monetary policy!



How Do Countries Qualify for Membership of the Euro Area?

Countries must fulfill the convergence (or “Maastricht”) criteria



Price Stability
(low inflation)



**Interest rate
convergence**



**Public finance
discipline**
(low government
debt and deficit)



**Exchange rate
stability**



Advantages of the Euro

- Having the euro as a common currency for a large part of Europe has been very helpful during the crisis.
- It has made it easier for the EU to react to the global credit crunch in a coordinated way and it provided more stability than would otherwise have been possible.
- So far, EU governments have pumped more than €2 trillion into the rescue effort, as well as coordinated interventions, supporting banks and allowing guarantees for lending among Member States.
- The single currency benefits everybody:
 - ❖ The cost of changing money when travelling or doing business within the euro area has disappeared.
 - ❖ The cost of making cross-border payments has in most cases either disappeared or been reduced significantly.
 - ❖ Consumers and businesses can compare prices more readily, which stimulates competition.



The European Central Bank – managing the Euro

- The European Central Bank (ECB) is the central bank for the euro area.
- The ECB's main task is to maintain price stability in the euro area, i.e. keep inflation low.
- This is done by steering interest rates, thereby influencing economic developments (by affecting borrowing and lending by consumers and companies)
- The ECB operates independently from Member State governments.
- *The ECB was set up in 1998 under the Treaty on European Union, and is based in Frankfurt (Germany).*





The euro area's economic model

**A single monetary policy
run by the ECB**



**Fiscal and other policies
remain in national hands**



How well has this model worked in the crisis?

The European Union



Decision-Making



- The decision-making process of the EU involves three main institutions:
 - ❖ **The European Commission**
 - ❖ **The European Parliament**
 - ❖ **The Council of the European Union**
- This institutional triangle produces the policies and laws that apply throughout the EU.
- In principle, it is the Commission that proposes new laws, but it is the Parliament and Council that adopt them. The Commission and the member states then implement them, and the Commission ensures that the laws are properly taken on board.

The European Union



European Commission

- The European Commission represents and uphold the interests of the EU as a whole. It drafts proposals for new European laws, which it presents to the European Parliament and the Council.
- It is also the EU's executive arm – in other words, it is responsible for implementing the decisions of Parliament and the Council. That means managing the day-to-day business of the European Union by implementing its policies, running its programmes and spending its budget.
- The European Commission was set up in the 1950s under the EU's founding treaties.
- The European Commission has its seat in Brussels.



The European Union



European Parliament

- The European Parliament (EP) is the only representative body in the world directly elected by citizens from different countries (all EU Member States).
- Elections are held every five years, and every EU citizen is entitled to vote, and to stand as a candidate, wherever they live in the EU.
- Every month the EP meets to discuss the new laws being proposed by the European Commission. If the EP does not agree with the proposal, it can ask the European Commission to change it.
- The present parliament has 736 members from all 27 EU countries.
- The European Parliament was set up in the 1950s under the EU's founding treaties and has its seat in Strasbourg.





Council of the European Union

- The Council is one of the two main decision-making bodies of the EU (the other being the European Parliament).
- It represents the member states, and its meetings are attended by one minister from each of the EU's national governments.
- Which ministers attend what meeting depends on what subjects are on the agenda. If, for example, the Council is to discuss environmental issues, the meeting will be attended by the Environment Minister from each EU country and it will be known as the 'Environment Council'.
- The Council of the European Union was set up in the 1950s under the EU's founding treaties and has its seat in Brussels.





Court of Justice of the EU

- If a country does not apply the law properly, the European Commission may complain and ultimately bring the case to the Court of Justice of the EU.
- The Court of Justice of the EU makes sure that EU laws are respected, and are applied in the same way everywhere. It has one judge from each EU country.
- The Court of Justice of the EU was set up in the 1950s under the EU's founding treaties and has its seat in Luxembourg.



European Parliament and European Court of Justice

European Parliament

The voice of the people

- European citizens directly elect members for five-year terms.
- With the Council, passes EU laws and adopts EU budgets.
- Approves EU Commissioners.

(Parliament in session pictured below)

European Court of Justice

Upholding the Law

- Highest EU judicial authority.
- Ensures all EU laws are interpreted and applied correctly and uniformly.
- Can act as an independent policy maker and overrule national law in areas (economy, agriculture) covered by the Treaties.





2009: The Lisbon Treaty

- The Lisbon Treaty entered into force on **December 1, 2009**, and amends the current EU and EC treaties, without replacing them.
- The Lisbon Treaty is a response to all the changes the EU have seen over the last 50+ years, including its growth from six to 27 countries and an expansion of the number of policy areas the EU now deals with.
- Key institutional changes:
 - ❖ A more democratic and transparent Europe
 - ❖ A more efficient Europe
 - ❖ A Europe of rights and values, freedom, solidarity and security
 - ❖ A more visible Europe on the global stage

The European Union



The Lisbon Treaty (cont'd)

A More Efficient Europe:

- The European Council becomes an official EU institution, headed for the first time by a full time President for greater coherence and consistency in EU actions.
- In the Council of Ministers, qualified majority voting (instead of unanimous decisions) will be extended.
- Qualified majority voting means that from 2014, decisions of the Council of Ministers will need support of 55% of the Member States, representing at least 65% of the European population. This system gives double legitimacy to decisions.

The European Union



The Lisbon Treaty (cont'd)

A Europe of Rights and Values, Freedom, Solidarity and Security :

- Reinforcement of the democratic values and underpinning the EU: human dignity, freedom, democracy, equality, rule of law, respect for human rights.
- Guarantee of the freedoms and principles in the Charter of Fundamental Rights.
- Solidarity between Member States in the event of a terrorist attack or natural or man-made disaster.
- Extended capacity to act on freedom, security and justice including the fight against crime and terrorism.

The European Union



The Lisbon Treaty (cont'd)

A more visible Europe on the global stage:

- To promote the EU's actions on the international scene and to defend its interests and values abroad by speaking with one voice:
 - ✓ A new position of High Representative for Foreign Affairs and Security Policy/Vice President of the Commission and a new European External Action Service has been created.
 - ✓ Catherine Ashton has been appointed High Representative for Foreign Affairs and Security Policy/Vice President of the Commission.

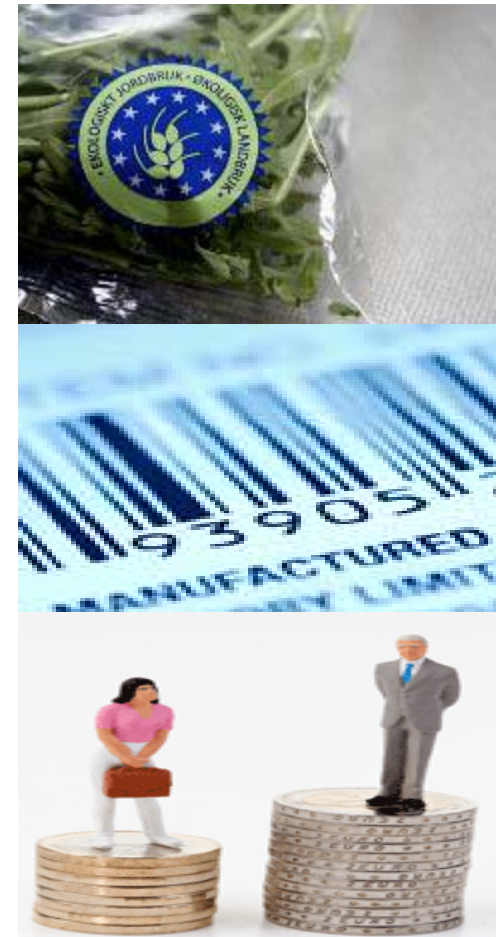
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Impact

- **EU citizens benefit in numerous ways:**

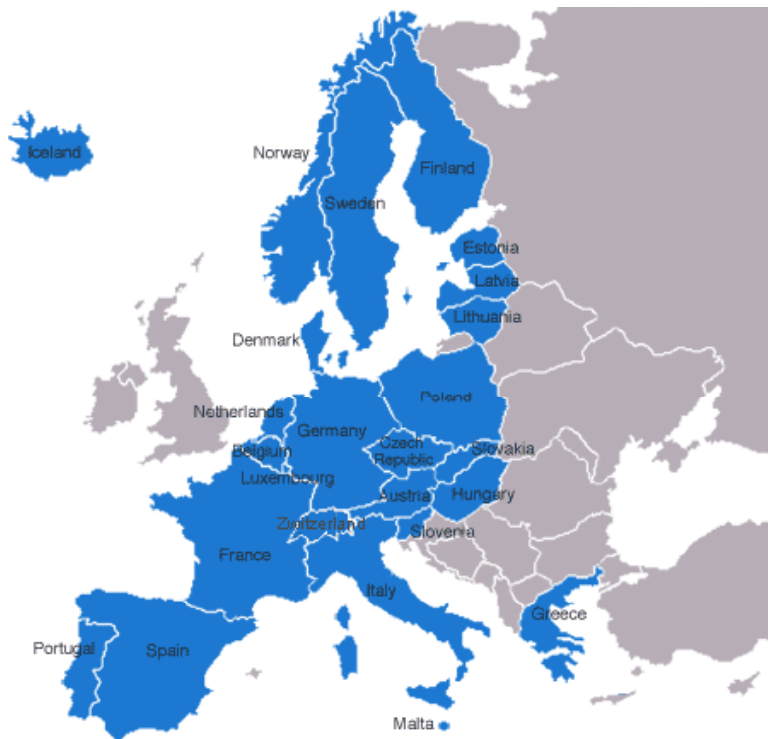
- ❖ Consistent delivery of important services, from education to health care to transportation, which must meet agreed-upon standards.
- ❖ Products such as food or medical supplies will be safe and environmentally sound regardless of where they originate in the EU.
- ❖ Men and women must receive equal pay for equal work, a requirement that reflects the EU's pioneering role in the fight for women's rights.
- ❖ EU citizens know they are free to live in any EU country and have equal access to justice throughout the EU countries, as well as their fundamental rights protected.
- ❖ The ERAMUS Programme enables more than 180,000 students to study and work abroad each year, as well as supports co-operation actions between higher education institutions across Europe.



The European Union



Impact



- The Schengen area and cooperation are founded on the Schengen Agreement of 1985.
- The Schengen area represents a territory where the free movement of persons is guaranteed. The signatory states to the agreement have abolished all internal borders in lieu of a single external border. Here common rules and procedures are applied with regard to visas for short stays, asylum requests and border controls.
- Simultaneously, to guarantee security within the Schengen area, cooperation and coordination between police services and judicial authorities have been stepped up.



Global Impact



- **Peace and Security:**

- ❖ The EU is engaged in rebuilding lives and communities in areas of conflict such as Afghanistan and the former Yugoslavia.
- ❖ The EU supports efforts to achieve peace in the Middle East.

- **Counterterrorism and Homeland and Security:**

- ❖ The EU takes steps to improve intelligence sharing, enhance law enforcement and judicial cooperation, curtail terrorist financing.
- ❖ The EU boost trade and transport security to support the struggle against terrorism.



Global Impact

- **Democracy and Human Rights:**

- ❖ The EU works globally for free elections and open democratic processes.
- ❖ The EU fights racism and intolerance both inside and outside the EU.
- ❖ The EU campaigns against capital punishment.



- **Development Assistance and Humanitarian Relief:**

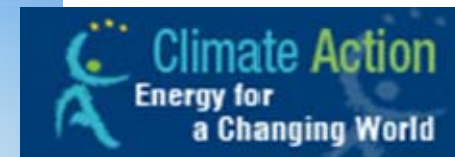
- ❖ The EU is the largest providers of development assistance around the world – from combating poverty to fighting HIV/AIDS and other communicable diseases.
- ❖ The EU provide humanitarian and reconstruction aid in the wake of natural disasters. So far, EU financial support for transport of assistance to Haiti reached €2.8 million.





Global Impact

- **Environmental protection:**
 - ❖ The EU is a leader in global efforts to protect the environment, and plays an important role in environmental policymaking.
 - ❖ The EU is one of the initiators of the UN's Environment Program (UNEP) creating a strategic approach to the international management of chemicals.
 - ❖ Moreover, the EU is party to a number of international agreements and partnerships, including the UN Framework Convention on Climate Change and the UN Montreal Protocol on Ozone Depletion.



The European Union



EU-US Relations

"I believe that a stronger and renewed EU will be an even better transatlantic partner of the United States."

(President Barack Obama)



"The relationship between the United States and Europe is the world's strongest, most comprehensive, and strategically important partnership."

(President of the
European Commission,
José Manuel Barroso)

The European Union

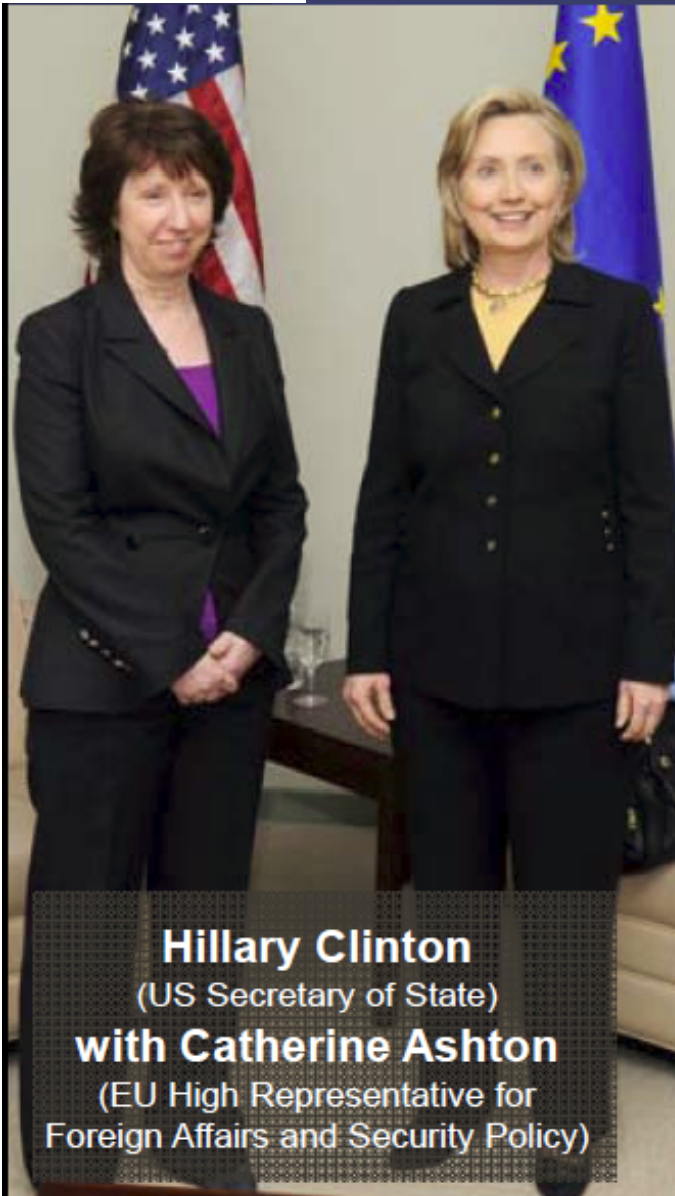


EU-US Relations

- The EU and the US established diplomatic relations as early as 1953, but it was only in November 1990 that the cooperation was formalised for the first time with the Transatlantic Declaration.
- Since December 1995, the New Transatlantic Agenda (NTA) has provided the foundation for the relationship.
- The ambitious agenda of cooperation between the EU and the US is taken forward via constant, intensive dialogue. This dialogue takes place at various levels, from the annual summit meetings between EU and US Leaders to technical work at expert level.
- In order to take forward efforts to boost the transatlantic economy, the Transatlantic Economic Council (TEC) was created in 2007.



US and EU – Partners in Global Leadership



Hillary Clinton

(US Secretary of State)

with Catherine Ashton

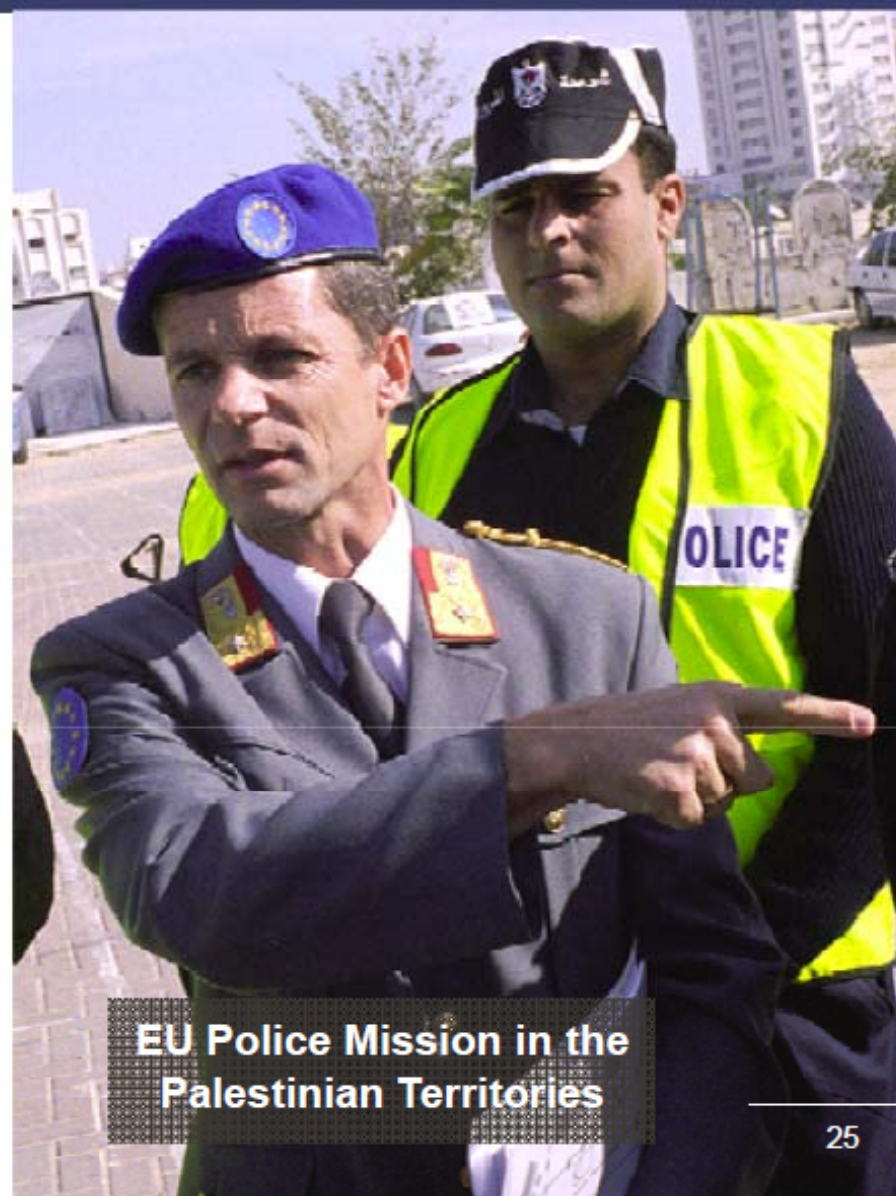
(EU High Representative for
Foreign Affairs and Security Policy)

- EU and U.S. work together to develop international standards:
 - Fighting terrorism and transnational crime
 - Advancing global trade liberalization
 - Combating piracy and intellectual property violations
 - Spreading benefits of globalization
- EU and its Member States are helping restore peace and stability in Afghanistan.
- EU and U.S. work together in the Middle East Quartet to advance the peace process.
- When the EU and U.S. agree, others tend to follow.



US and EU – Shared Values and Responsibilities

- **Freedom & Democracy**
Support free elections, good governance, human rights, and the rule of law around the world.
- **Security**
Cooperate to fight terrorism, limit the spread of nuclear weapons, and work for global peace.
- **Development**
Together, EU and U.S. provide 80% of global development assistance and an even larger share of global humanitarian aid in times of disaster and conflict.

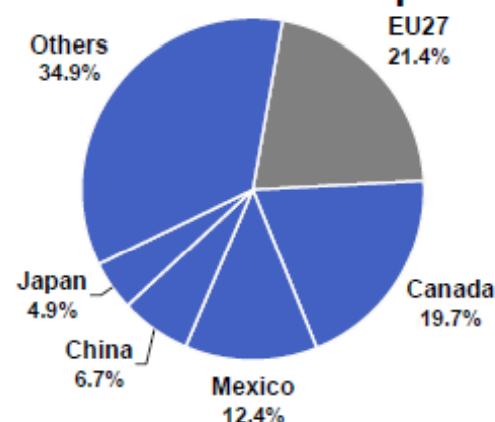


**EU Police Mission in the
Palestinian Territories**

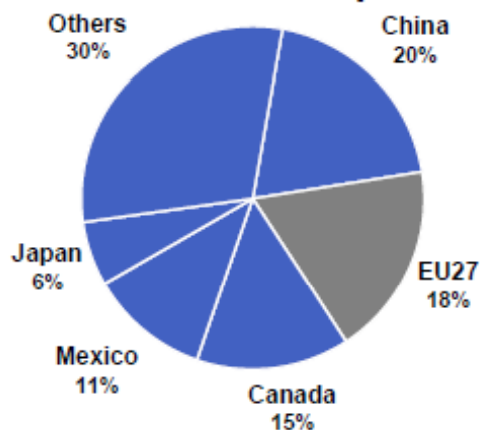


US and EU – A Dynamic Transatlantic Economy

EU is the most important destination of US exports



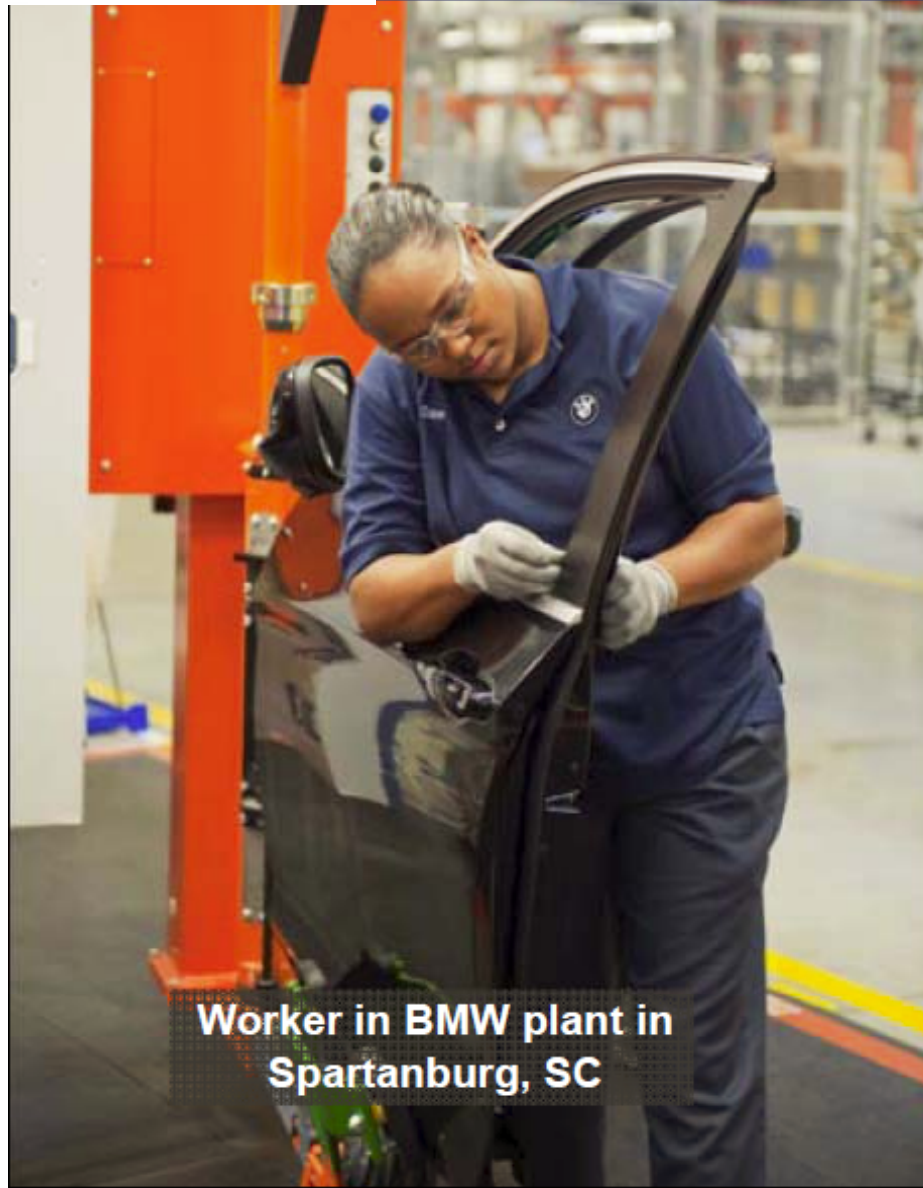
EU is the 2nd largest source of US imports



- The EU and the US are by far the two largest economies in the world. They account together for about half the entire world economy.
- EU and U.S. together account for 40% of total global trade (more than \$1.7 billion in transatlantic trade every day).
- The \$3.75 trillion EU-U.S. transatlantic economy employs 14 million workers on both sides of the Atlantic.
- Since 2001, Europe has accounted for roughly two-thirds of total global investment flows into the U.S.
 - by far the most significant source of foreign investment in the U.S. economy.



US and EU – Deep Transatlantic Integration



Worker in BMW plant in
Spartanburg, SC

- **European companies** are the leading foreign investors in the U.S.
 - The UK, Germany, France, and the Netherlands – top four sources of jobs created by foreign investment in the United States.
- **American companies** invest far more in EU countries than in Asia.
 - U.S. investment in India is half of American investment in Sweden and roughly the same as in Poland, the Czech Republic, and Hungary
 - Between 2000 and 2008, US firms invested \$26.4 billion in China, less than U.S. investment in Belgium and less than half of American investment in Ireland

The European Union



Thank you