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Topic: European Union





European Union



- ❖ Two French leaders, Jean Monnet and Robert Schuman, were already developing a plan to implement the **idea of functionalism** in Europe—that Europe could be saved from future wars by creating economic linkages that would eventually bind states together politically. It was technical expert, not the politician, who played important role of integration of European societies. Today the European scientific community is one of the most internationally integrated areas of society. For example, the EU operates the European Space Agency and the European Molecular Biology Laboratory.
- ❖ —the merger of French and German steel (iron) and coal industries into a single framework. Coal and steel were key to European recovery and growth. The Schuman plan gave birth to the European Coal and Steel Community (ECSC) in 1952, in which France and Germany were joined by Italy (the third largest industrial country of continental Europe) and by three smaller countries— Belgium, Netherlands and Luxembourg (together called the Benelux countries).

- ❖ **Treaty of Rome (1957)** The founding document of the European Economic Community (EEC) or Common Market.
- ❖ In the 1957 Treaty of Rome, the same six states (France, Germany, Italy, Belgium, Netherlands and Luxembourg) created two new organizations. One extended the coal-and-steel idea into a new realm, atomic energy. Euratom, the European Atomic Energy Community, was formed to coordinate nuclear power development by pooling research, investment and management. It continues to operate today with an expanded membership. The second organization was the European Economic Community (EEC), later renamed the European Community (EC).
- ❖ **The Maastricht Treaty**, signed in the Dutch city of Maastricht in 1992, renamed the EC as the EU. Idea of a monetary union introduced. It also expanded the idea of citizenship so that, for example, a French citizen living in Germany can vote in local elections. A third goal of Maastricht was more controversial—political and military integration.
- ❖ **Lisbon Treaty (2007)** To grapple with the implications of an expanding EU, the 25 leaders signed an **EU constitution** in late 2004, and the European Parliament gave it a strong vote of support in 2005.
- ❖ it had to be ratified by all 25 states, including several requiring referenda. The constitution would establish a stronger president of the EU as well as a foreign minister and would replace the requirement for consensus in EU decision-making with majority voting in more cases. It also guaranteed fundamental rights to all EU citizens

- ❖ The U.K. joined in 1973, however, along with Ireland and Denmark. In 1981, Greece was admitted, and Portugal and Spain joined in 1986. In May 2004, 10 new members joined, including Poland, the Czech Republic, Slovakia, Hungary, Latvia, Lithuania, Estonia, Malta, Slovenia and Cyprus. Romania and Bulgaria joined in 2007.
- ❖ Inclusion of poorer countries with less industry and lower standards of living has created difficulties in effectively integrating Europe's economies. Richer European states give substantial aid to poorer ones in the hopes of strengthening weak links. Richer states expect new EU members to undergo rapid liberalization of their economies, which some critics argue will have negative effects, especially on social programs and prices for basic goods and services.

1957 EC TREATY

Economic
integration

Freedom of
movement of goods,
capitals, workers,
and services
throughout Europe

Creation of the
European Economic
Community

1992 MAASTRICHT TREATY

A new political
identity called
"European Union"

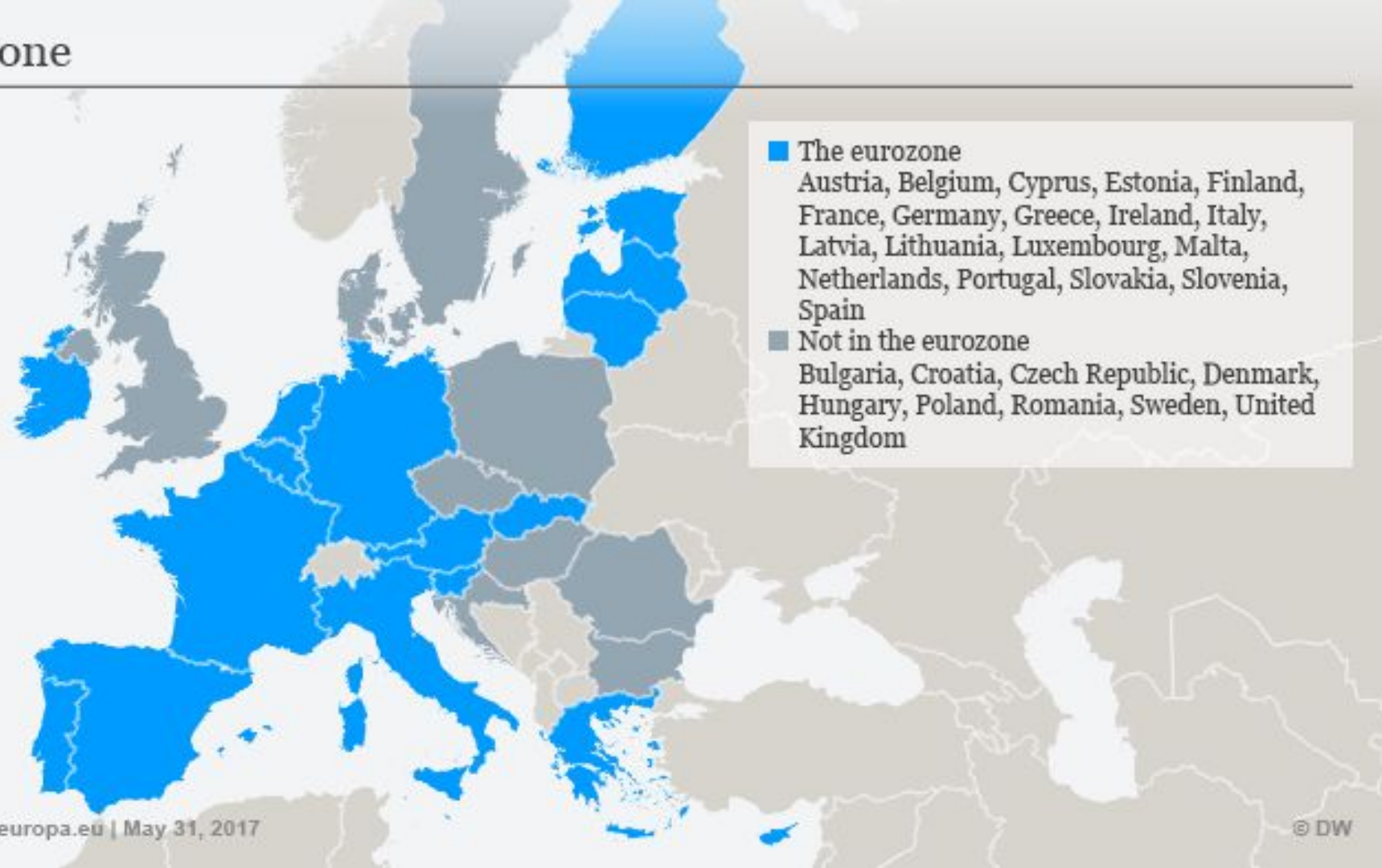
Cooperation in
migration, justice,
and internal affairs,
more attention to
human rights issues

1997 AMSTERDAM TREATY

New powers to
legislate on
discrimination,
concept of European
citizenship

The Charter of Fundamental Rights, adopted in Nice in December 2000, includes a whole section on equality

Eurozone



The Euro Zone have same currency

- EU members in the euro zone
- EU members not in the euro zone



Quick facts about the eurozone

- Headquarters of the European Central Bank: **Frankfurt, Germany**
- The President of the European Central Bank: **Mario Draghi**
- Members of the eurozone: **17**
- Members of the EU that are not in the eurozone: **10**
- Introduction of the euro: **1999** as “**virtual currency**”; **2001 physical implementation**
- Population of the eurozone in 2011: **334 million**
- Gross Domestic Product in 2011: **13.1 trillion dollars**
- Unemployment rate in 2010: **10.0 percent**
- GDP per capita in 2011: **39,267 dollars**
- Public debt in 2009: **64.7 percent of GDP**

EU Institutions



Five Top Aims of the EU

- These are the five big things the EU has set out to do:
- **1.** Promote economic and social progress.
Help people earn enough money and get treated fairly.
- **2.** Speak for the European Union on the international scene.
By working as a group the EU hopes that Europe will be listened to more by other countries.
- **3.** Introduce European citizenship.
Anyone from a member state is a citizen of the EU and gets four special rights.
- **4.** Develop Europe as an area of freedom, security and justice.
Help Europeans to live in safety, without the threat of war.
- **5.** Maintain and build on established EU law.
Make laws that protect peoples rights in the member countries.

The European Single Market

is the communal single market of European Union (EU) member states. It comprises 27 countries and more than 450 million people and has an economic output of almost 14 billion euros*.

Its basis lies in the **four freedoms** laid down in the Treaty on the Functioning of the European Union (TFEU):

-  EU members
-  Bound to the European Single Market via agreements/treaties



Free Movement of Goods



No customs duties and other trade barriers. Convergence of standards. Free competition

Freedom to Establish & Provide Services



Cross-border provision of services, including transport, energy, telecom, insurance, trade

Free Movement of Persons

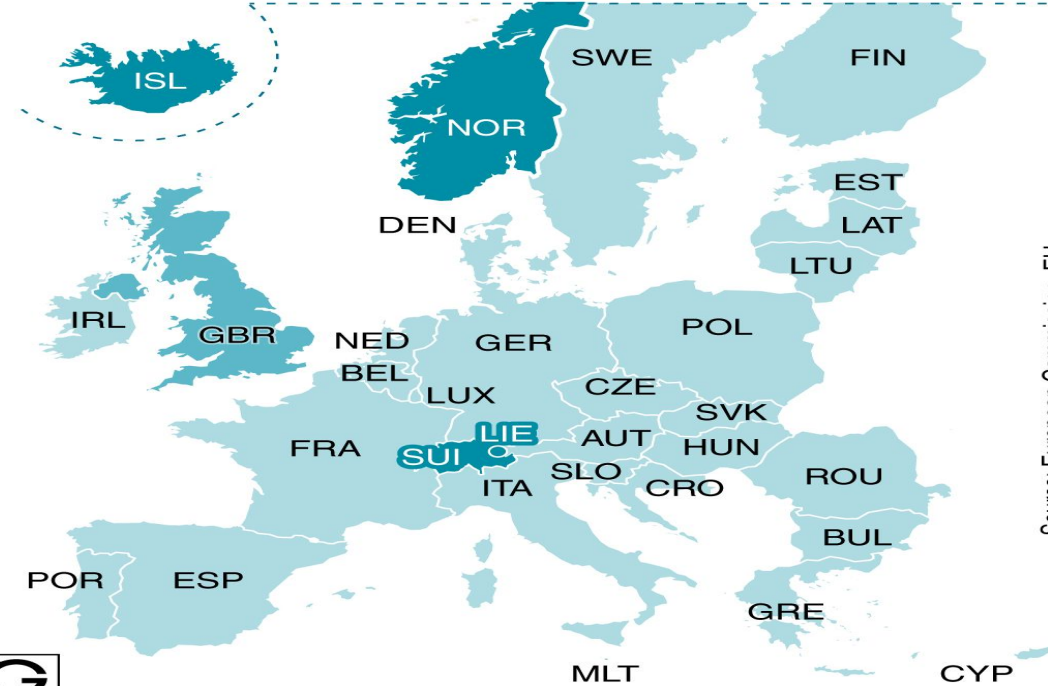


The right to live and work in any EU member state, no border controls, recognition of school and employment qualifications

Free Movement of Capital



Free movement of money and capital, a common market for financial services (banking etc), investment in the EU



Source: European Commission, EIU

The United Kingdom left the EU on 31.1.2020. It remains in the single market and customs union until 31.12.2020.

BREXIT

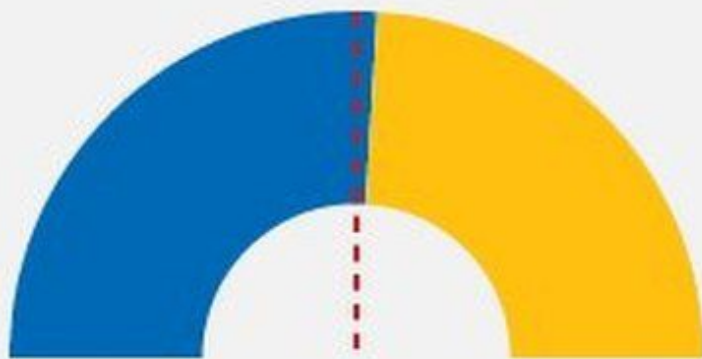
- ❖ For the past two-and-a-half years, the functioning of the UK Parliament and indeed the whole of politics has been totally absorbed by the Brexit debate.
- ❖ It is the Lisbon Treaty 2007, which made provision for exit from EU. Exit is a two year process as per Art.50 of the EU.
- ❖ the UK formally joined the European Economic Community, the forerunner to the European Union, on 1 January 1973 . But it had not accepted manu provision of the EU (option out clause), it was part of EU custom union and european economic community for movement of goods, capital, services, and people.
- ❖ Britain had not joined Eurozone. It has been alway a trouble maker for the EU, it had joined EU for it own benefit.
- ❖ Following on from the world-wide recession of 2008, the UK economy declined by more than 4% the following year. Britain realized that staying in EU would be a more liability. Britain has close relation with the US. When the US gave America's first policy the Britain politician thought that it would be better to exit from the EU. It was not gaining from the EU instead it had to pay its due.

UK Votes Leave



Leave
51.9%

17,410,742
VOTES



Remain
48.1%

16,141,241
VOTES

Turnout



72.2%

Rejected
ballots

26,033

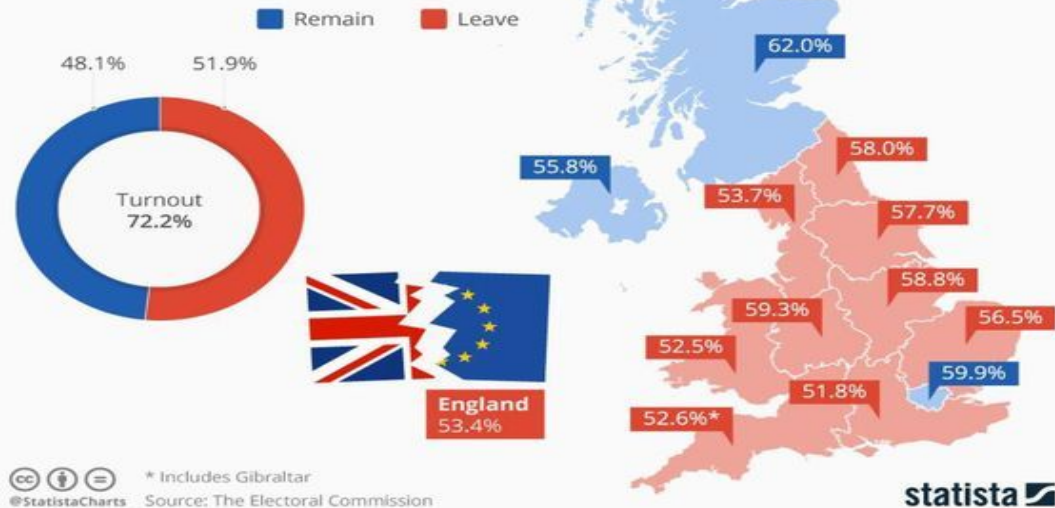
BBC

Brexit – The UK's decision to leave the European Union

- On June 23rd 2016 the UK voted in a referendum to leave the European Union.
- Prime Minister David Cameron resigned the morning after the vote
- A few weeks later, Theresa May was elected leader of the Conservative Party and new Prime Minister.
- The terms of the UK's new economic relationship with the EU remain uncertain.

UK chooses Brexit

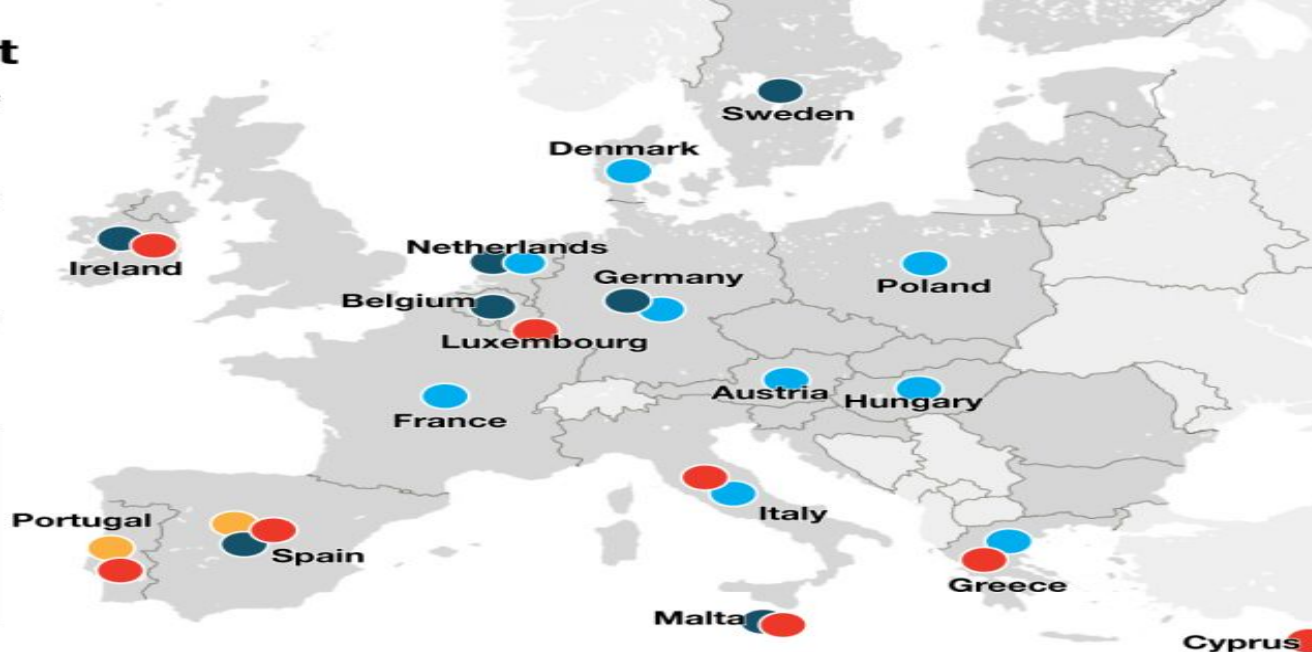
EU referendum results by region



Article 50 was invoked in March 2017, there is a maximum period of two years before the UK finally leaves the European Union.

The Risk of a Brexit

A Brexit would lead to a period of uncertainty in Europe that would have a negative impact on most EU economies. In addition to this generalized risk, some countries face specific challenges linked to a Brexit, such as a sharp decrease in exports, higher bond yields and an increase in domestic Euroskepticism.



- **Financial risk**
- **Political uncertainty**
- **Rising Euroskepticism**
- **Economic risk**

FINANCIAL RISK

Countries with high levels of deficit and debt, fragile banking systems or unstable governments could come under financial pressure after a Brexit. Small financial services centers and countries linked to Britain through foreign direct investment and remittances could also be hurt.

POLITICAL UNCERTAINTY

Countries with fragile government alliances or impending elections could be further weakened by the uncertainty generated by a Brexit. This in turn would create financial and economic risk.

RISING EUROSKEPTICISM

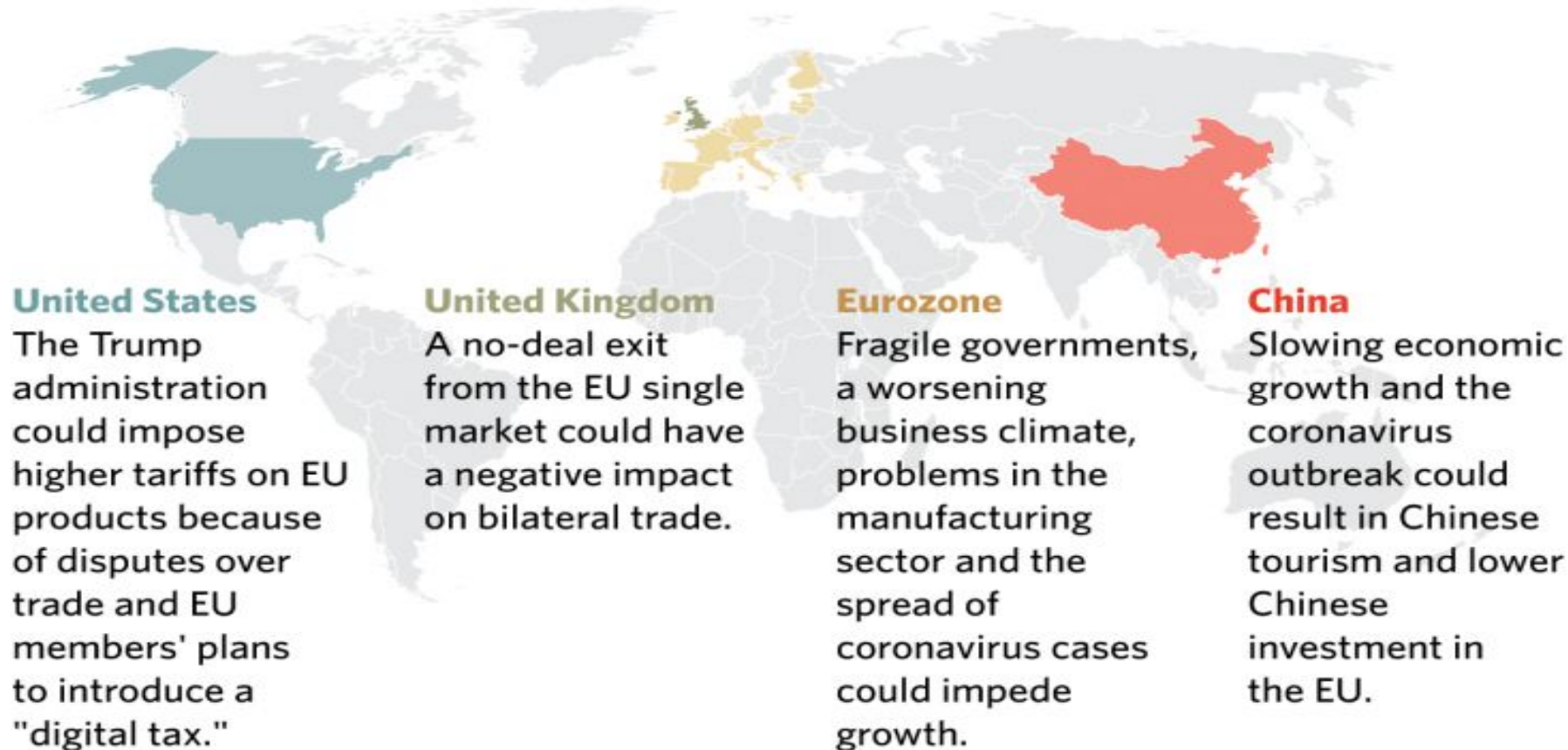
Countries with strong Euroskeptic opposition parties could see an increase in anti-EU sentiment. Moderate parties could feel threatened by Euroskeptic forces and adopt elements of their agendas. Opposition and government parties could demand referendums on EU membership or aspects of it.

ECONOMIC RISK

Countries with a strong dependency on exports to Britain could be negatively affected by Britain's withdrawal from the EU common market.

Eurozone Risk Factors

In 2020, the EU currency area will face several sources of economic and political risk that could have a negative impact on its economy.



Why India relations important to EU?

- India is of interest to every country in the world, let alone EU nations. Some reasons attributed to the interest are:
 - Population of 1.27 billion. With 65% below 35 yrs. of age, India has the biggest workforce in the world
 - Biggest consumer base
 - Important player in security and counter-terrorism
 - Rate of development
 - Democratic, as opposed to communism in China, that holds them back on several fronts(!)
 - Cheap labour
 - Improved support from Government to foreign investors
 - Culturally diverse

EU-India relations: Chronology

- 1962: India establishes diplomatic relations with EEC*
- 1971: EU provides **trade support** through the Generalized System of Preferences (GSP)
- 1973: The EU and India sign a **Commercial Cooperation Agreement for marketing support** to several sectors of Indian industry with export potential
- 1981: India and the EU sign a Commercial and Economic Cooperation Agreement
- 1983: The EU sets up a Delegation in India
- 1988: The **first meeting** of the EU-India Joint Commission
- 1989: **Scientific cooperation** between Indian and the EU is set up in fundamental as well as applied research
- 1992: European and Indian industry establish a **Joint Business Forum** to promote trade and investment.
- 1993: The first **sector cooperation programme** is launched in primary education with EU support of €150 mn. to the Indian Government's District Primary Education Programme (DPEP)
- 1994: EU-India **Cooperation Agreement on Partnership and Development** upgrades relationship
- 1996: A second **sector cooperation programme** is launched in the area of health with a grant of €200 mn.

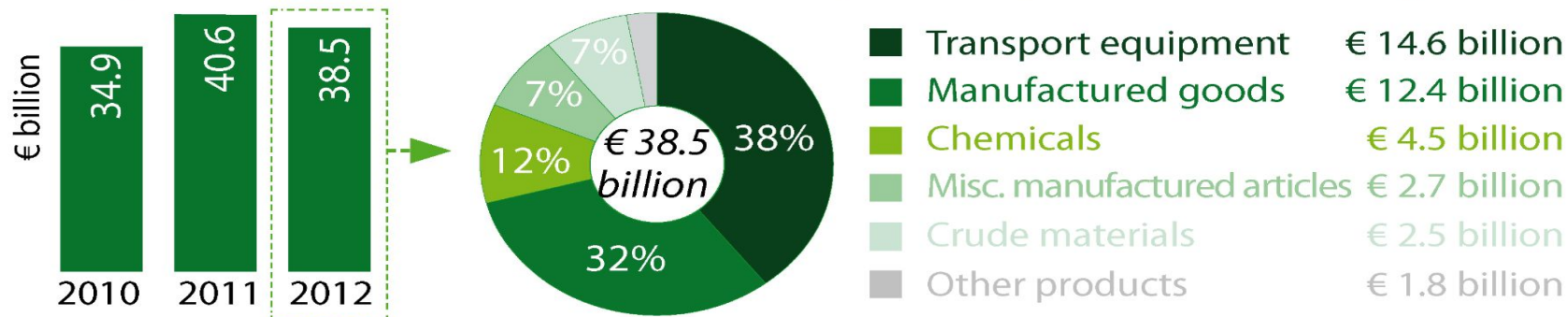
India and the EU have signed a number of bilateral agreements and MoUs, notably

- ❖ **Science & Technology Agreement (2001, renewed in 2007),**
- ❖ **Joint Vision Statement for promoting Cooperation in the field of Information and Communications Technology (2001),**
- ❖ **Customs Cooperation Agreement (2004),**
- ❖ **Memorandum of Understanding on Cooperation in Employment and Social Affairs (2006), Horizontal Civil Aviation Agreement (2008),**
- ❖ **Joint Declaration in the field of Education & Training (2008),**
- ❖ **Joint Declaration on Multilingualism (2009),**
- ❖ **Agreement in the field of Nuclear Fusion Energy Research (2009),**
- ❖ **Joint Declaration on Culture (2010), MoU on Statistics (2012), J**
- ❖ **oint Declaration on Research and Innovation Cooperation (2012) and**
- ❖ **Joint Declaration on Enhanced Cooperation in Energy (2012)**

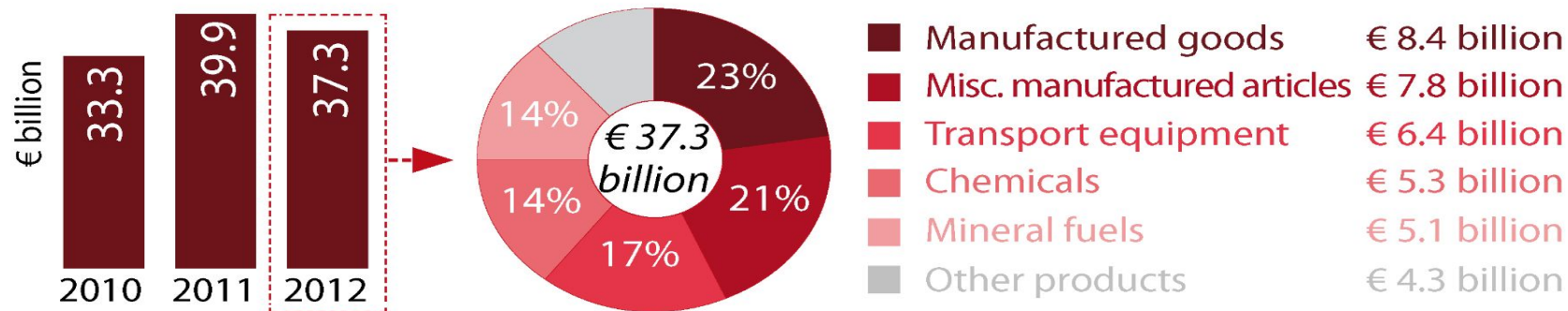
- ❖ **The first India-EU Summit took place in Lisbon in June 2000 and marked a watershed in the evolution of the relationship.**
- ❖ **the last one in May 2021. It was a virtual summit.**

EU27 trade in goods with India

EU **exports** to India (2012): **€ 38.5 billion**, representing **2.3%** of total EU exports



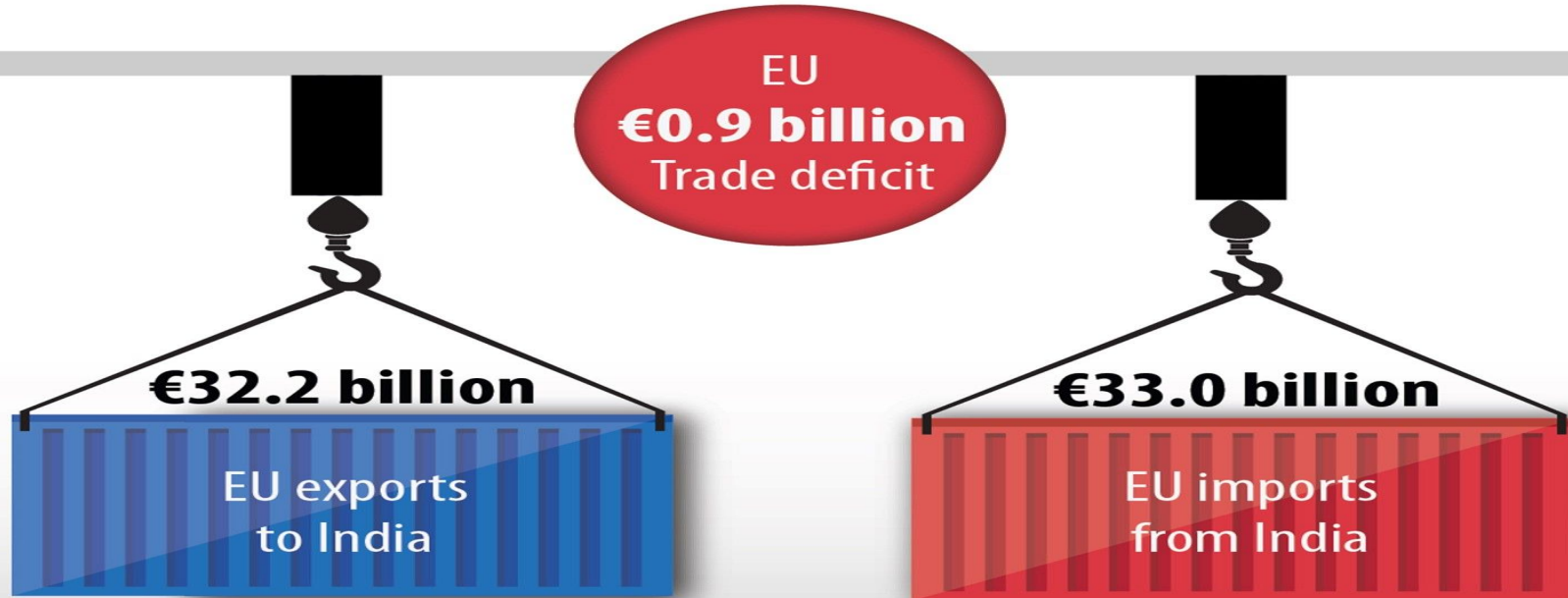
EU **imports** from India (2012): **€ 37.3 billion**, representing **2.1%** of total EU imports



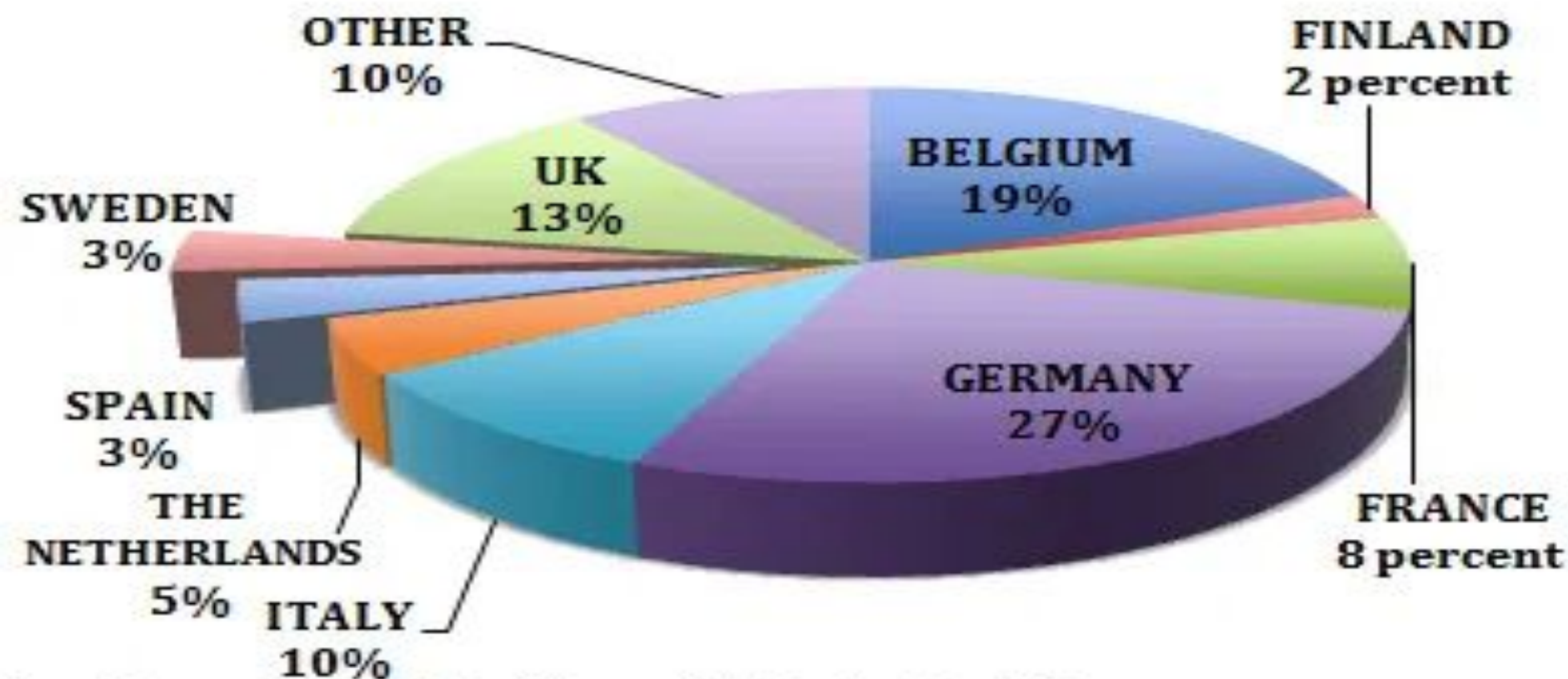


EU - India trade balance in 2020

Trade in goods



EU Countries Share of Total Exports to India (2012-13)



Source: Government of India, Ministry of Commerce & Industry, Department of Commerce

The END