

The background of the slide 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.

# THE EUROPEAN UNION

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*– a historical-institutional overview*



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

- 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.



**European Union**  
*United in diversity*



**28** Member States

Combined  
population of  
EU Member  
States

**500+**  
million

**8** Percent of world's  
population

Percent of  
global GDP

**25**

**50** Percent of combined  
worldwide Official  
Development Assistance &  
Social Spending in World

## 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 28 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:**

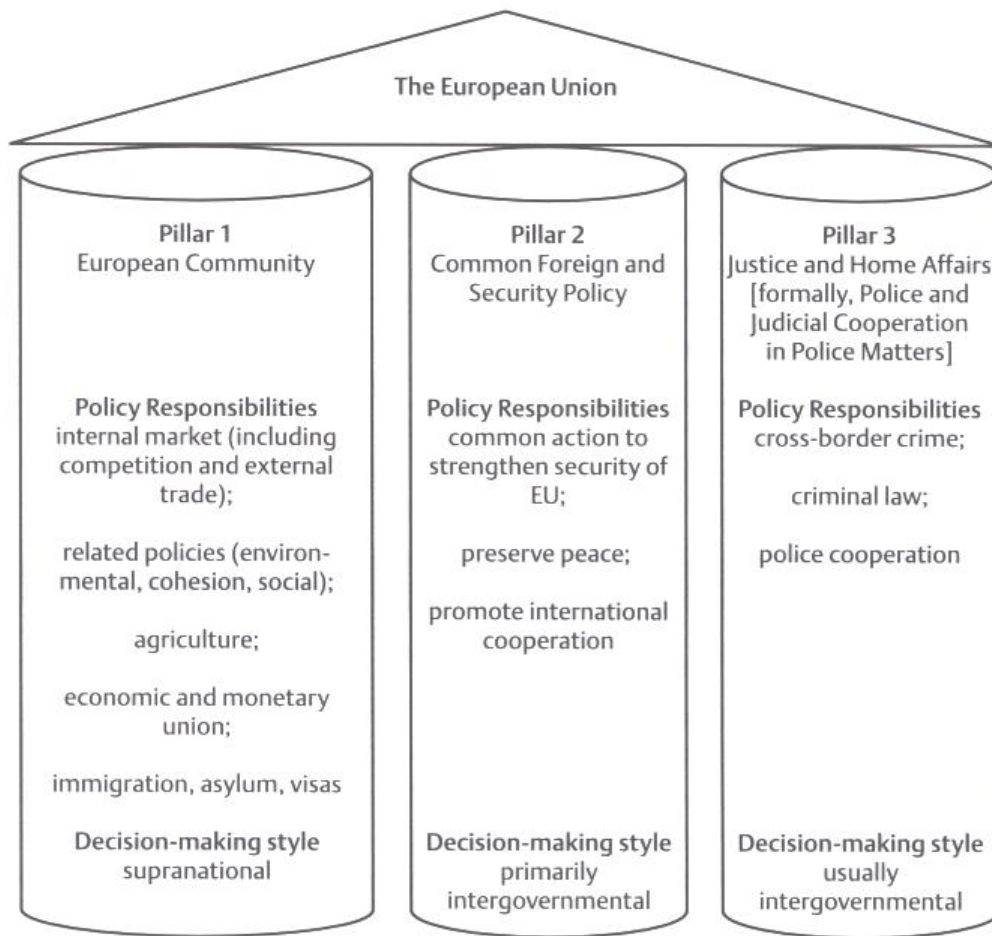
## Treaty of Rome

- 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
- EURATOM: shared nuclear energy research
- 1960s: Common Agricultural Policy



## 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, Foreign Policy and Justice & Home Affairs
- Addt'l: extension of Qualified Majority Voting, Eur citizenship





## Lisbon Treaty

- Reformulated version of the failed **European Constitutional Treaty of 2004**
- The 'No' of the popular referenda in the Netherlands & France dealt a significant blow to the EU
- NOW: the **Reform/Lisbon Treaty**, finally ratified in 12/2009 (in 2<sup>nd</sup> attempt in Ireland)
- which takes in most aspects of the constitution (minus flag, anthem, constitution-wording, Minister) such as
  - Semi-perm. Council President (Herman Van Rompuy, below)
  - High Rep for Common Foreign Affairs & Security Policy ('EU Foreign Minister' Catherine Ashton)
- + Ext. Diplom. 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***

Former Yugoslav  
Republic of Macedonia  
Montenegro  
Turkey

## ***Potential Candidate Countries***

Albania  
Bosnia & Herzegovina  
Serbia & Kosovo  
Iceland?





*European Commission President  
José Manuel Barroso*



## EU Institutions: Eur Commission

- 28 (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 cooperation.
- Supported & represented by ~25,000 Eurocrats in Brussels & the world
- Com-Reduction to 2/3 planned in 2014
- **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

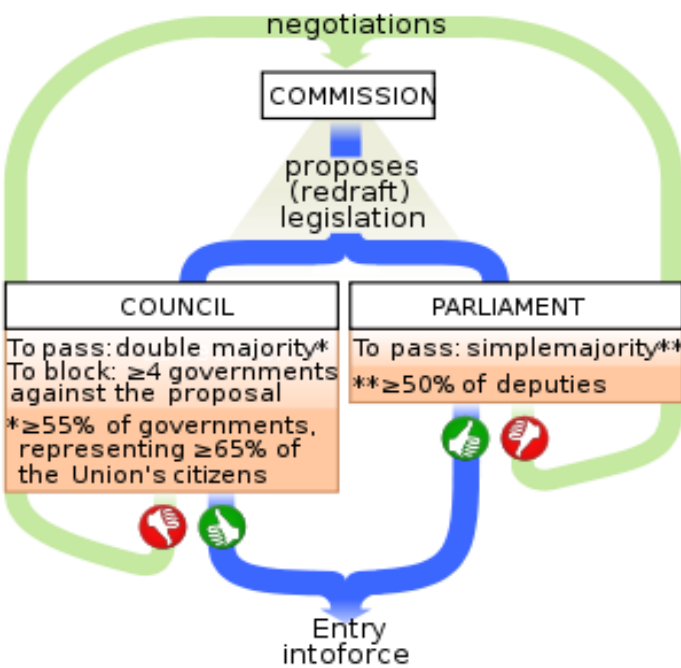
\*Voting strength of a state

- EU's main decision-making body, comprised of (10 configurations of) ministers of 28 MS representing their point of view (Ecofin, GA, For Affairs etc)
- After obtaining the draft law from the EC & input from EP, Council votes either by unanimity or QMV
- Decides on foreign policy
- Council presidency rotates among MS every six months (2<sup>nd</sup> half 2013: Lithuania, next: Greece!)
- EU Council: 4x/yr meeting of Heads of Government in Brussels

# The European Union

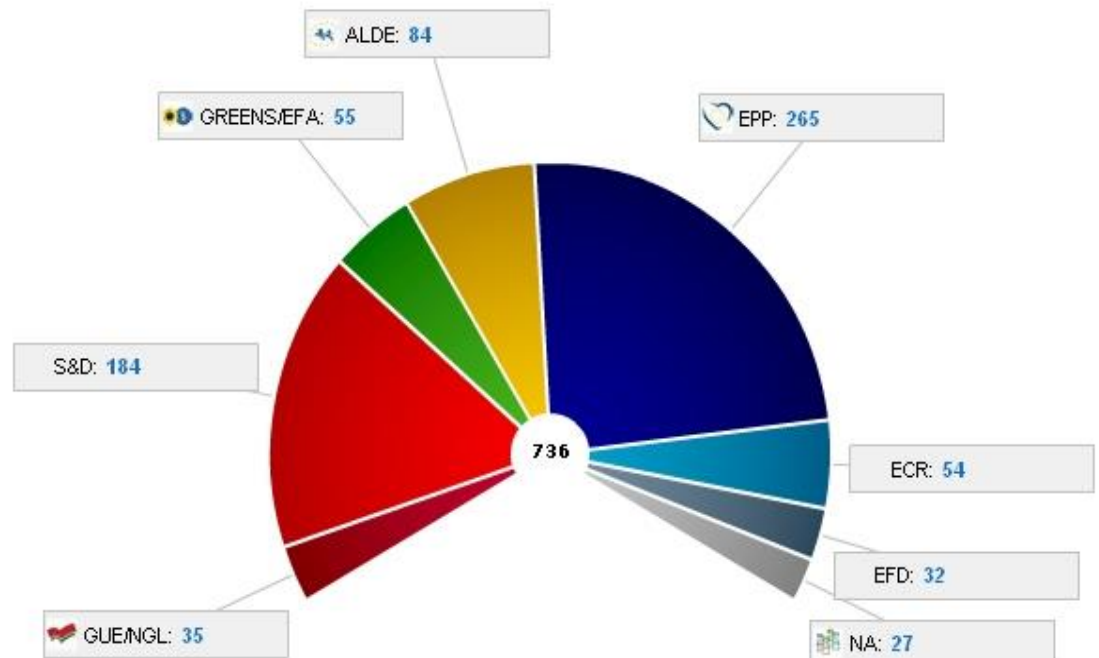


*European Parliament in session*



## European Parliament

- 'Voice of Europeans' – 750 (766) 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; low turnout: 40%





- **Highest EU judicial authority** – **European Court of Justice**  
28 judges (6yr terms) + Advocates General/Cof 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, only in (econ, agricultural) matters covered by the Treaties.
- **Primary Law:**
  - Treaties: Treaties & Constitutional Boundaries of MS
  - **Secondary Law:** Rules & Regulations, Directives






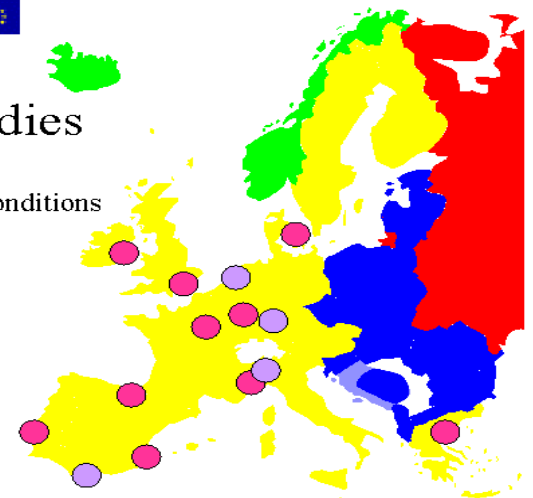


## Other important EU bodies

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

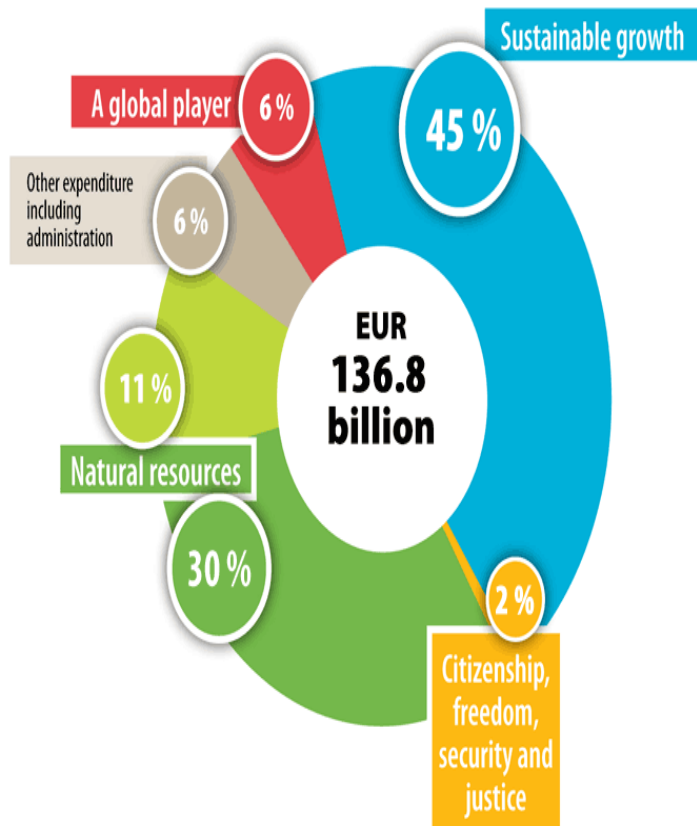
- Environment
- Living and working conditions
- Medicinal products
- Translation Centre
- Plant varieties
- Occupational health
- Market harmonisation
- Drugs
- Training foundation
- Vocational training
- JRC



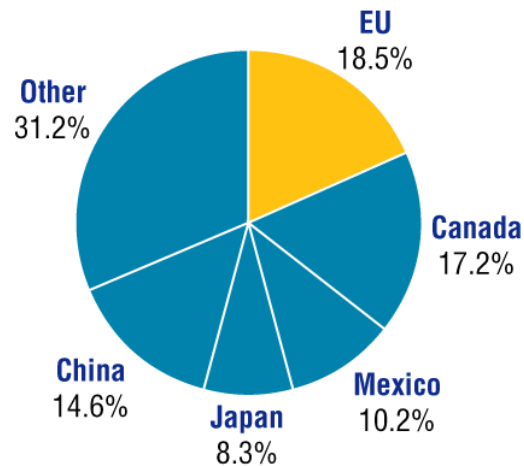




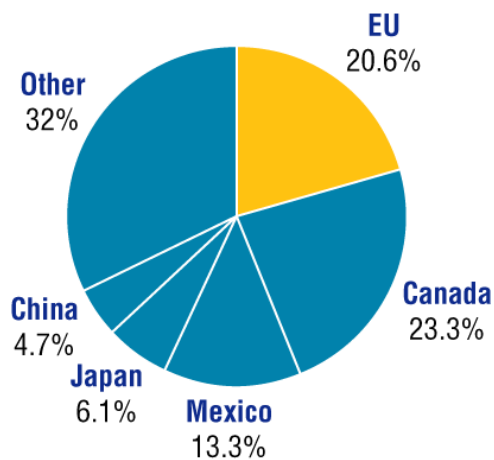
## Major Policies



- **Euro & Monetary Union**: Euro removes transaction costs & is world reserve currency
- **Common Foreign & Security Policy** : Rapid Reaction Force (RRF); Foreign Minister, External Action Service; budget: from €170 mil ('07) to double in '13
- **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**: 2020 goals
- **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 €uro



€ 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! Plus, competitiveness-gaps, debt-enabling, etc.**

€ The euro is as stable as the best-performing currencies previously used, popularly accepted (60%) & world reserve currency





## United in Diversity - The €uro

