

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

THE EUROPEAN UNION

– a historical-institutional overview

The European Union



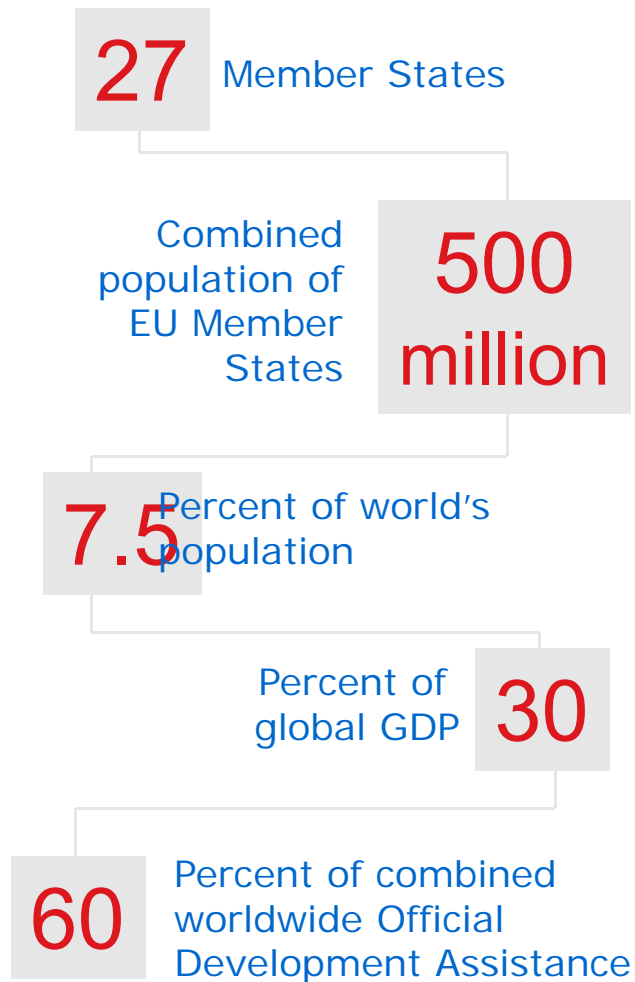
Celebrating the European Union: *A Half Century of Change and Progress*



European Union
United in diversity

- Since the creation of the EU half a century ago, Europe has enjoyed the longest period of peace in its history.
- European political integration is unprecedented in history.
- EU enlargement has helped overcome the division of Europe – contributing to peace, prosperity, and stability across the continent.
- A single market and a common currency conditions for companies and consumers.

The European Union



What is the European Union?

- Shared values: liberty, democracy, respect for human rights and fundamental freedoms, and the rule of law.
- Largest economic body in the world.
- A unique institution – Member States voluntarily cede national sovereignty in many areas to carry out common policies and governance.
- Not a super-state to replace existing states, nor just an organization for international cooperation.
- World's largest & most open market for goods and commodities from developing countries.



Regional Integration (Theory)

From **Free Trade Area**: the elimination of tariffs

- for goods and services within region
- (NAFTA)

Via **Customs Union**: an FTA with a common

- external tariff (EEC)

To **Single Market/Economic Union**:

- eliminating *all* tariff and non-tariff barriers
- Freedom of goods, services, labor and capital
- “Harmonization” of regulation
- May also have common currency (euro)

To **Political Union?**

- Common Political Institutions/Constitution

The European Union



The EU is a unique, treaty-based institutional framework defining and managing economic and political cooperation among its 27 member states





Jean Monnet and other leaders with the first "European" ingot of steel

1951:

European Coal and Steel Community

- In the aftermath of World War II, the aim was to secure peace among Europe's victorious and vanquished nations and bring them together as equals, cooperating within shared institutions.
- Based on a plan by French Foreign Minister Robert Schuman (to German Chancellor Adenauer)
- **Six founding countries** – Belgium, the Federal Republic of Germany, France, Italy, Luxembourg and the Netherlands – signed a treaty to run heavy industries (coal and steel) under common management "to make war not only unthinkable but materially impossible"



Signing of the Treaty of Rome

ToGETHe®

SINCE 1957

 European Union
50th Anniversary

1957:

Treaty of Rome

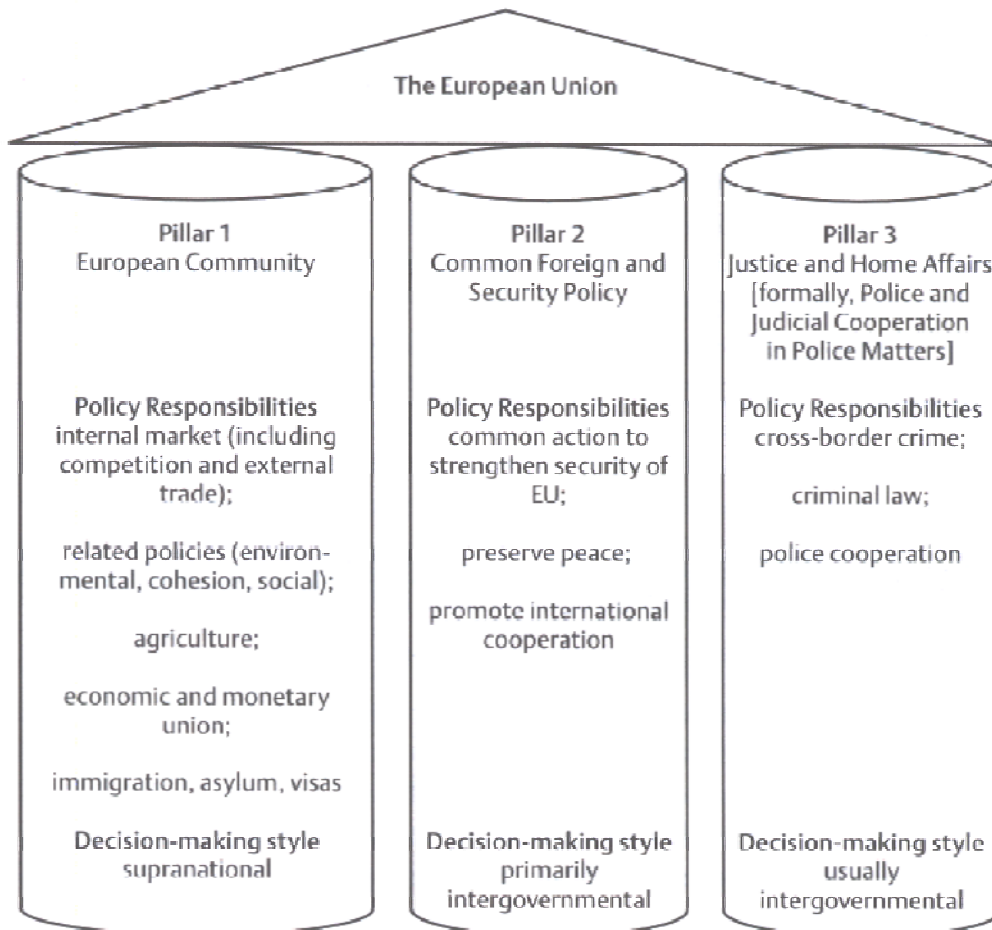
- The six founding countries expanded cooperation to other economic sectors, creating the European Economic Community (EEC) – or “common market.”
- As a result, **people, goods, services, and capital** today move freely across the Union.
- Britain left out, formed EFTA instead
- EURATOM: shared nuclear energy research
- 1960s: Common Agricultural Policy

The European Union



Box 1.2 The three pillars of the European Union

The activities of the EU are divided into three areas or 'pillars' created by the 1992 Maastricht Treaty.



Single European Act & Maastricht Treaty

Jacques Delors and the SEA (1986)

- Single Market by 1992
- Delors Report on EMU(nion)

End of Cold War (1989-91) and Maastricht Treaty (1991/3)

- Three pillar structure (left): Euro & economic Policies, CFSP and Justice & Home Affairs
- Addt'l: extension of Qualified Majority Voting, Eur citizenship



Lisbon Treaty

- Reformulated version of the failed **Eur Constitutional Treaty 2004**
- The 'No' of the popular referenda in the Netherlands & France dealt a significant blow to the Const – and the future of the Union- which found itself in a reflection/crisis period after
- NOW: the **Reform/Lisbon Treaty**, finally ratified in 12/2009
- which takes in most aspects of the constitution (minus flag, anthem, constitution-wording, Minister) such as
 - Semi-perm. Council President (Herman Van Rompuy, left)
 - High Rep for Common Foreign Affairs & Security Policy ('EU Foreign Minister' Catherine Ashton, left)
+ Ext. Diplomatic Service
 - Charter of Fundamental Rights (binding)
 - Qual. Majority Voting & Co-decision the rule
 - National Parliaments receive more time for review
 - 1 Million Citizen's Initiative



The European Union



Candidate Countries

Croatia (2013)

Iceland

Former Yugoslav
Republic of Macedonia

Montenegro

Turkey?

Potential Candidate Countries

Albania

Bosnia & Herzegovina

Serbia & Kosovo?



The European Union



*European Commission President
José Manuel Barroso*



EU Institutions: Eur Commission

- 27 (College of) Commissioners, representing the European perspective, each responsible for a specific policy area.
- EU's executive branch proposes legislation, manages Union's day-to-day business and budget, and enforces rules.
- Negotiates trade agreements and manages Europe's multilateral development aid
- Supported & represented by ~25,000 Eurocrats in Brussels & the world
- **Mediator, Conciliator, and 'Conscience of the Union'**

European Commission 2010-14



José Manuel Barroso
Portuguese
President



Catherine Ashton
British
Vice-President
High Representative of the
Union for Foreign Affairs
and Security Policy



Viviane Reding
Luxembourgish
Vice-President
Justice, Fundamental
Rights and
Citizenship



Joaquín Almunia
Spanish
Vice-President
Competition



Siim Kallas
Estonian
Vice-President
Transport



Neelie Kroes
Dutch
Vice-President
Digital Agenda



Antonio Tajani
Italian
Vice-President
Industry and
Entrepreneurship



Maroš Šefčovič
Slovakian
Vice-President
International
Relations and
Administration



Janez Potočnik
Slovenian
Environment



Olli Rehn
Finnish
Economic
and Monetary
Affairs



Andris Piebalgs
Latvian
Development



Michel Barnier
French
Internal
Market
and Services



Androulla Vassiliou
Cypriot
Education, Culture,
Multilingualism
and Youth



Algirdas Šemeta
Lithuanian
Taxation and Customs
Union, Audit and
Anti-Fraud



Karel De Gucht
Belgian
Trade



John Dalli
Maltese
Health and
Consumer
Policy



Máire Geoghegan-Quinn
Irish
Research and
Innovation



Janusz Lewandowski
Polish
Financial
Programming
and Budget



Maria Damanaki
Greek
Fisheries and
Maritime Affairs



Kristalina Georgieva
Bulgarian
International
Cooperation,
Humanitarian Aid and
Crisis Response



Günther Oettinger
German
Energy



Johannes Hahn
Austrian
Regional
Policy



Connie Hedegaard
Danish
Climate
Action



Štefan Füle
Czech
Enlargement
and European
Neighbourhood
Policy



László Andor
Hungarian
Employment,
Social Affairs
and Inclusion



Cecilia Malmström
Swedish
Home Affairs



Dacian Cioloș
Romanian
Agriculture
and Rural
Development



Council of Ministers (+ EU Council)

The Council of the European Union



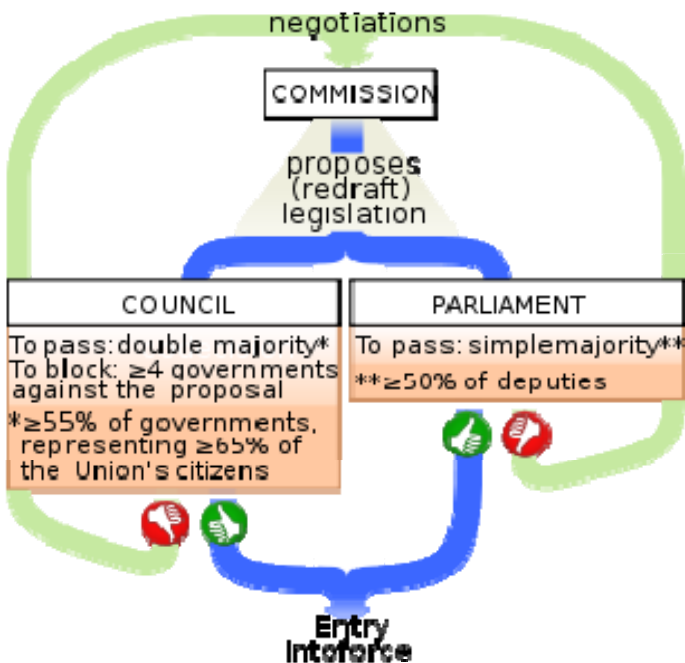
Qualified majority = A minimum of 255 of 345 votes and the majority of Member States
 *Voting strength of a state

- EU's main decision-making body, comprised of (10 configurations of) ministers of 27 MS representing their nat'l point of view (Ecofin, GA, For Affairs etc)
- After obtaining the draft law from the EC & input from EP, Council votes either by QMV (or unanimity)
- Decides on foreign policy
- Council presidency rotates among states every six months (2011: Hungary, Poland)
- EU Council: 4x/yr meeting of Heads of Government in Brussels

The European Union

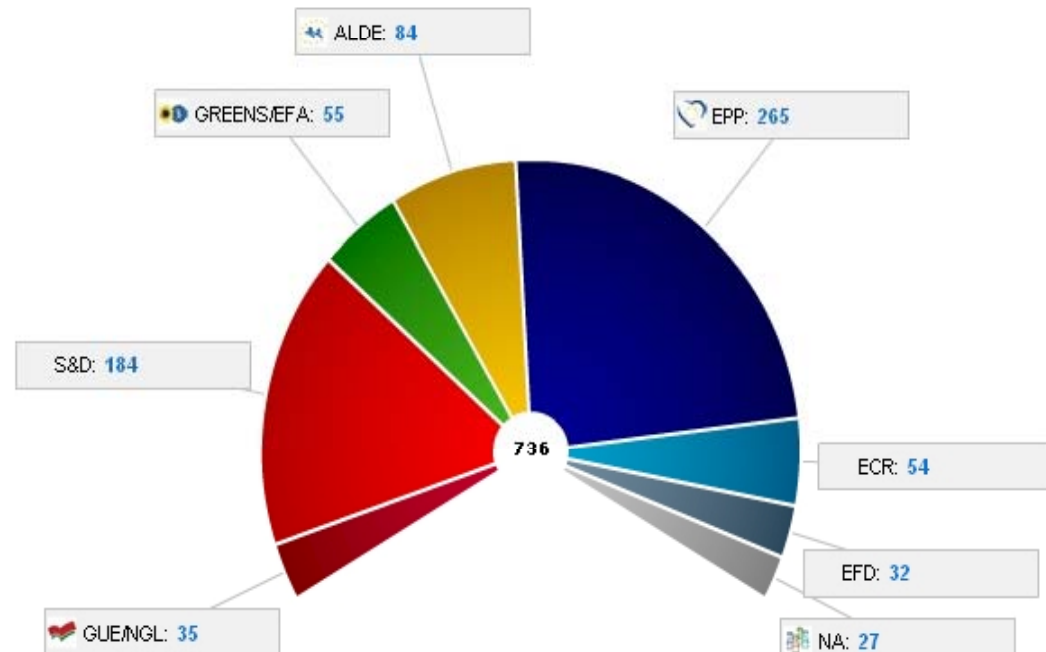


European Parliament in session



European Parliament

- 'Voice of Europeans' – 736/750 members elected for 5-year (depending on size of pop)
- With the Council, passes EU laws and adopts EU budgets ('co-decision' rights)
- Approves/Supervises EU Commissioners
- Since 1979 pop elected, but low turnout





- Highest EU judicial authority – 27 judges (6yr terms) + Advocates General/Court of First Instance
- Ensures all EU laws are interpreted and applied correctly and uniformly (Preliminary rulings, direct actions against MS, EC)
- Can act as an independent policy maker/over-rules national law (=supremacy) in (econ, agricultural) matters covered by the Treaties.
- **Primary Law:**
- Treaties: Treaties & Constitutional Boundaries of MS
- **Secondary Law:** Rules & Regulations, Directives

European Court of Justice





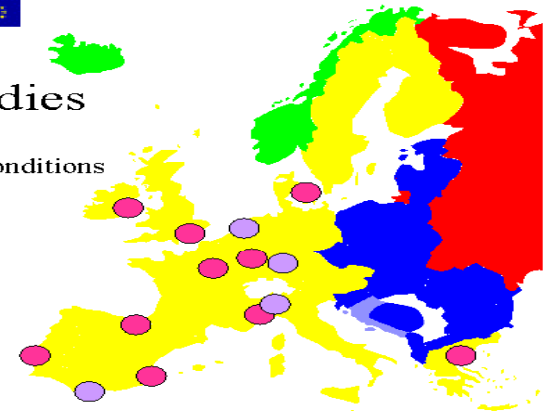
Other important EU bodies

- The **Economic and Social Committee (ESC)**
(advisory group on social/econ. issues)
- The **Committee of the Regions** (advisory opinion in regional issues)
- The **Court of Auditors** monitors the EU budget
- The **Eur Ombudsman** receives and investigates complaints by citizens

- The **European Central Bank (ECB)**
formulates the EU's monetary policy
- **European Investment Bank (EIB)**
supplies loans for 'European' projects
- **Specialized Agencies (across EU)**

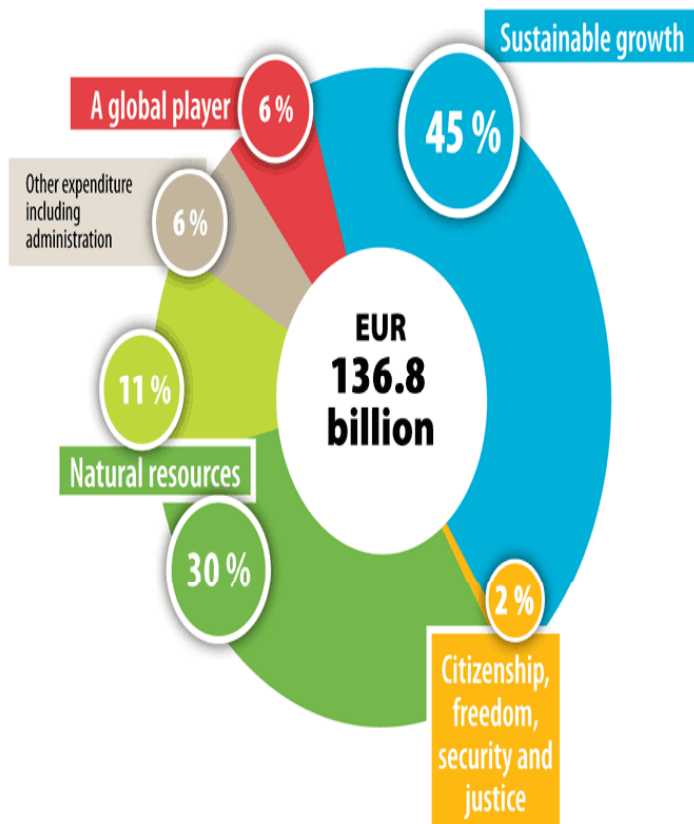
European Agencies and other bodies

- Environment
- Living and working conditions
- Medicinal products
- Translation Centre
- Plant varieties
- Occupational health
- Market harmonisation
- Drugs
- Training foundation
- Vocational training
- JRC

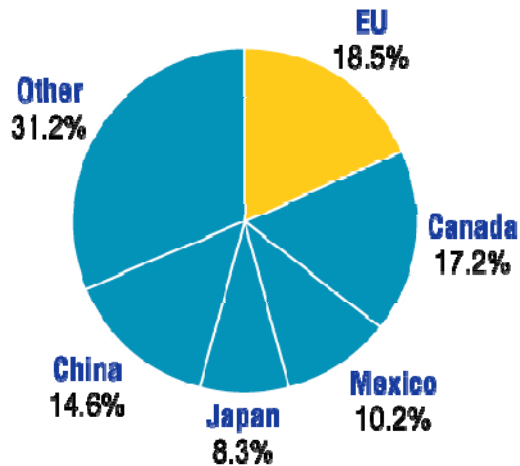




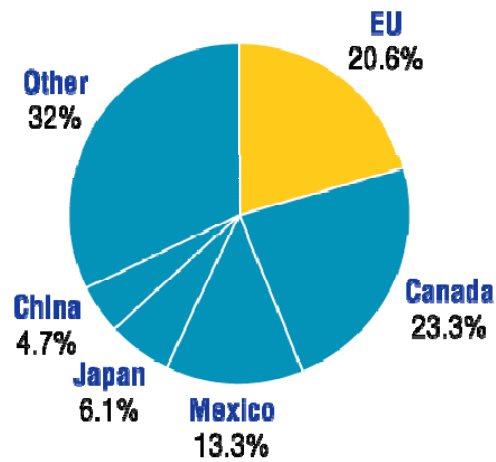
Major Policies



- **Euro & Monetary Union**: Euro removes transaction costs & is reserve currency
- **Common Foreign & Security Policy** : Rapid Reaction Force (RRF); Foreign Minister, External Action Service; budget: from €170 mil ('07) to € 500 ('11)
- **Common Agricultural Policy** (CAP): farm subsidies keystone of integration, accounts for ~ 40% of EU budget
- **Regional Policy**: Structural & Social Funds
- **JHA**: Europol & -just; Counterterrorism & Internal Security; Asylum & Immigration laws, borderless Schengen agreement
- **Trade, Transport & Competition**: Single Market rules (4 freedoms of movement), subsidy control & mergers; External Trade
- **Culture/Edu**: Exchange, sister cities
- **Environmental Policy** (202020)
- **Foreign Aid**: Cotonou Convention (77 countries)



Largest Source of U.S. Imports



2nd Largest U.S. Export Market

A Dynamic Transatlantic Economy

- EU and U.S. together account for 40% of total global trade (more than \$1.5 billion in transatlantic trade every day).
- The \$3 trillion EU-U.S. transatlantic economy employs 14 million workers on both sides of the Atlantic.
- In 2005, Europe 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.



The Euro



- € With German reunification 1990, EMU presents opportunity to tie a unified Germany to the EU/EC by creating common 'bandwidth' of currency fluctuations & deciding which countries can take part (by 1998) (Stage 1) - single currency instead of common currency!
- € Jan 1, 1999 = launch of currency at \$ 1.18 and ECB creation (Stage 2)
- € Final money intro/circulation Jan 1, 2002 (Stage 3)
- € Results: Reduces cost of business/transaction costs, reduces exchange rate risks, but also reduces national monetary flexibility
- € The euro is as stable as the best-performing currencies previously used (currently: too high, making EU products expensive compared to US); popularly accepted (60%) & world reserve currency

The European Union



United in Diversity - The €uro

