

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**

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*- history, institutions & current issues*



# HISTORY



## What is the European Union?

- Shared values: liberty, democracy, respect for human rights and fundamental freedoms, and the rule of law (Nobel Peace Prize 2012)
- 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.

27

Member States

Combined  
population of  
EU Member  
States

450  
million

8

Percent of world's  
population

Percent of  
global GDP

23

50+

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



## Regional Integration (Theory)

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

- for goods and services within region (e.g., NAFTA/USMCA)

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

- external tariff (EEC)

To **Single/ Common Market**:

- eliminating *all* tariff and non-tariff barriers
- freedom of goods, services, labor and capital (induces similar standards)

To **Economic Union**:

- “harmonization” of regulation, fiscal, transport, monetary, etc. policies
- a full economic union must also have common currency (euro)

To **Political Union??**

- Common Political Institutions/Constitution (2004 failed attempt)

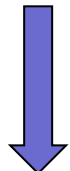
**FTA**



**Customs U.**



**Common M.**



**Economic U.**



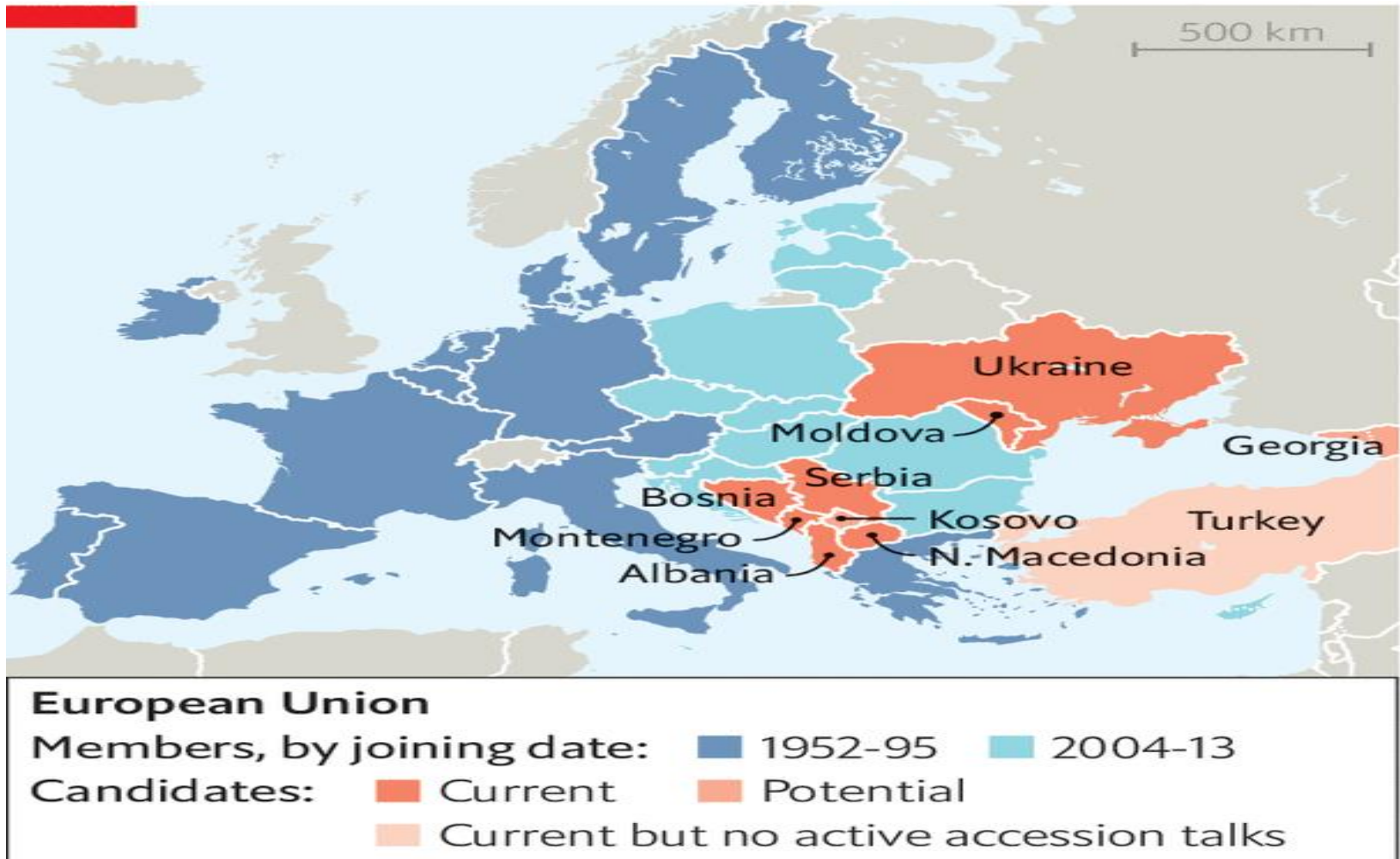
**Political U.**



# 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

- After World War II, the aim was to secure peace among Europe's victorious and vanquished nations
- 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*

**TOGETHER**<sup>®</sup>

SINCE 1957



European Union  
50th Anniversary

**1957:**

## Treaty of Rome

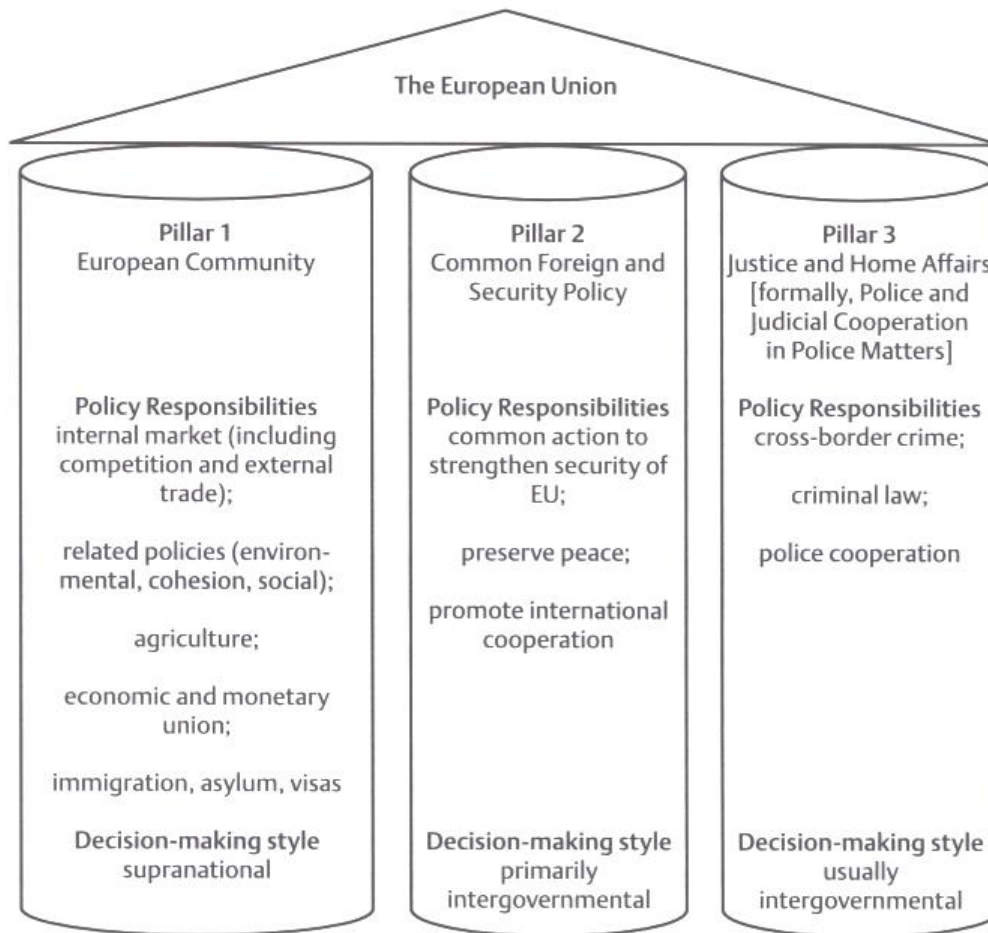
- The six founding countries expanded cooperation to other economic sectors, creating the European Economic Community (EEC) – or “common market.”
- As a result, **people, goods, services, and capital** today move freely across the Union.
- Britain left out
- EURATOM: shared nuclear energy research
- 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) & Maastricht Treaty (1991/3)

- Three pillar structure (left): Euro & economic Policies, Foreign Policy and Justice & Home Affairs/AFSJ
- + extension of Qualified Majority Voting,(QMV), Eur citizenship





## Lisbon Treaty

- Reformulated version of failed **Eur Constitutional Treaty 2004**
- NOW: the **Lisbon Treaty**, ratified in 12/2009
- which takes in most aspects of the constitution (minus flag, anthem, constitution-wording, Minister) such as:
  - Semi-perm. Council President (Charles Michel, pic)
  - **High Rep for Common Foreign Affairs & Security Policy ('EU Foreign Minister' Josep Borrell, pic)**
  - + **External Action Service (EEAS) = diplomatic corps**
  - Binding Charter of Fundamental Rights
  - Qual. Majority Voting & Co-decision the rule
  - 1 Million signatures: European Citizen's Initiative
  - **Merger of 3 'Maastricht Pillars' to 2:** Internal & External



# Widening the Union – EU Enlargements



1973

1981

1986

1995

2004

2007

2013

-  Denmark
-  Ireland
-  United Kingdom


-  Greece

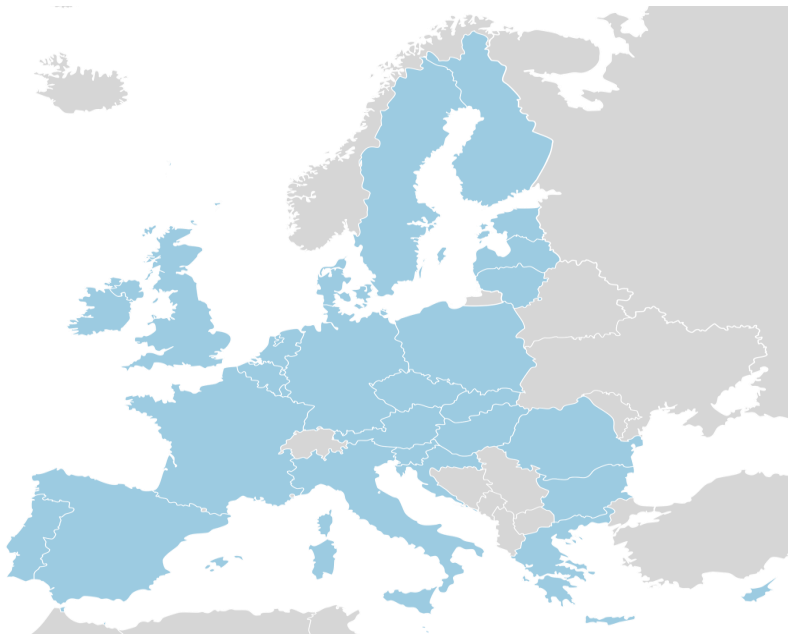
-  Portugal
-  Spain

-  Austria
-  Finland
-  Sweden

-  Cyprus
-  Czech Republic
-  Estonia
-  Hungary
-  Latvia
-  Lithuania
-  Malta
-  Poland
-  Slovakia
-  Slovenia

-  Bulgaria
-  Romania



-  Croatia



## Candidate Countries:

-  Albania
-  FYR Macedonia
-  Turkey
-  Serbia
-  Montenegro
- + Ukraine/Moldova/Georgia ('22)

## Potential Candidates:

-  Bosnia & Herzegovina
-  Kosovo\*

# Council of Europe

## Schengen Area



EFTA



Nordic Council



Visegrád Group



Baltic Assembly



Benelux



BSEC



GUAM



CEFTA

Union State



EEA

Eurozone



Common Travel Area



European Union



EU Customs Union



Monetary agreement with the EU

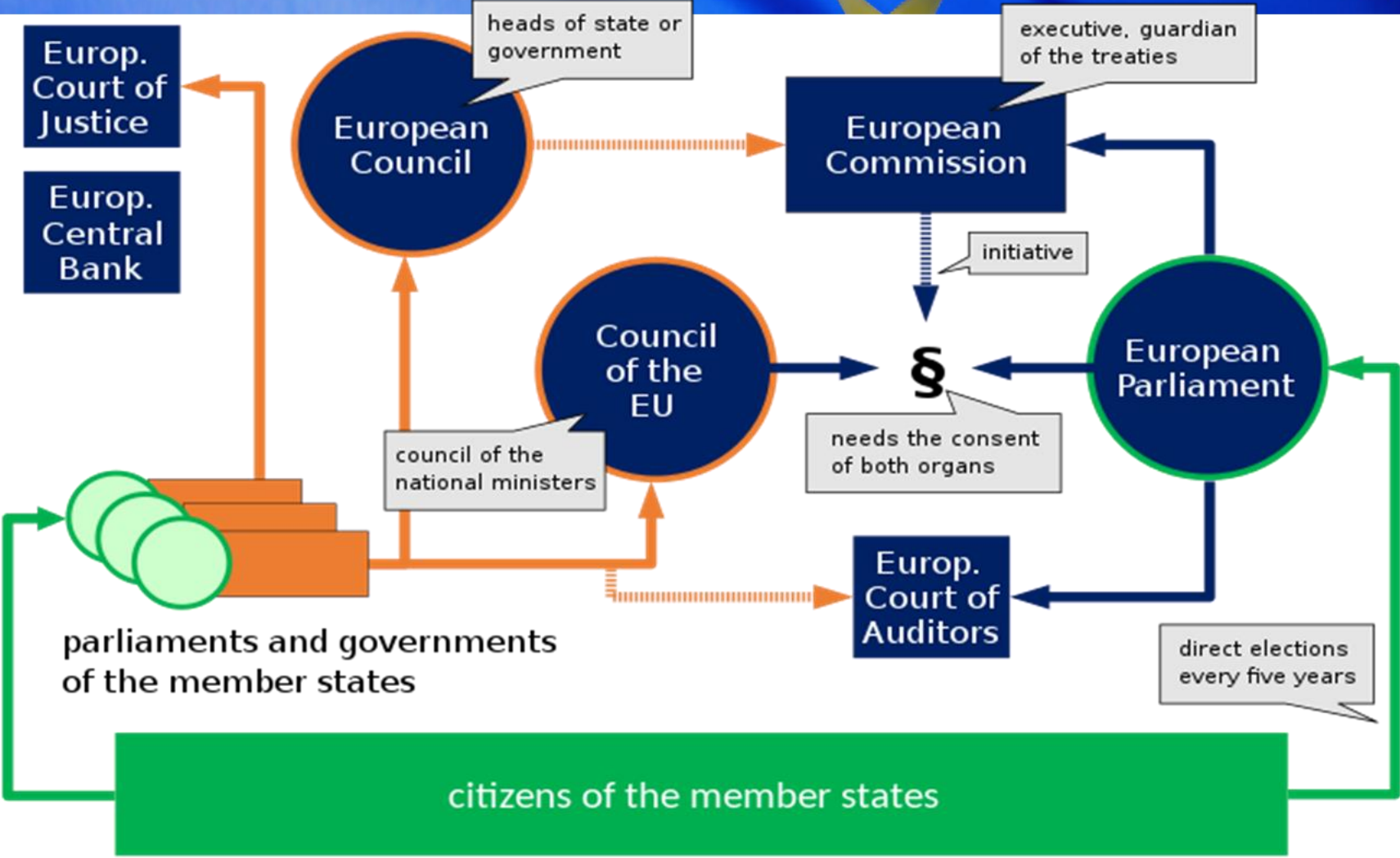




# INSTITUTIONS



# The European Union





*European Commission President  
Ursula van der Leyen (2019-24)*





























## EU Institutions: Eur Commission

- 27 (College of) Commissioners, representing Europe, 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 intl trade agreements (CCP) and manages Europe's multilateral development coop (supplied by states)**
- Supported & represented by ~50,000 Eurocrats in Brussels & the world
- **Mediator, Conciliator, and 'Conscience of the Union**



## Commissioners and groups of Commissioners

 <b>Ursula VON DER LEYEN</b> President			
 <b>Frans TIMMERMANS</b> Executive Vice-President <i>European Green Deal</i>	 <b>Margrethe VESTAGER</b> Executive Vice-President <i>A Europe Fit for the Digital Age</i>	 <b>Valdis DOMBROVSKIS</b> Executive Vice-President <i>An Economy that Works for People</i>	 <b>Josep BORRELL FONTELLES</b> High Representative   Vice-President <i>A Stronger Europe in the World</i>
 <b>Maroš ŠEFČOVIČ</b> Vice-President <i>Interinstitutional Relations and Foresight</i>	 <b>Věra JOUROVÁ</b> Vice-President <i>Values and Transparency</i>	 <b>Dubravka ŠUICA</b> Vice-President <i>Democracy and Demography</i>	 <b>Margaritis Schinas</b> Vice-President <i>Promoting Our European Way of Life</i>
 <b>Johannes HAHN</b> Commissioner <i>Budget and Administration</i>	 <b>Mariya GABRIEL</b> Commissioner <i>Innovation, Research, Culture, Education and Youth</i>	 <b>Nicolas SCHMIT</b> Commissioner <i>Jobs and Social Rights</i>	
 <b>Paolo GENTILONI</b> Commissioner <i>Economy</i>	 <b>Janusz WOJCIECHOWSKI</b> Commissioner <i>Agriculture</i>	 <b>Thierry BRETON</b> Commissioner <i>Internal Market</i>	
 <b>Elisa FERREIRA</b> Commissioner <i>Cohesion and Reforms</i>	 <b>Stella KYRIAKIDES</b> Commissioner <i>Health and Food Safety</i>	 <b>Didier REYNERS</b> Commissioner <i>Justice</i>	
 <b>Helena DALLI</b> Commissioner <i>Equality</i>	 <b>Ylva JOHANSSON</b> Commissioner <i>Home Affairs</i>	 <b>Janez LENARČIČ</b> Commissioner <i>Crisis Management</i>	
 <b>Adina VĂLEAN</b> Commissioner <i>Transport</i>	 <b>Olívér VÁRHELYI</b> Commissioner <i>Neighbourhood and Enlargement</i>	 <b>Jutta URPILAINEN</b> Commissioner <i>International Partnerships</i>	
 <b>Kadri SIMSON</b> Commissioner <i>Energy</i>	 <b>Virginijus SINKEVIČIUS</b> Commissioner <i>Environment, Oceans and Fisheries</i>	 <b>Mairead McGUINNESS</b> Commissioner <i>Financial Services, Financial Stability and Capital Markets Union</i>	

### Groups of Commissioners

- |   |                                    |   |                                   |
|---|------------------------------------|---|-----------------------------------|
|  | European Green Deal                |  | An Economy that Works for People  |
|  | Promoting Our European Way of Life |  | A New Push For European Democracy |
|  | A Europe Fit for the Digital Age   |  | A Stronger Europe in the World    |





## Council of Ministers (+ EU Council)



- EU's state-led decision-making body comprised of (10 configurations of) ministers of 28 MS representing their viewpoints (Ecofin, General, **Foreign Affairs Council (FAC) of For Min.**)
- After obtaining draft law from the COM & input from Parliament, it votes
- **FAC decides (mostly) unanimously on EU foreign policy**
- Council presidency rotates among MS every 6 months (2023: Swe, Spain)
- [https://europa.eu/european-union/about-eu/institutions-bodies/council-eu\\_en](https://europa.eu/european-union/about-eu/institutions-bodies/council-eu_en)
- **EU Council**: 4-6x/yr meeting of Merkel, Macron etc. in Brussels to decide on long-term plans/vision

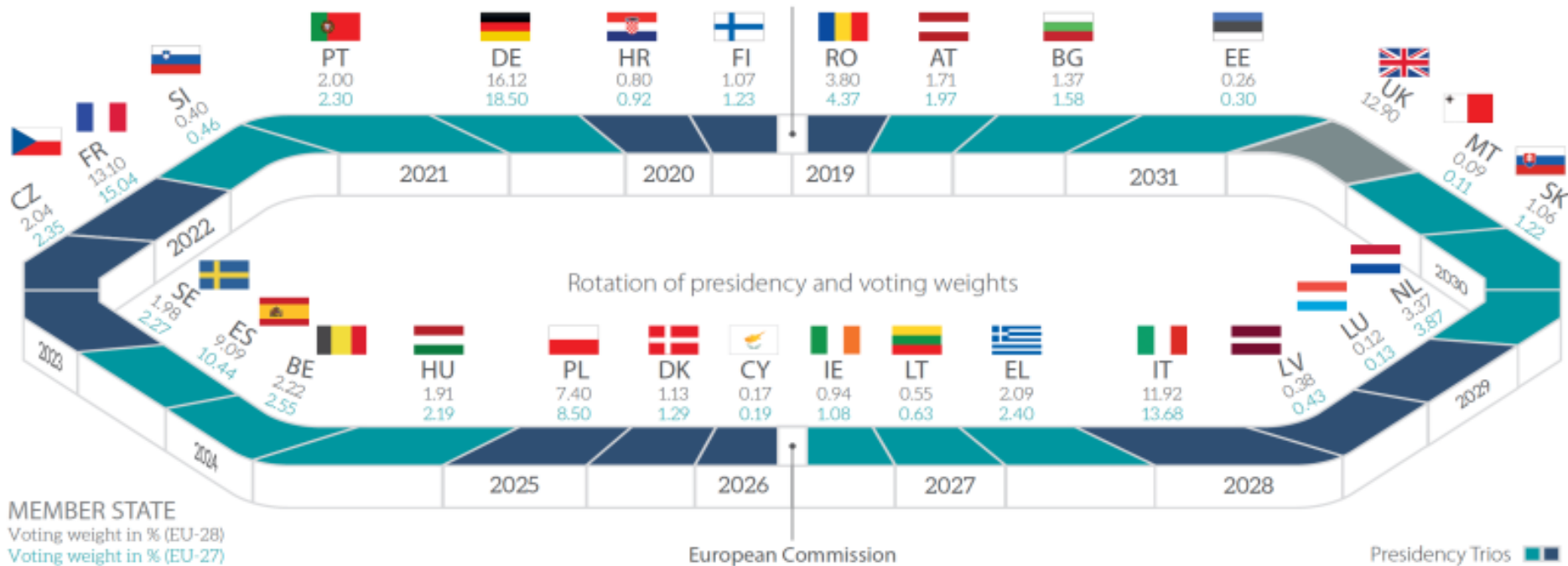






## Council of Ministers (+ EU Council)

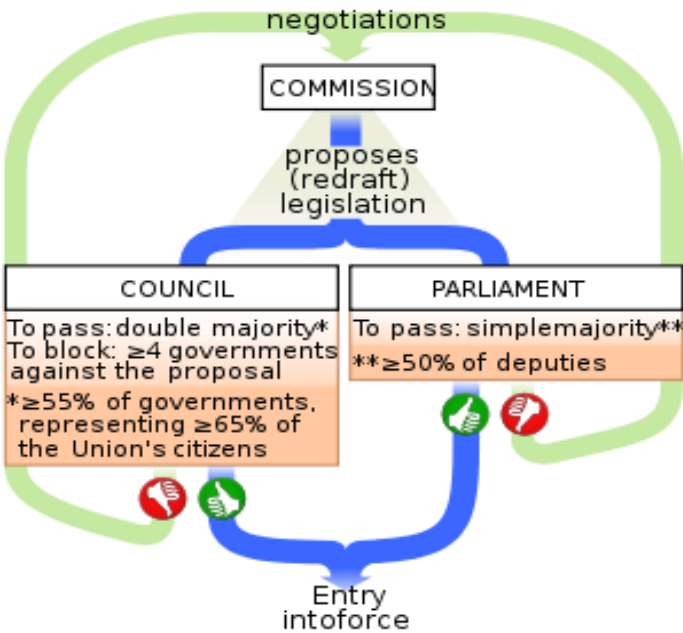
- EU's state-led decision-making body comprised of (10 different) ministerial meetings of 27 Ministers (Ecofin, General, Foreign Affairs) = **EU's senate**
- After obtaining draft law from Commission & input from Parliament, votes on bills
- Council presidency rotates among MS every 6 months (2024 Belgium then Hungary)
- **EU Council**: 6x/yr meeting of state **leaders(hip)** to decide on plans/vision



# The European Union

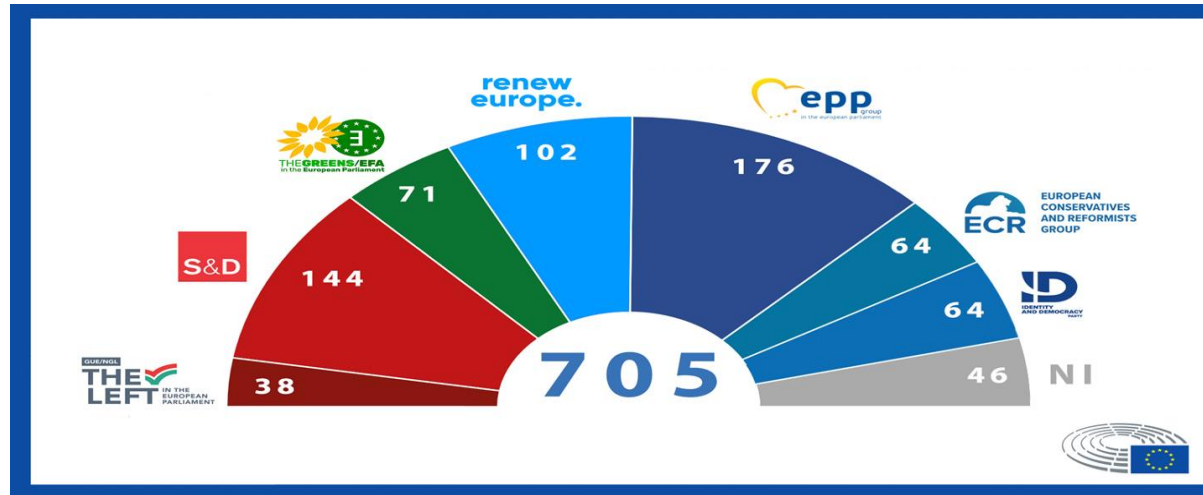


European Parliament in session



## European Parliament

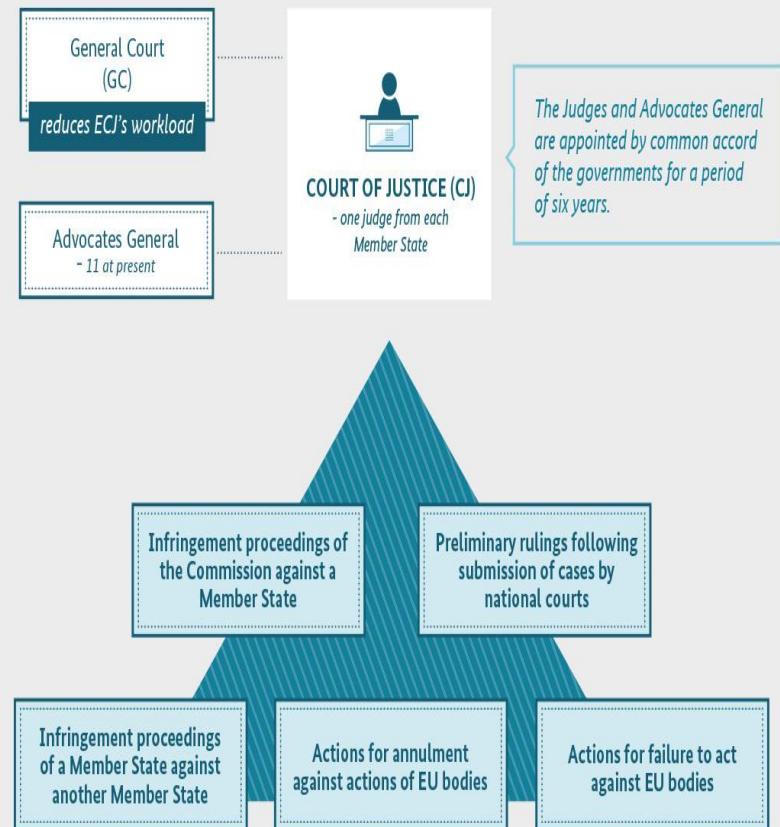
- 'Voice of Europeans' – 705 members elected for 5 years (depending on pop): June 2024 election!
- With Council, passes EU laws & adopts budget ('co-decision' rights)
- Approves/Supervises EU Commissioners
- Since 1979 elected: low turnout 40%, far-right





## Court of Justice

### Court of Justice of the European Union (CJEU)



- **Highest EU judicial authority** – 27 judges (6yr terms) + Advocates General/Ct 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, only in (econ, agricultural) matters covered by the Treaties.
- **Primary Law:** Treaties (Constitutional Boundaries of States)
- **Secondary Law:** Rules & Regulations, Directives

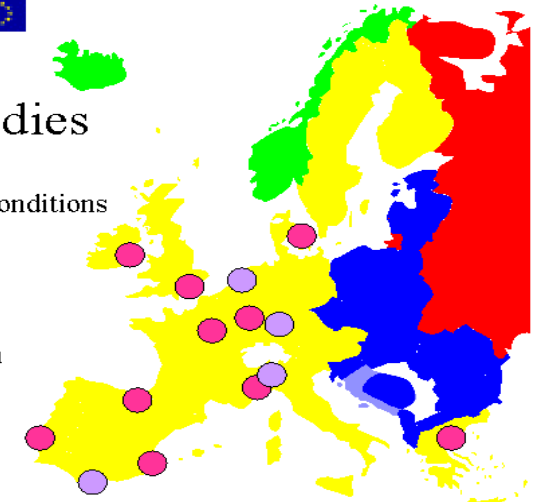


## Other important EU bodies

- 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







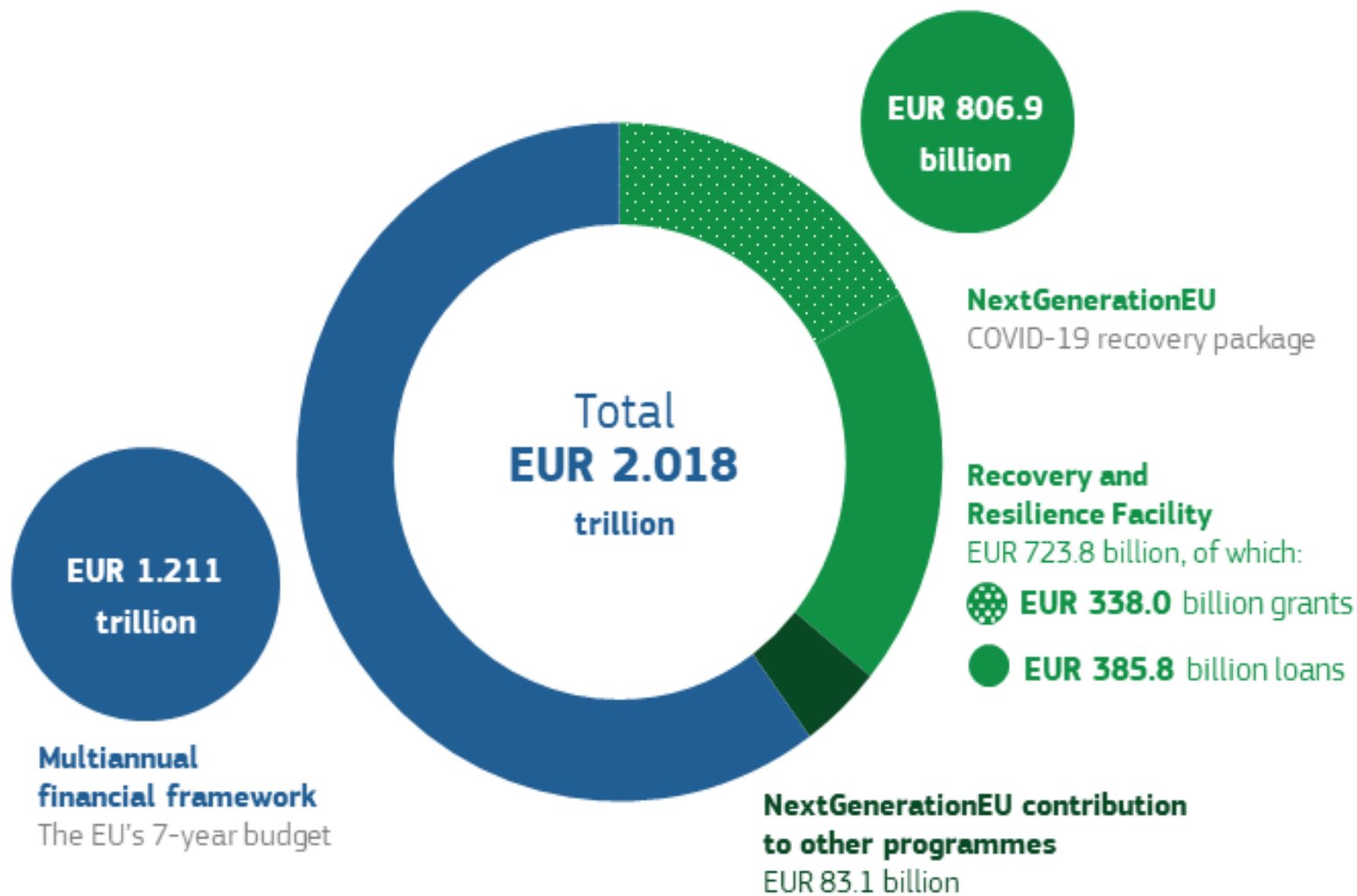
# **POLICIES & BUDGET**

# The European Union



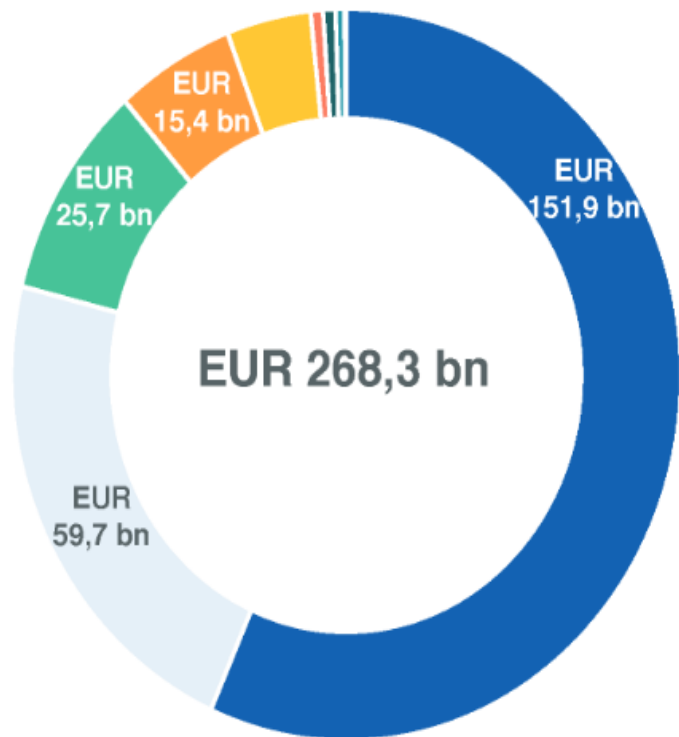
Exclusive Policies	Shared Policies	Coordination Policies
Customs Union	Internal Market	Economic Policy
Competition Rules	Social Policy	Employment Policy
Marine Conservation	Cohesion Funds	Social Policy
Commercial Policy	Agric & Fisheries	<b>Common Policies</b>
International Treaties	Environment	Development Cooperation
<b>External Policies</b>	Consumer Protection	Humanitarian Aid
CFSP	Transport	<b>Complementary Policies by MS</b>
CSDP	Trans-Europe Networks	Human Health
	Energy	Industry
	Security & Justice	Culture
	Public Health	Tourism
	Research	Education & Training
	Technology	Civil Protection
	Space	Administrative Cooperation

# The European Union





## Total 2021 commitment appropriations implementation per EU policy objectives



■ Cohesion, Resilience and Values	EUR 151,9 bn
■ Natural Resources and Environment	EUR 59,7 bn
■ Single Market, Innovation and Digital	EUR 25,7 bn
■ Neighbourhood and the World	EUR 15,4 bn
■ European Public Administration	EUR 10,9 bn
■ Migration and Border Management	EUR 1,6 bn
■ Security and Defence	EUR 1,6 bn
■ Special Instruments	EUR 1,2 bn
■ Outside MFF	EUR 0,2 bn

*of which NextGenerationEU*

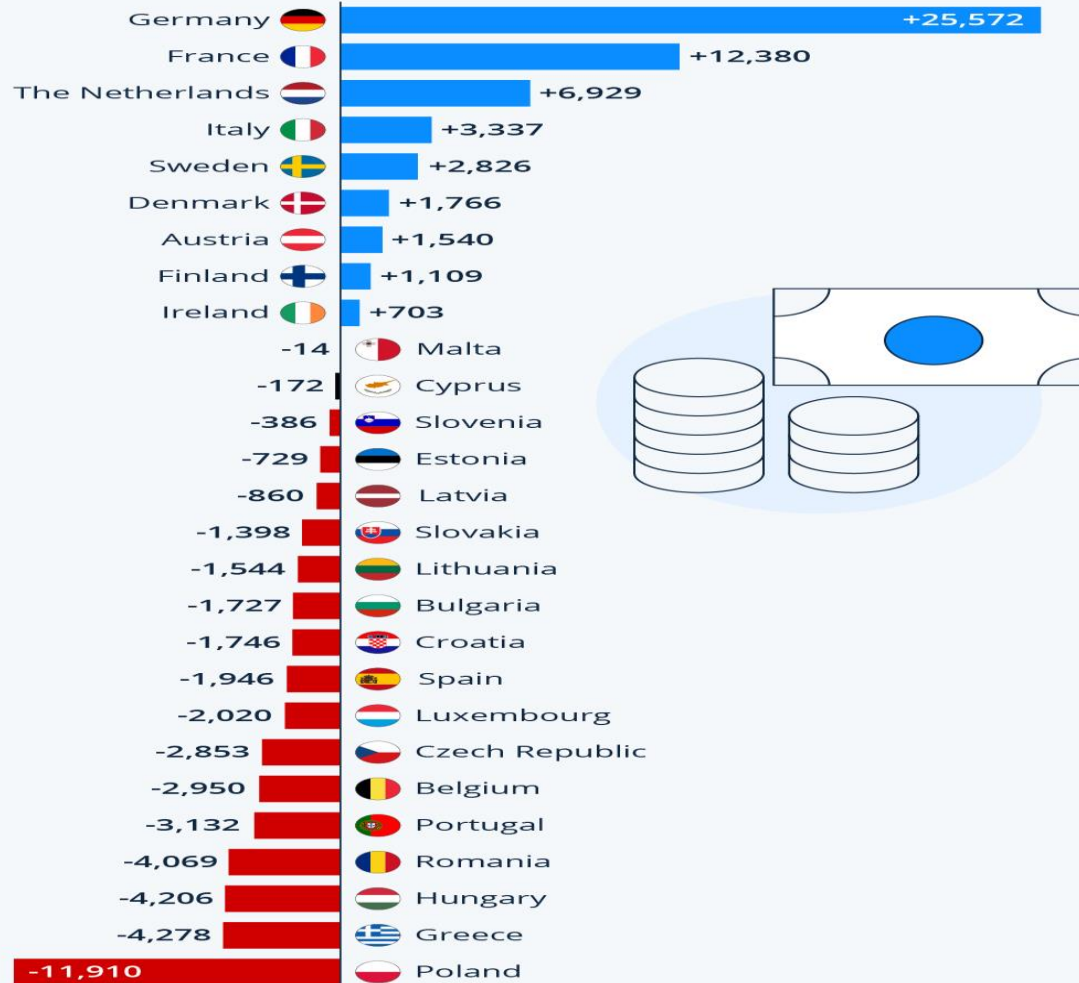
*EUR 143,5 bn*





## Which Countries Are EU Contributors and Beneficiaries?

Net contributions to the EU budget, by member state (2021, in million euros)\*



\* contributions minus money received  
Source: European Commission



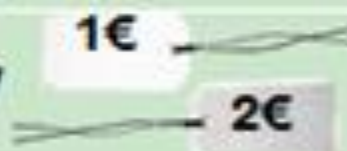
## What Are the *Additional* Benefits and "Costs" of Adopting the Euro?

**Price stability and security of purchasing power**



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

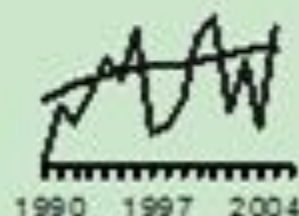
**Price transparency across countries**



**Elimination of transaction costs**



**Elimination of exchange rate risks**



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



Countries **cannot have an independent monetary policy!**  
**Problem: Eurozone has common monetary, but different fiscal policy!**



## 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



# CURRENT ISSUES

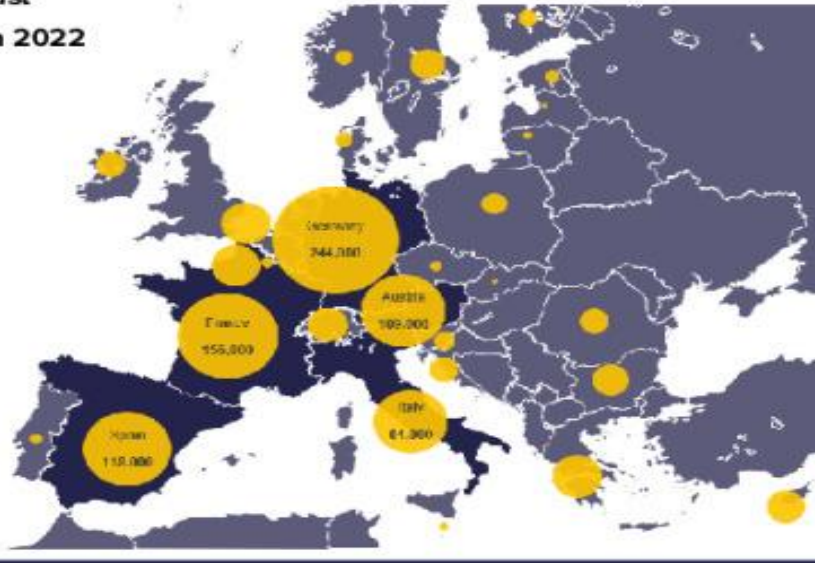




## Protection needs in Europe reached a new high

70% of asylum applications were received in just 5 EU+ countries in 2022

Country	Number of applications
Germany	244,000
France	155,000
Spain	118,000
Austria	109,000
Italy	81,000



Greece	37,370
Hungary	37,000
Bulgaria	36,710
Slovenia	26,440
Ungary	22,150
Bulgaria	20,350
Sweden	19,660
Iceland	13,640
Croatia	12,870
Romania	12,350
Poland	8,810
Slovenia	8,785
Finland	6,720
Netherlands	4,840
Denmark	4,560
Estonia	2,845
Luxembourg	2,445
Portugal	2,115
Czechia	1,685
Malta	1,350
Lithuania	1,020
Latvia	820
Slovakia	645
Hungary	420

## Migration & Asylum

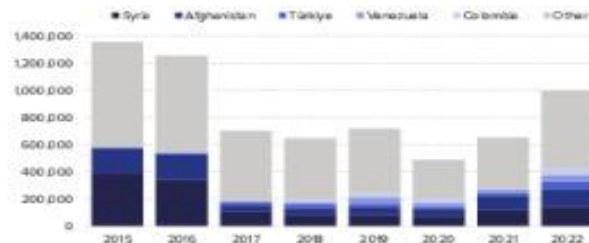
- After 2015/6 waves (Syria, Afghanistan, (North)Africa), difficulties to agree on common reception, redistribution & return/integration (externalization of asyl)
- Implications for Security, Int'l law/humanitarianism, Demographics/Welfare, Nationalism etc.
- (Differently treated) Ukrainian refugees

Nearly **1 million** applications lodged across EU+ countries



**71%** of applicants for international protection were male

Main countries of origin of applicants were **Syria** and **Afghanistan**, followed by **Türkiye**, **Venezuela**, and **Colombia**





















# The European Union



## What to expect

Asylum processes, selected countries, 2014

Country	Applications* Decisions made	Mainly from %	Accepted %	Minimum wait before permitted to work:	State benefits Single adult, per month
Germany	173,070  97,415	Syria 23 Serbia & Kosovo 14 Eritrea 8	42 	3 months 	€374 
Sweden	75,090  40,015	Syria 40 Stateless 10 Eritrea 8	77 	Immediately <i>Without restrictions</i>	€226 
Hungary	41,370  5,445	Serbia & Kosovo 51 Afghanistan 21 Syria 16	9 	9 months <i>Working only in a reception centre</i>	€86  <i>Maximum</i>
Britain	31,260  26,055	Eritrea 13 Pakistan 11 Syria 8	39 	12 months <i>Only jobs where gov't sees a shortage (medics, engineers, nurses)</i>	€217 
United States	121,160  71,765†	Mexico 12 China 11 El Salvador 8	30† 	6 months <i>In practice, 92% of applicants wait longer for authorisation</i>	Nil
Australia	8,960  13,198†	China 19† India 13† Pakistan 10†	19† 	<i>Most applicants cannot work as they are in detention</i>	€275 

Sources: UNHCR; government statistics; *The Economist*

\*From UNHCR 2014 report  
†From UNHCR Statistical Database ‡2012-13 figures

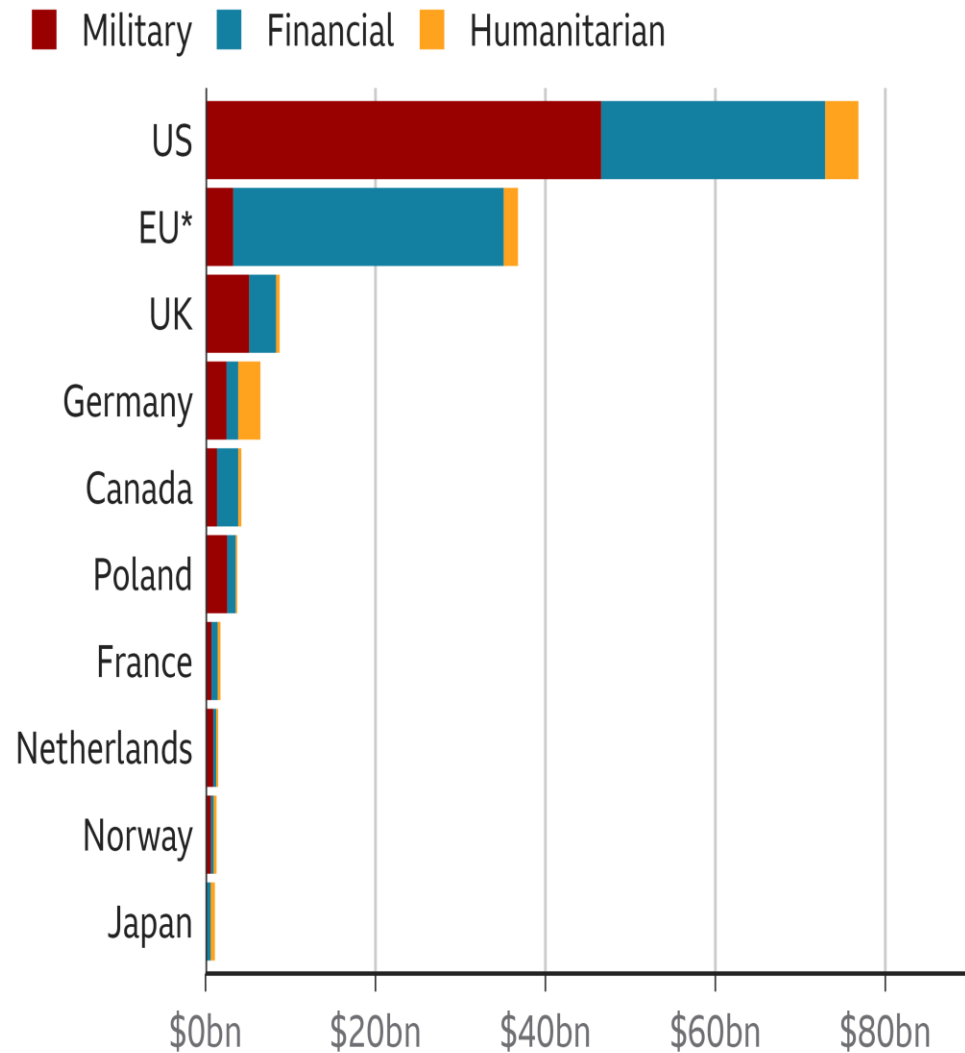


# US has committed the most aid to Ukraine

Commitments by the 10 biggest donors, 24 Jan 2022 to 15 Jan 2023

## Security: Russia's invasion

- **Russia:** EU Sanctions (& EU independence on Oil/Gas over past year; increase of 'fake news' propaganda in election campaigns
- **NATO:** states' increased cooperation and funding (2%)
- **Ukraine assistance:** financial, humanitarian, military & EU candidate
- **Israel/Pal:** disunity over support; calls for de-escalation; rising anti-semitism (& Islamophobia)



\*EU institutions including the European Commission, Council, EPF and EIB

Source: Kiel Institute for the World Economy, 21 Feb 2023





# EU-U.S. Trade

The Transatlantic relationship by numbers



The U.S. & EU are each other's primary source and destination for foreign direct investment

U.S. invested in the EU **\$2,381 Billion**

EU invested in the US **\$2,559 Billion**

The **Transatlantic Economy** is the largest and wealthiest market in the world, accounting for **50% world GDP** in terms of value and **30% of world trade**.

**TOGETHER, THE EU AND THE U.S. REPRESENT:**

- 15 Million** Jobs supported by the Transatlantic Economy
- 14.8 Million** EU tourists traveled to the U.S. in 2015
- 38%** Total U.S. exports attributable to SMEs
- \$5.5 Trillion** Annual transatlantic commercial sales

## TRADE BY STATE



**44 of 50** U.S. States exported more to the EU than to China

**Orange:** EU is 1st or 2nd biggest export market  
**Yellow:** EU is 3rd or 4th biggest export market

## TOP 5 | STATE EXPORTERS TO the European Union

- California**  
Computers and electronics, chemicals, transportation equipment
- Texas**  
Chemicals, petroleum and coal, computers and electronics
- New York**  
Used goods; miscellaneous; chemicals
- Washington**  
Transportation equipment, computers and electronics; machinery
- Illinois**  
Chemicals, machinery, computers and electronics

## TOP 5 | SERVICES EXPORTS from the US to the EU



## TOP 5 | AGRICULTURAL EXPORTS from the US to the EU



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