



European Union



From Europe to the Euro

€EURO

CHALLENGE

**Student Orientations
2019 Euro Challenge**

www.euro-challenge.org

What is the European Union?

A unique institution – Member States voluntarily cede national sovereignty in many areas to carry out common policies and governance.

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Largest economic region in the world.

World's largest donor providing assistance to developing countries.

The EU and the US Compared



EU POPULATION



512,596,403

US POPULATION



326,766,748



The EU and the US Compared



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GDP
\$18,8
TRILLION

GDP PER CAPITA
\$37,204,61

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SQ / MI

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24

OFFICIAL LANGUAGES

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1

Outline of the Presentation



History of the European Union
- Half a Century of Change and Progress



How does the European Union function?
- A Unique Institutional Structure



The Euro Currency and the Monetary Union
- United in Diversity



The European Union and the United States
- Partners in Global Leadership

1945 – Europe's Year Zero



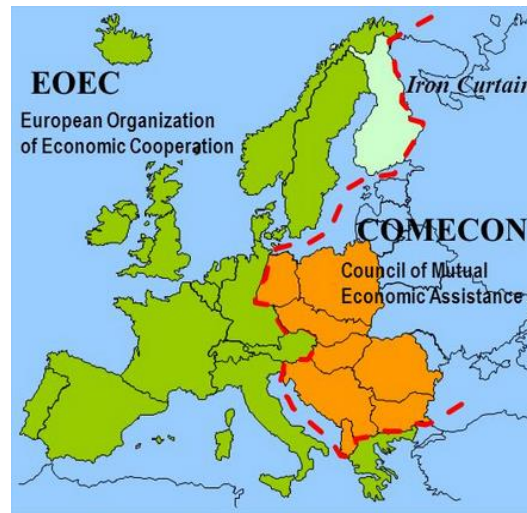
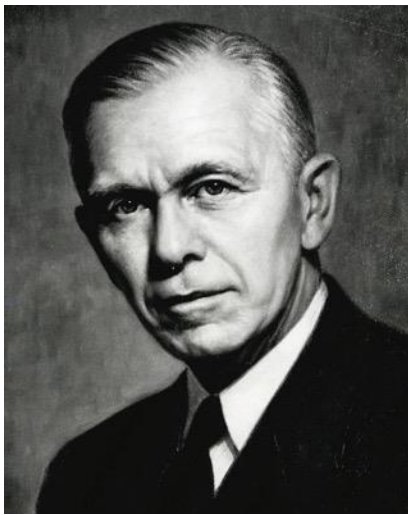
- Millions of people had lost their lives
- Large population movements across states
- Industry and infrastructure had been devastated
- Food shortages

The Iron Curtain Descends

1948 – 1949: A split continent

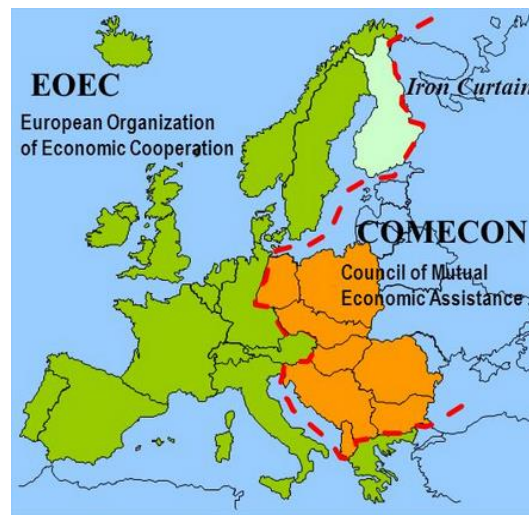
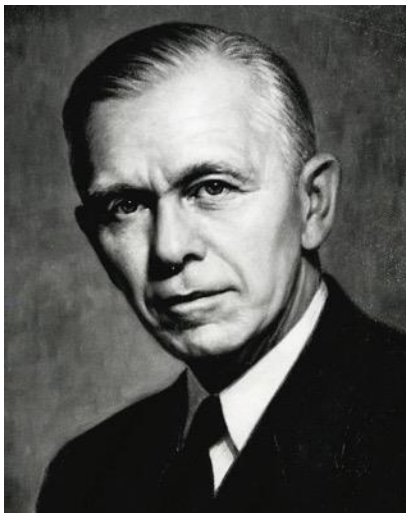


1948 – 1949: A split continent



In 1948 the US launched the **Marshall Plan**, an initiative to aid post-World War II reconstruction in Europe. Benefiting Western European countries and the US, it set up the **European Organization for Economic Cooperation (EOEC)** to manage reconstruction aid.

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In 1949 the USSR reacts by setting up the **Council for Mutual Economic Assistance (COMECON)**, an alternative economic organization aimed at enhancing economic cooperation amongst countries of the eastern block.

The Schuman Declaration

1951 – Six stars are born



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Six founding countries ( Belgium,  Federal Republic of Germany,  France,  Italy,  Luxembourg,  the Netherlands) signed a treaty to completely open the market of coal and steel under a common high authority:

The **European Coal and Steel Community** was born, precursor of the EU.

The Rome Treaties Set the Stage for Further Widening and Deepening

1957 – The European Economic Community



The six founding countries **expanded cooperation to other economic sectors**, creating the **European Economic Community (EEC)** – or “common market”.

Based on the four freedoms: freedom of movement of people, goods, services and capital – as an instrument of achieving closer political union.

Also establishes a free trade area (no tariffs) and a custom union.

The Rome Treaties Set the Stage for Further Widening and Deepening

1957 – The European Economic Community



[The signatories are] "determined to **lay the foundations of an ever closer union among the peoples of Europe**, resolved to ensure the economic and social progress of their countries by common action to **eliminate the barriers which divide Europe (...)**"

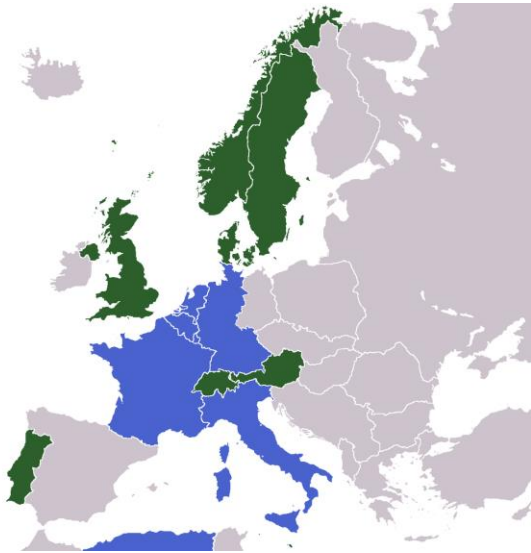
*Preamble of the Rome Treaty
establishing the European Economic Community*

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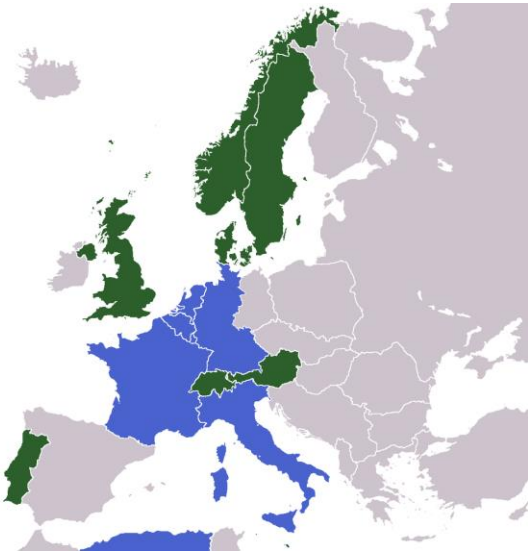
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1961 – The "Outer Seven" vs the "Inner Six"





The "outer seven" ( Austria,  Denmark ,  Norway,  Portugal,  Sweden,  the Swiss Confederation and  the United Kingdom of Great Britain and Northern Ireland) establish the European Free Trade Area (EFTA).

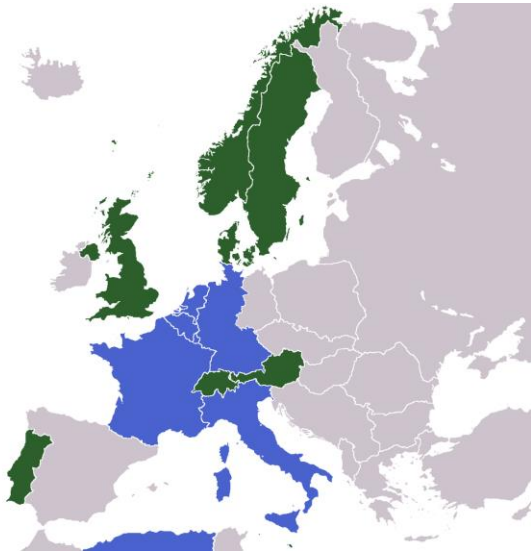
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EFTA had a limited scope: establishing a free trade area, similarly to USMCA (former NAFTA). Initially successful in promoting trade and other member states joined – Including  Finland and  Iceland. Today EFTA counts only four Members.


EEC Continues Deepening (with Justice and Foreign Policy Cooperation it Becomes EU) and Widening (to Former EFTA and COMECON Members)



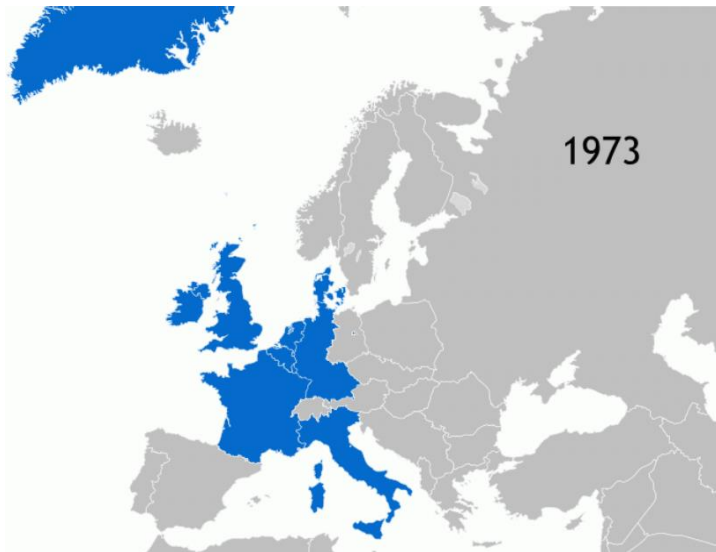


1973

 Denmark

 Ireland

 United Kingdom



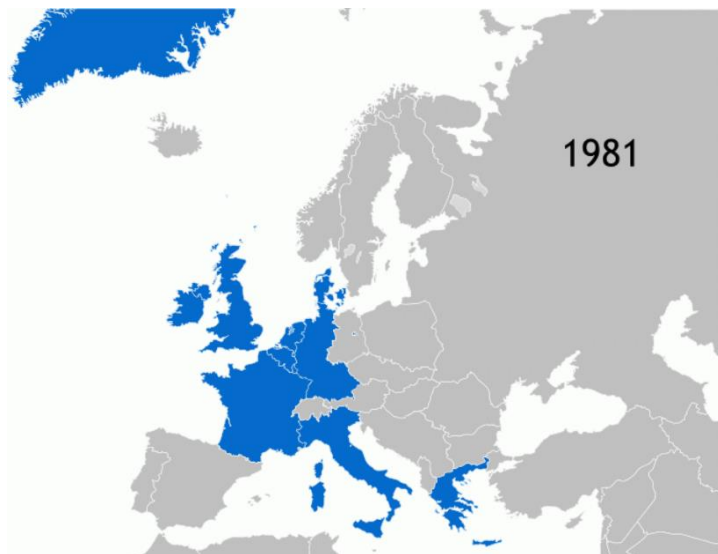
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-  Denmark
-  Ireland
-  United Kingdom

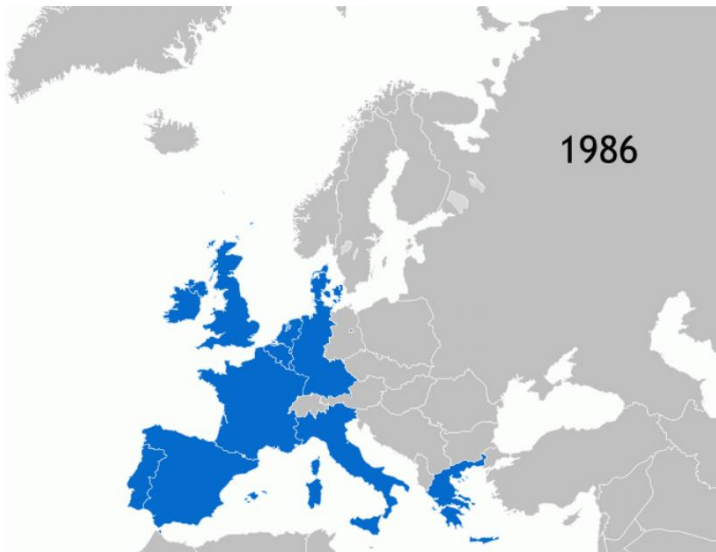
1981

-  Greece

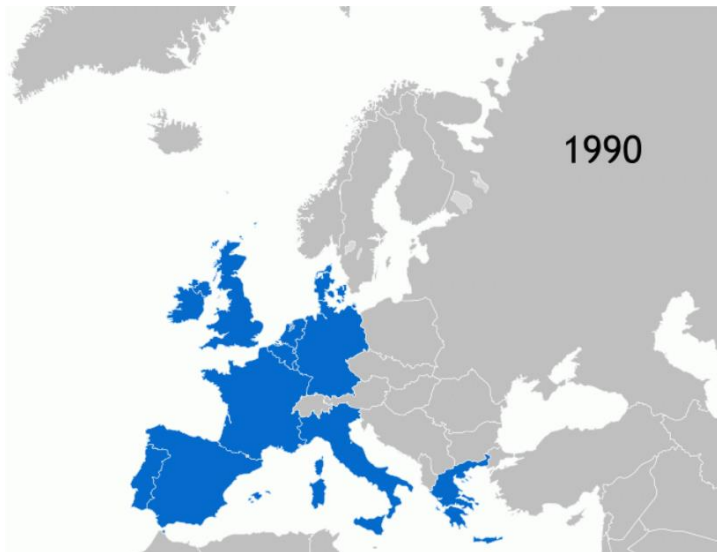
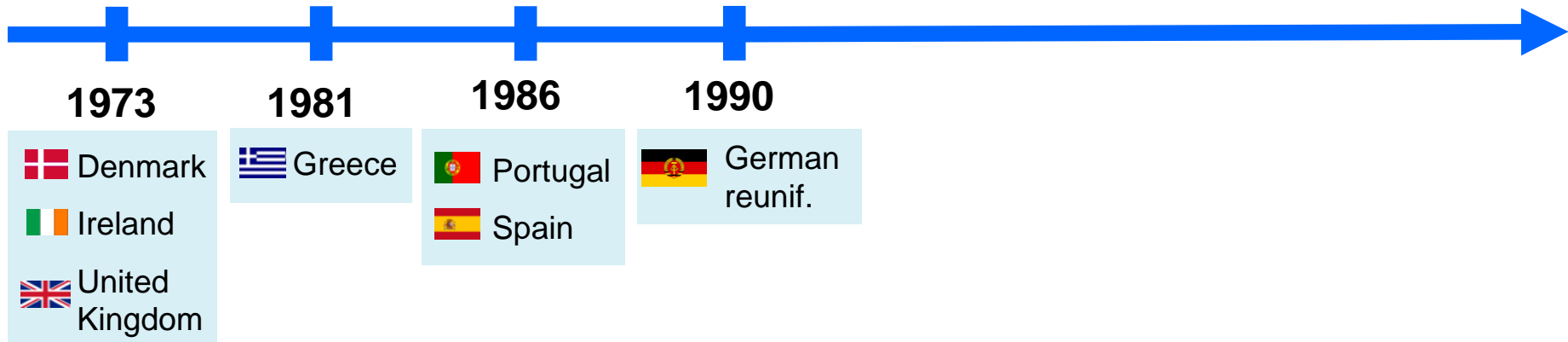


1981

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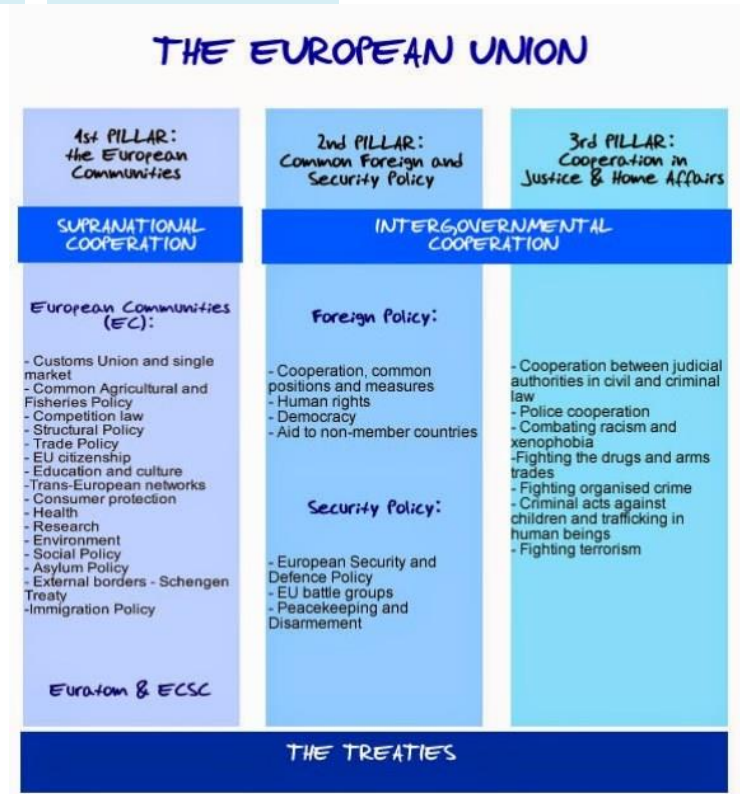
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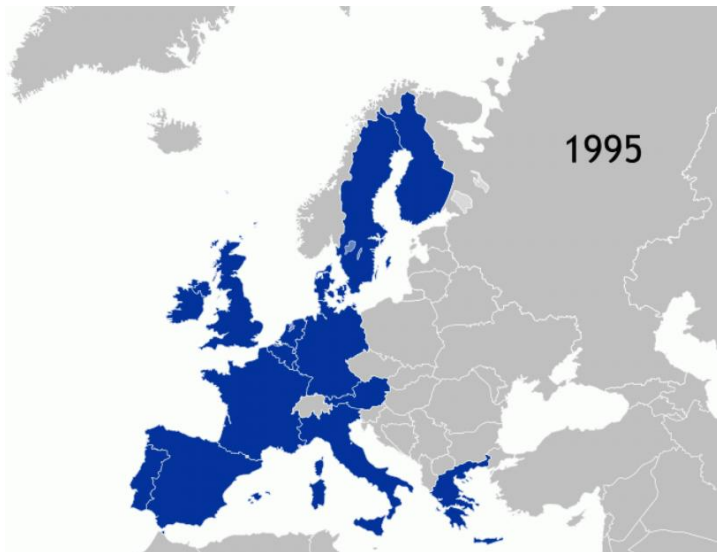
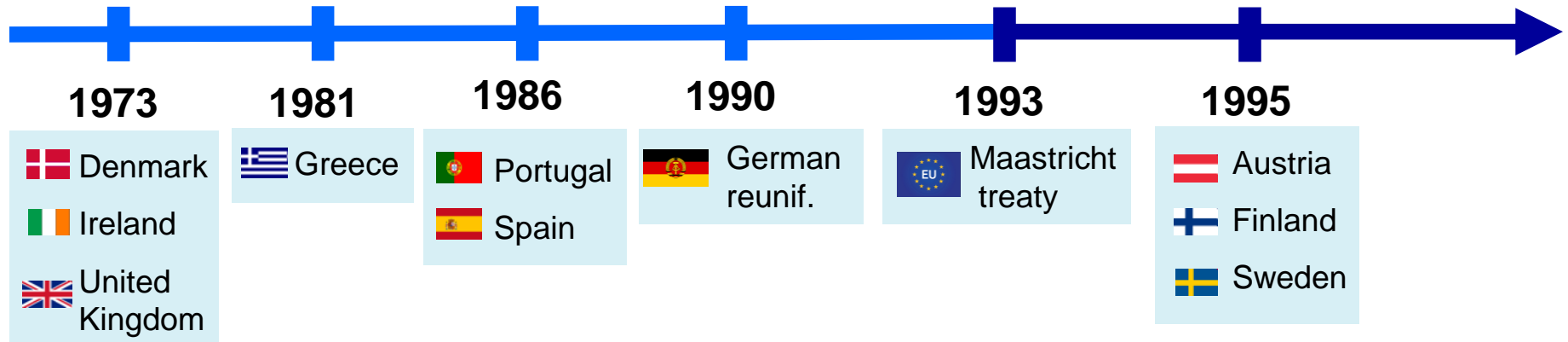
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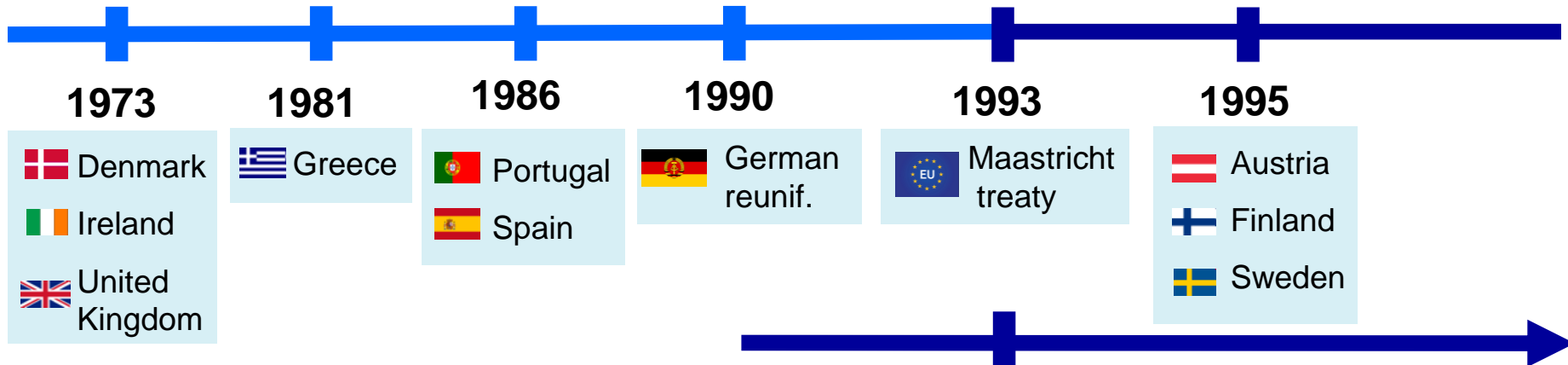
Map: Wikimedia Commons



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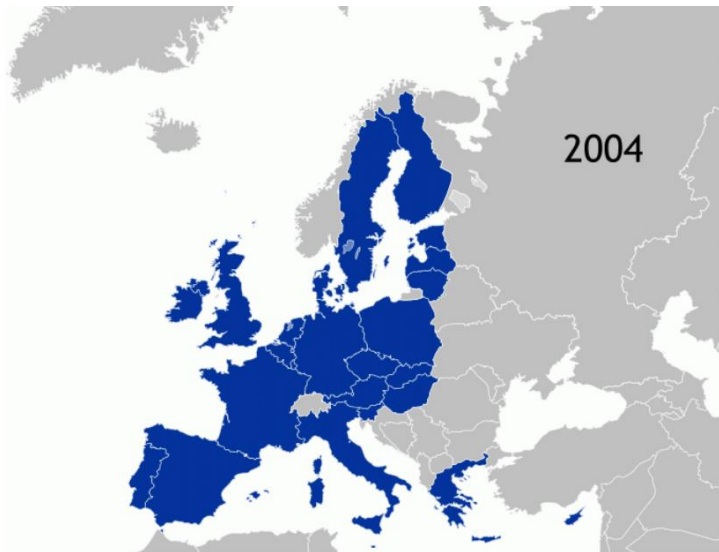


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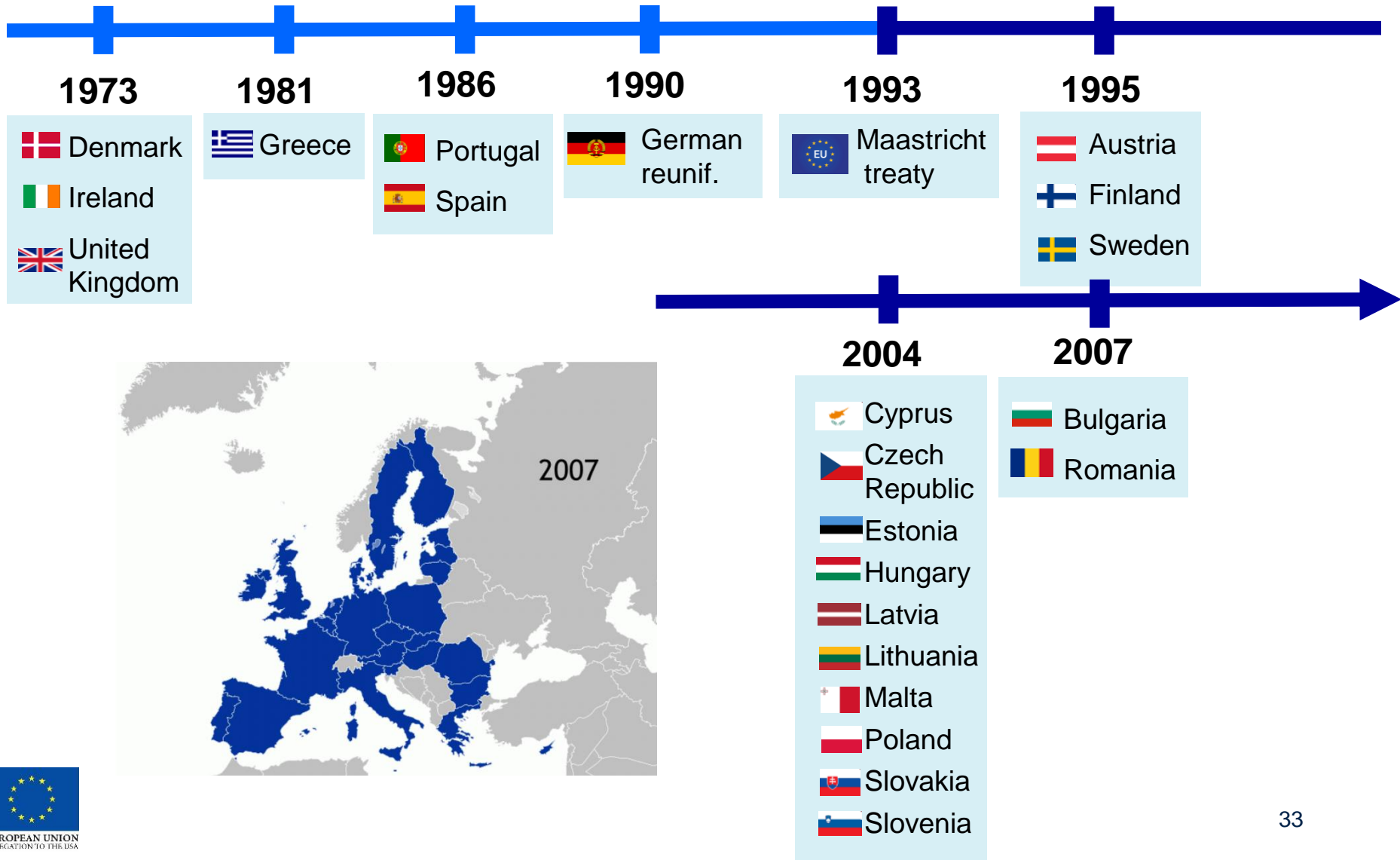


2004

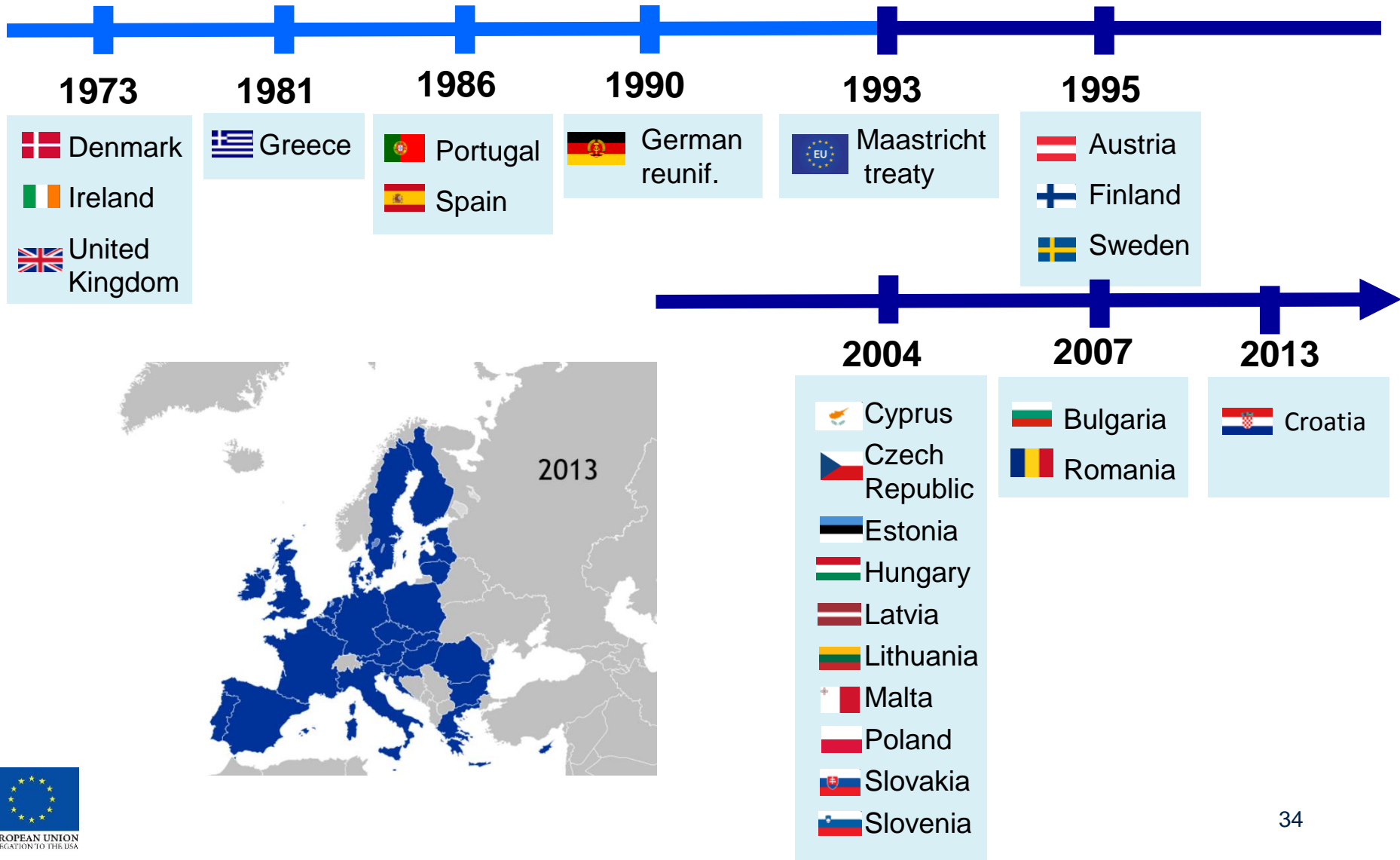
-  Cyprus
-  Czech Republic
-  Estonia
-  Hungary
-  Latvia
-  Lithuania
-  Malta
-  Poland
-  Slovakia
-  Slovenia



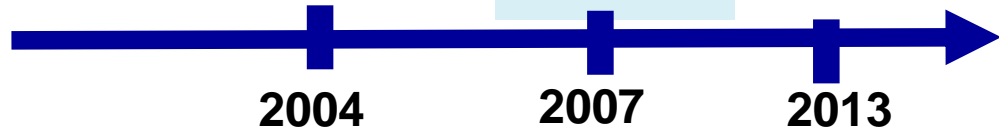
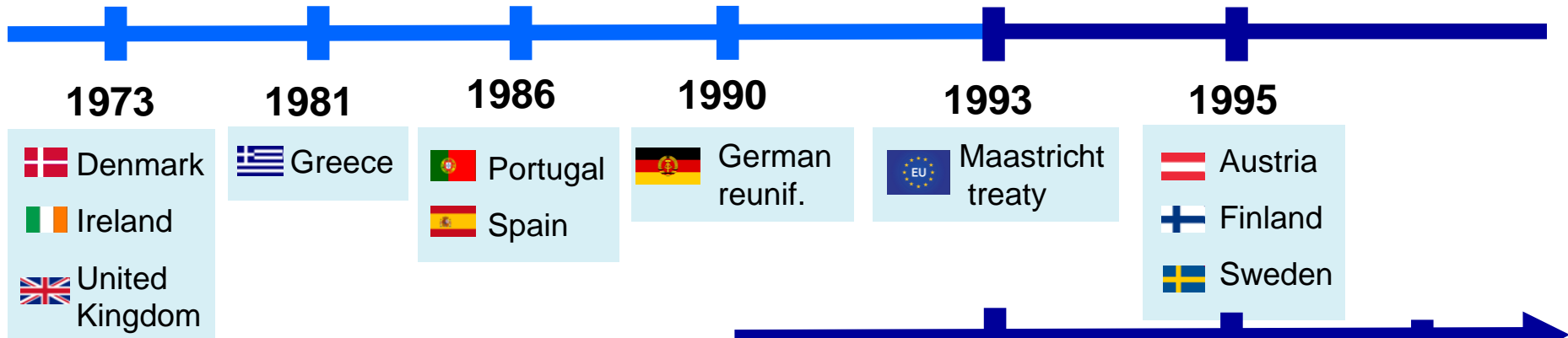
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Closing the Hole in the EU

These aspirants face a long road to membership

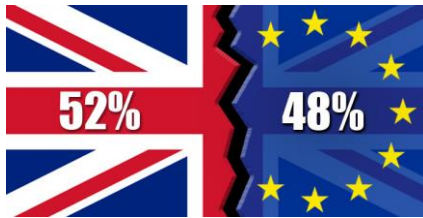
Started accession talks Haven't started talks Not officially candidates EU members



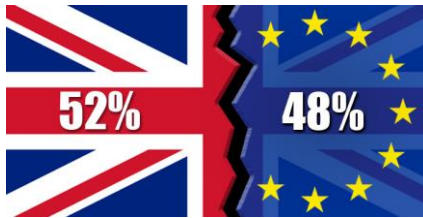
- Albania
- FYR Macedonia
- Turkey
- Serbia
- Montenegro
- Bosnia & Herzegovina *
- Kosovo*



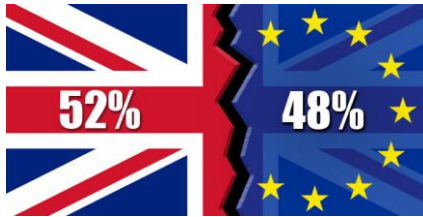
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- A number of issues still stand in the way, but the Irish border is particularly complex

Outline of the Presentation



History of the European Union

- Half a Century of Change and Progress



How does the European Union function?

- A Unique Institutional Structure



The Euro Currency and the Monetary Union

- United in Diversity



The European Union and the United States

- Partners in Global Leadership

The US Constitution and the EU Legal Order



Constitution/
Treaty



Executive



Legislative



Judicial



The European Council

Executive (1)



- Made of the heads of state or government of the 28 EU member states, the European Council President (Donald Tusk) and the President of the European Commission.
- Sets the 'strategic agenda' of priority areas for longer-term EU action and focus.

The European Commission

Executive (2)

- 28 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.



Legislative

The voice of the people

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



The voice of the Member States

- Not directly elected : it is comprised of ministers holding office in the 28 Member States.
- In a number of specific areas, the Council takes decisions using special legislative procedures and the role of the Parliament is limited.



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

Judicial



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EU? EMU? Euro? Single Market? Custom Union? Some Definitions...

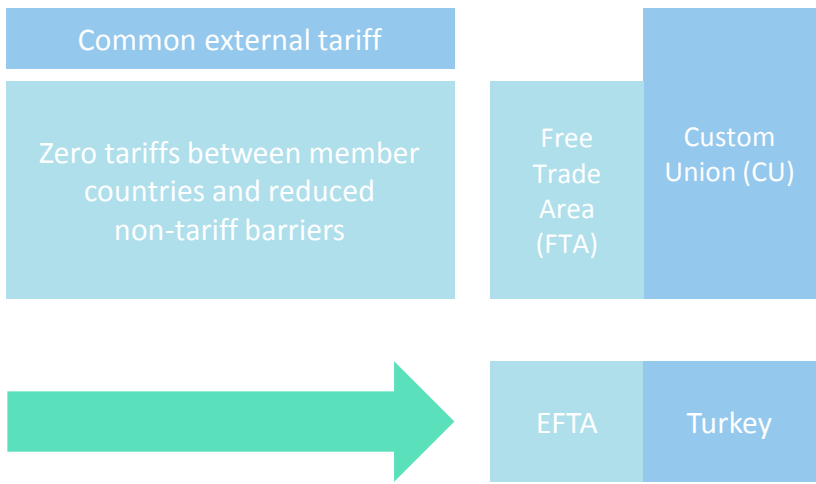
Zero tariffs between member countries and reduced non-tariff barriers

Free Trade Area (FTA)

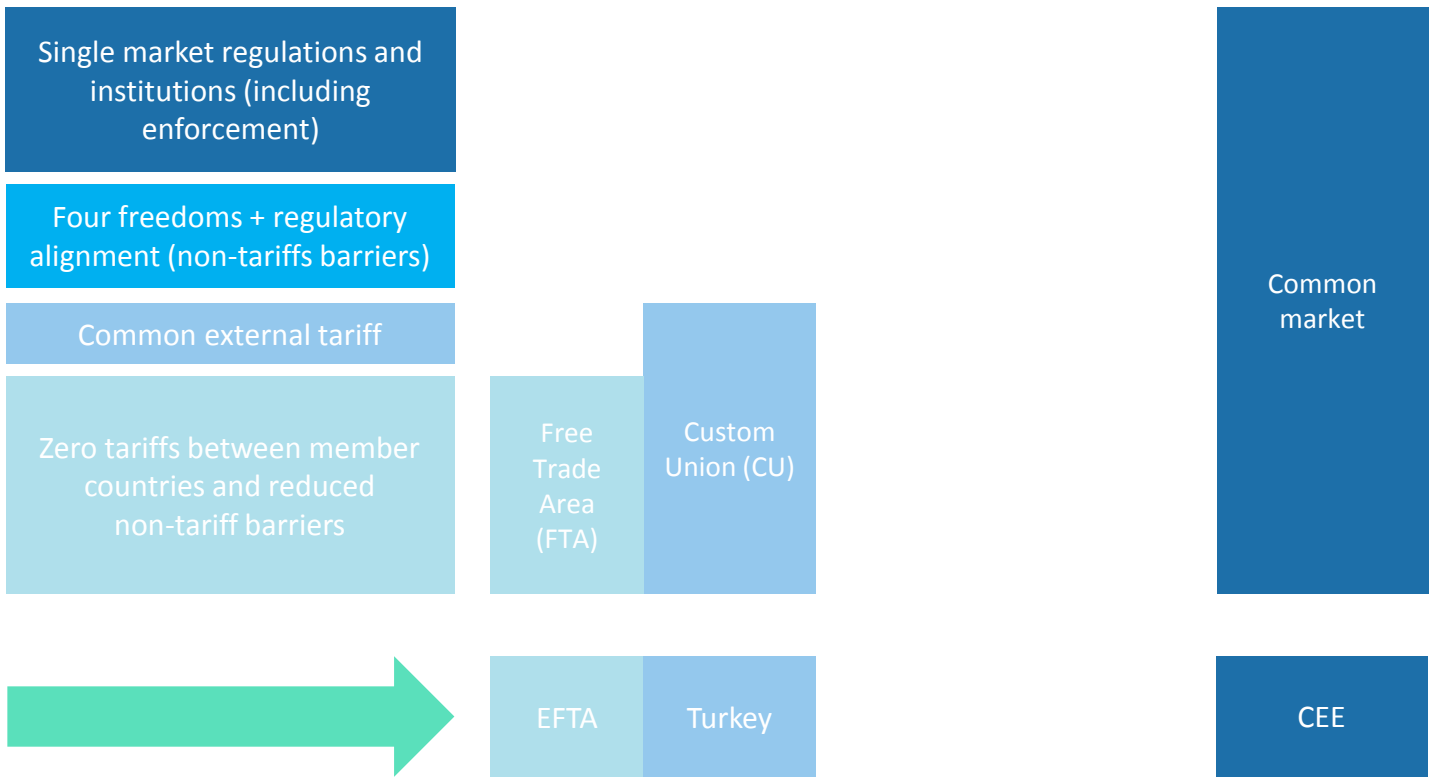


EFTA

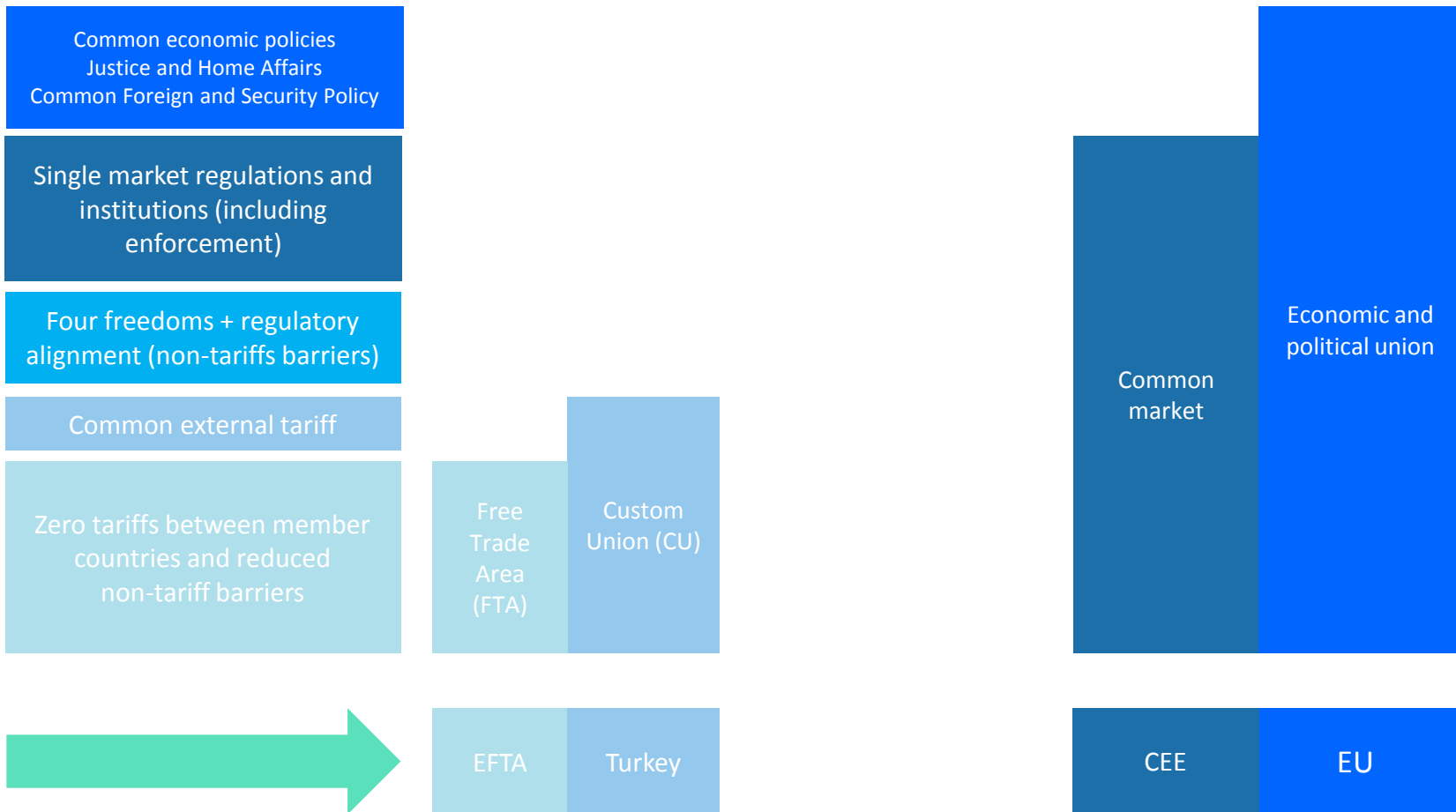
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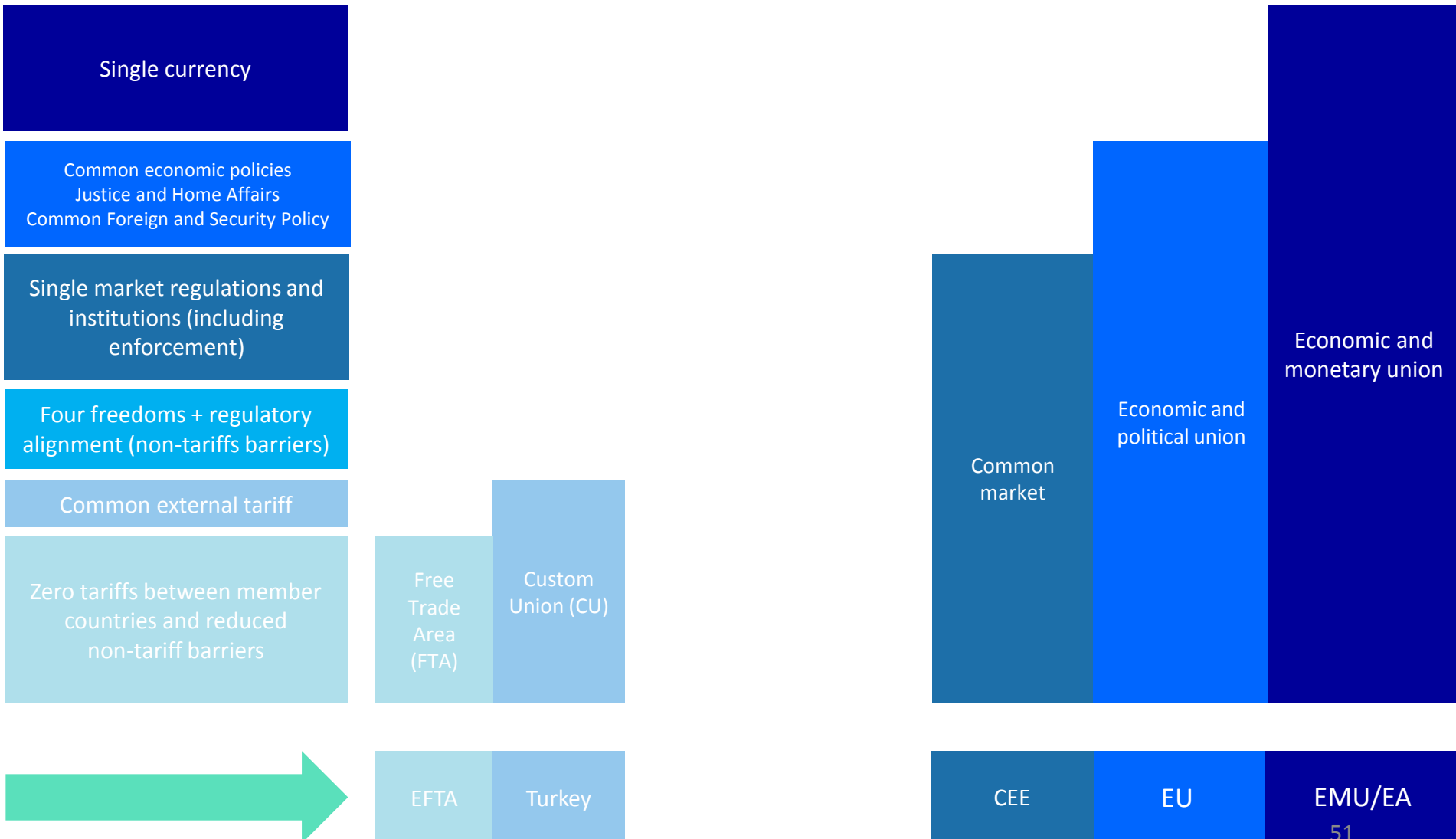
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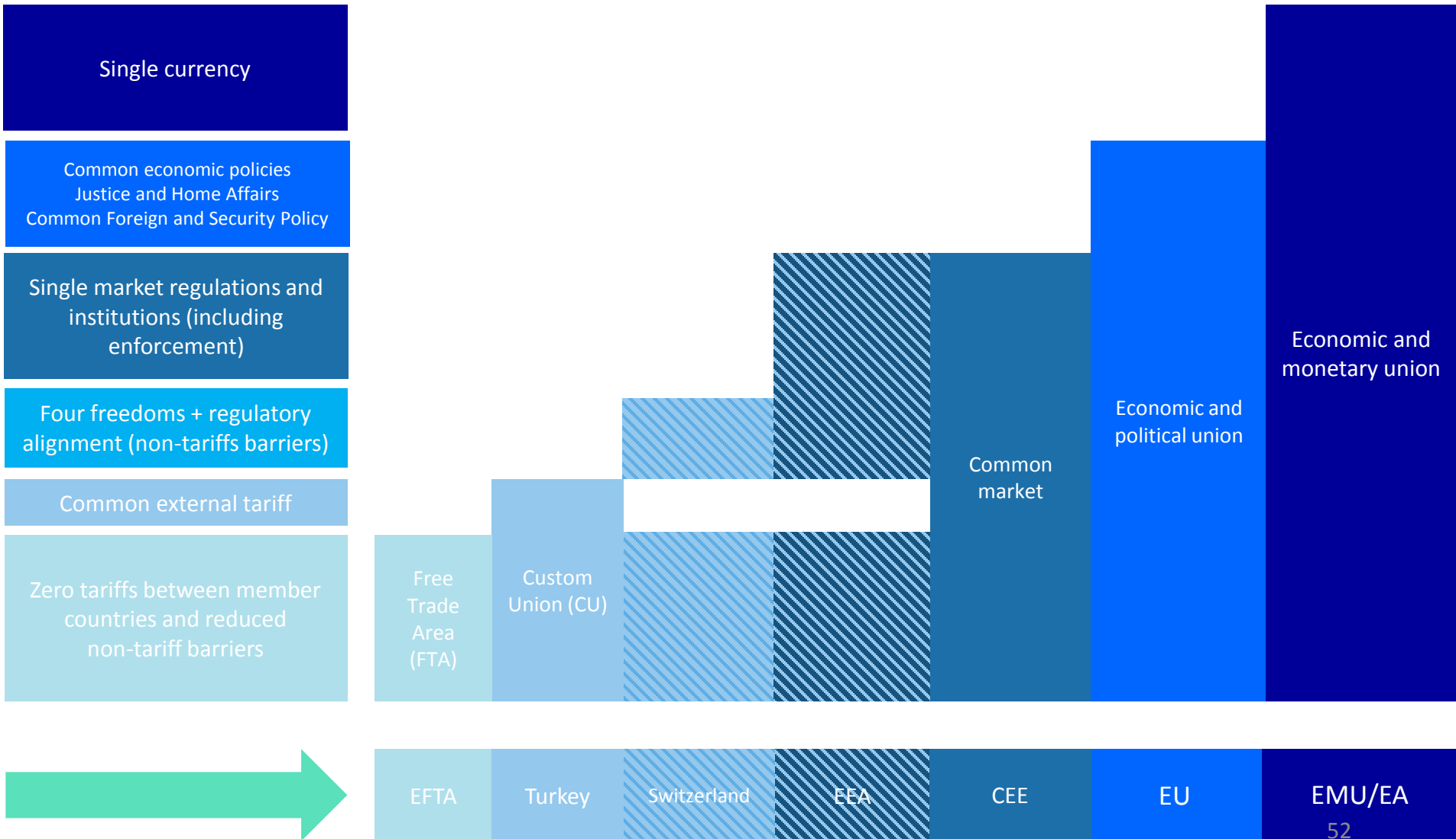
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European Union

28-nation single market of free trade and shared regulation; includes "free movement" of goods, services, capital and people

Euro Zone

19 countries using the euro currency

European Economic Area

Provides access to single market in exchange for payments; has "emergency brake" on free movement of people

European Free Trade Association

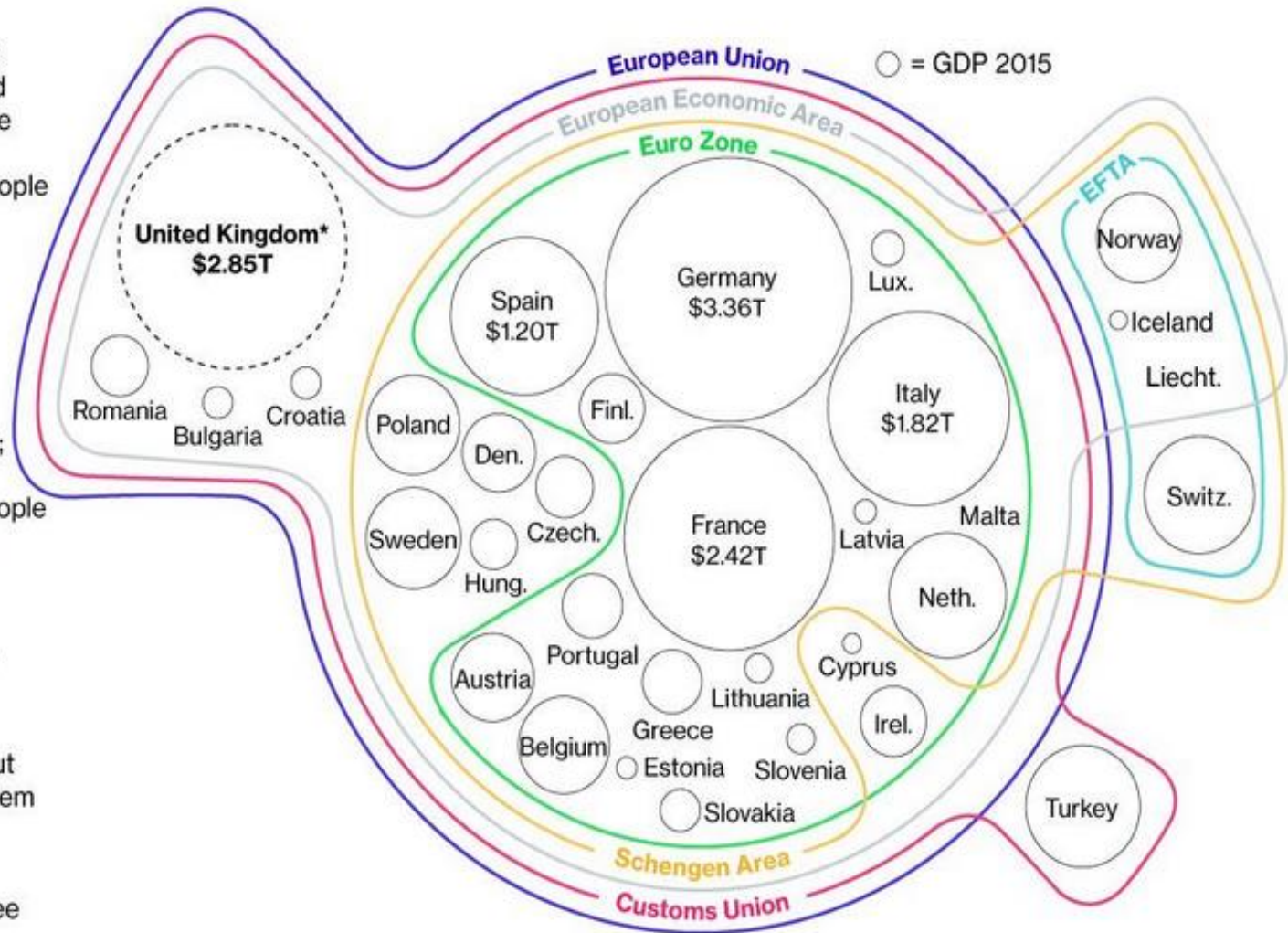
Free-trade zone and network of agreements with other countries

Customs Union

Circulates goods without duties, has uniform system for handling imports

Schengen Area

26-country passport-free travel zone



1986 **Single European Act**

Sets objective of establishing an internal market.

1992 **Maastricht Treaty**

Sets out how to achieve EMU, lays down convergence criteria.

1999 **Introduction of the euro**

The euro is officially introduced as a virtual currency in Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain.

2002 **Banknotes and coins**

Introduction of euro banknotes and coins, replacing national currencies.



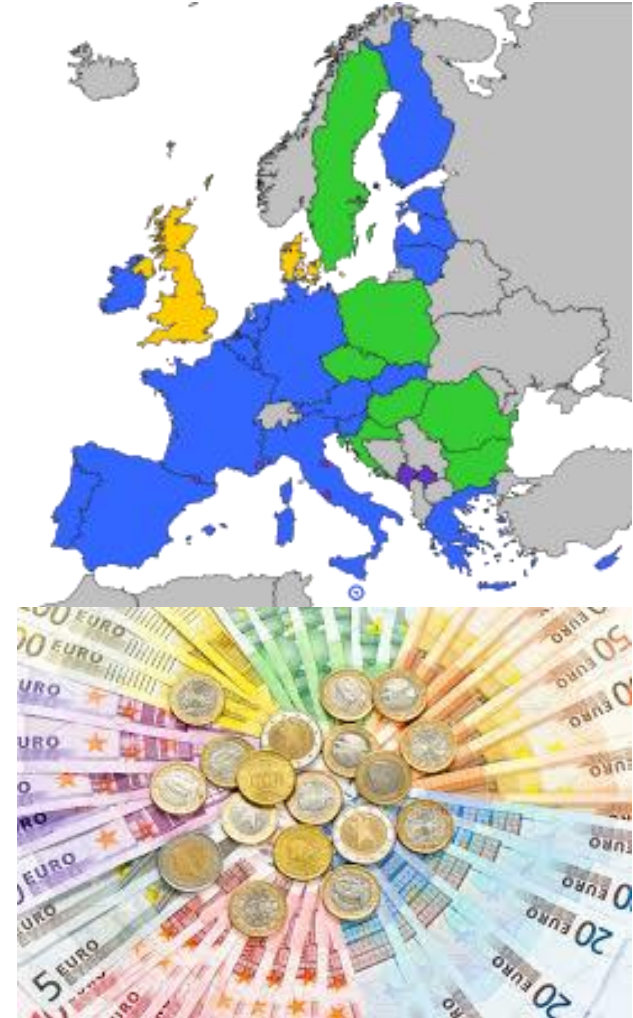
Euro Area ≠ European Union

Currently includes 19 Member States

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

What about the other 9?

Bulgaria, Croatia and Romania **have expressed interest in adopting the euro over the next few years.**



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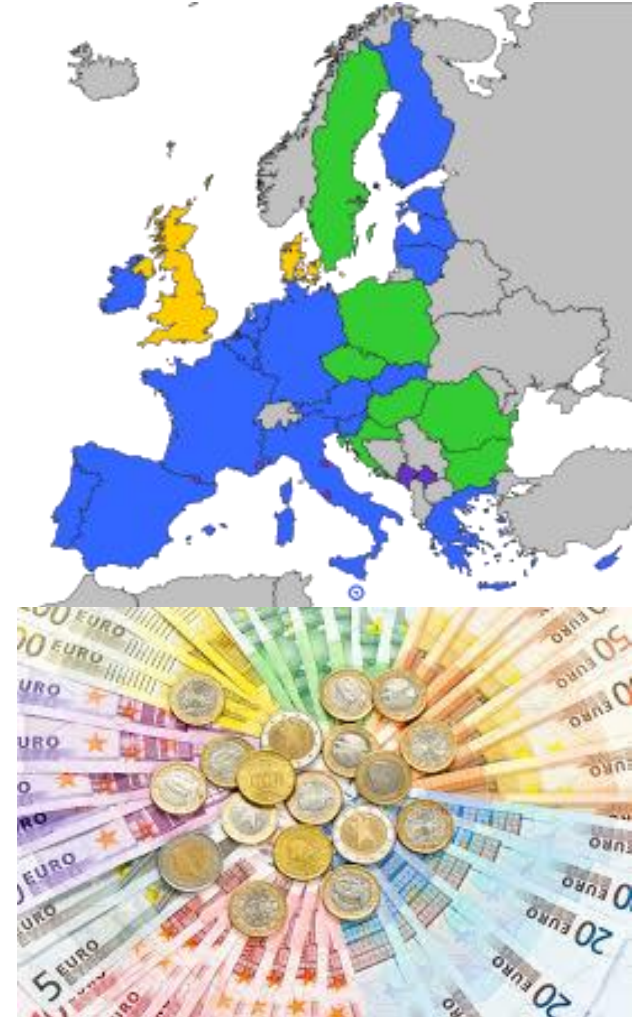
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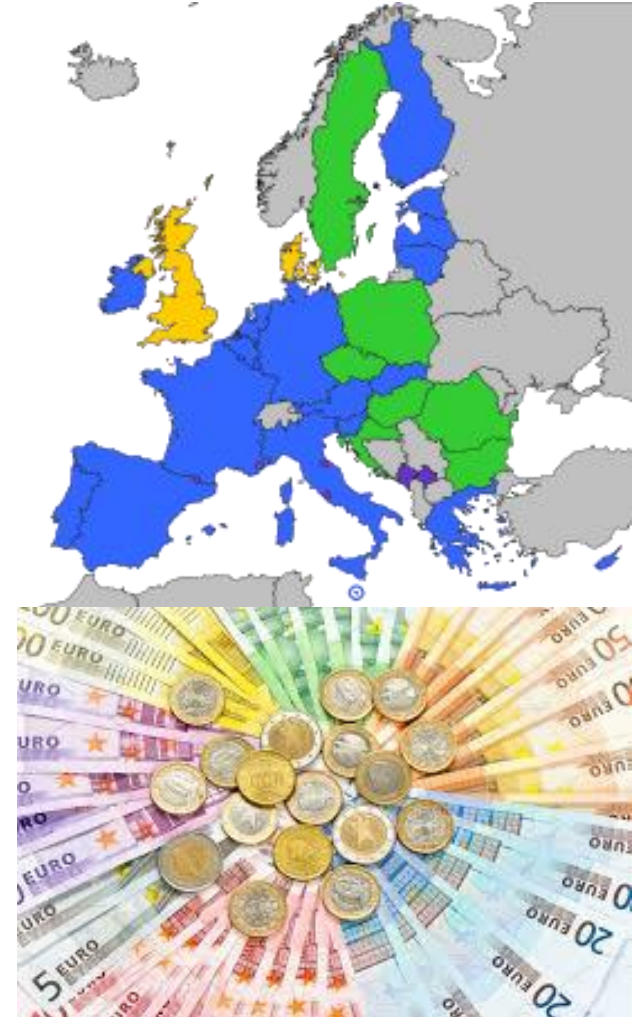
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Kosovo and Montenegro **have unilaterally adopted the euro.**



Economic Policy Making: Euro Area vs. the US

US

Euro Area

Monetary
policy



Federal reserve Chair
Jerome Powell



ECB President
Mario Draghi

Fully centralized

Fiscal
policy

Structural
reforms

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Treasury Secretary
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Eurogroup Finance ministers of Euro Area member states – currently chaired by **Mário Centeno**

No central Euro Area budget – Member States' fiscal policy is coordinated through the **Stability and Growth Pact (SGP)**

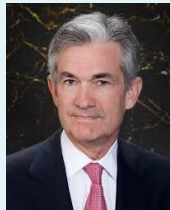
Structural reforms

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Structural reforms



Concurrent federal and state level responsibility

few policy areas are exclusively state or federal (e.g. social security / education)

most policy areas shared (federal level provides a floor)



Exclusive responsibility of Member State

Few exceptions, e.g. safety at work standards and competition policy

European Union only gives **economic policy recommendations** to Member States

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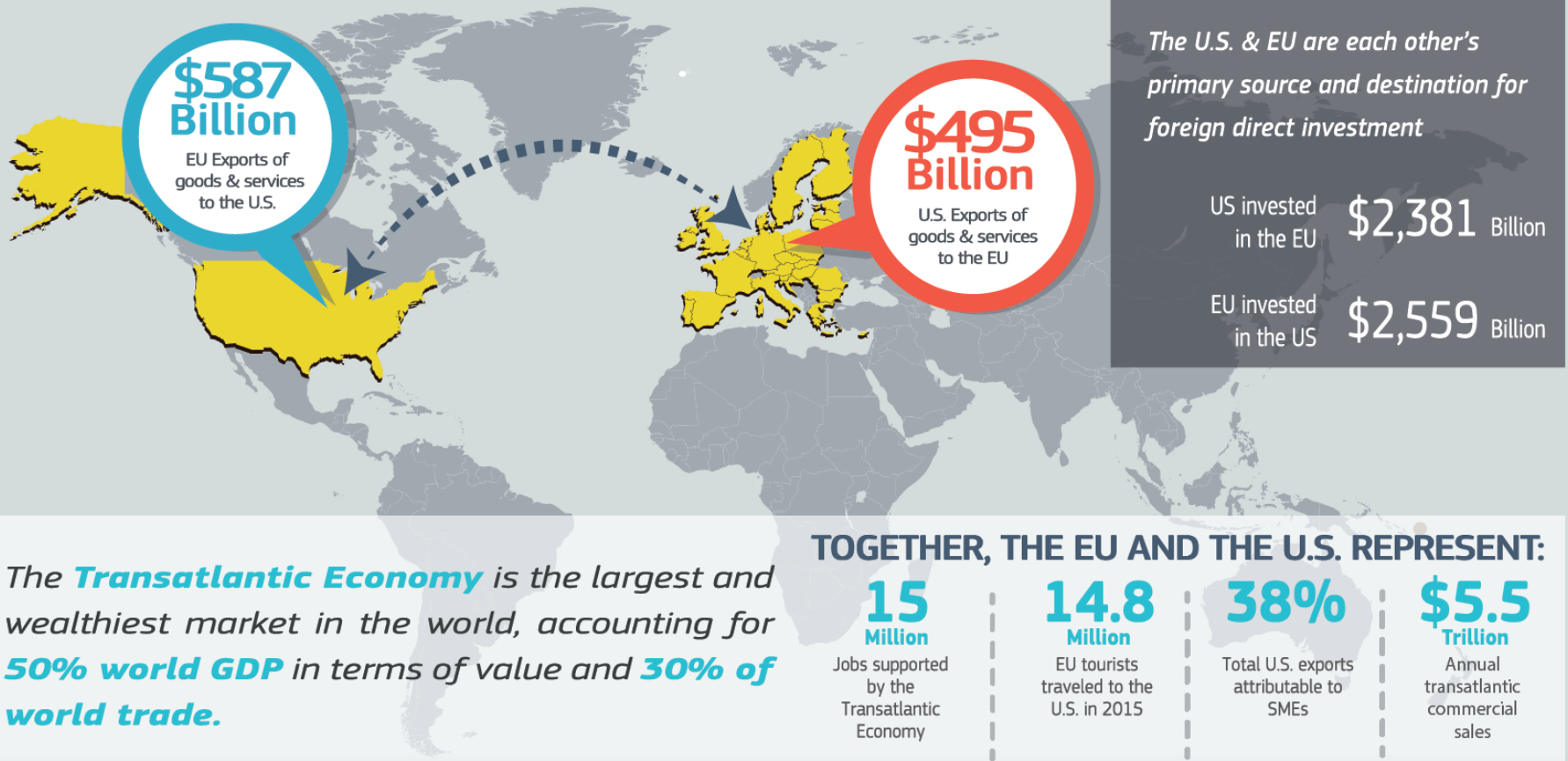
- United in Diversity



The European Union and the United States

- Partners in Global Leadership

US and EU: A Strong Economic Partnership



- **Freedom & Democracy**

Support free elections, good governance, human rights, and the rule of law around the world.



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- **Security**

Cooperate to fight terrorism, limit the spread of nuclear weapons, and work for global peace.



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- **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.



US-EU: often in agreement...



**Federica
Mogherini**

EU High Representative
for Foreign Affairs and
Security Policy

"We work very closely together with the US Administration on a wide range of issues. From the Western Balkans to North Korea, from Ukraine to Afghanistan – and the list could continue. Our cooperation is strong because we share the same goals and the same interests, I would say the same vision of the world."



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**Gordon
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US Ambassador to the
European Union

"I am not trying to sweep aside our differences. On the contrary, I think we should meet them head on, and one of the key strengths of the U.S.-EU relationship is our ability to talk candidly and freely about our differences. That is not an advantage we enjoy with all our partners, and we should not lose sight of its importance."

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Good luck in the 2019 Euro Challenge!



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