



# **The European Union: Institutions, Policies and Future Challenges**

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1997 – 2007**

# Literature, References and Acknowledgements

- **Recommended Literature:**

- **Textbooks:**

- **S. Usherwood, J. Pinder**, : The European Union – A Very Short Introduction, Oxford University Press 2018, ISBN 9780198808855
- **Wikipedia:** An very useful source of information on virtually all issues dealt with in the lecture course. Occasional inaccuracies may occur since the content of the articles is not validated.

- **References:**

- Since this material is only for internal use by the student enrolled in the lecture course and not for public distribution the source of information is indicated on the slides in a general way, e.g. by listing the institution, but usually not the full bibliographical details.
- Photos where no specific indication of origin is given are generally from Wikipedia, where the specific citation can be found in full detail.

- **Acknowledgements:**

- Material from this lecture course has been obtained from many different sources, particularly from European Commission, European Parliament, the European Union Agencies, the Joint Research Centre of the European Commission, and other Community Institutions, and also from Wikipedia which provides excellent articles on many topics of interest in this context. The possibility to obtain information from these sources for this course is gratefully acknowledged.

# The European Union – Institutions and Policies

## Content:

Ch. 1: The idea of Europe – a historical sketch.

Ch. 2: The historical evolution of the European Union.

Ch. 3: Institutions and governance of the European Union.

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Ch. 5.2: The Solidarity Policies

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Ch. 5.4: The Economic and Monetary Union

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## **Ch. 1: The idea of Europe – a historical sketch**

# The Origin of Europe

Greek mythology:  
Europa was the  
daughter of the  
Phoenician king Agenor  
from Tyros and for  
whom the continent  
Europe was named.

Zeus abducted her in the form of a white bull from Tyros to Crete where her son Minos was born and founded the first European empire.



Europa and Zeus as a bull on a Greek vase. Tarquinia Museum, circa 480 BCE.

# First European Civilisation: Minoan Culture



## Disk of Phaistos:

Disk of fired clay from the palace of Phaistos in Crete possibly dating to the Bronze Age (1.800 B.C.).

Symbols printed in soft clay.

First „written document“.

# The Foundations of the Western Societies

- The foundations of the Western civilization were largely laid in the philosophical schools of Greece between 500 and 100 BC.



The School of Athens founded by Plato in 385 BC.  
Fresco by Raffaello Santi.

- The foundations of the governance systems of the Western world were developed in Rome from 500BC till 500AD.



*A Roman aureus struck under Augustus AD 13–14*

## The first European Union?

A map of the Roman Empire, colored in a dark red. The empire's extent is shown across Europe, North Africa, and the Middle East. A light blue text box is overlaid on the top right of the map.

2 official languages – Latin and Greek  
1 autocratic central government  
many nations and languages  
50 successor states now

The Roman Empire 117AD with 70 million people  
(20% of the world's population).  
Only 1 other large power: Qin Empire 215BC, 20 million people

# The New Europe: Founded at the ruins of the Roman Empire....





Bust of Charlemagne  
Aachen Cathedral Treasury

## The New Europe: ....became a Christian continent struggling for establishing lasting political and social structures....

*Pater Europae* ("Father of Europe"). Charles the Great (*Carolus Magnus, Karl der Große, Charlemagne*) founded the Frankonian kingdom.

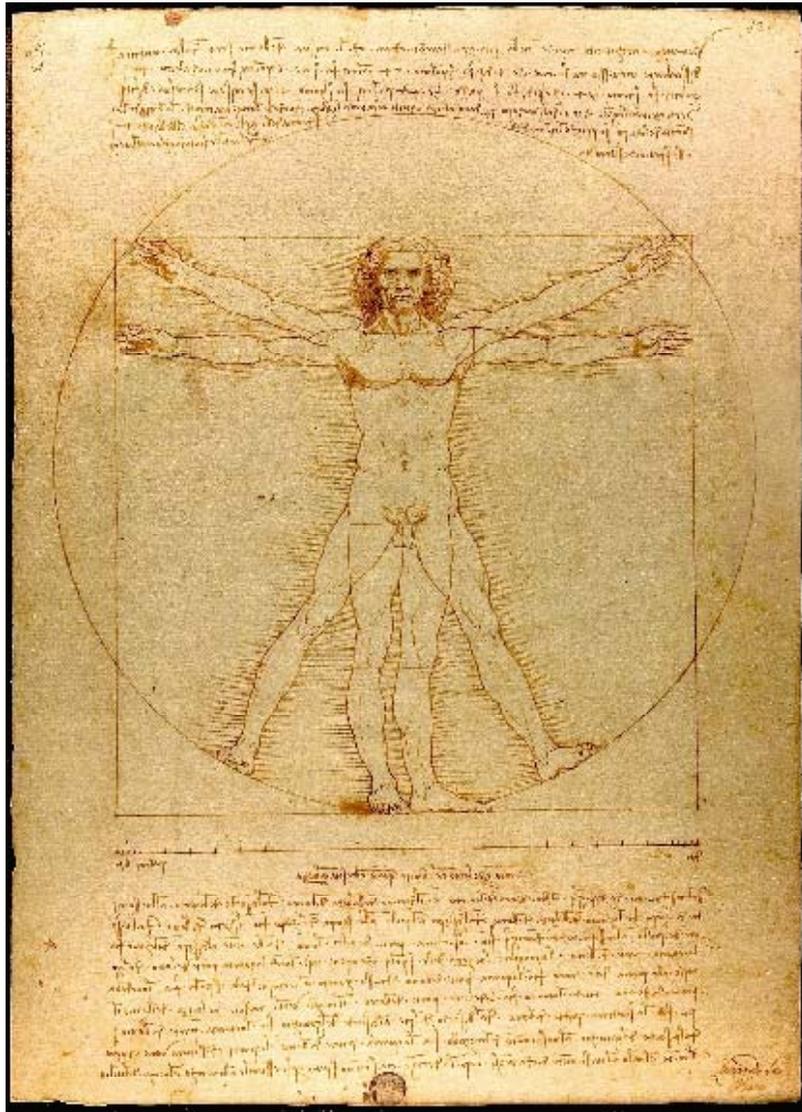
He was Crowned as „Kaiser“ of the New Holy Roman Empire in 800.

It encompassed what is today seen as the core of the European Union: Germany and France.

# The New Europe: ...created the basis of modern sciences and arts....

- The rediscovery of classical learning and inventions such as the printing press led to the Renaissance in the 14th century.
- This „Golden Age“ of Europe produced the greatest masterpieces of art.

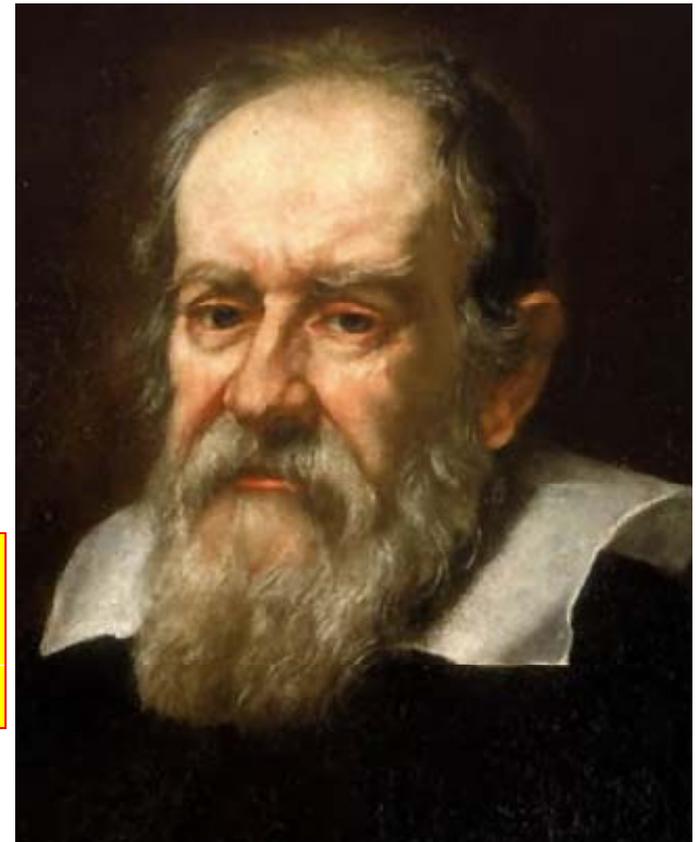
- Revolutionary scientific discoveries would provide the basis for our modern societies.



*Leonardo da Vinci's Vitruvian Man of perfect proportions.*

*Galileo Galilei,  
born Pisa 1564  
died Arcetri 1642*

*Photos:  
Wikipedia*

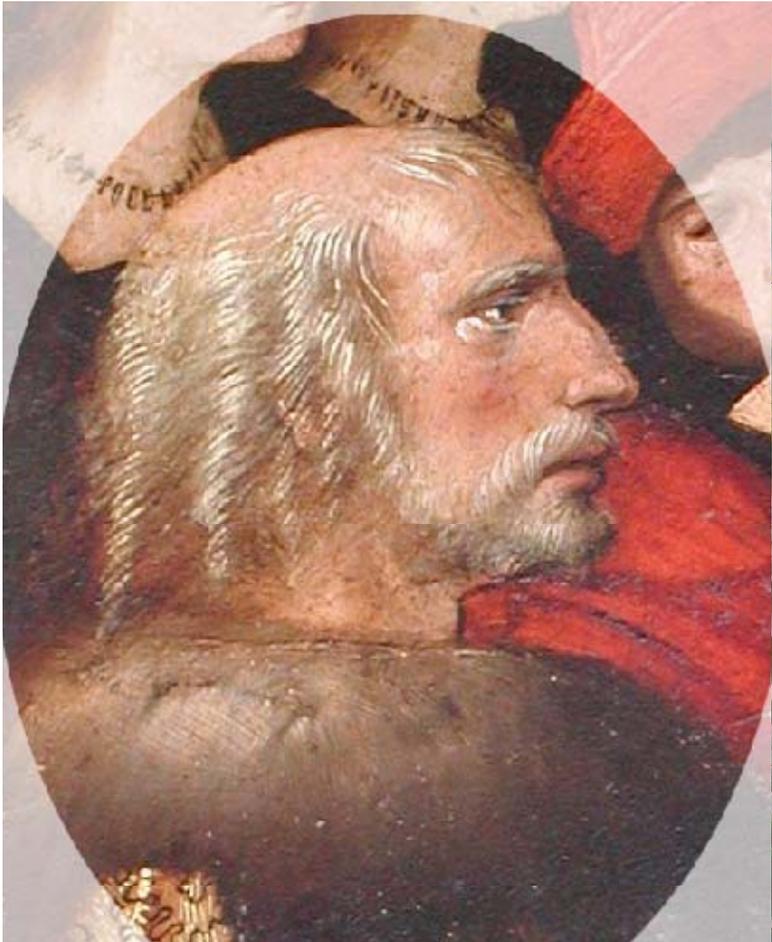


# The New Europe: ...developed flourishing societies....



# The New Europe: ...set out to explore the world....

- Over the next 500 years, exploration and imperialistic conquest brought much of the Americas, Asia, and Africa under European control.



Cristoforo Colombo,  
born Genova 1451, died in Spain 1506



# **The New Europe: .....became the Master of the Universe.....**

England, Spain and France created huge colonial empires.....

Great Britain once had more than 50 colonies:  
historically largest empire ever – 40 million km<sup>2</sup>

Britain, France and Spain fighting for the dominance on the seas.

Huge amounts of valuables brought from the colonies to Europe

South America: gold, silver

North America: furs

India: jewels, spices

Basis for the wealth of Europe:  
great cities, monuments, financing the first industrial revolution...

Around 1900 London was the financial center of the world.

**The New Europe:  
...and developed great metropolitan centres.....**



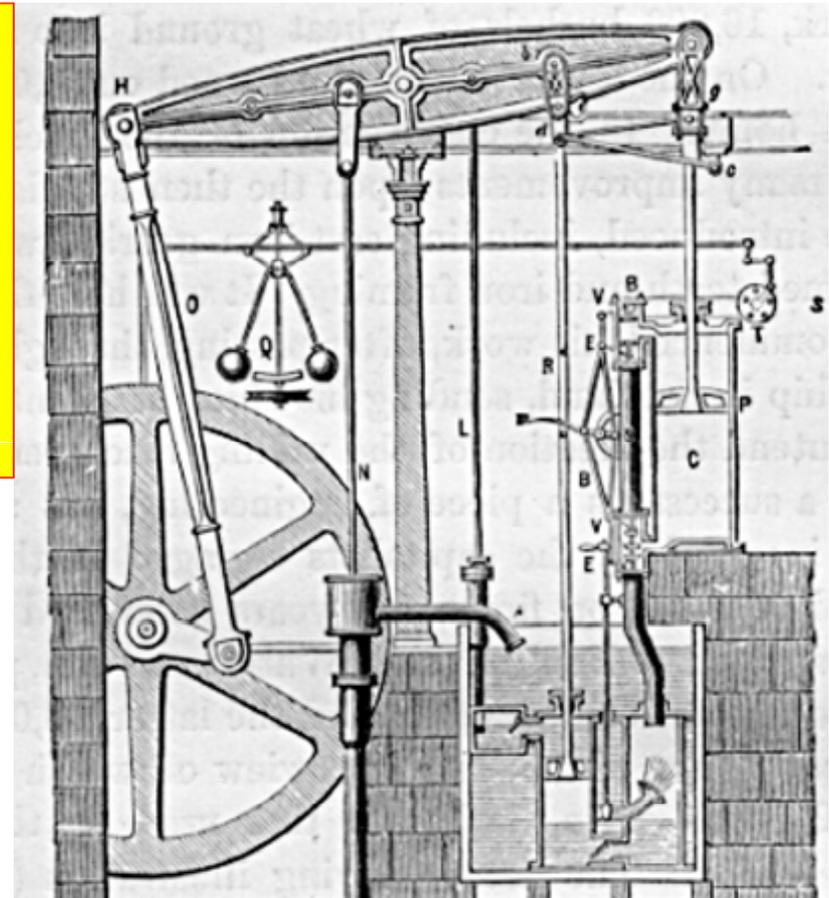
# The New Europe: Created the First Industrial Revolution.....

- The first Industrial Revolution from 1750 till 1850 promoted major innovations: steam engine to introduce mechanical labour, mechanical transport, such as the railway and steam ships.



*Photos: Wikipedia*

*Steam engine designed by Boulton & Watt. Drawing from 1784.*



*James Watt, born Greenock, Scotland 1736, died Handsworth, England 1819*

# The New Europe: ....defeated hunger.....

- Development of chemical sciences provided the basis for new materials, new medicines, new forms of energy production, a better understanding of nature and its processes and thus improved food production.



Photos: Wikipedia

- Justus von Liebig 1840: „Die organische Chemie in ihrer Anwendung auf Agricultur und Physiologie.“

- Discovery of the role of nutrients for plant growth and development of the first chemical fertilizer allowed to combat hunger and starvation in a rapidly growing population.

Antoine Lavoisier,  
born Paris 1743  
died Paris 1794



# The New Europe:

....created a continent with unprecedented quality of life....

•The second industrial revolution starting around 1850 brought about major innovations, like:

- modern steel production  $\implies$  railways
- electricity  $\implies$  radio, electric lightening, telephone
- combustion engine  $\implies$  automobiles
- pharmaceuticals  $\implies$  modern medicine



European railway network 1850

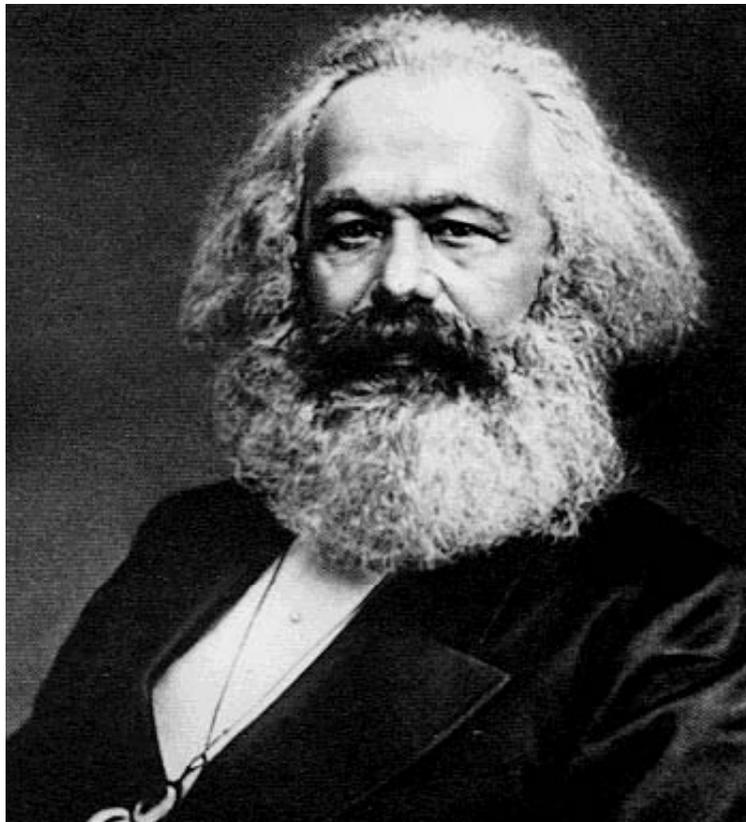
Photos: Wikipedia



Syphilis caused by bakterium *treponema pallidum* treated with *Arsphenamin* (1910).

# The New Europe: ....developed revolutionary political systems.....

- The industrial revolution brought about a massive increase in productivity, a general improvement of the economic and social standards, even great wealth for a limited group of people, but also serious societal disorders.
- New powerful philosophies and political streams developed as a response.



Karl Heinrich Marx,  
born Trier 1818, died London 1883

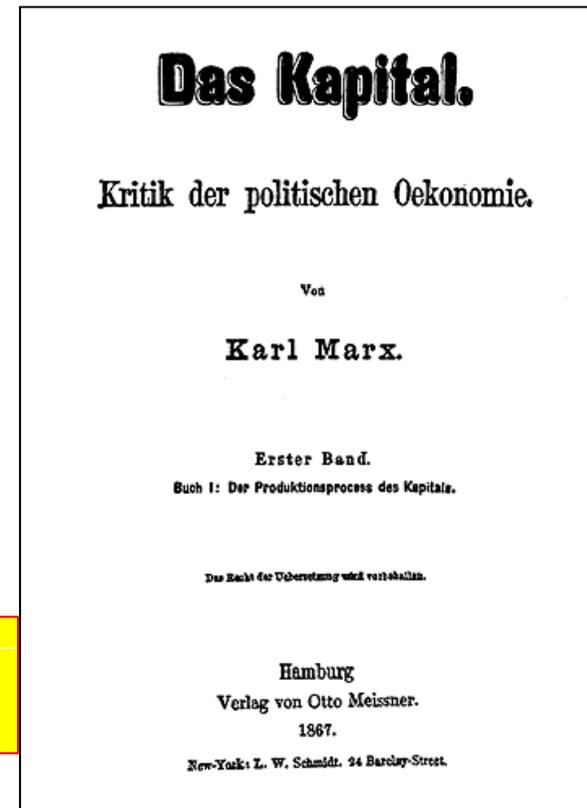
- Karl Marx: „The central driving force of capitalism is in the exploitation and alienation of labor”.

- „Das Kapital“ is one of the most important publications in human history.

- It provided the new political ideology of communism and later socialism.

Das Kapital,  
published 1867

*Photos: Wikipedia*



# The New Europe:

.....finally lost everything in 2 huge wars.



The „Master of the Universe“ shrank to a group of small states with little influence.

## World War One:

cause was mutual distrust between England, Russia, France, Germany, Austria

**20 million dead**

**Follow-up:** Bolshewik/Stalinist revolution in Russia

**30 million dead**

Global financial crash in 1929, widespread poverty and unemployment in Europe

Rise of fascism

## World War Two:

Cause was aggression by the Nazis (Hitler) supported by Italian fascists (Mussolini)

**50 million dead**

**Central Europe largely destroyed  
Millions of refugees**

# The Rise of a New „Master of the Universe“: The United States of America



Photo: Wikipedia

- USA have become
  - the largest industrial nation in the world,
  - the technological leader,
  - the military superpower,
  - the cultural leader,
  - the global political leader, and
  - the dominating economic and financial power as the US Dollar is the global lead currency.

***„In my empire the sun never sets“  
(Charles V, King of the Holy Roman-  
German Empire 1500-1558)***

Iwo Jima, February 23, 1945  
Raising the first flag.

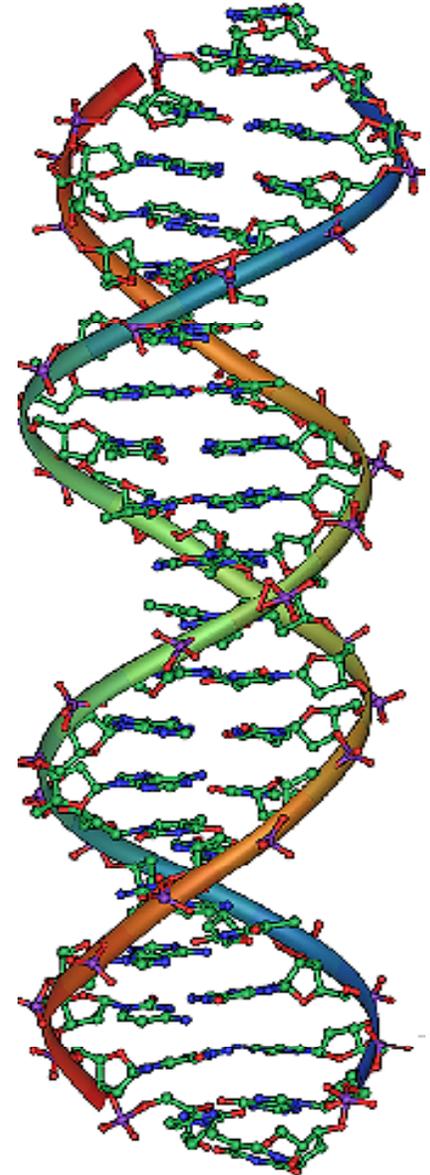
# A New Age of Science and Technology: The Third Industrial Revolution

- The third industrial revolution based on:
  - invention of the transistor,
  - exploration of the structure of the DNA



First transistor invented by William Shockley, John Bardeen and Walter Brattain at Bell Labs December 23, 1947.

Structure of DNA as discovered by James Watson, Francis Crick 1953 at Cambridge, UK



*Photos: Wikipedia*

## The „New Europe“:

....tried to come back on the basis of political reorganisation.



Robert Schuman (French foreign minister) took up an idea originally conceived by Jean Monnet and, on 9 May 1950, proposed establishing a European Coal and Steel Community (ECSC).

# **The New Europe: ....leading to a European Union.**



**28 (27) Member States,  
516 (443) million inhabitants,  
second largest economic region in the world**

# The World in the 21st Century

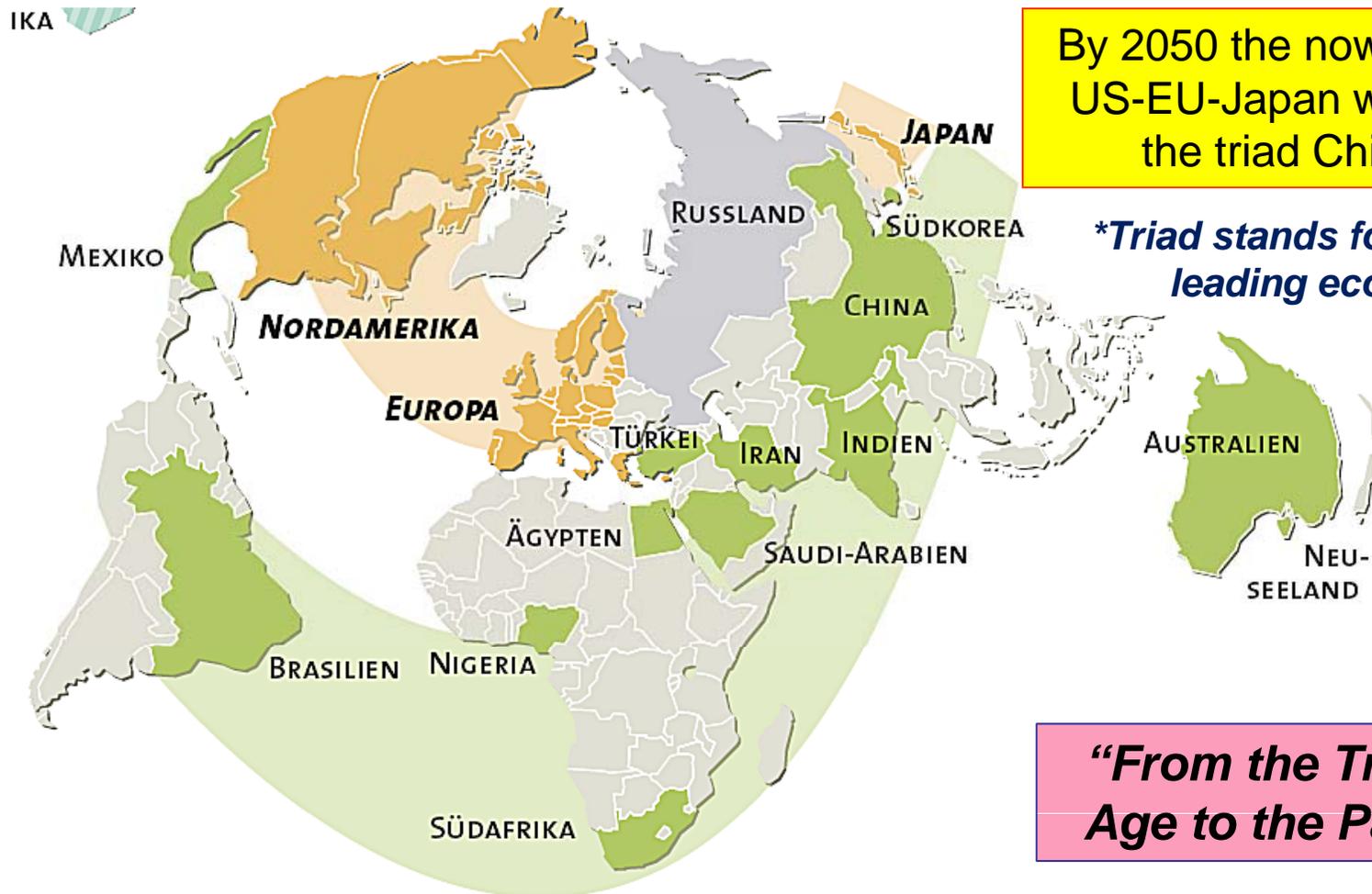
**T**HE 21ST CENTURY WILL OVERTURN many of our basic assumptions about economic life. The 20th century saw the end of European dominance of global politics and economics. The 21st century will see the end of American dominance too, as new powers, including China, India and Brazil, continue to grow and make their voices heard on the world stage. Yet the century's changes will be even deeper than a rebalancing of economics and geopolitics. The challenges of sustainable development—protecting the environment, stabilizing the world's population, narrowing the gaps of rich and poor and ending extreme poverty—will render passé the very idea of competing nation-states that scramble for markets, power and resources.

*Jeffrey Sachs, Director UN Millenium Project  
Time Magazine, March 24, 2008*

- The 21st century will be the period of globalization.
- The prime drivers for globalization are
  - the USA, Europe and Japan, who are looking for new markets for their industrial and service products, and
  - the dynamic developing countries of Asia, like China, India, who provide these markets and act as producers for most basic goods.
- The most important basis is the WTO agreement of 1995 which covers 95% of the global population.
  - Globalization poses huge challenges for the human society.

# Globalization

- Globalization has a major economic and political impact.
- 21st century will see emergence of new powers and the development of a very different „multipolar and multicultural“ global economic and political system.



By 2050 the now dominating triad\* US-EU-Japan will be replaced by the triad China-India-USA

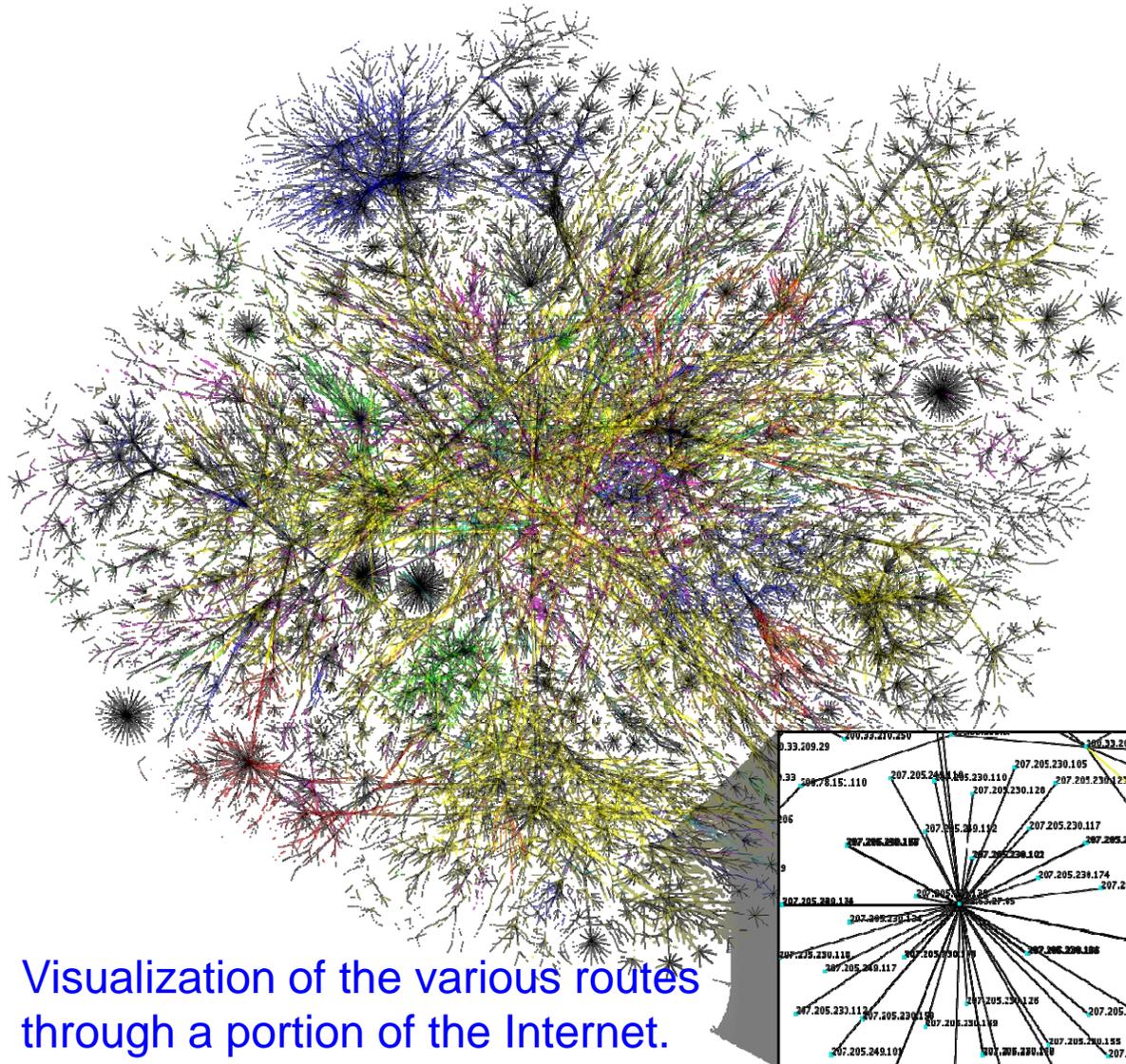
*\*Triad stands for the group of the 3 leading economic regions.*

***“From the Transatlantic Age to the Pacific Age.”***

Power constellation in the 21st century. *Source: Le Monde Diplomatique 2007*

# The ICT Revolution: Towards the „Global Village“

- Globalisation means transcending classical geographical boundaries.
- ICT has largely impacted on individuals and societies across the globe.

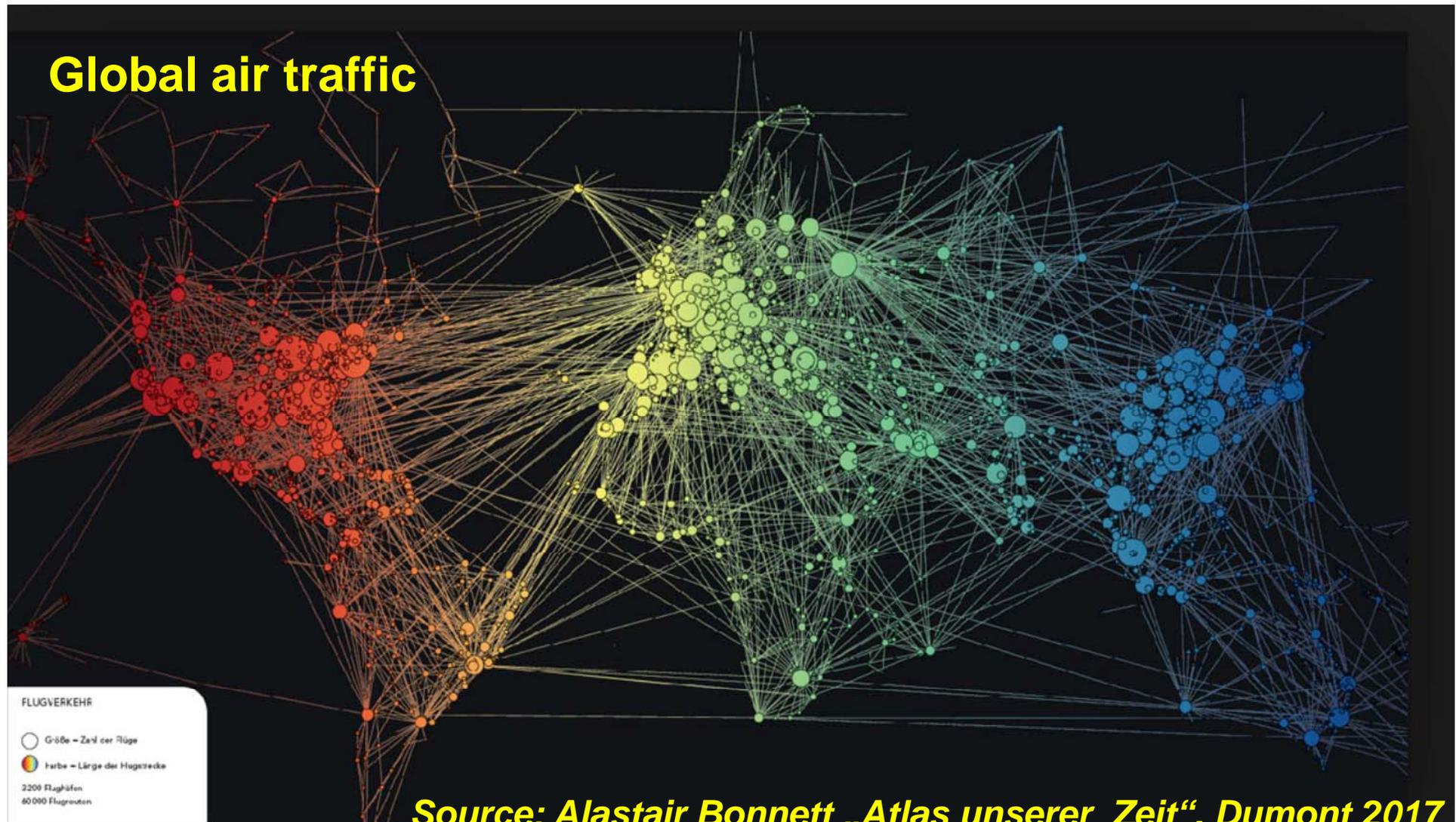


Visualization of the various routes through a portion of the Internet.

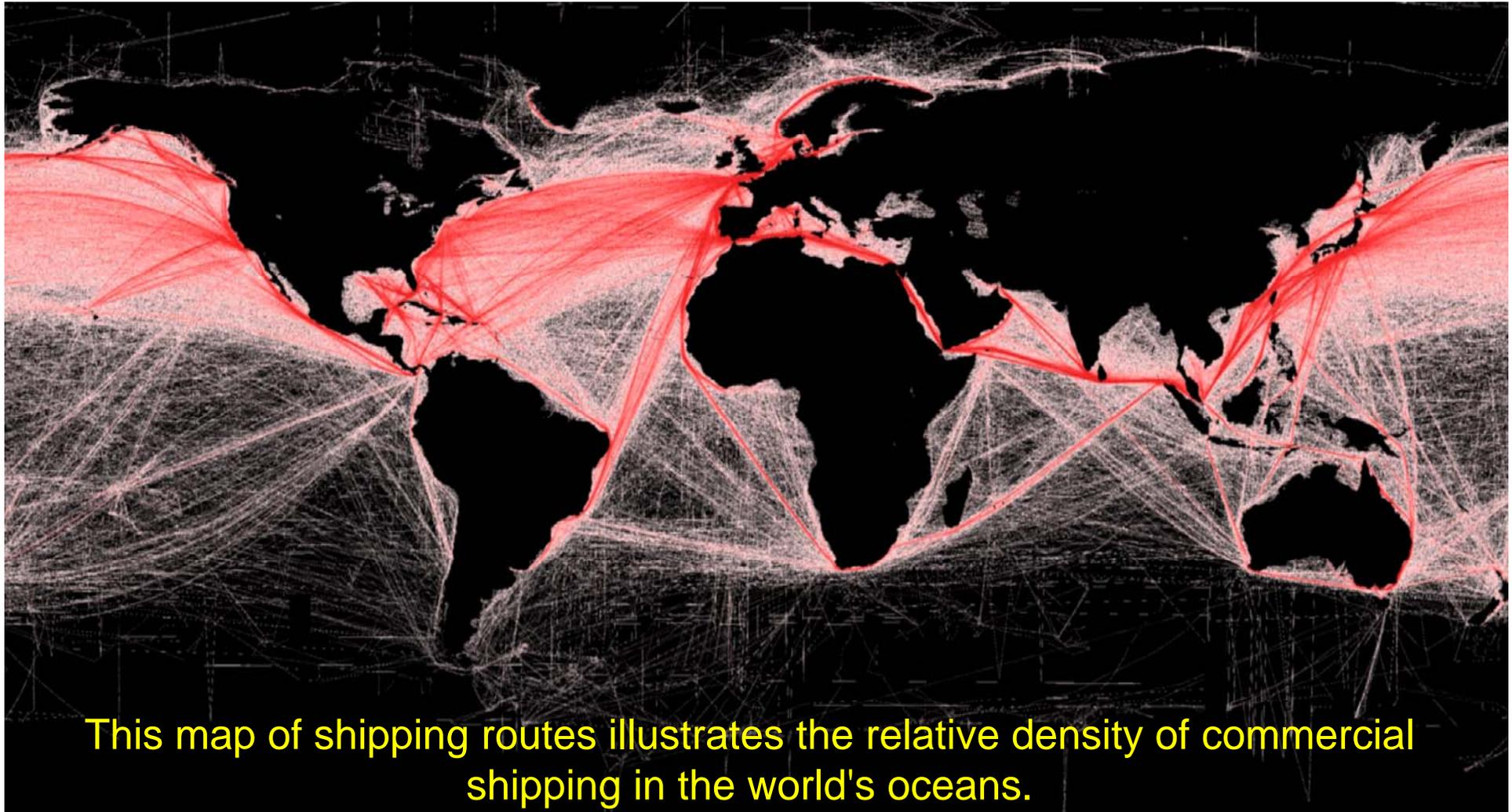
- Tim Berners-Lee, a British scientist at CERN, invented the World Wide Web (WWW) in 1989.
- 4,2 billion internet users in 2018 (40 million 20 years ago)
- 4,5 billion smartphones
- 2 billion Facebook users
- Today 7,7 billion people from 1.000 nations and 200 countries interact, many of them in real-time.

# The Human Dream of Flying

A connected world:  
40 million flights per year; 4,4 billion air passengers (2018)



# The Global Flow of Manufactured Goods



This map of shipping routes illustrates the relative density of commercial shipping in the world's oceans.

Global transport of manufactured goods mainly by container shipping:  
volume rose from 11 million tons in 1980 to 253 million tons in 2018.  
Now about 20 million containers in operation.

# The „Anthropocene“

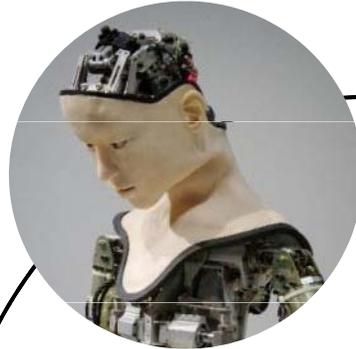


- **Human impact on planet Earth:**
  - **Transformation of half of the earth's surface.**
  - **10 fold increase in population during last 3 centuries.**
  - **15 fold increase in energy and resource consumption during last century.**

*Source: Paul Crutzen: Anthropocene, and 3DNWorld web-site*

# The Future: Six Major Transformations

**Digital  
revolution**  
Artificial intelligence,  
big data, biotech,  
nanotech,  
autonomous systems



**Human capacity  
& demography**  
Education, health,  
ageing, labor markets,  
gender, inequalities

**Smart cities**  
Decent housing,  
mobility,  
sustainable  
infrastructure,  
pollution



**Consumption  
& production**  
Resource use,  
circular economy,  
sufficiency,  
pollution

**Food, biosphere  
& water**  
Sustainable  
intensification,  
biodiversity, forests,  
oceans, healthy diets,  
nutrients



**Decarbonization  
& energy**  
Energy access,  
efficiency,  
electrification,  
decent services



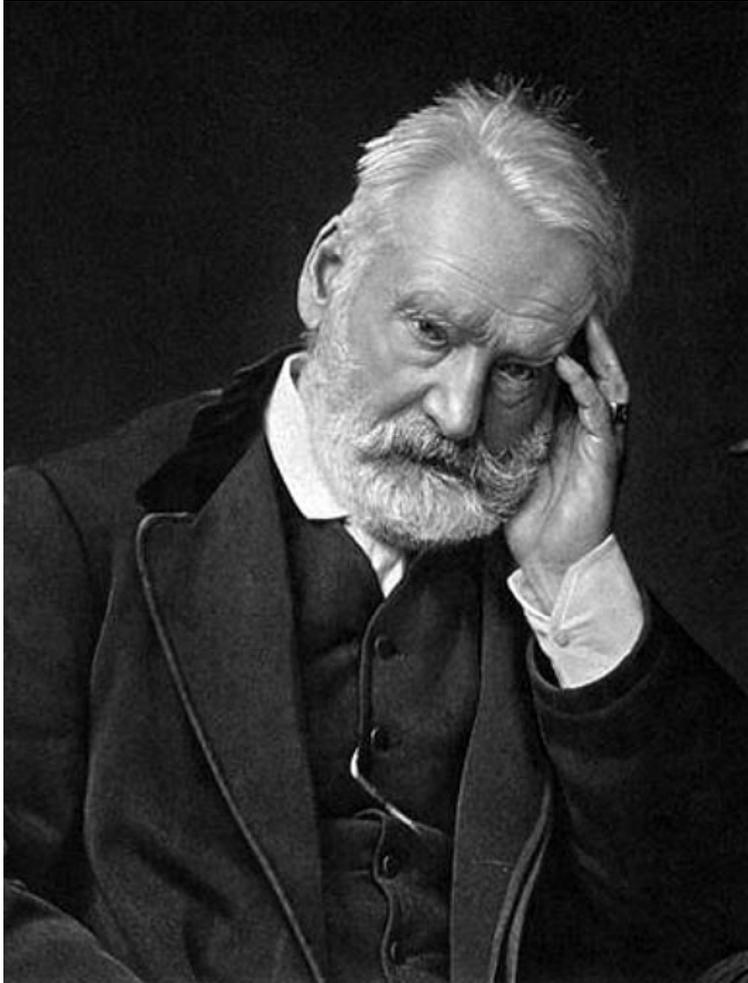
**”Sustainability Transformation”**

Source: [TWI2050.org](http://TWI2050.org), JMMüller IIASA 2018



## **Ch.2: The Evolution of the European Union**

# Early Visions of a United Europe



Victor Hugo,  
French Poet, 1802-1885

The idea of uniting Europe was just a dream in the minds of philosophers and visionaries.

Victor Hugo imagined a peaceful 'United States of Europe' inspired by humanistic ideals.

*„A day will come when all the nations of this continent, without losing their distinct qualities or their glorious individuality, will fuse together in a higher unity and form the European brotherhood.“*

*„A day will come when the only battlefield will be the marketplace for competing ideas.*

*„A day will come when bullets and bombs will be replaced by votes.“*

*Source: European Commission*

# Europe after the Second World War: A Divided Continent



Sir Winston Churchill (1874 – 1965)

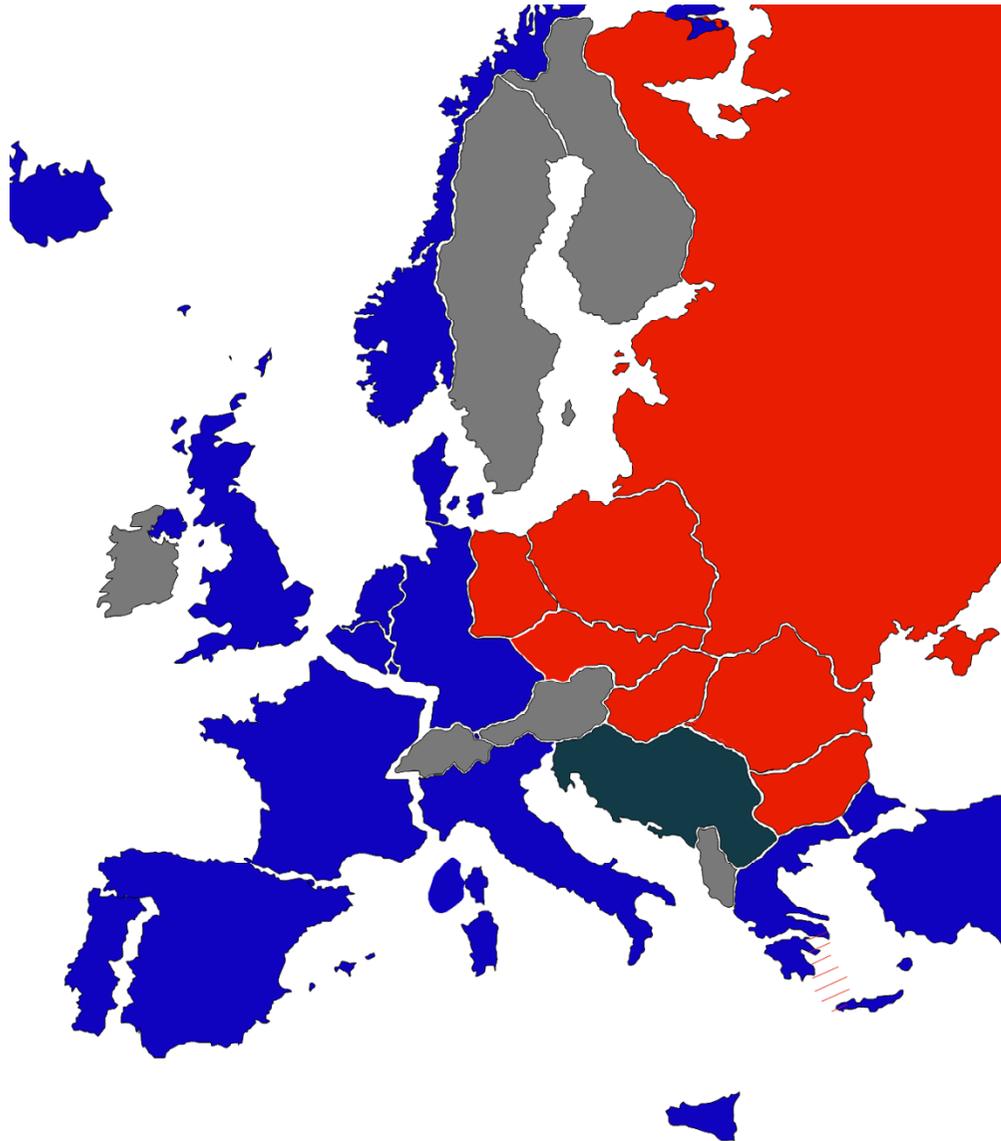
**“Sinews of Peace” address of 5 March 1946, Westminster College in Fulton, Missouri:**

*From Stettin in the Baltic to Trieste in the Adriatic an "iron curtain" has descended across the Continent. Behind that line lie all the capitals of the ancient states of Central and Eastern Europe: Warsaw, Berlin, Prague, Vienna, Budapest, Belgrade, Bucharest and Sofia.*

*All these famous cities and the populations around them lie in what I must call the Soviet sphere, and all are subject, in one form or another, not only to Soviet influence but to a very high and in some cases increasing measure of control from Moscow.*

*Source: Wikipedia*

# Europe after the Second World War: The Cold War



**From 1949 till 1989:**

- **40 years of Cold War**

- Western Europe: NATO members (blue)

- Central Eastern Europe: Warsaw Pact countries to the east of the Iron Curtain (red) with autocratic communist governments

- Militarily neutral countries: CH, AT, ALB, IRL, SE, SF (grey)

- Yugoslavia, although communist-run, was independent of the Eastern Bloc (dark grey)

- Period characterized by “Cold War” between USA (NATO) and Soviet Union each having hundreds of nuclear bombs and intercontinental missiles.

# The Rebuilding of Europe after World War Two

The USA as the winner of WW2 decided to rebuild Western Europe, established the Marshall Plan in 1948 (15 bio \$, worth now 150 bio \$) and tied this aid to the goal to create a „European Union“ to future avoid wars. Between 1945 and 1950, a handful of courageous statesmen set about persuading their peoples to enter a new era.



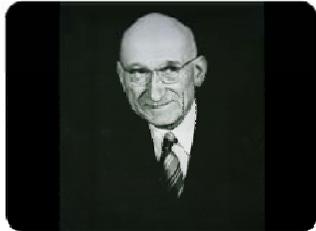
Konrad Adenauer



Alcide De Gasperi



Winston Churchill



Robert Schuman



Jean Monnet

**The Founding Fathers of a United Europe**

# The European Coal and Steel Community 1951

- Robert Schuman (French foreign minister) took up an idea of Jean Monnet and, on 9 May 1950 (now Schuman Day), proposed establishing a European Coal and Steel Community (ECSC).
- The **European Coal and Steel Community (ECSC)** became reality with the Treaty of Paris of 18 April 1951.
- Created a common market in coal and steel between the six founding countries (Belgium, the Federal Republic of Germany, France, Italy, Luxembourg and the Netherlands).
- The aim, in the aftermath of World War Two, was to secure peace between Europe's victorious and vanquished nations and bring them together as equals, cooperating within shared institutions.



*Source: European Commission*

# The Treaties of Rome 1957

The Six then decided, on 25 March 1957 with the **Treaties of Rome**, to build two more European Communities:



- the **European Economic Community (EEC)** based on a wider common market covering a whole range of goods and services, and
- the **European Atomic Energy Community (Euratom)** for the peaceful use of nuclear technologies for energy production.

*Source: European Commission*

# The European Communities 1957 - 1991

## European Communities:

- These three communities – collectively known as the 'European communities' – formed the basis of what is today the European Union.
- The EEC abolished customs duties between the six countries on 1 July 1968 and common policies, notably on trade and agriculture, were also put in place during the 1960s.
- The EEC therefore soon became by far the most important of the three and was eventually renamed simply '**the European Community**' (EC).
- So successful was this venture that Denmark, Ireland and the United Kingdom decided to join the Community.
- This first enlargement, from six to nine members, took place in 1973.
- In 1981, Greece joined the Community, followed by Spain and Portugal in 1986.
- Further 6 enlargements between 1995 and 2013 would bring the EU membership to the present number of 28.

*Source: European Commission*

# The Elected European Parliament (1979)



Simone Veil (FR, SD),  
First President of Elected EP

- **Precursors of European Parliament:**
  - Common Assembly of the European Coal and Steel Community (1952).
  - Parliamentary Assembly of the European Communities (1958).
  - Members delegated by National Parliaments.
- **Elected European Parliament:**
  - June 1979 first elections to the European Parliament by direct universal suffrage.
  - These elections are held every five years.
  - The President is elected for a 2 ½ year term.



## The Schengen Agreement 1985

1985: The Schengen Agreement is signed with the aim of abolishing checks at the borders between member countries of the European Communities.

**The European Union Passport**  
for 516 million citizens  
from 28 Member States

# Single European Act (1986) and Single Market (1993)



Jaques Delors (SD, FR), President of  
the European Commission 1985-1995

- The **Single European Act (SEA)** was the first major revision of the 1957 Treaty of Rome.
- The Act signed 1986 set the objective of establishing a single market and codified European Political Cooperation, the forerunner of the EU's Common Foreign and Security Policy.
- Under Commission President Jacques Delors great progress was achieved:  
**European Single Market** became effective 1 Jan 1993.

*Source: European Commission*

# The Collapse of the Soviet Union 1989



Mikhail Gorbachev,  
born 1931

## **Mikhail Sergeyevich Gorbachev:**

- Came to power as General Secretary of the Communist Party of the Soviet Union in 1985.
- Introduced „Perestroika“ 1986 and „Glasnost“ in 1988 which encouraged democratic movements in Central Eastern European Countries.
- Lead to the fall of the „iron curtain“ in 1989 and the end of the Soviet Union as a state in 1991.

- Gorbachov served as President of the Soviet Union from 1990 and ended the „Cold War“ with the USA.
- He was awarded the Nobel Peace Prize in 1990.
- He was removed from power in 1991 by Boris Jelzin.

# The Fall of the Iron Curtain 1989

- Dramatic change of the the political shape of Europe.
- Democratic systems established in the countries of central and eastern Europe as they broke away from Soviet control.



- Unification of Germany in October 1990.
- Most of these countries joined NATO and wished to accede to the European Union.

# The Treaty of Maastricht 1991

- At the same time, the Member states were negotiating the new **Treaty on European Union**, which was adopted by the European Council at **Maastricht** in December 1991.



- **By adding areas of intergovernmental cooperation to existing integrated Community structures, the Treaty created the European Union (EU).**
- It also established a more efficient system of governance of the Union and created a new European dynamism.

*Source: European Commission*

# The Copenhagen Criteria for Joining the EU (1993)

- In 1993 the Copenhagen criteria for further enlargement were established, which any candidate country must meet before it can join the European Union:
  - First, it must have stable institutions guaranteeing democracy, the rule of law, human rights and respect for minorities.
  - Second, it must have a functioning market economy.
  - Third, it must take on board all the „acquis“ and support the various aims of the European Union.
  - In addition, it must have a public administration capable of applying and managing EU laws in practice.
- The EU reserves the right to decide when a candidate country has met these criteria and when the EU is ready to accept the new member.

## Potential problem:

**A candidate country fulfills all the accession criteria, but the EU is not „ready“ to include this country! What is the interpretation of „ready“?**

*Source: European Commission*

# The Acquis Communautaire

## Acquis Communautaire:

- This is a French term meaning, essentially, "the EU as it is" – in other words, the rights and obligations that EU countries share.
- The "acquis" includes all the EU's treaties and laws, declarations and resolutions, international agreements on EU affairs and the judgments given by the Court of Justice.
- "Accepting the acquis" therefore means taking the EU as you find it.
- Candidate countries have to accept the "acquis" before they can join the EU, and make EU law part of their own national legislation.
- Volume of the „acquis“: ca 100.000 printed pages

# The Process of Joining the Union

## The accession process

- The entry negotiations are carried out between each candidate country and the European Commission which represents the EU.
- Once these are concluded, the decision to allow a new country to join the EU must be taken unanimously by the existing member states meeting in the Council.
- The European Parliament must give its assent through a positive vote by an absolute majority of its members.
- All accession treaties must then be ratified by the member states and the candidate countries in accordance with each country's own constitutional procedures.
- This means, that if a referendum must be held in a member state for constitutional reasons (e.g. IRL) or has been set by the government (e.g. AT) the accession of a country could be denied by popular vote (problem case: Turkey).
- During the years of negotiation, candidate countries receive EU aid so as to make it easier for them to catch up economically.

*Source: European Commission*

# The Grand Enlargements 1995 - 2007

- The Treaty of Maastricht 1991 and the agreement on accession criteria (Copenhagen 1993) provided for the necessary organisational reforms to allow a further enlargement:
- 1995: Austria, Finland and Sweden
- 2004: Czech Republic, Hungary, Poland, Slovakia, Estonia, Latvia, Lithuania, Slovenia, Cyprus and Malta.
- 2007: Bulgaria and Romania
- 2013: Croatia

**Were the candidate countries and the EU ready for these enlargements?**

**Major problems: quality of governance, low level of economic development**



Source: European Commission

Austrian Chancellor Wolfgang Schüssel and Commissioner Benita Ferrero-Waldner signing of the agreement with 10 new Member States for the Accession in 2004.

# The European Monetary Union (1999)

- Treaty of Maastricht provided the basis for creating a single currency.
- The project Euro was also part of the political agreements in the context of German unification.
- The euro was introduced for financial (non-cash) transactions in 1999, while notes and coins were issued three years later in the 12 countries of the euro area (also commonly referred to as the eurozone).
- Introduction of Euro as „real money“: 1 January 2002.
- The euro is now used by 19 EU Member States and a major world currency for payments and reserves alongside the US dollar.

Source: European Commission



**Basic problem: The basket of the currencies making up the Euro contained more weak (French Franc, Italian Lira, Spanish Peseta, Portuguese Escudo, Greek Drachme.....) than strong currencies (German Mark, Dutch Guilder, Austrian Schilling) leading to massive monetary and economic problems within one decade (see chapter 5.4).**

# The Evolution of the European Union: The Constitutional Process

Source: European Commission

**1952**

The European Steel and Coal  
Community

**1958**

The treaties of Rome:  
The European Economic Community  
The European Atomic Energy  
Community  
(EURATOM)

**2009**

Treaty of Lisbon

**1987**

The European Single Act:  
the Single Market

**2003**

Treaty of Nice

**1999**

Treaty of Amsterdam

**1993**

Treaty of European Union  
– Maastricht

The treaties – basis for democratic cooperation built on law.  
Years refer to enforcement.



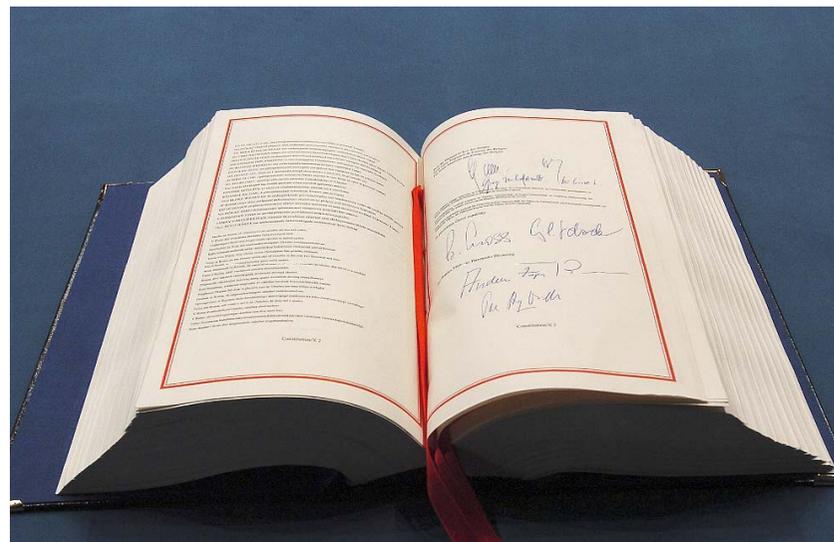
# The Evolution of the European Union: The Constitutional Process

## A Constitution for the European Union ?

- At present, the EU is founded on 8 treaties that lay down the rules by which it has to operate, but enlargement of the EU showed clearly the limits of the present governance system in the EU.
- These treaties are big and complex, and EU leaders intended to replace them with a single, shorter, and simpler document.
- Therefore a 'Constitutional Treaty' was developed, agreed by the European institutions and signed by the Member States in 2004, but was never ratified due to rejection in referenda held in France and the Netherlands in 2005.

### „Treaty of Lisbon“ replaces the „Constitution“ :

- Proposed and signed in 2007, entered into force on 1 January 2009 after a tedious and difficult ratification process.



Source: European Commission

The Treaty of Lisbon of 2007 in 23 languages

# The Lisbon Treaty 2007

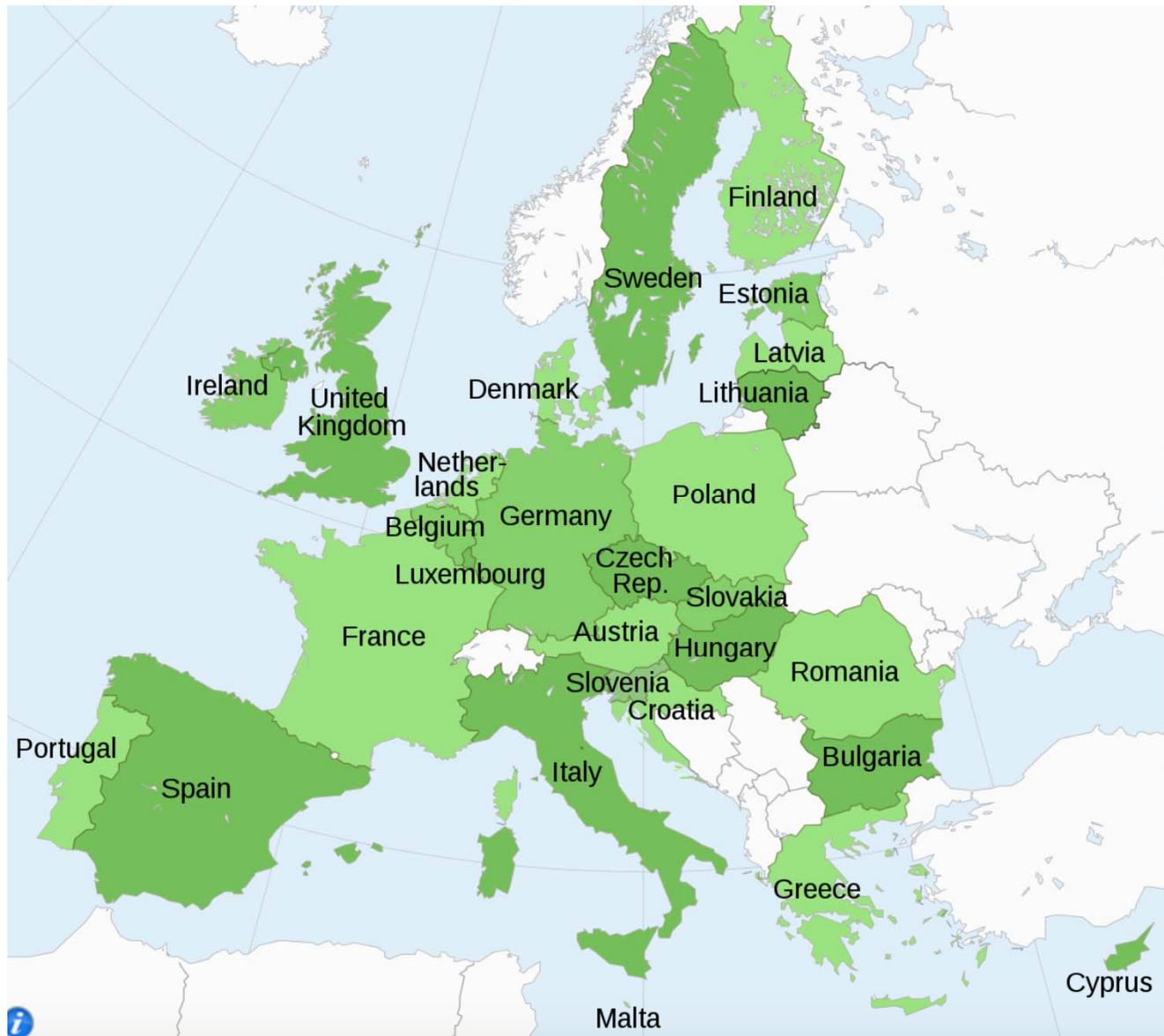
## Main provisions of the Lisbon Treaty in force since 2009:

- Co-decision rights of European Parliament for EU legislation and EU budget.
- Granting national parliaments a role in ensuring that the EU complies with the principle of subsidiarity. **Problem: Free trade agreements of EU.**
- Increasing the areas for which the Community has a clear mandate: inclusion of the former pillar 3 – home and justice affairs – into the Community domain, including creation of a European prosecution attorney.
- Creation of the instrument of a European people's initiative.
- A legally binding Charter of Fundamental Rights guaranteeing the freedoms and rights of European citizens.
- Election of a president of the European Council for a term of two and a half years, renewable once.
- A new post of High Representative for the Union in Foreign Affairs and Security Policy to increase the impact, coherence and visibility of the EU's external action. Common Foreign Diplomatic Service.
- Possibility of a Member State to leave the Union.

*Source: European Commission*

# The European Union September 2019

Source: European Commission, Wikipedia 2019



- 4,5 million km<sup>2</sup>
- N to S: 4.000km
- E to W: 3.000km

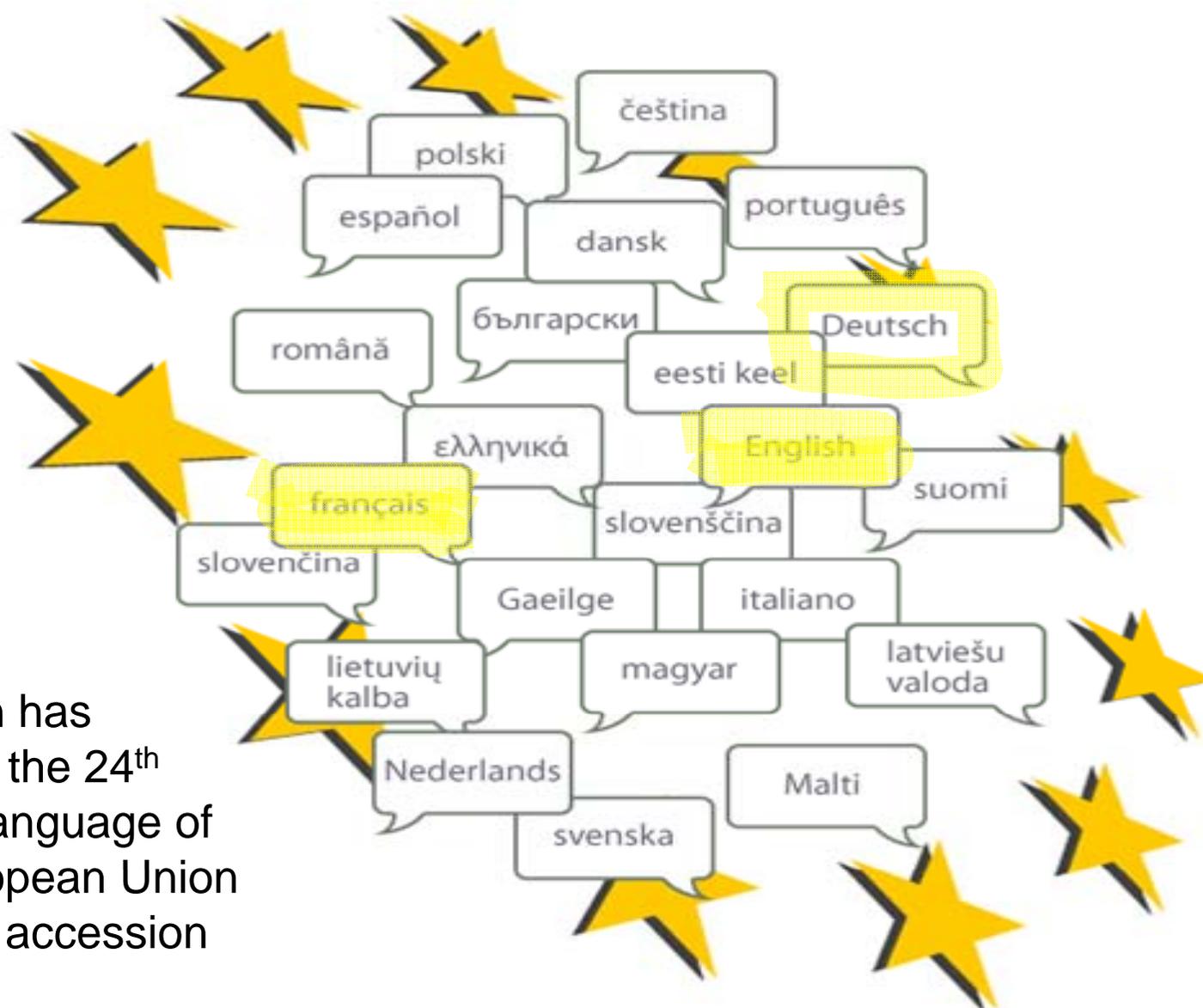
## • 7 ecozones:

- arctic
- boreal
- atlantic
- continental
- alpine
- black sea
- pannonian
- mediterranean

- widely different national histories, cultures and mentalities

**Motto: « In Variate Concordia » (United in Diversity)**

# The European Union: 24 official languages



Croatian has become the 24<sup>th</sup> official language of the European Union upon its accession in 2013.

# The Mission of the European Union

## Europe's mission in the 21st century is to:

- provide peace, prosperity and stability for its peoples;
- overcome the divisions on the continent;
- ensure that its people can live in safety;
- promote balanced economic and social development;
- uphold the values that Europeans share, such as sustainable development and a sound environment, respect for human rights and the social market economy; and
- **meet the challenges of globalization.**
- **Note: The EU does not explicitly claim power! Up to now the European Union was politically very much focused on the interior not on the global situation.**

# The Values of the European Union

## Values:

- The EU promotes humanitarian and progressive values, also globally.
- People's needs cannot be met simply by market forces or imposed by unilateral action.
- So the EU stands for a view of humanity and a model of society that the great majority of its citizens support.
- Europeans cherish their rich heritage of values, which includes a belief in human rights, social solidarity, free enterprise, a fair distribution of the fruits of economic growth, the right to a protected environment, respect for cultural, linguistic and religious diversity and a harmonious blend of tradition and progress.
- The Charter of Fundamental Rights of the European Union forms an important policy pillar.
- **Note: The statement of these values suggest a certain „missionary role“ of the EU within the global community. („Soft Power“ not underpinned by military strength).**
- Nobel Peace Prize awarded in 2012 to the European Union.

# The EU Symbols

The European flag



The European anthem



Europe Day, 9 May



The motto: United in diversity



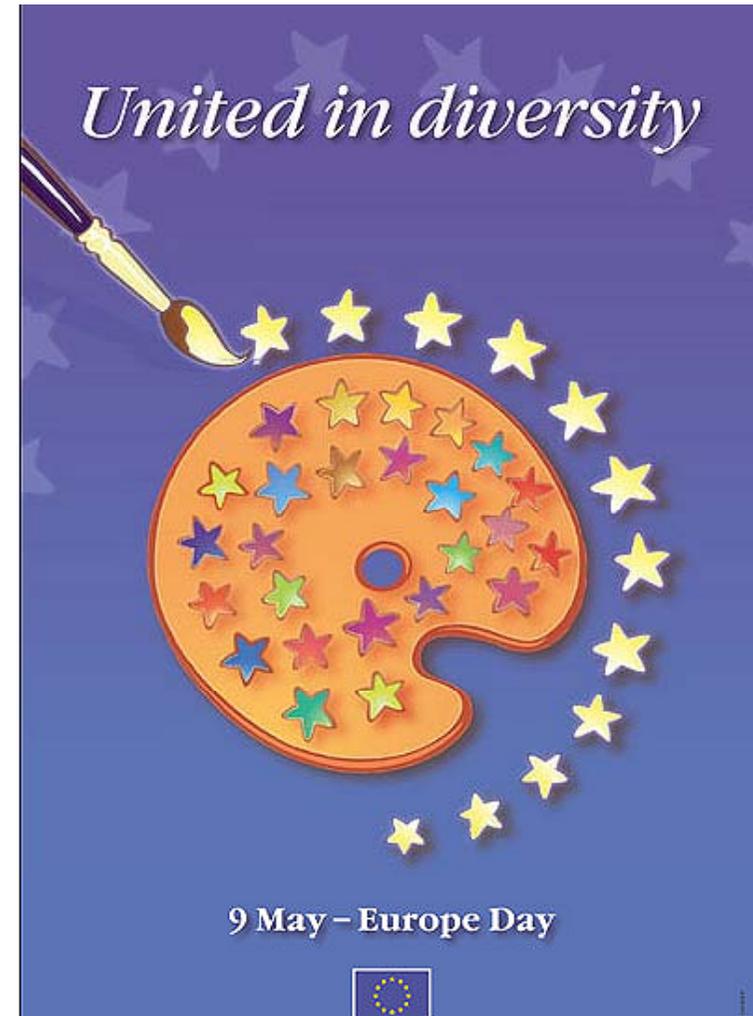
# Key Issues for the Future: Political Integration

## How much further political integration ?

- **Integration means transfer of national sovereignty to European institutions.**

## Towards the United States of Europe ?

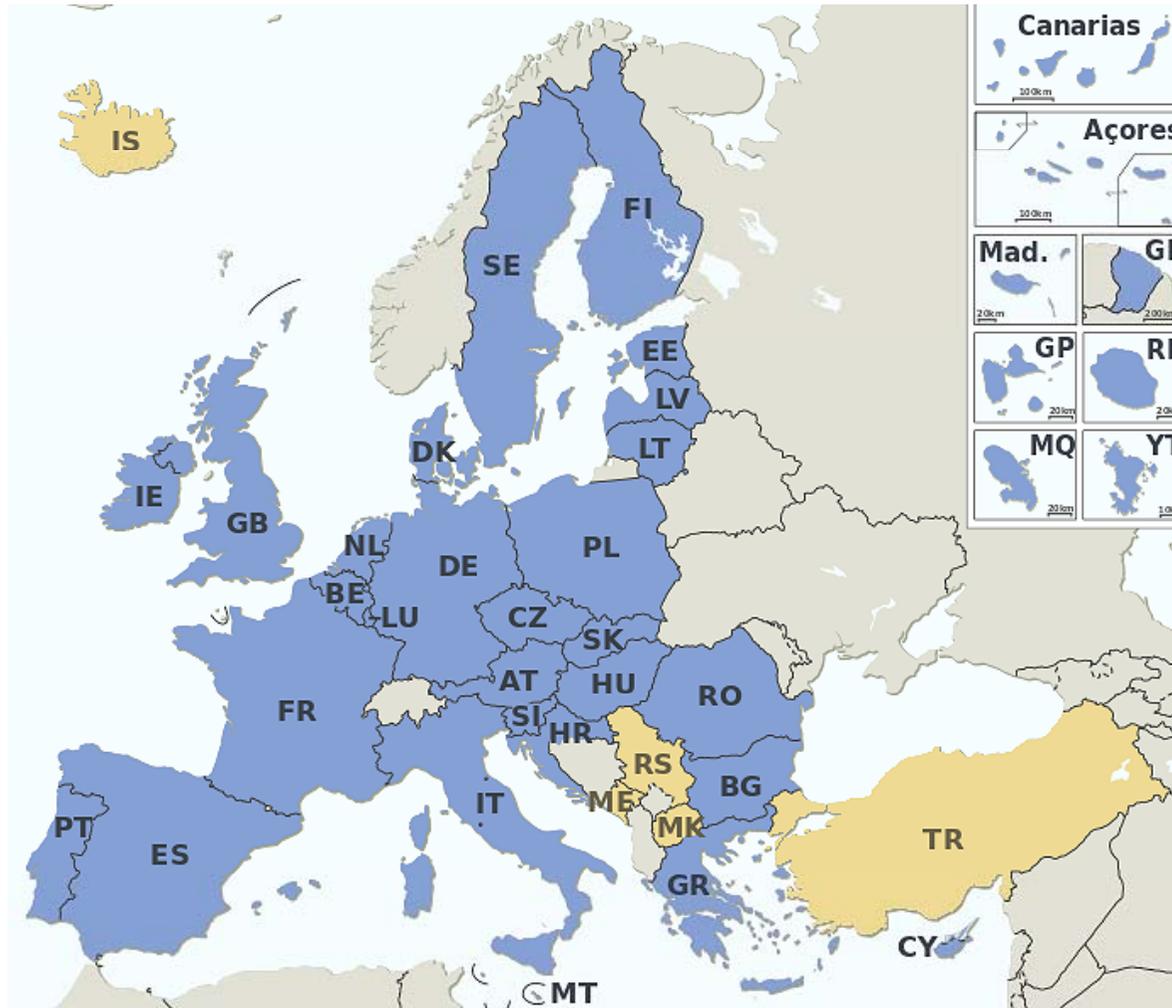
- The USA is a federation of states forming a unity but remaining independent in many of their internal affairs.
- The European Union is not a federation but a unique form of union in which the member states remain independent and sovereign nations while pooling their sovereignty in many areas of common interest.
- **The EU is an unfinished project!**
- **The future structure is unclear:**
  - a real Union where major policies become European, or
  - a loose Federation of Member States where the major decisions are taken at national level („subsidiarity“).



Source: European Commission

# Key Issues for the Future: Further Enlargements

How large should a future European Union be ?



## Official Candidates for membership:

- **Turkey:** 78 million people, 780.000 km<sup>2</sup>, applied for membership in 1987 (!)
- **Serbia:** 7,1 million people, 88.000 km<sup>2</sup>
- **Montenegro:** 0,6 million people, 14.000 km<sup>2</sup>
- **North Macedonia:** 2 million people, 25.000 km<sup>2</sup>
- **Albania:** 2,8 million people, 29.000 km<sup>2</sup>

Source: *European Commission*

# The EU-Neighbourhood Policy

## The Western Balkans

- Stabilisation and association agreements with Bosnia, Herzegovina and Kosovo.

## • Eastern Europe:

- Ukraine, Belarus and Moldova: strategic position between NATO and Russia poses severe problems.

- Nevertheless EU Association Agreements with Ukraine and Moldova (2014)

## The Mediterranean Region:

- Trade and cooperation agreements with the southern Mediterranean region.

- Problematic zone due to civil unrests, wars and massive emigration into the EU.

## The Caucasus Region:

- Georgia – Member of NATO, EU Association Agreement 2014.

- Armenia – close ties with Russia.



**„Ring of Friends“  
(Commission President Prodi)  
turned into a „Ring of Fire“**

*Source: European Commission*

## Key Issues for the Future: Special Non-Members

- The unproblematic relationships with the European microstates Andorra, Monaco, San Marino, and Vatican City includes the use of the euro and other areas of co-operation.
- Despite fulfilling the membership conditions, Iceland, Norway, Switzerland and Liechtenstein are not members of the European Union because public opinion in those countries was up to now against joining.
- Bilateral agreements concluded given these countries nearly full membership status without the right to take part in the decision making process of the European institutions..
- The Agreement with Switzerland is under review due to substantial differences in interpreting the right for the free movement of people.
- The relation with the UK has to be newly developed (Bilateral Agreement like with Norway? Free Trade Zone? WTO-Third Country Rules?).

# Brexit – a story about modern irrationality

- Britain joined the European Communities in 1973
- Important Member State: second largest economy in EU (nominal GDG 2018), financial center of the world, liberal market economy, member of the UN Security Council, strong military capability, huge international network
- Problems in relations EU-UK:
  - Politicians see the emergence of a „European super-state exercising a new dominance from Brussels“ (Margret Thatcher 1988)
  - Uneasiness about the de facto Franco-German dominance in the EU.
  - British “independence feeling” not corresponding to some Community policies (EURO, Schengen - opt-outs in place) and often in conflict with decisions made at EU level (esp. in relation to consumer protection, social and internal security issues), particularly by the European Court of Justice and the European Court for Human Rights (opt-out in place).
  - Freedom of movement of people caused a massive immigration of EU citizens into the UK: 2 million Polish workers (contributing massively to economic growth).

# Reasons for Brexit

- In the 2014 elections to the EP the UK Independence Party (UKIP) of Nigel Farage reached first place with 27,4% of the votes.
- Widespread “euro-skepticism” particularly in the Conservative Party prompted PM David Cameron to hold a referendum in 2016 on leaving the EU:  
51,9% for leaving at 72% turnout of voters.
- Campaign arguments largely based on emotions, not facts.
- Leave voters believed leaving the EU was "more likely to bring about a better immigration system, improved border controls, a fairer welfare system, better quality of life, and the ability to control our own laws“.
- Remain voters believed EU membership "would be better for the economy, international investment, and the UK's influence in the world“.
- “Leave arguments” largely based on false data by “Brexiters” like Nigel Farage and Boris Johnson) and the Huntington press:
  - *‘Once we have settled our accounts, we will take back control of roughly £350m per week’* (Boris Johnson).
  - *‘Turkey (population 76 million) is joining the EU’* (Vote Leave publicity).

# The Process of BREXIT



- Negotiations between the UK and the EU on the modality of exit (not on the final relations) lead to an agreement signed by PM Theresa May in 2018.
- Leave date set for 30 May 2019.
- This agreement was rejected by the British Parliament (House of Commons) in 3 different votes.
- Final date of leave was extended by the European Council till 31 October 2019.

# Consequences of Brexit

- Boris Johnson followed May as PM 25 July 2019 with the promise to leave the EU on 31 Oct. 2019 with or without an exit agreement.
- In case of a “Hard Brexit” massive transition problems are expected:



- The EU most important trading partner of UK: 40% of all exports into the EU 194 billion EUR, imports from EU 301 billion EUR (2018).
- Import tariffs would apply, services would suffer from lack of common agreements (e.g. banking, air traffic), common administrative rules for handling matters would be missing, situation of EU nationals in UK and British citizens in the EU in respect to social status (e.g. sickness insurance) unsecure.....

- Bertelsmann Stiftung (DE): Hard Brexit could cost UK 57 billion EUR and the EU 40 billion EUR annually.

# Key Issues for the Future:

## Relationship with Russia

- Russian membership would create unacceptable imbalances in the EU.
- But the EU and Russia have concluded a Partnership and Co-operation Agreement (PCA), in force since December 1997, and are involved in an intensive dialogue to establish a new cooperation agreement which could bring the 2 regions closer.
- EU exports to Russia: 123 (85) bio EUR, imports from Russia: 213 (168) bio EUR in 2012 (2018)
- EU largest trading partner of Russia and biggest investor.

### **But, since 2013: Massive conflicts between EU and Russia due to Ukrainian crisis!**

Role of EU in this crisis in view of total dependency on USA (NATO, technical supplies, strong economic and financial ties between EU/USA)?

### **Discuss: meaning and effect of sanctions?**

How can the transition regime between NATO and Russia be structured (neutral Ukraine vs. self-determination of a country in view of Ukrainian history – 2million starved under Stalin due to wheat exports to finance Western machinery in industrialisation process of Soviet Union)?

# Institutions and Governance of the EU: The Key Issues for the Future

**How strong in political, economic and military terms  
will a future EU be ?**

- Europe faces new difficulties and challenges through globalization.
- The current technological revolution is radically transforming life in the industrialized world, including Europe.
- Europe is affected by events on other continents, whether it be relations with the Islamic world, revolutions in the Mediterranean region, population growth, diseases and famine in Africa, the dynamic economic growth in Asia or the global relocation of industries and jobs.
- These issues that can no longer be effectively dealt with at national level.
- These situations would definitely suggest a further unification and transfer of IMPORTANT national decision rights to the EU (economic, financial, foreign and security policy).
- But presently we see the opposite: drop-out of one of the most important Member States (United Kingdom) and a „re-nationalization“ trend in many countries.

*Source: European Commission*

# Population Distribution in the European Union

- 516 million people (7% of global population)

- 117 persons/km<sup>2</sup>  
(very uneven distribution causes infrastructure problems)



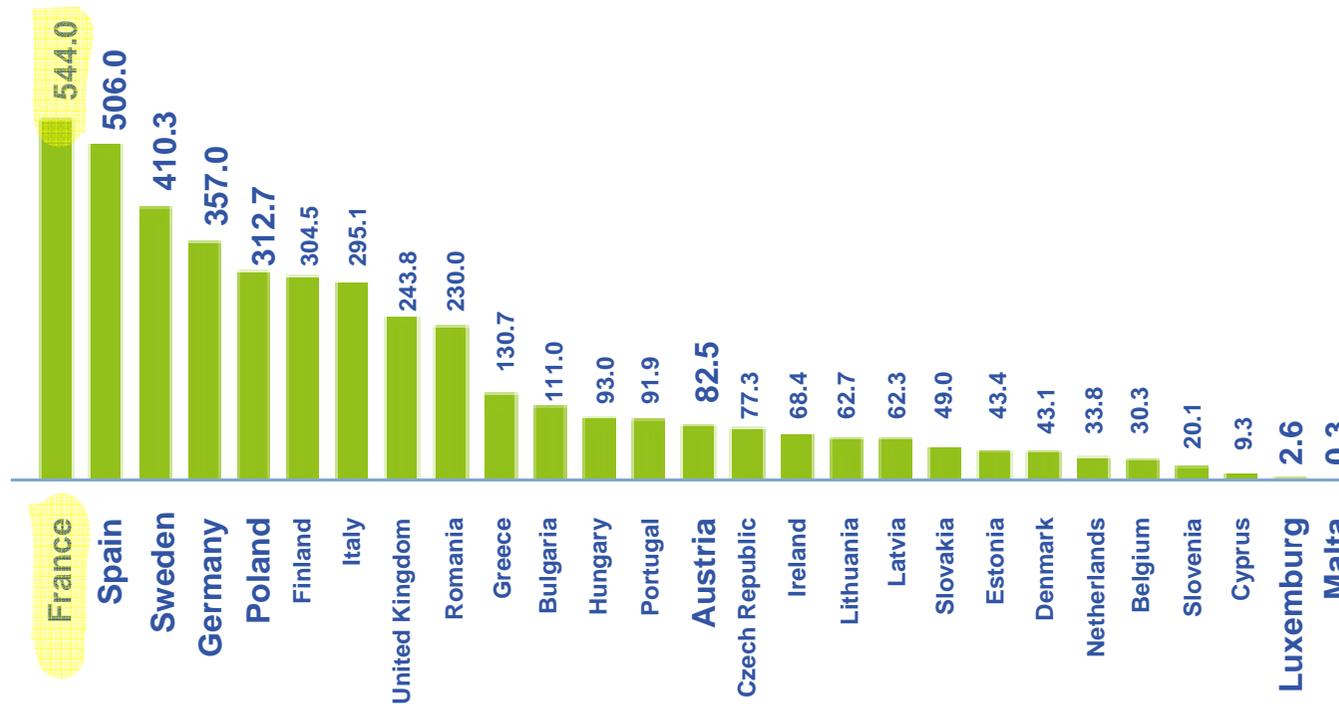
- Huge differences in population between Member States:

- DE: 83 million
- UK: 66 million
- FR: 64 million
- IT: 61 million
- ES: 48 million
- PO: 38 million
- .....
- NL: 18 million
- CZ: 11 million
- HU: 10 million
- SE: 10 million
- AT: 9 million
- HR: 10 million
- CY: 0,9 million
- LUX: 0,6 million
- ML: 0,5 million

**Fair balance of influence between large and small?**

# Size Distribution in the European Union

Surface area in 1.000 km<sup>2</sup>

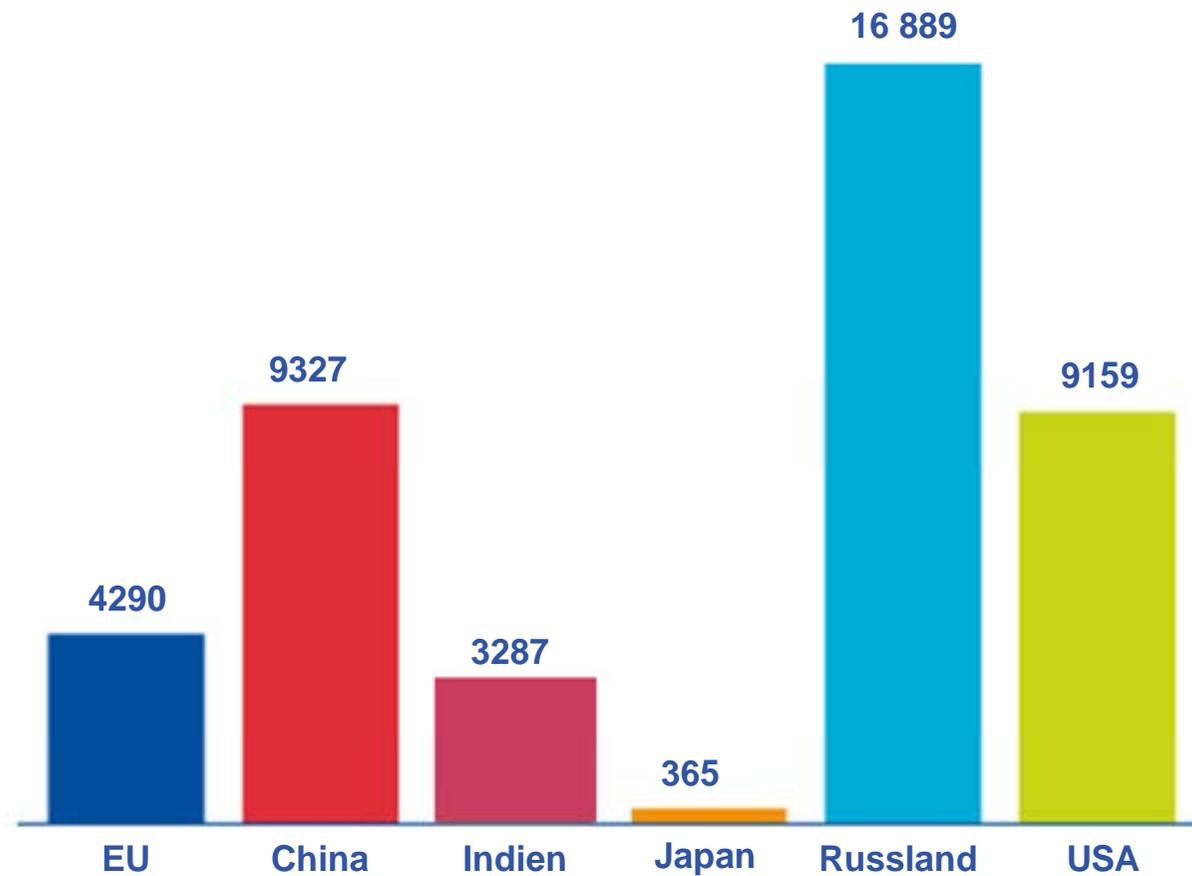


Plus Croatia 56.594 km<sup>2</sup>

Source: European Commission

# The area of the EU compared to the rest of the world

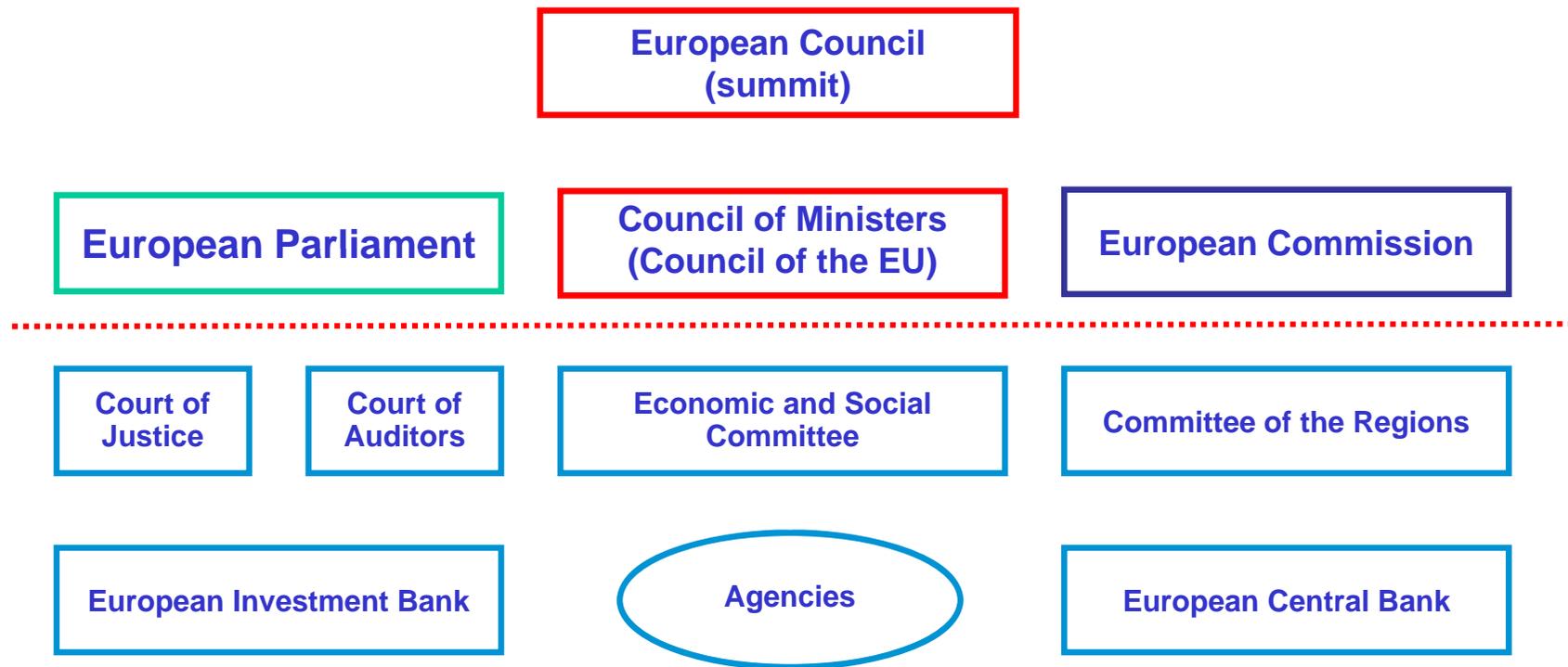
Surface area in 1000 km<sup>2</sup>





## **Ch.3: Institutions and Governance of the European Union**

# Institutions and Governance of the EU: The Institutions



*Source: European Commission*

# Institutions and Leaders of the EU

## The European Parliament

- voice of the people

**David Sassoli** (IT, SD),

**Manfred Weber** (DE, EPP),

Presidents of the European Parliament



## The European Council

- voice of the Member States

**Charles Michel** (BE, Liberal), Council President and **Josep Borrell** (ES, SD), High Representative for Common Foreign and Security Policy (*also Vice President of the European Commission*). **The**



## European Commission

- management of the Union

**Ursula von der Leyen** (DE, EPP),

President of the European Commission



Selection of Lead Team: difficult balance between Member States (big/small, North/South) and political parties (EPP, SD, Liberals).

Source: European Commission, Wikipedia 2019

# The European Council

- Meeting of Heads of State and Government (i.e. presidents and/or prime ministers) of all the EU countries, plus the President of the European Council and the President of the Commission („European Summits“).
- President of the European Council is elected by its members and serves for a term of 2 1/2 years.



age [alt-p]

**Justus Lipsius Building Brussels**

- Highest-level policy-making body in the EU.
- The European Council also deals with pressing international issues through the common foreign and security policy (CFSP).
- *Note: The European Council (Europäischer Rat) is different from the Council of Europe (Europarat).*

# The European Council Meetings



Regular meetings 4 times per year in Brussels headquarter,  
plus ad-hoc meetings when necessary.  
These meetings – also called „European Summits“ - are chaired by the  
President of the European Council.

# The European Council Meetings



Meeting of the European Council on 17-18 March 2016 in Brussels on relations EU-Turkey chaired by Council President Donald Tusk: Decision to propose an agreement to Turkey to block illegal migration and in exchange provide financial aid to Turkey and accelerate the accession process.

# The Council of Ministers

## **The Council of Ministers (Council of the European Union):**

- Government ministers from all the EU countries meeting regularly to take detailed decisions and to pass EU laws.
- 10 different formations in period 2014-2019:
  - General Affairs
  - Foreign Affairs
  - Economic and Financial Affairs
  - Agriculture and Fisheries
  - Environment
  - Justice and Home Affairs
  - Employment, Social Policies, Health and Consumer Affairs
  - Competitiveness
  - Transport, Telecommunications and Energy
  - Education, Youth, Culture and Sport
- Every Council meeting is attended by one minister from each EU country.
- Which ministers attend a meeting depends on the topic of the agenda.

# The Council of Ministers

## The Council of Ministers (Council of the European Union):

- Council Presidency is executed by a Member State - rotating every six months.
- Relevant minister of Presidency country chairs these meetings.
- *In praxi* the EU's main decision-making body as it has legislative power, which it shares with the European Parliament under the „co-decision procedure“, including adopting the EU budget.
- Depending on the subject the Council has to take its decisions either by
  - a „qualified majority“ vote (*all community matters*), or
  - unanimously (*common foreign and security policy*).
- A „qualified majority “is reached when 55% of the member states (16 resp. 15 after Brexit) representing at least 65% of the population of the EU agree (for this every country has been assigned a certain number of the in total 352 votes roughly representing the size of the population).
- A 'blocking minority' was introduced to avoid overruling of DE or FR. It can be formed by at least 4 member states representing at least 35% of the EU population.

*Source: European Commission*

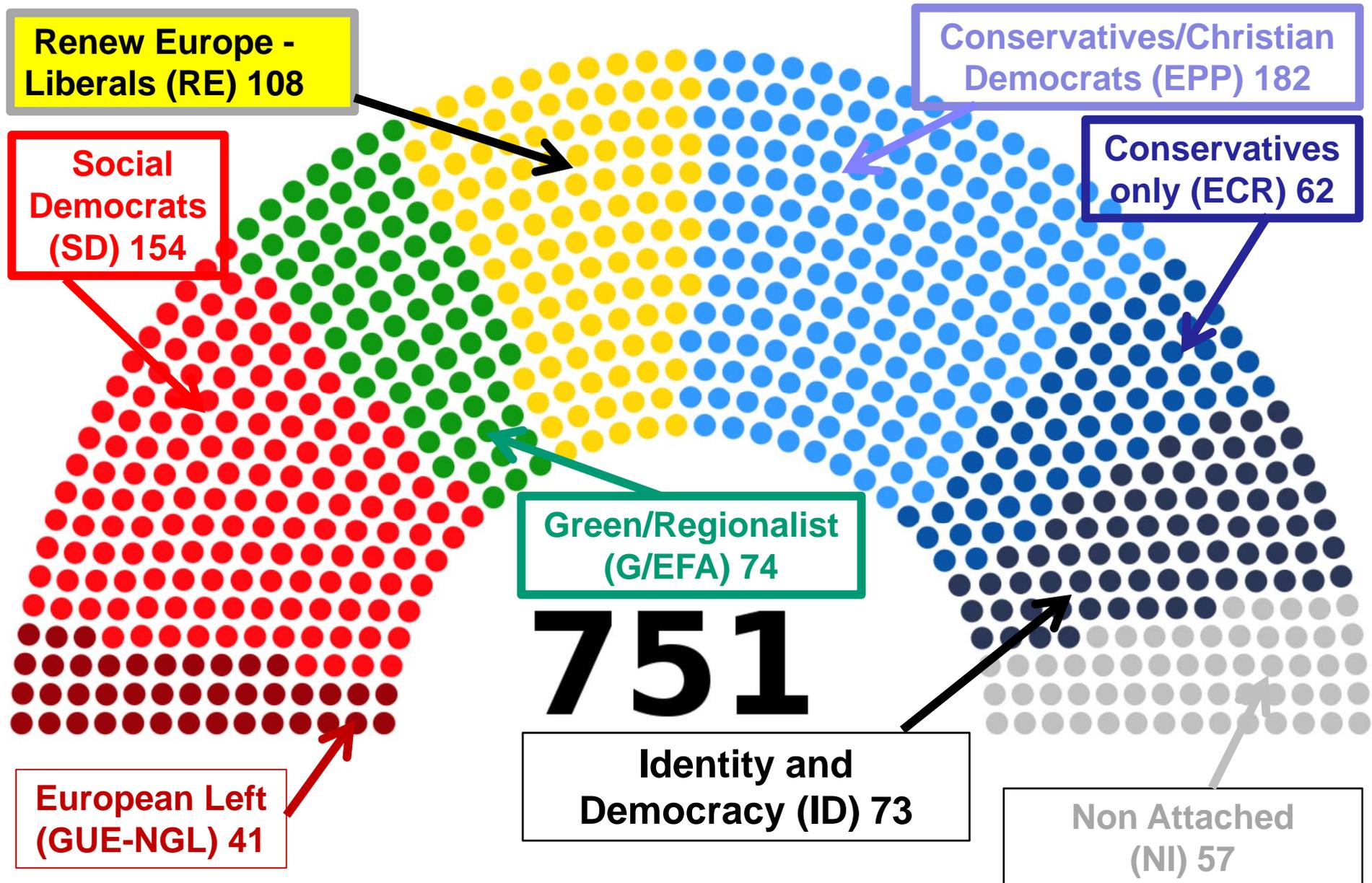
# The European Parliament (EP)

- Elected body with 751 (705 after Brexit) members representing the EU's citizens.
- It exercises political supervision over the EU's activities and takes part in the legislative process, e.g. decides about the budget of the EU in co-decision procedure with the council.
- MEPs are directly elected every five years.
- Number of seats in the EP per country roughly proportional to its population but with a higher number for the smaller countries, e.g. Austria 18, Germany 96 and the smallest states with 6 members.
- Plenary sessions in Strasbourg and any additional sessions in Brussels.
- It has 20 committees which do the preparatory work for plenary sessions.



Source: *European Commission*

# Composition of the European Parliament 2019-2024



Source: European Parliament 2019

# The European Parliament

- The European Parliament has legislative power but formally does not have the power of legislative initiative, as national EU parliaments do.
- Legislative initiative is reserved to the Commission and to some degree the Council.
- In practice however it is able to initiate legislation by making “strong suggestions” to the Commission and the Council.
- Parliament shares equal legislative and budgetary powers with the Council (‘co-decision’ procedure).
- It therefore shares, with the Council, equal responsibility for adopting the EU budget.
- Parliament controls the EU budget execution.
- Parliament approves (or rejects) the Commission as a whole.
- It has the power to dismiss the Commission by adopting a motion of censure. This requires a two-thirds majority.
- It also supervises the day-to-day management of EU policies by putting oral and written questions to the Commission and the Council.

*Source: European Commission*

# The European Parliament

Source: European Commission

- Speakers in the European Parliament are entitled to speak in any of the EU's 24 official languages.
- Simultaneous interpreting is offered in all plenary sessions, and all final texts of legislation are translated.
- With twenty-four languages, the European Parliament is the most multilingual parliament in the world: engages up to 700 interpreters.



- Citizens may also address the Parliament in Basque, Catalan/Valencian and Galician.

Plenary hall  
of EP in  
Strasbourg

# The European Commission (EC)

- **Role and composition of the European Commission:**
- The Commission is the third part of the institutional triangle that manages and runs the European Union.
- Its members – including the President - are appointed for a five-year term by the European Council based on agreement between the Member States, and subject to approval by the European Parliament (absolute majority).
- The Commission is answerable to the Parliament, and the entire Commission has to resign if the Parliament passes a motion of censure against it.
- Since 2004, the Commission has been made up of one Commissioner from each Member State.
- Each Commissioner manages a certain EU portfolio, e.g. environment, and is responsible for the initiatives and legislative proposals as well as monitoring the implementation of such legislation in the Member States.
- All decisions of the Commission are however made as an entity (the “College”), meaning that the whole Commission takes the responsibility for any action together (not the individual Commissioner). This gives a lot of weight to the Commission decisions vis-à-vis the Council and EP.

# The Seat of the European Commission



The Berlaymont Building in Brussels,  
Headquarters of the European Commission

# Mandate of the European Commission

- The **European Commission (EC)** is the executive branch of the EU, responsible for proposing legislation, implementing decisions, upholding the EU treaties and managing the day-to-day business of the EU.
- The Commission manages the European Union in all Community policies (including the budgets), such as research and technology, overseas aid, regional development, etc.
- There the Commission enjoys a „**substantial degree of independence**“ in exercising its powers.
- Individual Commissioners are – in principle - independent from their nominating state but act as important links with the Member States.
- Commission implements the decisions taken by Council and Parliament.
- Its job is to uphold the common interest, which means that – in principle - it must not take instructions from any national EU government.
- As ‘Guardian of the Treaties’, it has to ensure that the regulations and directives adopted by the Council and Parliament are being implemented in the member states.
- If they are not, the Commission can take the offending party to the Court of Justice to oblige it to comply with EU law.

*Source: European Commission*

# The European Commission 2014-2019



Commissioner for Enlargement and European Neighborhood Policy Johannes Hahn (Austria).

- Commission civil service is made up of 46 directorates-general (DGs) and services, based in Brussels and Luxembourg.
- 25.000 civil servants from all Member States selected in open competitions.

EU administration costs 15 Euro per EU citizen per year.

# The Three Pillars for Decision Making

## The traditional 3 pillars of the EU:

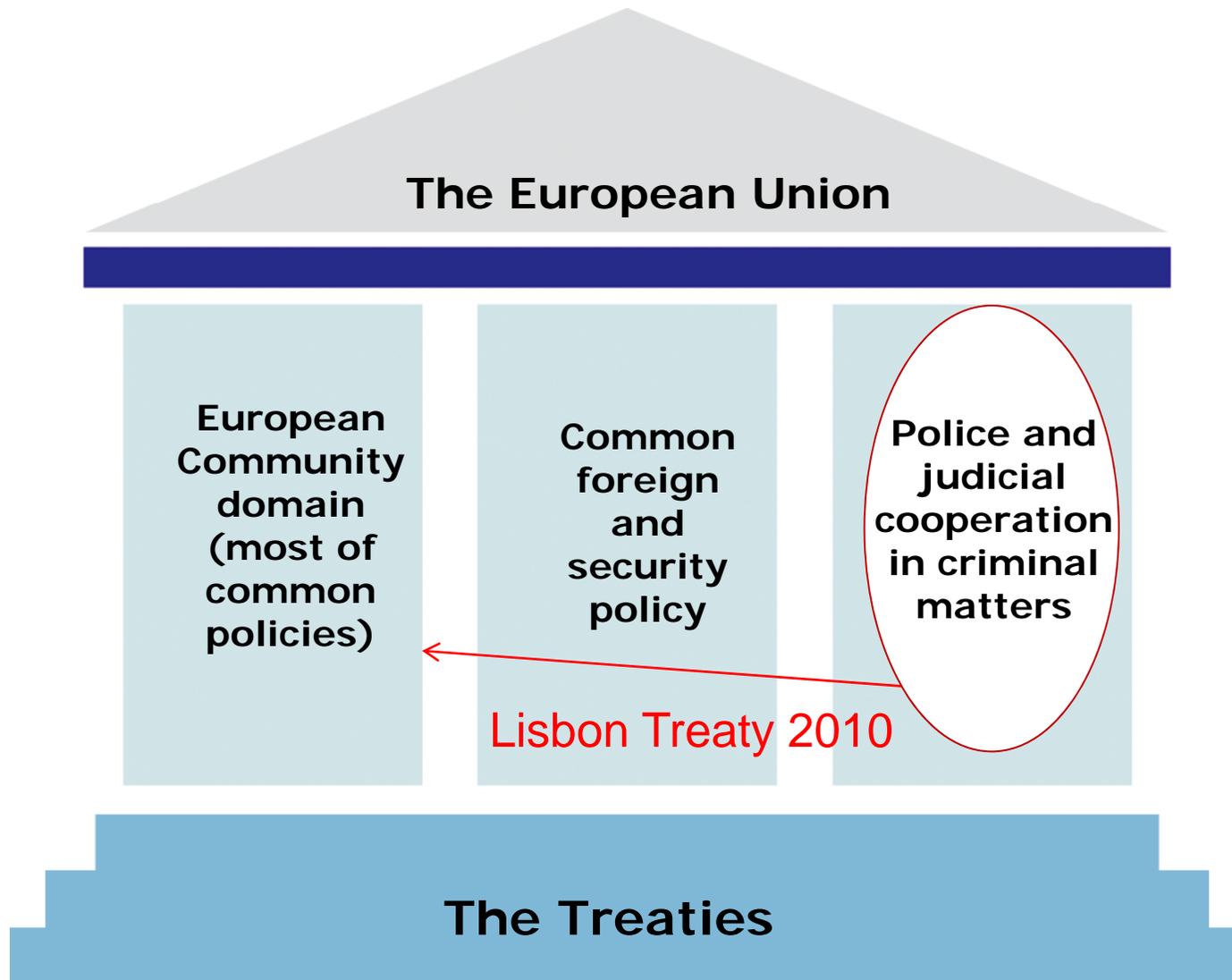
The European Union takes decisions in three separate 'domains' (policy areas), also known as the three 'pillars' of the EU.

- The first pillar is the 'Community domain', covering most of the common policies, where decisions are taken by the 'Community method' – involving the Commission, Parliament and the Council.
- The second pillar is the common foreign and security policy, where decisions are taken by the Council alone.
- The third pillar is 'police and judicial cooperation in criminal matters'. There up to 2009 the Council took the decisions. *Has now been fully incorporated into the Community domain.*

Within the first (*and now the third*) pillar, the Council normally takes decisions by 'qualified majority' vote.

In the second pillar, the Council decision has to be unanimous: it can therefore be blocked by the veto of any one country.

# The Three Pillars for Decision Making



Source: European Commission

# The EU Judicial System

The EU judicial system consists of 2 levels:

- **The European Court of Justice (Europäischer Gerichtshof)**
- **The General Court of the European Union (“Court of First Instance”)**
- Based in Luxembourg they have the task of ensuring that the law is observed in the interpretation and application of the Treaties of the EU.
- The **European Court of Justice (ECJ)** established in 1952 is the highest court of the European Union (EU).
- It has the ultimate say on matters of EU law in order to ensure its equal application across all EU member states.
- It thus creates – similar to the US Supreme Court – “Case Law”.
- It is composed of 28 Judges, one from each Member State.
- The **General Court** was created in 1989 when the workload for the Court of Justice became unmanageable in the aftermath of the creation of the Single Market.
- It has jurisdiction to hear and determine at first instance all direct actions brought by individuals and the Member States.
- It is composed of 56 Judges, at least one from each Member State.

# The Court of Auditors

- **The “financial conscience” of the European Union.**
- Based in Luxembourg it consists of 28 (27) independent members (one from each Member State) and checks that all EU’s revenue has been received from the Member States.
- **Tasks:**
  - Controls that all expenditures are incurred in a lawful manner by Community institutions and that EU money is used properly by those receiving it. Controls that the EU budget is used properly.
  - Can audit any person or organization dealing with EU funds.



## Consequences of Audits:

- Quality statement if everything is fine („Declaration of Assurance“).
- Corrective measures in case of misinterpretation of accounting or spending rules.
- Repayment of money received and fines in case of fraud.

*Source: European Commission*

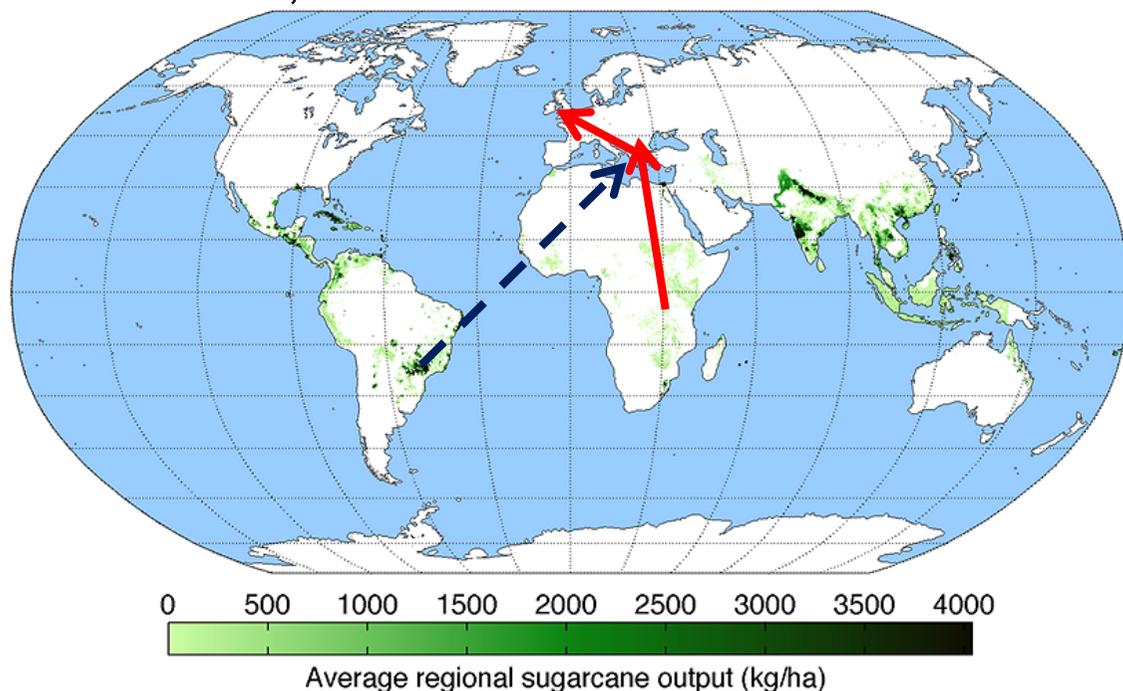
# The European Anti-Fraud Office

- The **European Anti-Fraud Office** (commonly known under its French abbreviation **OLAF** which stands for *Office Européen de Lutte Anti-Fraude*, Brussels) is charged with protecting the financial interests of the EU.
- OLAF is based in Luxemburg and has 500 staff.
- For its investigative and operational tasks OLAF works in full independence.
- Its tasks are to fight fraud affecting the EU-budget, as well as corruption and any other irregular activity, including misconduct, within the European institutions, in an accountable, transparent and cost-effective manner.
- It also organizes close and regular co-operation between the competent authorities of the Member States in order to co-ordinate their activities.
- It is an administrative investigative body.
- It has no judicial or disciplinary powers.
- It hands over the results of the investigation to the national judicial authorities or the European institutions concerned for further action.
- But it cannot oblige European or national prosecutors to act.

*Source: European Commission*

# The European Anti-Fraud Office

- **Sugar imports in the framework of preferential trade arrangements**
  - Sugar originated in some African countries can be imported into the Community free of import duty upon proof of origin.
  - In 2004, British customs authorities informed OLAF of a possible irregular importation of sugar declared as originating in Malawi.
  - OLAF established that more than 4.000 tons of raw cane sugar, originating in a South American country, processed in Bulgaria before being imported to the United Kingdom, were declared as originating in Malawi, Zimbabwe and Zambia.



- This resulted in the evasion of approximately €2 million of import duties.
- False movement certificates had been presented at import to disguise the real origin of the goods.

Source: Wikipedia 2011

# The European Central Bank (ECB)



ECB Headquarters in Frankfurt  
Architects: Coop Himmelblau, Austria

- The **European Central Bank** is one of the world's most important central banks, responsible for monetary policy covering the 19 member States of the Eurozone.
- Established by the European Union (EU) in 1998 with its headquarters in Frankfurt.



**Christine Lagarde (FR),  
President of European Central Bank**

*Source: European Commission*

# The European Central Bank

- The **European Central Bank (ECB)** is the central bank for the Euro and administers monetary policy within the Eurozone comprising 19 EU Member States.,
- Like all other central banks in the liberal market democracies the ECB works (at least in principle) independently from governments.
- The supreme decision making body of the ECB is the Governing Council consisting of Members of the ECB management and the governors of the national central banks which have adopted the euro.
- ***The primary objective of the ECB is to maintain price stability within the Eurozone, or in other words to keep inflation low.***
- The Governing Council defined price stability as inflation of below, but close to 2%.
- Unlike for example the United States Federal Reserve Bank, the ECB has only one primary objective with other objectives subordinate to it.
- The key tasks of the ECB are to define and implement the monetary policy for the Eurozone, to conduct foreign exchange operations, to take care of the foreign reserves of the European System of Central Banks and promote smooth operation of the money market infrastructure.

*Source: European Commission*

# The European Central Bank

- The ECB is linked to the Member States which have not introduced the Euro through the General Council composed of the central bank governors of all Member States. This construction allows a certain harmonization of monetary policies at the level of the whole Union.
- The ECB has the exclusive right to issue Euro and thus determines the money volume in the Eurozone. Member States cannot any more issue the currency, thus cannot make their own monetary policy (e.g. depreciations - as happened frequently in the past with Lira, french Francs, Greek Drachmes)
- The ECB sets the bank rate for inter-bank loans and consequently the actual interest rates for credits and deposits in the Eurozone.
- Through this it has a huge influence on the financial policy in the whole EU and the value of the Euro.
- In its monetary policy it follows to some degree the US Federal Reserve, but not completely – interest rate for inter-bank loans („Leitzins“) in EU now 0,25%, in USA 1,5%.
- It also cooperates with national banks on a global level through the Bank for International Settlements (BIS, Basel).

*Source: European Commission*

# The European Central Bank

- Joining the Euro zone means that these states have transferred their financial sovereignty to the ECB but have gained a kind of „joint sovereignty“ of all Eurozone states.
- This should – at least in theory - provide for a much more stable financial system since speculation against a currency with a big money volume and a strong economy behind is difficult.
- The Eurozone states however have also taken up a joint responsibility for the development of the EURO, which is influenced by national fiscal and economic policies on which the European institutions have only a limited influence due to the lack of a common fiscal and economic policy for the EU.
- The share of the Euro in global currencies is now about 25 % while the only remaining major national currencies in the EU, the British Pound makes up only 4 % of the global money supply and is therefore more exposed to speculations on the money market, particularly in times of financial crisis.
- Globally the US Dollar remains however the major currency making up 65% of the money available.
- US Dollars and Euro, and to some degree still gold, form the major reserves of the national banks around the globe.

*Source: European Commission*

# The European Investment Bank

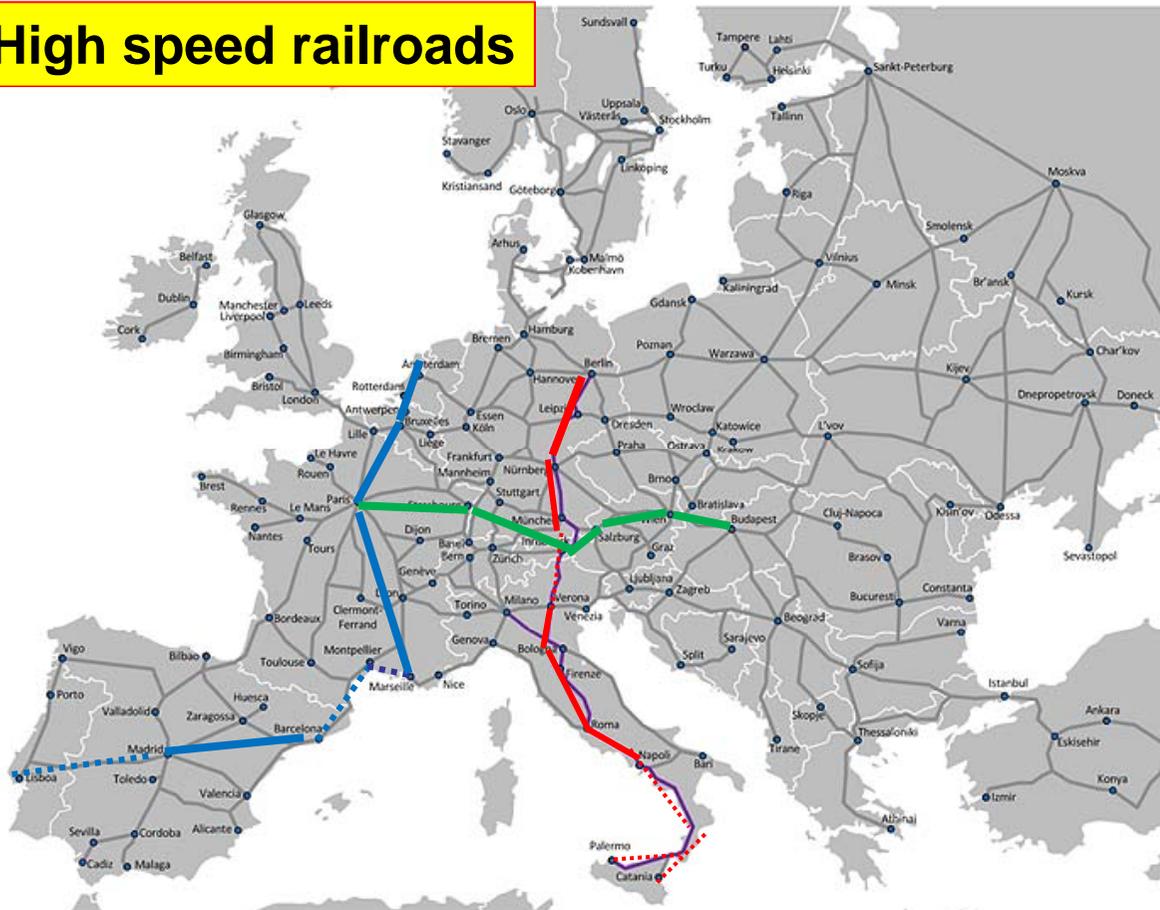
- The **European Investment Bank** (EIB) is the European Union's long-term lending institution established in 1958 under the Treaty of Rome and based in Luxembourg.
- As a policy-driven bank, the EIB supports the EU's priority objectives, especially European integration and the development of economically weak regions.
- The EIB is an international financial institution owned by the Member States of the European Union.
- Since 1958 the bank funded in total 12.284 projects with a total credit volume of 1.182 billion EUR.
- For the fiscal year 2018, EIB approved around EUR 65 billion in various loan products, mostly for EU Member States. About 10% of the annual financing volume go to ca 150 partner countries (like in the Mediterranean region, South Eastern Europe, Africa...).
- These EIB loans stimulate a total investment of 230 billion EUR.
- Current political priorities: jobs and growth, sustainable development.

*Source: European Commission*

# The European Investment Bank: Transeuropean Networks

Trans-European Networks (TENs) are large infrastructure networks of transport, energy and telecommunications.

## High speed railroads



○Berlin-Munich-Innsbruck-Verona-Bologna-Florence-Rome-Naples-Palermo: 2.200 km high speed railway line

○Lisbon-Madrid-Marseille-Paris-Brussels-Amsterdam 2500 km high speed railway

○Railway axis Paris-Strasbourg-Stuttgart-Vienna-Bratislava/Budapest

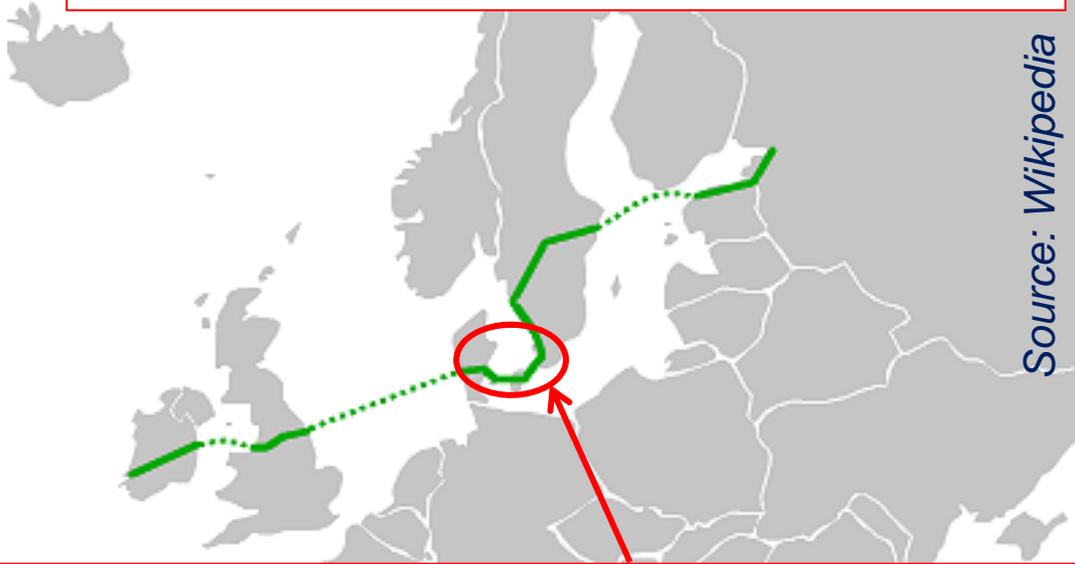
# The European Investment Bank: Transeuropean Networks

## The European Highway Network

Motorway axis Gdansk—  
Brno/Bratislava—Vienna



M20 motorway Ireland-UK-Denmark-  
Sweden-Russia



Source: Wikipedia



Öresund bridge, 7.800 m long, 36 million travellers/year  
4 road lanes, 2 railroad tracks

# The European Investment Bank: Support of the EU Climate and Energy Policy

## A new European energy supply system

Co-financing the development and setting-up of a new European energy supply system focussing on generation and distribution of renewable energies, primarily wind, solar and bio energy.

### EU Strategic Energy Technogy (SET) Plan:

- The European CO<sub>2</sub> Capture, Storage and Transport Initiative (13 bio EUR)
- The European Industrial Bioenergy Initiative (9 bio EUR)
- The European Wind Initiative (6 bio EUR)
- The Solar Europe Initiative (16 bio EUR)
- The Fuel Cells and Hydrogen Joint Technology Initiative (1 bio EUR)
- The European Electricity Grid Initiative (2 bio EUR)

# Institutions and Governance of the EU: The European Union Agencies

- **Agencies of the European Union** are decentralized bodies of the European Union (EU), which are distinct from the “Institutions”.
- Agencies are established to accomplish specific tasks and each of the 46 agencies has its own legal personality.
- Agencies are located in different cities throughout the European Union.
- Their size is typically several hundred staff – usually specialists for the given area.
- The tasks of the agencies varies strongly from pure reporting functions (like the Environment Agency - EEA) to executive tasks (like Frontex for the protection of the European external borders).
- An agency is normally managed by a Director appointed by the European Commission (after consultation with the Member States).
- Each agency has a governing council in which all Member States have one representative.
- Some agencies have membership beyond the EU, like the EEA since the agenda affects directly other European countries (like environmental legislation).

*Source: European Commission*

# The European Environment Agency (EEA)

## ➤ European Environment Agency (EEA)

- founded 1994, Copenhagen, 250 staff and intensive interaction with all National Environmental Agencies
- focus point of environmental monitoring and reporting in the EU

### -Products:

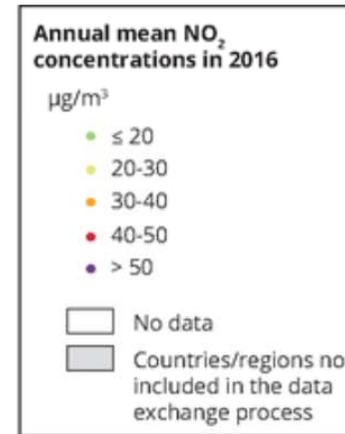
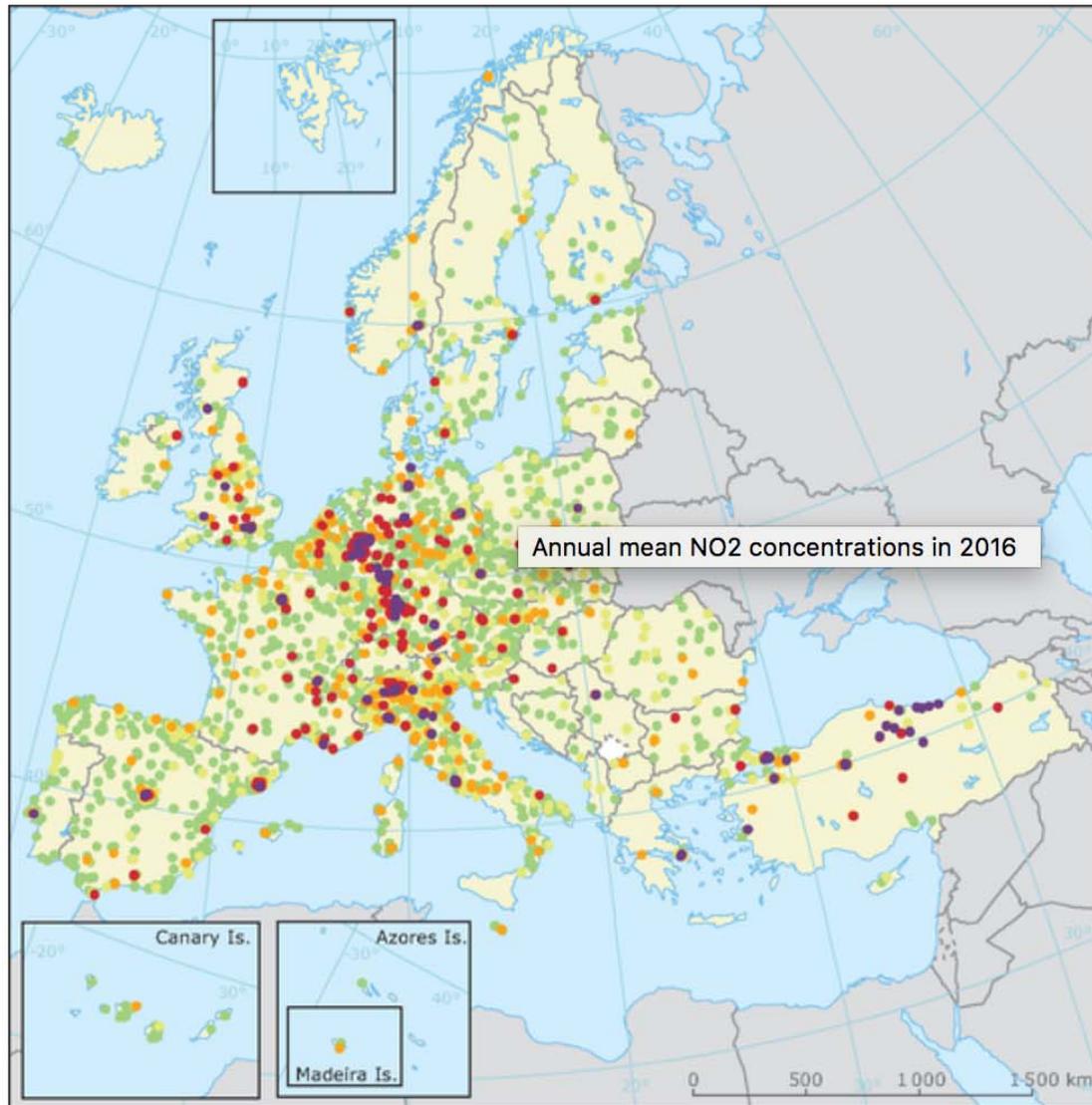
-Data and indicators on environmental state and Sustainable Development



–Reports: e.g.

The European Environment - State and Outlook 2015, Environmental Indicator Report 2018, NEC Reporting Status 2018, European Bathing Water Quality 2018, Renewable Energies in Europe 2018, Preventing Plastic Waste in Europe, Annual EU Green House Gas Inventory, Contaminants in European Seas 2017, Trends and projections in the EU ETS, Mapping and assessing the condition of Europe's ecosystems (2016), Impact of Climate Change in Europe

# Clean Air for Europe: Regional Exposure to NO<sub>2</sub> in 2016



● exceedance of the limit of 40 µg NO<sub>2</sub>/m<sup>3</sup> annual mean

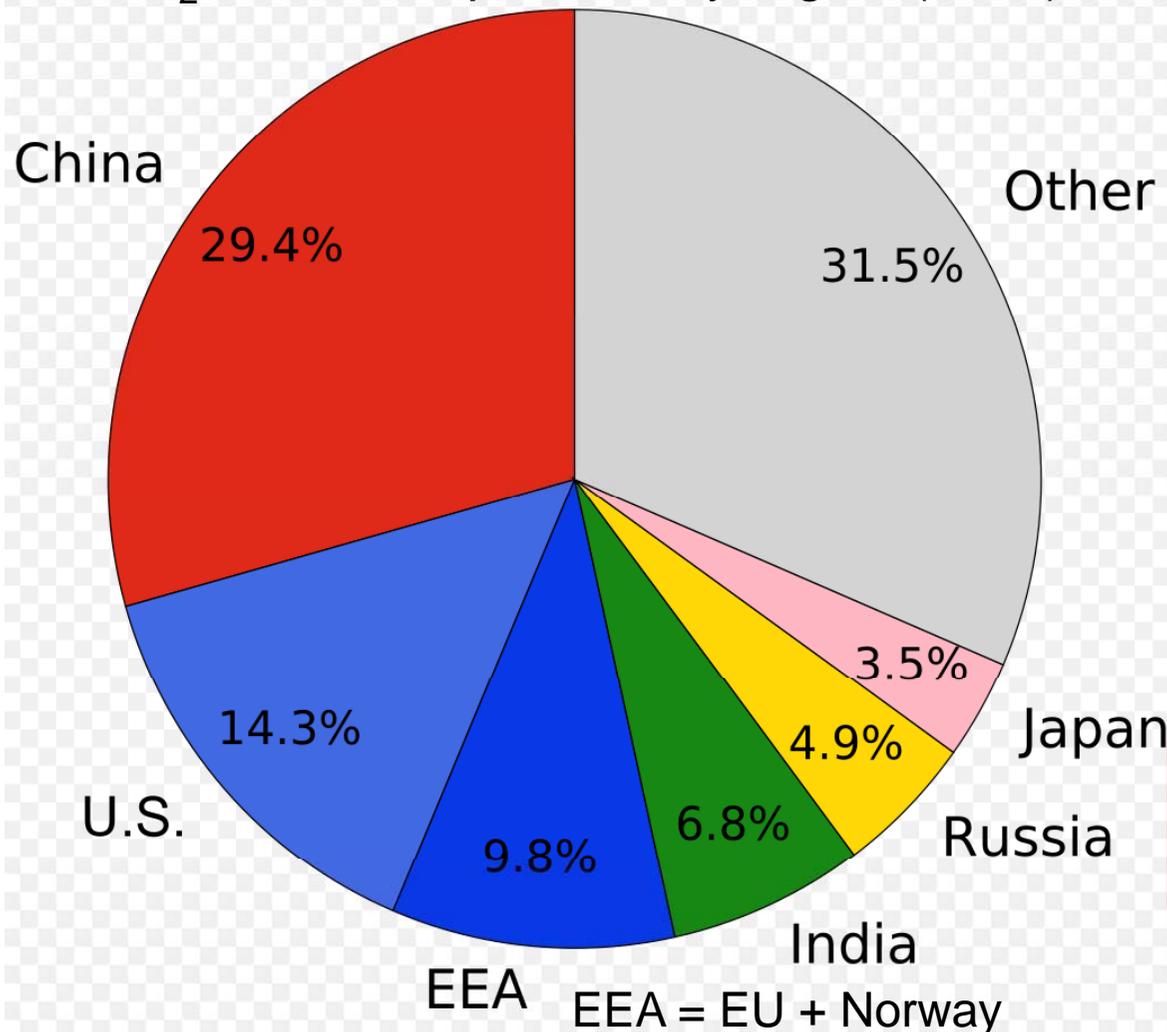
Major reasons for elevated NO<sub>2</sub> values:

- road vehicle and ship emissions

# Annual GHG Emissions 2016

- Global emissions for year 2016:
  - 36 Gto CO<sub>2</sub>/year (50 Gto CO<sub>2</sub>eq/year total emissions)

CO<sub>2</sub>-emissions per country/region (2015):



• CO<sub>2</sub>-emissions per capita:

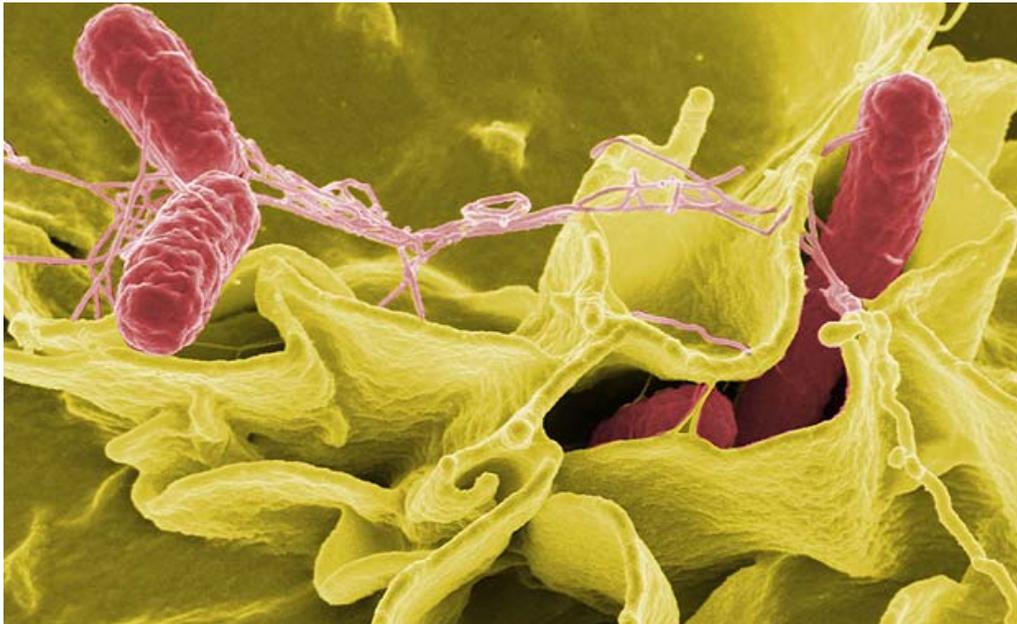
- USA 15 tons
- Russia 10 tons
- China 7 tons
- Germany 9 tons
- Austria 8 tons
- France 4,5 tons
- India 1,5 tons

- EU-28 average 6,5 tons
- global average 4,7 tons

Source: JRC Edgar Database 2015, Wikipedia

# The European Food Safety Authority (EFSA)

- The **European Food Safety Authority** (EFSA, founded 2002, Parma) provides independent scientific advice (through scientific committees) and communication on existing and emerging risks associated with the food chain.
- The Authority's work covers all matters with a direct or indirect impact on food and feed safety, including animal health and welfare, plant protection and plant health and nutrition.
- **Products:** Reports on food quality (like nutritional value), contaminants, food safety issues, monitoring of food crisis



## Salmonella spreading in 2007:

- Salmonella remains most common cause of food-borne disease outbreaks in EU:
- A total of 5,609 outbreaks of *Enteritis Salmonellosis* were reported in 2007, which affected almost 40,000 people and caused 19 deaths.

Source: Wikipedia

# The European Food Safety Authority (EFSA)

## Nutritional and medical value of Ginseng:

- According to Traditional Chinese Medicine, Panax ginseng promotes yang energy and stimulates the body.
- EFSA opinion: a cause and effect relationship cannot be established between the food constituents and the proposed claimed effects.



Ginseng roots in a market in Seoul

## Genetically modified organisms (GMOs):

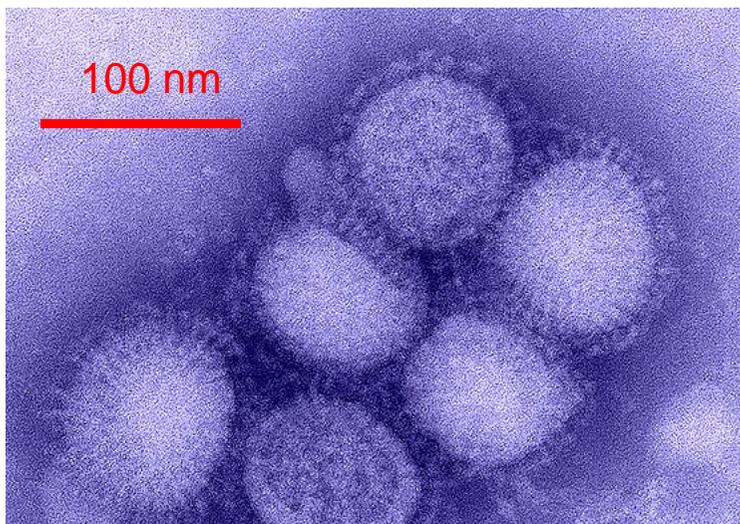
- EFSA serves the European Union mainly by providing independent scientific risk assessments on new GMO applications and renewals of existing authorisations for the use of GMOs in the internal market.
- Example: EFSA considers new GM maize MON 863 as safe as conventional maize.

Globally 80% of soy, 35% of maize and 25% of rapeseed are GMOs.

# European Centre for Disease Prevention and Control (ECDC)

Source: Wikipedia

- **ECDC** (founded 2005, Stockholm) has to strengthen Europe's defenses against infectious diseases and collects and publishes information related to prevention and control of communicable diseases .
- **Products:**
  - Annual Epidemiological Report on Communicable Disease in Europe (epidemiological data on 49 communicable diseases ).
  - ECDC Situation reports: „Real time“ information of spreading of communicable diseases, e.g. the outbreak of influenza A caused by the H1N1 virus („swine flu“).



H1N1 influenza virus

## The Swine Flu Pandemic of 2009

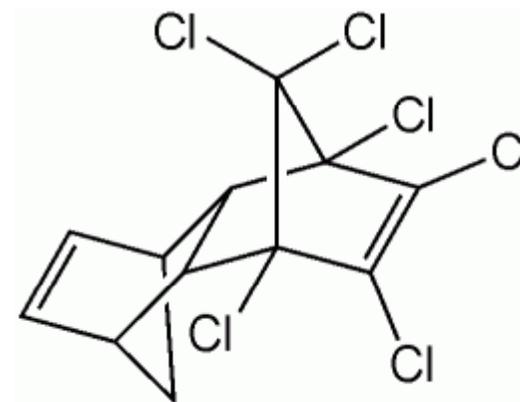
- Appeared in the U.S. in April 2009.
- Within days hundreds of cases were discovered in USA, Mexico and other countries.
- The virus rapidly spread worldwide creating a flu pandemic.
- It caused more than 18.000 deaths, of these only 2.200 in the EU.

# European Chemicals Agency (ECHA)

- **European Chemicals Agency** (founded 2007, Helsinki) manages the technical, scientific and administrative aspects of the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) system.
- REACH requires all chemicals of one ton or more in volume that are manufactured in or imported into the European Union tested for health and safety and registered with ECHA.
- Most important chemicals of environmental relevance: pesticides, fertilizers, (agro)pharmaceuticals, industrial and urban waste products.....

- **Products:**

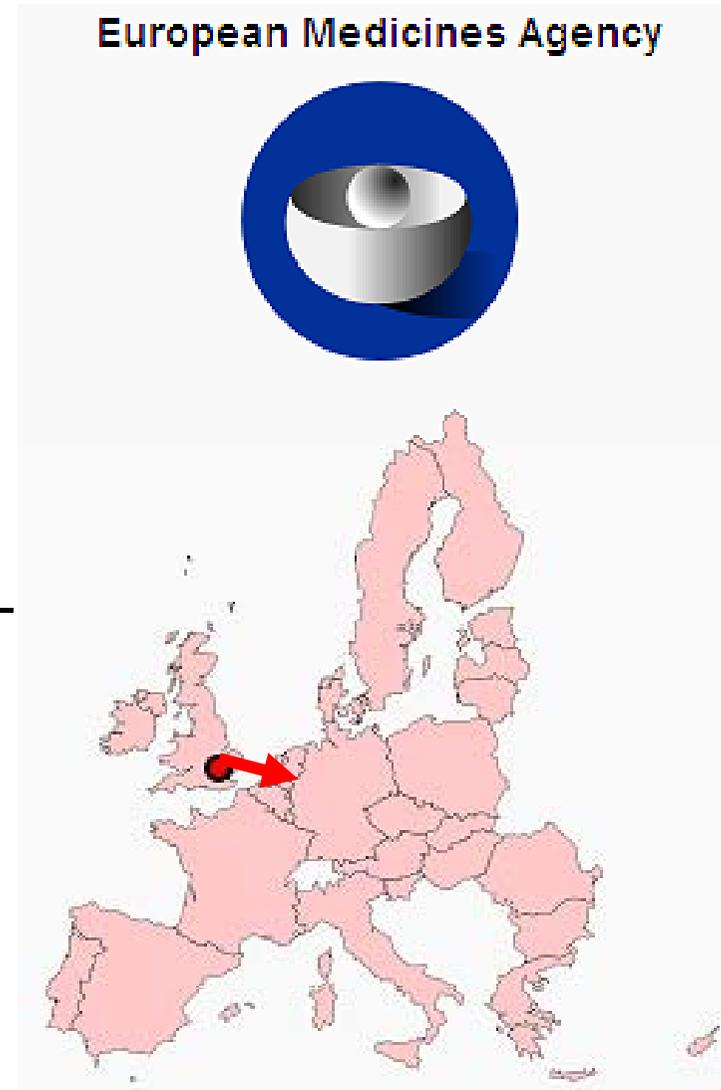
- Guidance documents: on REACH processes and methods, to be used by industry and authorities.
- Register of chemicals: registry of intentions, list of pre-registered substances, substances of very high concern for authorization...



100 million tons of toxic chemicals produced annually in EU (*EUROSTAT*)  
>100.000 chemical compounds produced in industrial scale

# European Medicines Agency (EMA)

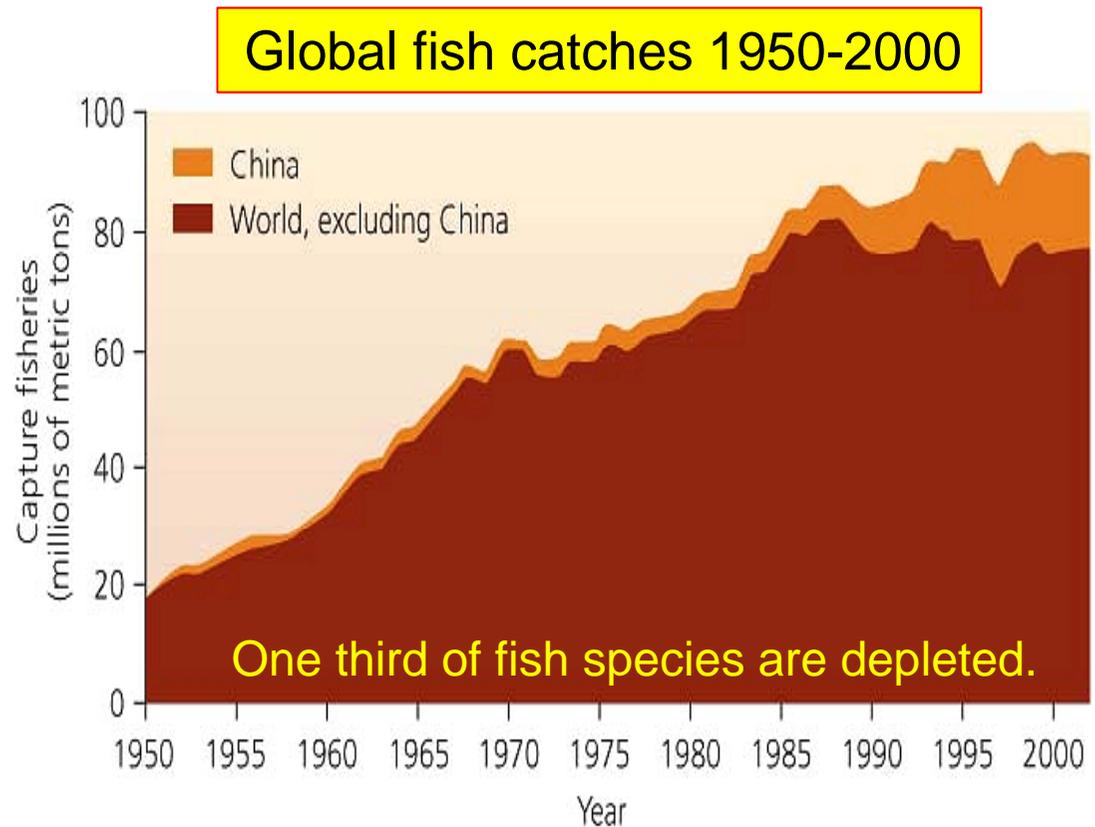
- The **European Medicines Agency** (founded 1995, London, then Amsterdam) for the evaluation of medicinal products.
- EMA has 600 staff and should harmonize (but not replace) the work of existing national medicine regulatory bodies.
- Aim is to reduce the \$350 million annual cost drug companies incur by having to win separate approvals from each member state.
- The EU is currently the source of about one-third of the new drugs brought onto the world market each year.
- **Product:**
  - Authorization of medicines eligible for single European approval. Majority of genuinely new medicine now authorized by EMA.



Source: Wikipedia

# Community Fisheries Control Agency (CFCA)

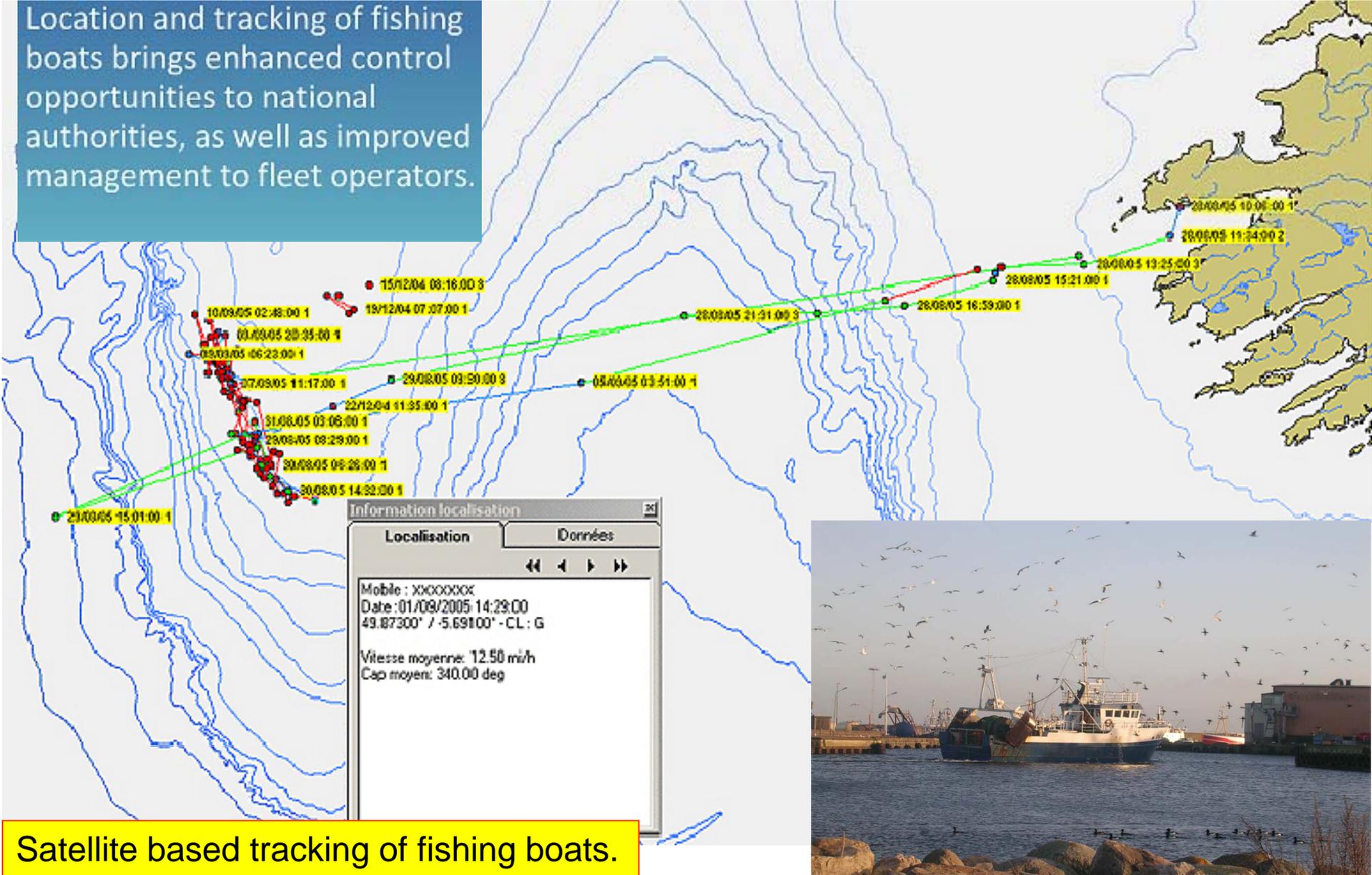
- **Community Fisheries Control Agency** (2005, Vigo) co-ordinates the operational activities of Member States in the area of fisheries and promote uniform application of the rules of the Common Fisheries Policy.
- The Common Fisheries Policy (CFC) is fighting overfishing and contains quota on fishing vessels and catches, assignment of operational zones.
- **Products:**
  - Monitoring system for ships and catches.
  - Inspection at sea and onshore: jointly with national authorities.
  - Operation of surveillance system: EU fisheries monitoring center using satellite tracking technology to provide information regarding the location and movements of EU vessels.



Source: Wikipedia

# Monitoring of EU Fishing Vessels

Location and tracking of fishing boats brings enhanced control opportunities to national authorities, as well as improved management to fleet operators.



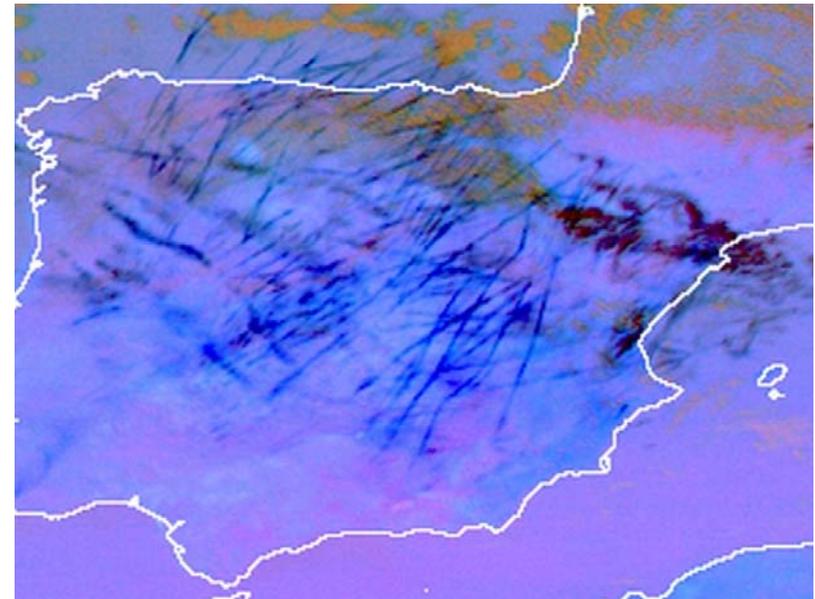
Satellite based tracking of fishing boats.

# European Aviation Safety Agency (EASA)

- **European Aviation Safety Agency** (EASA, founded 2003, Cologne) has been given specific regulatory and executive tasks in the field of civilian aviation safety:
  - promoting new organizational schemes for European air traffic: The Single European Sky
  - implementing and monitoring safety rules
  - type-certification of aircraft and components
  - authorization of third-country (non EU) operators
- **Products:**
  - Advice and proposals for legislation to Commission, Council and Parliament
  - Certificates for aircrafts and components
  - Black list of airlines not having proper safety standards: ca 100 companies, most of them from Africa, Kazhakstan, Kyrgyz Republic, Indonesia, Philippines

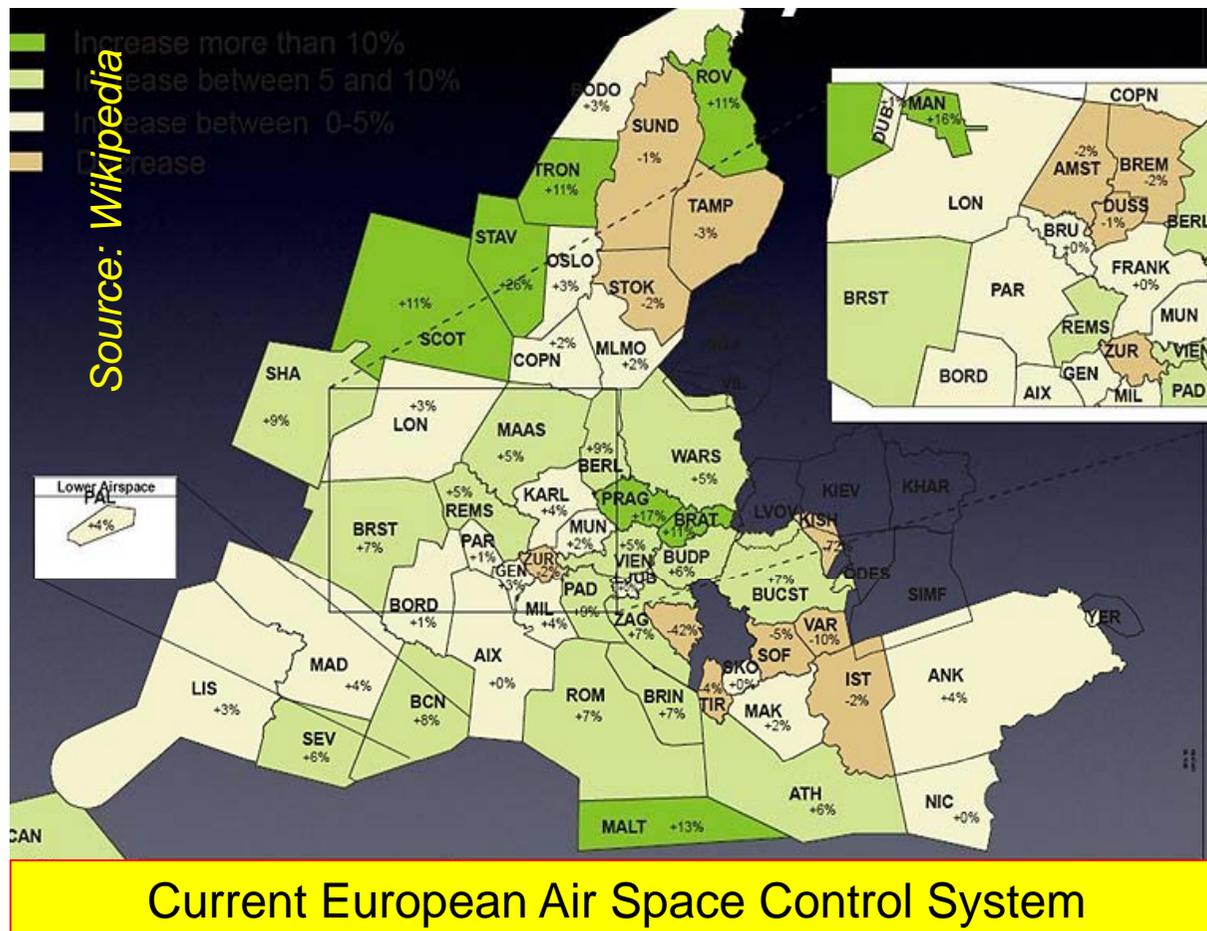


Source: Wikipedia



# The Single European Sky

- **Single European Sky:** design, management and regulation of airspace will be coordinated throughout the European Union (ECAA area).
- European air space is some of the busiest in the world:  
>30.000 flights/day, ca 1 billion individual passenger flights per year, growth rate of air traffic up to 10% per year.



- Presently Air traffic management in the EU is undertaken by member states, co-operating through EUROCONTROL.
- system extremely inefficient:
  - air traffic control boundaries follow national borders,
  - large areas of European airspace reserved for military use,
  - summer 2018: 30% of flights delayed.

# Management of Crisis Situations

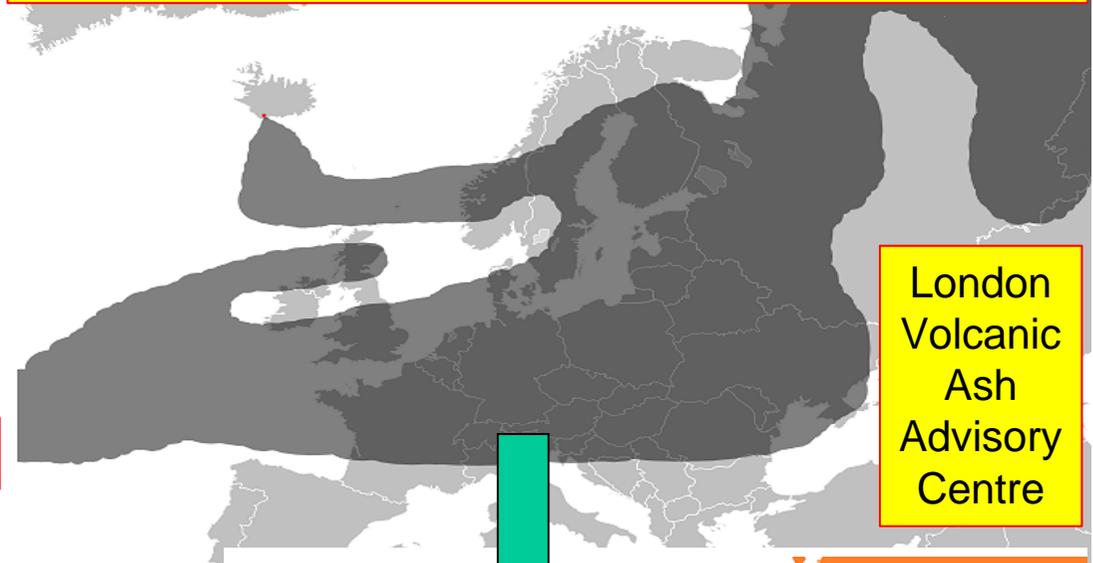
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- **Coordination of national air traffic control: 2010 Eyjafjallajökull eruption**



Volcano plume on 17 April 2010

Estimated ash cloud at 18:00 UTC 17 April 2010



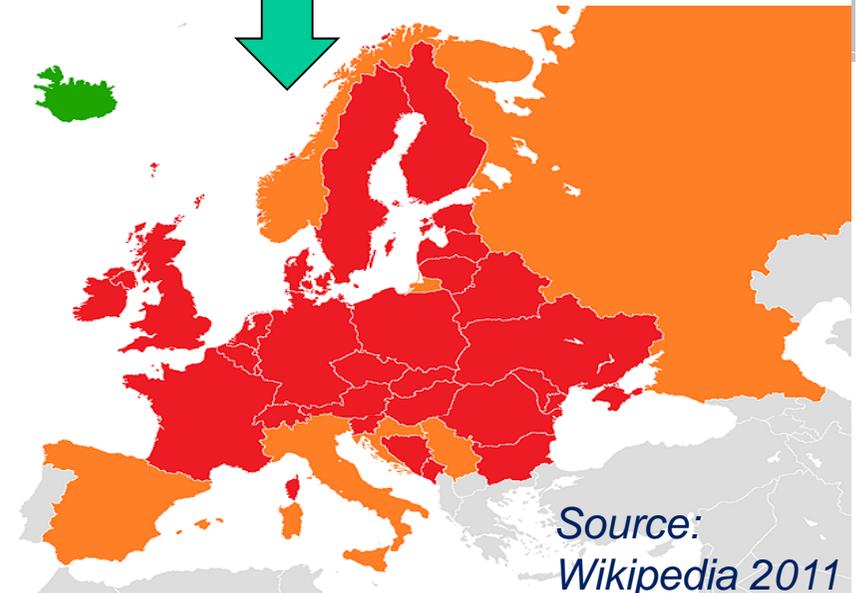
London  
Volcanic  
Ash  
Advisory  
Centre



Ash plume over the North Atlantic  
on 19 April 2010 Modis

Airspace  
completely  
(red) or  
partially  
(orange)  
closed 15 – 20  
April 2010.

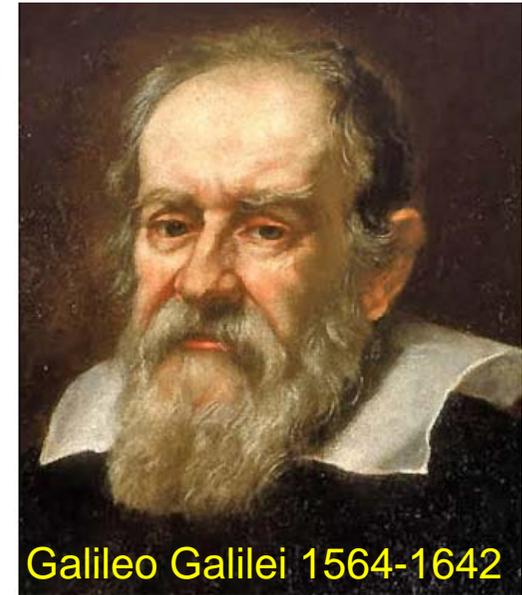
100.000 flights  
cancelled



Source:  
Wikipedia 2011

# European Global Navigation Satellite System Supervisory Authority (GNSS)

- **European GNSS** (founded 2004, Brussels) should support the European Union's satellite navigation program GALILEO, which is essentially set up by private companies.
- Galileo is will be fully operational by 2020
- Most advanced global navigation system:
  - 30 satellites in 22.000 km altitude
  - each satellite will have atomic clocks of ultimate accuracy (<1ps): positioning accuracy a few cm for high performance receivers, 4 m for private NAVI use
  - operation by Joint Undertaking ESA-EU
  - various services (open, commercial, military, civil protection, police)
  - compatible with GPS (automatic switchover in case of problems)
  - costs: 7 billion EUR



# The European Border and Coast Guard Agency

- Founded as **Frontex** (from French: *Frontières extérieures*):
- Agency for external border security operational since 2005 and based in Warsaw with 350 staff, but no equipment.
- Responsible for coordinating the activities of the national border guards.
- The main tasks of the agency include:
  - coordination of operational cooperation between Member States in the field of management of external borders
  - operational support for Member States who deploy airplanes, ships, military personnel.
  - Operations: Poseidon (2006) and Triton (2014): monitoring the borders EU/Turkey and EU/North Africa – very limited success.
- **European Border and Coast Guard Agency:** replaced Frontex in 2016 ,
- mandate: forming a European Border and Coast Guard along with national authorities for border management.
- building-up of these capacities in progress
- staff of 10.000/20.000 foreseen by 2025/2030 ?
- massive differences between Member States on function and mandate

# European Defense Agency (EDA)

- **European Defense Agency** (2004, Brussels) serves the Common Foreign and Security Policy (CFSP) and reports directly to the Council of the European Union.
- Its mission is to support the Member States and the Council in their effort to improve European defense capabilities in the field of crisis management and to sustain the European Security and Defense Policy by
  - Development of defense capabilities for crisis management.
  - Promotion and enhancement of European armaments cooperation.
  - Strengthen the defense technology and industrial base and create an internationally competitive European defense equipment market.
- The Head of the Agency is the High Representative of the European Union for Foreign Affairs and Security Policy, Josep Borrell, who also chairs the decision making body, the Steering Board, composed of the defense ministers of participating Member States.
- Management of the EDA is done by a Chief Executive.

# The Inefficient EU Military System

- **Military spendings 2018:**
  - Global expenditures: ca 1.700 billion EUR
    - EU ca 250 billion EUR, USA: ca 600 billion EUR, China: ca 230 billion EUR, India 60 billion EUR, Russia ca 60 billion EUR
- Low efficiency of European military system:
  - lack of EU cooperation structures
  - European diversity in technical military equipment:
    - There are 8 major European tank versions (Leclerc, Leopard 2, AMX2, Challenger 2, Ariete-C1, Centauro, PT-91, T-72CZ), but the US military uses only one tank version.

Source: Sipri Stockholm 2019



UK: Challenger 2



FR: Leclerc

# The European Union Agency for Cybersecurity (ENISA)

- **ENISA** - standing for its original name European Network and Information Security Agency founded 2004 and reorganized 2019 is located in Athens.
- It works with 70 staff and hundreds of experts from Member States.
- The Agency works closely together with the EU Members States and other stakeholders to deliver advice and solutions as well as improving their cybersecurity capabilities.
- It also supports the development of a cooperative response to large-scale cross-border cybersecurity incidents or crises.
- It is also engaged in drawing up cybersecurity certification schemes.
- Extent of the problem:
  - More than **317 million new** pieces of malware -- computer viruses or other malicious software -- were created last year. That means nearly **one million new** threats were released each day.
  - Can inflict huge damages for business.
  - Opens misuse of personal data by criminals, autocratic governments...
  - Probably the most important threat to national security of States today.

# Institutions and Governance of the EU: The Law Making Process

- The EU is based on a series of treaties setting broad policy goals, which give legal power to Community institutions.
- Community legislation directly affects all member states and their inhabitants and is superior to national law.
- National courts are required to enforce the treaties that their Member States have ratified, and thus the laws enacted under them.
- The main legislative acts of the EU are: Regulations, Directives and Decisions
- Regulations, directives and decisions are of equal legal value.
- **Regulations:**
  - A regulation shall have general application.
  - It shall be binding in its entirety and directly applicable in all Member States, thus becomes law in all member states the moment they come into force, without the requirement for any implementing measures, and automatically override conflicting domestic provisions.

# Institutions and Governance of the EU: The Law Making Process

- ***Example for a regulation:***
- Regulation (EEC) No 1612/68 on freedom of movement for workers within the Community.
- **Directives:**
- A directive shall be binding, as to the result to be achieved, upon each Member State to which it is addressed, but shall leave to the national authorities the choice of form and methods.
- Requires member states to achieve a certain result while leaving them discretion as to how to achieve the result.
- The details of how they are to be implemented are left to member states.
- ***Example for a directive:***
- Directive 2000/60/EC on the management of the European water resources (Water Framework Directive)

# Institutions and Governance of the EU: The Law Making Process

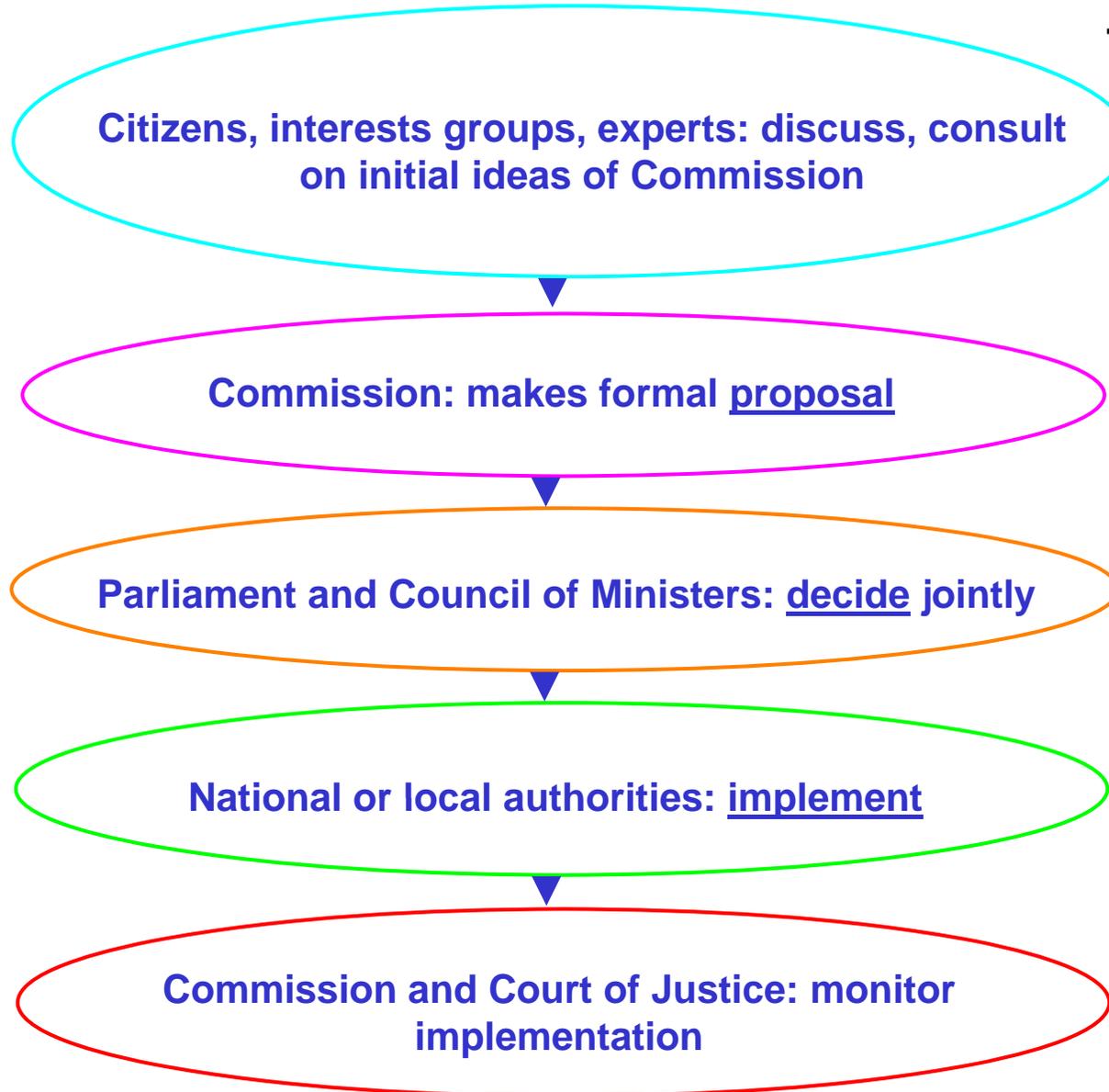
- **Decisions:**
  - A decision shall be binding in its entirety upon those to whom it is addressed.
  - They are legal acts which only apply to specified individuals or companies.
  - They are most often used in Competition Law, or on rulings on State Aid, but are also frequently used for procedural or administrative matters within the institutions.
  - ***Example for a decision:***
  - 2000/57/EC: Commission Decision on the early warning and response system for the prevention and control of communicable diseases.

# Institutions and Governance of the EU: The Law Making Process

- **Recommendations, opinions, resolutions and declarations:**
  - Have no binding force.
  - **Examples:**
    - Council Recommendation of 2 December 2002 on the prevention of smoking and on initiatives to improve tobacco control.
- **Council Conclusions, Common Positions and Joint Actions:**
- Tools to enact measures to be carried out by the Commission or the member states.
  - **Examples:**
    - Council Conclusions on Bovine/Transmissible Spongiform Encephalopathies (BSE/TSE).
    - Common position relating to the Convention on the prohibition of the development, production and stockpiling of bacteriological (biological) and toxin weapons and on their destruction (BTWC).
    - Joint Action on anti-personnel landmines.

# Institutions and Governance of the EU:

## The Law Making Process



### The “Community Method”

- Commission has the right of initiative which makes it the motor of European Union law making and integration.
- Commission has no decision power.
- „All the Commission can do is make good proposals!“
- Decision power exclusively with Council and Parliament.
- Sometimes politicians of Member States distance themselves afterwards from decisions they have taken at the Council meetings.
- Blaming „Brussels“ has become a popular sport in Member States.

Source: *European Commission*



# The Practical Law Making Process

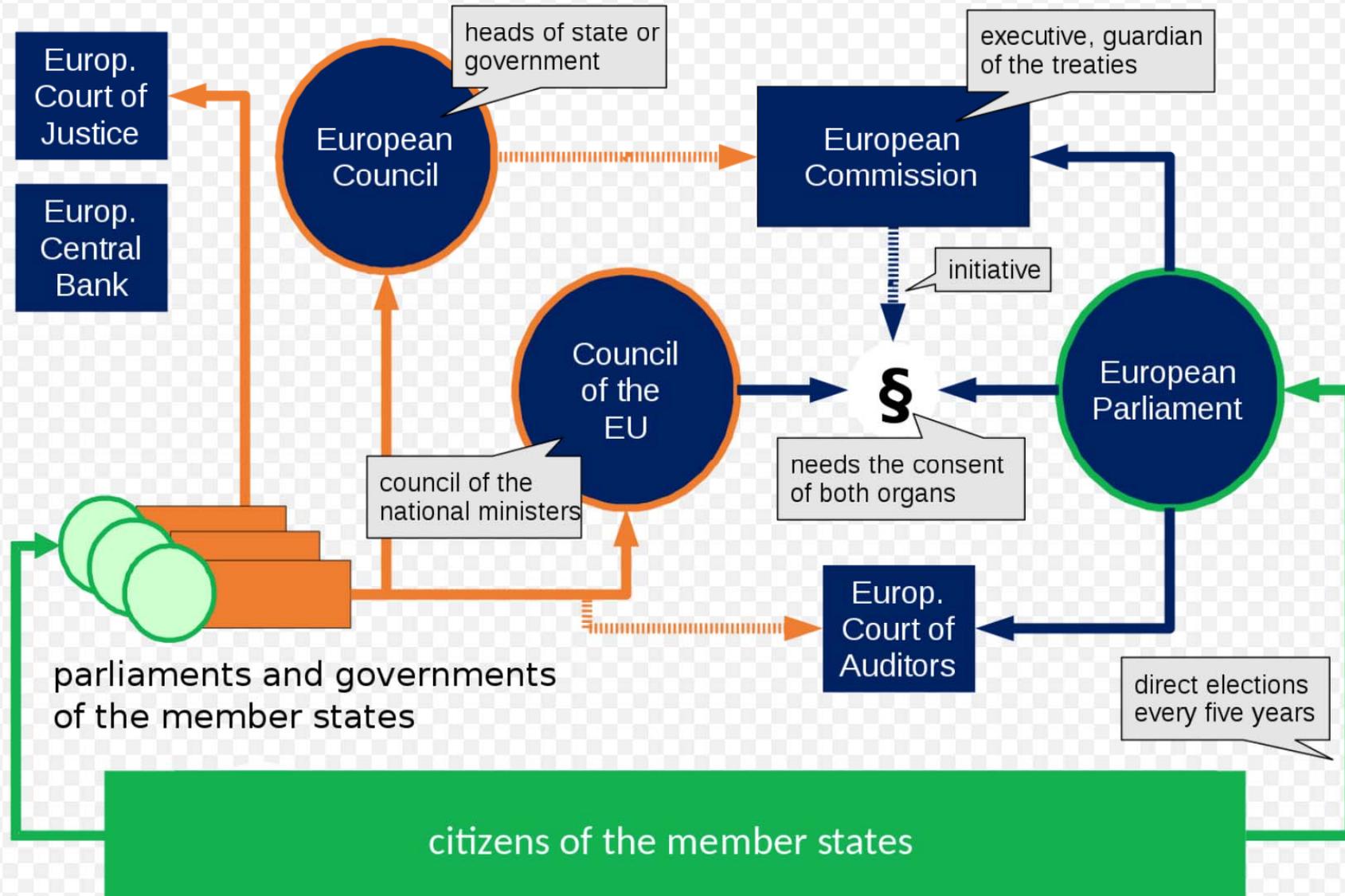
Typical duration of such a process: 2-3 years.

Up to now in total 6.000 pieces of EU legislation enacted.

**How many need revision or are obsolete today?**

Source: *European Parliament 2019*

# The Institutions of the EU



Organigram of the political system with the seven institutions of the Union in blue, national/intergovernmental elements in orange.

# A Citizens' Europe ?

- **Jean Monnet said in 1952:**  
„ We are not bringing together states, we are uniting people.’
- But the idea of a ‘citizens’ Europe’ is still unfamiliar to most people.
- **The symbols** - represent a shared European identity:
  - the European passport (in use since 1985), every person holding the nationality of a Member State is also a citizen of the Union.
  - the European anthem (Beethoven’s ‘Ode to Joy’), and
  - the European flag (a circle of 12 gold stars on a blue background).
  - The EU has adopted a motto, ‘United in diversity’,
  - 9 May has been made ‘Europe Day’ (Schumann Day).
- **Who knows that we are also European citizens (consequences abroad)?**
- **How many people know Schumann Day?**  
*Initiatives to replace the national holidays by a common European holiday or to add it to the holidays in Europe failed up to now.*

# A Citizens' Europe ?

- **The EU Charter of Fundamental Rights:**
- Introduced by the Lisbon Treaty in 2009.
- Charter has the same legal value as the European Union Treaties.
- Its 54 articles set out the European Union's fundamental values and the civil, political, economic and social rights of EU citizens.
- The opening articles cover human dignity, the right to life, the right to the 'integrity of the person' and the right to freedom of expression and of conscience.
- The chapter on solidarity brings together, in an innovative way, social and economic rights such as:
  - the right to strike;
  - the right of workers to be informed and consulted;
  - the right to reconcile family life and professional life;
  - the right to healthcare, social security and social assistance throughout the European Union.
- **But: massive interpretation differences and plenty of disputed issues.**

# A Citizens' Europe ?

- **Ecessive beaurocracy in the European Union**
- **Straight bananas ?**
- Does the EU want to impose straight bananas on consumers ?



- Commission Regulation Number 2257/94 details the regulations covering the quality standards for bananas, including the requirement that they be at least 5.5 inches long and 1 inch wide.
- The regulation includes the provision that bananas of Class „Extra“ be free from "abnormal curvature".

*Source: European Commission*

# A Citizens' Europe ?

- **Straight cucumbers ?**
- Does European legislation lay down standards for the straightness of cucumbers ?



- Commission Regulation (EEC) No. 1677/88 of 15 June 1988 states (article 2B) that 'Extra' and Class 1 cucumbers must "be well shaped and practically straight (maximum height of the arc: 10 mm per 10 cm of length of the cucumber)".
- In 2008 the Commission proposed to withdraw this piece of legislation.
- The European Council of Agricultural Ministers rejected this proposal however.
- But in 2009 this regulation was finally repealed.

**Montesquieu (French Philosopher, 1689-1755):**  
'les lois inutiles affaiblissent les lois nécessaires'.  
['Useless laws weaken the necessary ones'.]

# **A Citizens' Europe ?**

## **The Policy Framework for the European Union**

### **The Lisbon Agenda**

**Economic Growth**

**Social Equilibrium**

**Environmental Quality**

**Sustainable Development as the Guiding Principle  
for the European Union.**

# A Transparent Union at Your Service

Europe Day

6 MAY 2017

OPEN DAY  
OF THE EUROPEAN  
INSTITUTIONS  
IN BRUSSELS

[europeday.europa.eu](http://europeday.europa.eu)

#EUopenday



Open this image in a new window

Source: European Commission

# European Union Media Policy

- The vast majority of media in the European Union are national-oriented.
- However, some EU-wide media focusing on European affairs have emerged since the early 1990s:

- **Euronews, EUobserver, EURACTIV, Politico or ARTE.**

- Euronews is a tv-news channel similar to CNN, but much smaller.

- Politico is an excellent news magazine for decision makers.

- ARTE is a public Franco-German TV network that promotes programming in the areas of culture and the arts.

*Source:  
European Commission*



Euronews headquarters Lyon

# A Transparent Union at Your Service

The website of the European Union

*europa.eu*

One and a half million documents available  
to the public

Europe Direct contact centre

Answers your questions:

00 800 6 7 8 9 10 11

Europe Direct Information Centres

500 EU Info Points across the EU

European Union Documents

Access to internal documents  
upon request

The European Ombudsman

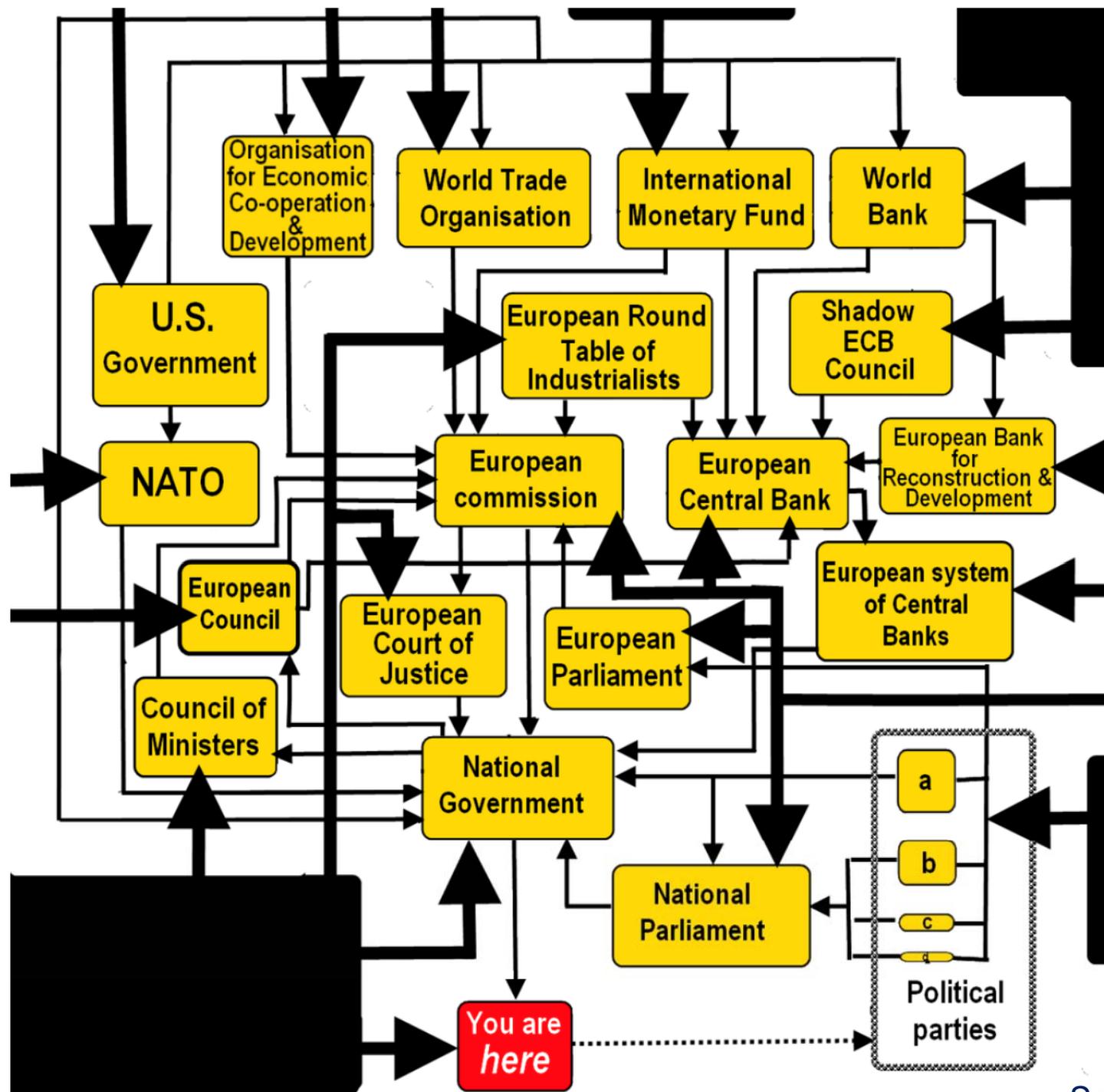
Deals with complaints over EU  
administration



*Emily O'Reilly, the EU ombudsman*

*Source: European Commission*

# The Citizen in a Complex World of Insitutions



Source: Wessex Solidarity



## **Ch. 4: The Budget of the European Union**

# The Budget of the European Union

- **Income of the European Union:**
- For the financial period 2014– 2020 (7 years), the European Union has a budget of 908 billion EUR to fund its policies (1% of the GDP).
- This corresponds to expenditures of 130 billion EUR per year amounting to 250 EUR per EU citizen.
- This budget is limited to maximal 1.24 % of the total Gross National Income (GNI) of all the Member States.
- These resources are mainly drawn from:
  - contributions from the Member States in line with their respective wealth (ca. 70% of EU budget).
  - customs duties on products imported from outside the EU, including farm levies (ca. 15% of EU budget).
  - a percentage of the value-added tax applied to goods and services throughout the EU (0,1 – 0,3 % in Member States delivering ca. 15% of EU budget).
- For the financial period 2021– 2027 the Commission proposes a budget of 1.280 billion EUR (1.11% of EU GDP).

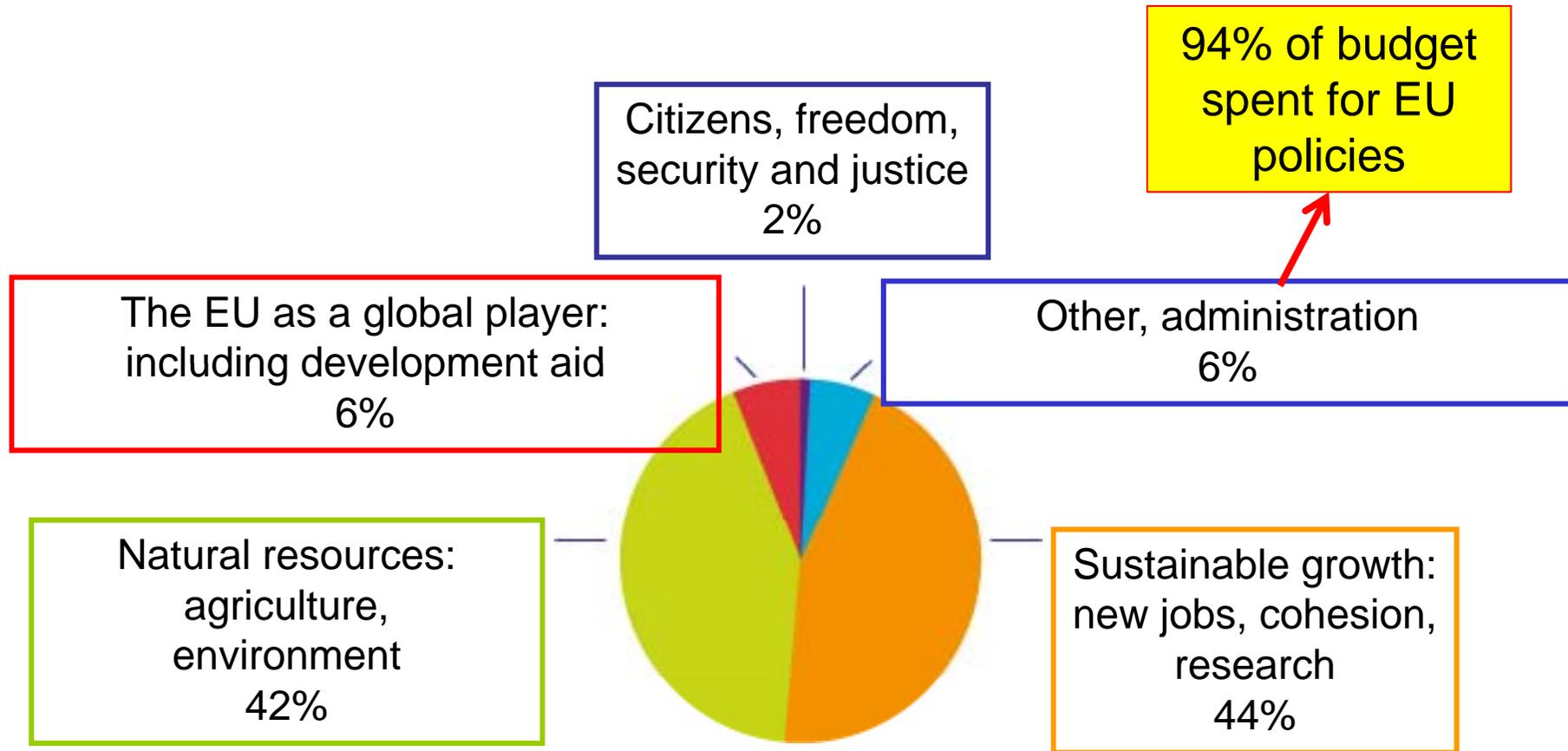
*Source: European Commission*

# European Union vs. National Budgets

- The public expenditure of the EU of 1% of the GDP is very low.
- Public spending of Member States is in the order of 30-40% of the GDP.
- But the tasks of the EU are also very limited compared to the obligations in the Member States.
- Example Austria: The budget of Austria is 80 billion per year.
- The contribution of Austria to the EU budget is slightly over 2 % or 2,8 billion EUR per year of which it gets back between 1,4 and 2 billion annually.
- Austria is therefore a „net-payer“ where every citizen contributes ca 100 EUR each year.
- There is however in addition a substantial indirect return due to the structural funds for new Member States which pushed Austrian economy strongly.

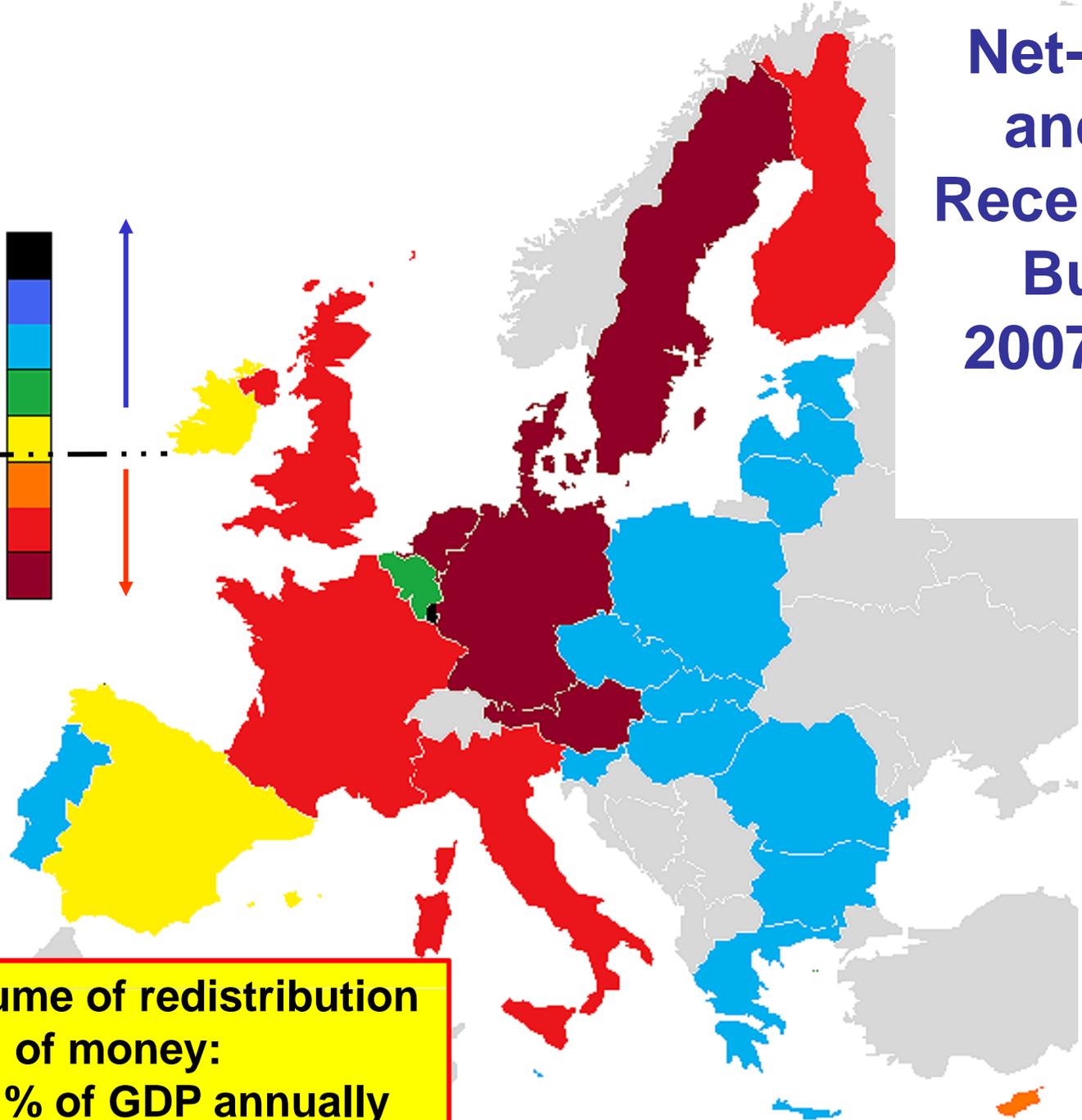
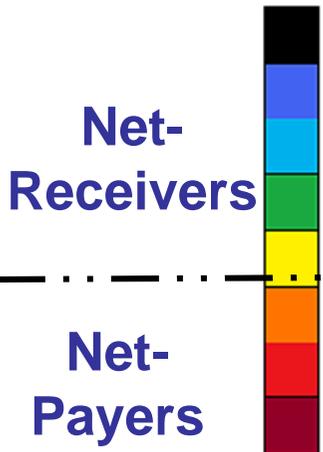
# EU Expenditures 2014 – 2020 for Policy Areas

Source: European Commission



As much 80% of the EU budget is spent by national or regional authorities in Member States (responsible for proper spending)!

# Net-Payers and Net- Receivers for Budget 2007 - 2013



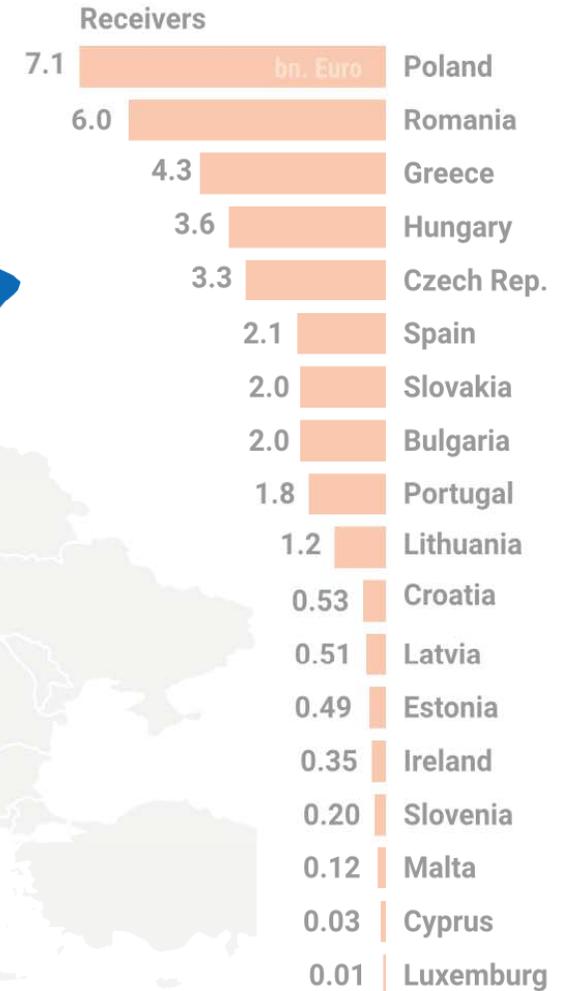
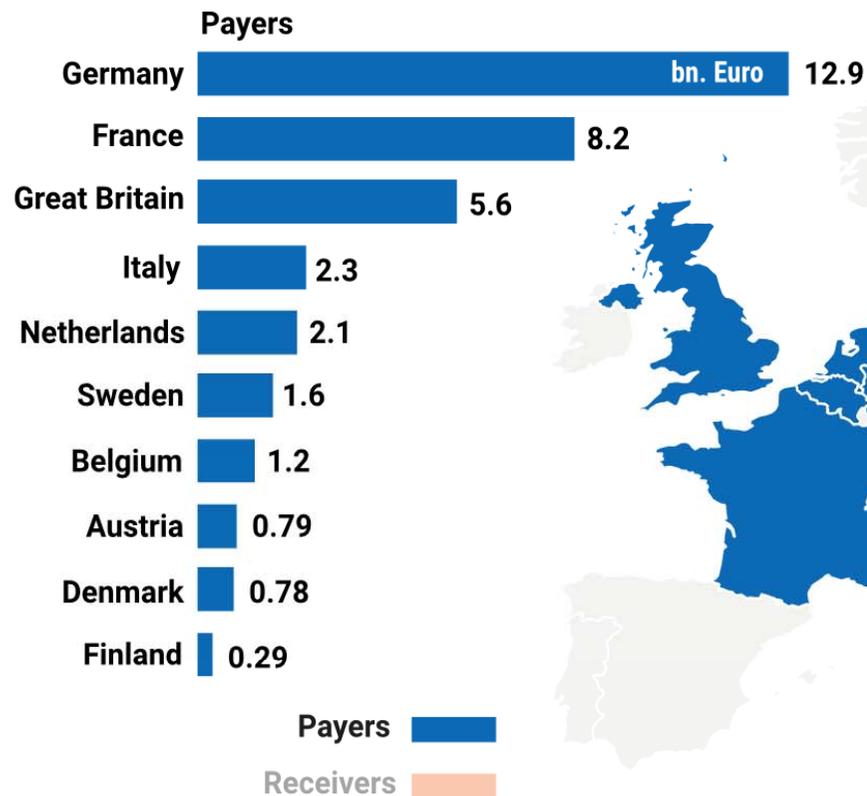
**total volume of redistribution  
of money:  
ca 0,25 % of GDP annually**

*Source:  
Open Europe*

# Budget 2016

## EU: Payers and Receivers

Net sums in 2016 in Billions of Euros



Source:  
European Commission



## **Ch. 5: Major Policies and Activity Areas of the European Union:**

Ch. 5.1: The Single Market

Ch. 5.2: The Solidarity Policies

Ch. 5.3: The Innovation Policies

Ch. 5.4: The Economic and Monetary Union

Ch. 5.5: Home Affairs: Freedom, Security and Justice

Ch. 5.6: Foreign Affairs: External Security, Trade and Development Cooperation

# Ch. 5.1: The Single Market



# Features of the Single Market

- The aim for creating a single market was to stimulate industrial and commercial expansion within a large, unified economic area on a scale with the USA market.
- The enabling instrument for the single market was the Single European Act, which came into force in July 1987.
- The Single Market is perhaps the biggest achievement of the EU.
- The Single Market is a frontier-free area within which
  - **people**,
  - **goods**,
  - **services**, and
  - **money** can all move around freely.
- As restrictions between member countries on trade and free competition have gradually been eliminated standards of living have increased.
- The single market has not yet become a single economic area, because some sectors of the economy (public services) are still subject to national laws.
- Also the individual EU countries still largely have the responsibility for taxation and social welfare.

# The Single Market Today

- **Physical barriers largely abolished:**
  - all border controls within the EU on goods together with customs controls on people have been abolished,
  - barrier free travelling of people has been enabled (Schengen Agreement)
- **Technical barriers largely removed:**
  - For the majority of products principle of mutual recognition of national rules.
  - Any product legally manufactured and sold in one member state must be allowed to be placed on the market in all others.
  - Liberalisation of the services sector (banking, insurance, telecommunications, air traffic etc.) with the consequence of a massive price reduction for telephone calls and air fares.
- **Technical barriers remaining:**
  - Free movement for persons is far from complete since quite a few obstacles still hinder people from moving to another EU country or doing certain types of work there.
- **Tax barriers partially removed:**
  - Tax barriers have been partially reduced through the partial alignment of national VAT rates.

*Source: European Commission*

# The Single Market Today

- **Competitive bidding for public contracts largely achieved:**
  - Public contracts are now open to bidders from anywhere in the EU.
- **Recognisable qualifications:**
  - ‘Bologna Process’ started in 1999 aims to create a ‘European Higher Education Area’ to allow people to move in Europe for studies.
  - The Bologna Process is now covering 46 countries recognising each other’s educational and vocational qualifications.
  - In 1989, the European Commission introduced the European Credit Transfer and Accumulation System (ECTS), now used to facilitate recognition of study abroad.
- **The free labour market:**
  - Directive for mutual recognition of higher education qualifications applying to all university courses lasting three years or more.
  - Any person who is a national of an EU country can work in the health, education and other public services anywhere in the Union, with the exception of activities covered by the prerogative of public authorities (e.g. police, armed forces).
- **But: often problems in recognition of social rights.**

# Impact of the Single Market

- EU has become the second largest economy of the world.
- More choice for consumers and business.
- Change in industrial production structures: new factories in the new Member States, Porsche Cayenne produced in Bratislava.....
- Increase of exports from highly competitive states like Germany to other Member States and higher income for these countries and regions.
- Liberalization of banking sector (following global liberalization) has encouraged banks to engage in new risky financial products - like Asset Backed Securities (ABS) sold as Collateralized Debt Obligations (CDOs), loans to economically unsound states....and contributed to financial crisis of 2009 (lasting until today).
- Free movement of people has caused some brain drain in less developed regions of the EU (e.g. doctors) and also a massive influx of workers at low income levels into the states with higher wages (e.g. service staff) fostering “grey zone” conditions for work and rising unemployment of the (originally higher paid) “native” workers.

# Products of the Single Market

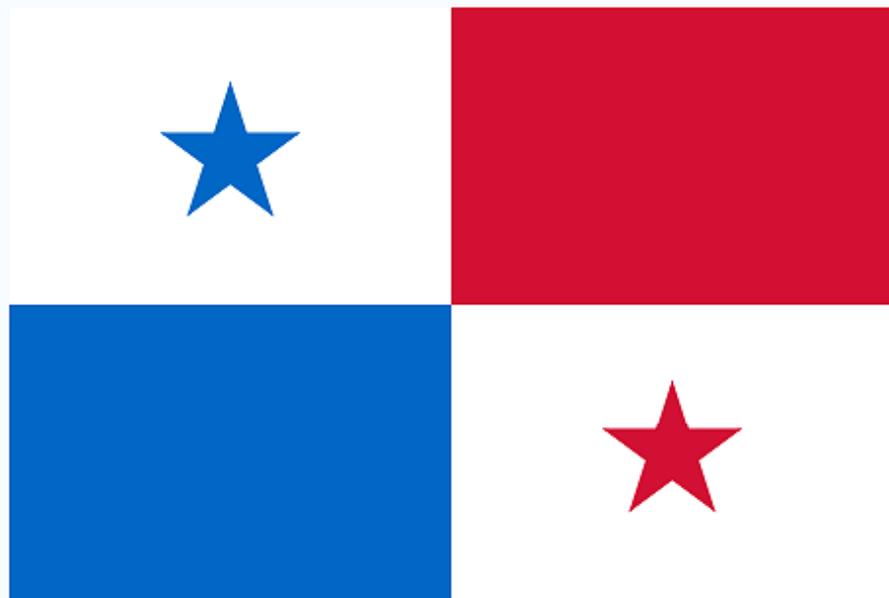
- The Single Market has enabled a highly successful cooperation between Member States:
  - Airbus has become together with Boeing (USA) the world's leading aircraft manufacturer: in total 12.000 aircrafts produced (by May 2019).
  - Volkswagen Group became the largest car maker in the world with 10,8 million cars sold in 2018 after incorporating SEAT, Skoda, Porsche, Bentley, Lamborghini, Bugatti.
  - Fusion of the railway divisions between Alstom (FR) and Siemens (DE)? With 15 billion EUR turnover this would be the second largest producer of trains in the world (after China Rail with 30 billion turnover). Merger stopped by Commission on reasons of lack of competition within the EU.



World's largest passenger airplane A380 built by European corporation Airbus.

# Policies Underpinning the Single Market: Transport

- Provides free access to the international transport market: Flixbus, Uber (?)
- Under the common air transport policy skies over Europe are being liberalized in stages, with the result that there is greater scope for capacity-sharing between major airlines, reciprocal market access and the freedom to set fares.
- Shipping — whether carried out by European companies or by vessels flying the flag of non-EU countries — is subject to EU competition rules.
- Development of the Trans European Networks (TEN) – part of the new program on „Connecting Europe Facilities“.



- The shipping rules are also intended to combat unfair pricing practices (flags of convenience) and also to address the serious difficulties facing the shipbuilding industry in Europe.

*Flag of Panama*

# The Connecting Europe Facility (CEF)

- **Connecting Europe Facility (CEF):**

- "A key instrument for targeted infrastructure investment at European Level which will make a significant contribution to the development of the single market and boost sustainable growth."

- **Allocation: EUR 29 billion**

- Transport – TEN (23 billion),
- Energy (5 billion) and
- Digital networks (1 billion)

*Source: European Commission*



# The Connecting Europe Facility (CEF)

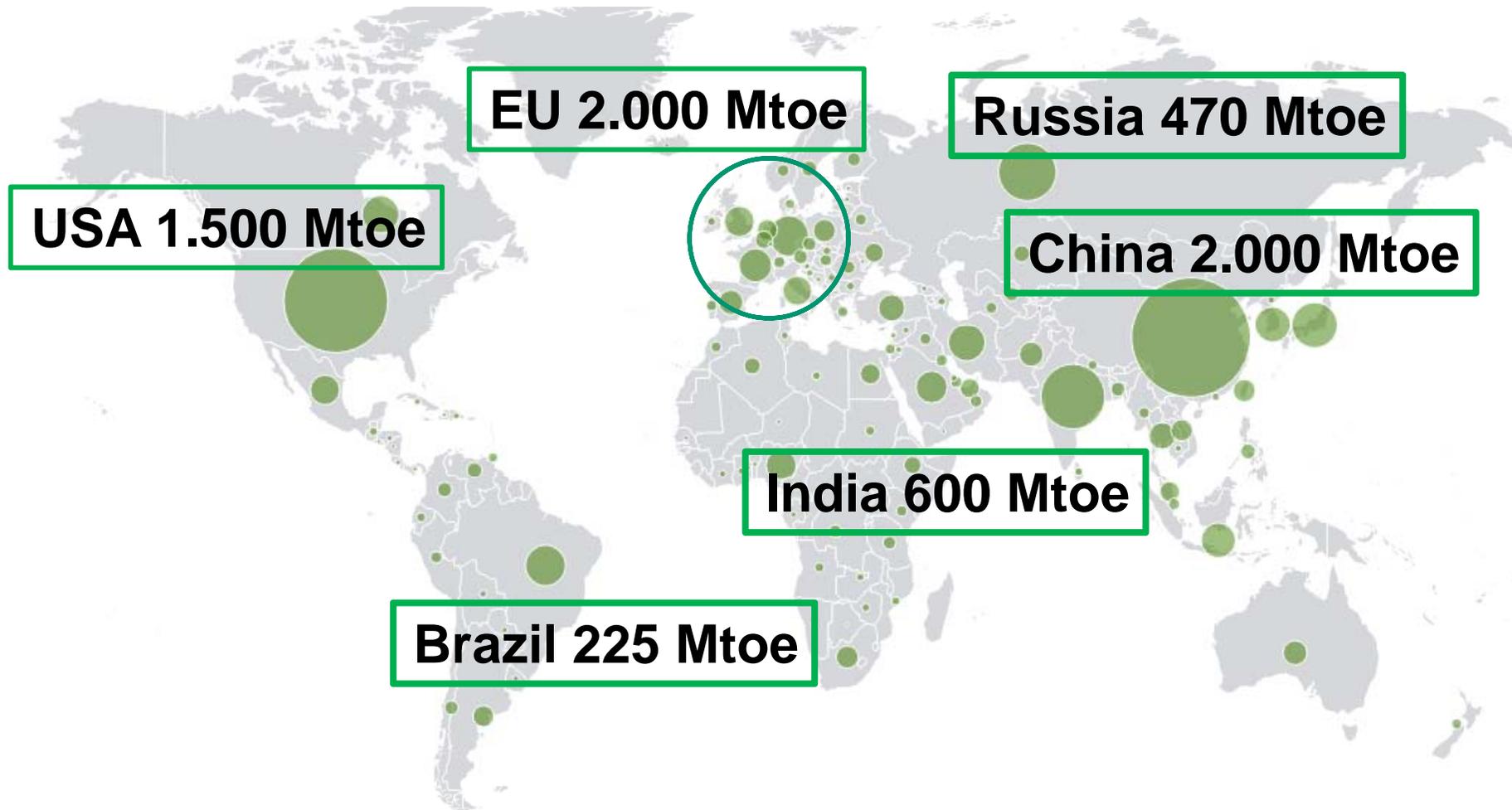


European Highway System: 60.000 km

- **Major challenges to transport:**
  - Global Climate Change Agreement (Paris 2015) requires a reduction of CO<sub>2</sub> emissions to 15% by 2050.
  - share of road traffic now 30%: in theory traffic will have to be CO<sub>2</sub> emission free
  - reduction of mobility *per se*, incl. use of modern communication tools
  - replacement of combustion engines by electrical motors
  - change of transport modality mix from individual cars to mass traffic and bicycles
  - mid-distance air travel replaced by fast trains

# Policies Underpinning the Single Market: Energy

## Total Energy Consumption per Country/Region (2016)



Source: IEA Atlas of Energy 2018

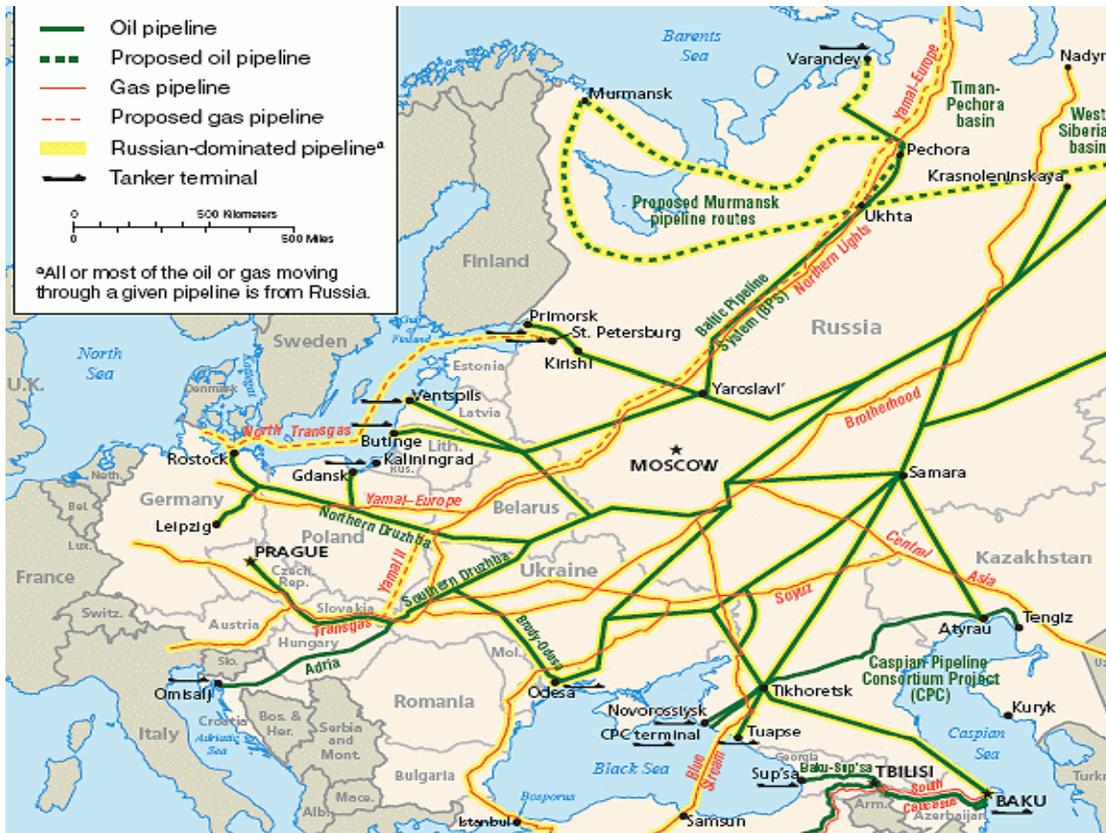
Energy conversions: 1 kWh = 3,6 MJ, 1 J = 1 Ws; 1 ton oil equivalent (toe) = 42 GJ

# EU Energy Policy

- This dependence on other countries and the Climate Change agenda led to the introduction of a mandatory and comprehensive European energy policy by the European Council in October 2005.
- **The EU energy policy contains 5 goals:**
  - increase competition in the internal market,
  - encourage investment and boost interconnections between electricity grids,
  - diversify energy resources with better systems to respond to a crisis,
  - establish a new treaty framework for energy co-operation with Russia,
  - use existing energy supplies more efficiently and increase renewable energy (27% of total energy production by 2030),
  - increase funding for new energy technologies: SET-Plan
- **Climate Change driven energy policy:**
  - In the meantime the EU energy policy is driven largely by the Global Climate Change Agreement (Paris 2015) which foresees a reduction of the EU Green House Gas Emissions from 6,5 Gto annually to 1 Gto by 2050.
  - In addition the “new EU Climate Policy” is even aiming at a “zero-carbon emission” situation by 2050 (now 76% fossil fuels in EU!!!!).

# EU Energy Situation

- The EU is – together with China – the biggest energy consumer in the world:
  - 2.000 million toe per year = 100 EJ ( $100 \cdot 10^{18}$  J) = 15% of global consumption
  - The energy mix is oil 38%, coal 14%, natural gas 24%, nuclear 11%, hydro 4%, other 9% renewables (2017)



Oil and gas pipelines for energy supply of the EU

- **Problems:**

- The EU imports 54 % of its energy (82% of its oil, 57% of its gas and 97,5% of its uranium demands) at a cost of 1 billion EUR per day.
- The security of energy supply is a severe issue (Middle East crisis).
- Political tensions with Russia cause problems to establish new gas pipelines (Northstream 2).

# New Energy Technologies

## The Strategic Energy Technologies Plan (SET Plan)

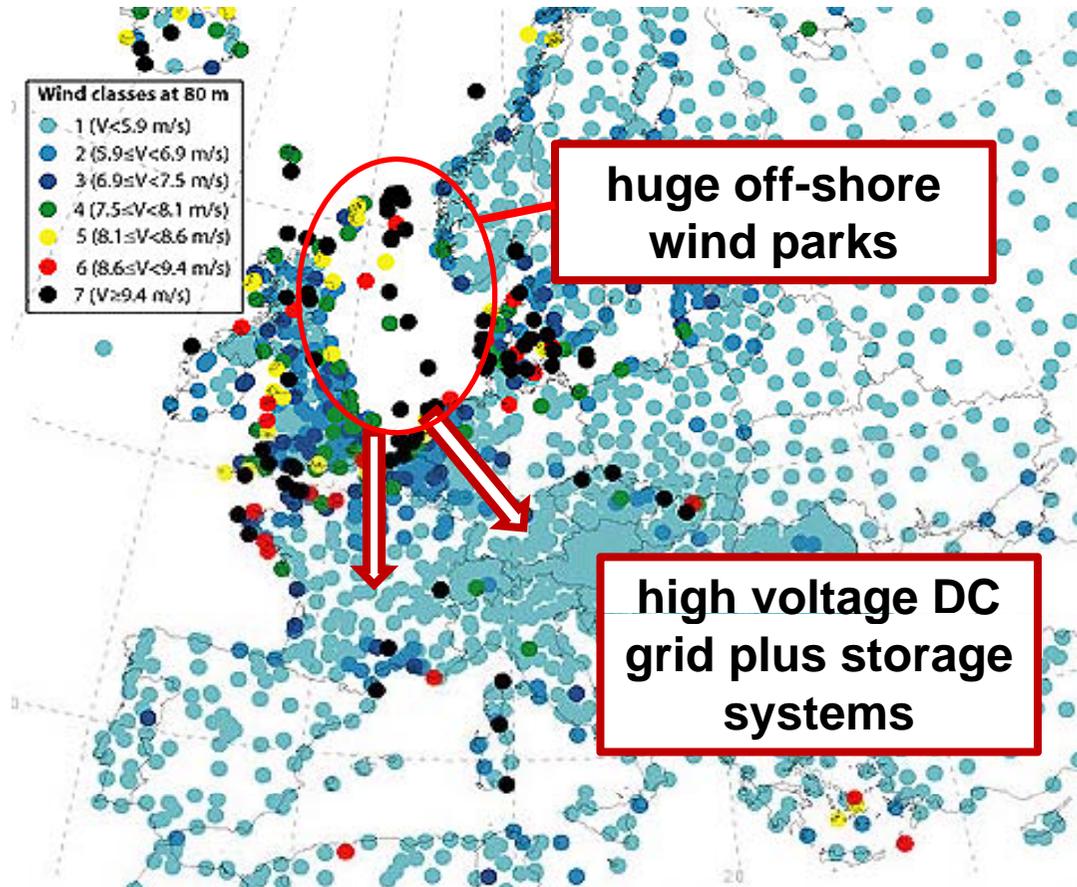
- Adopted in 2008 it is aiming at an enhanced coordination of national and European research and innovation efforts to position the EU in the forefront of the low-carbon technologies markets.
- **The SET plan initiatives:**
  - European Wind Initiative focusing on large turbines.
  - Solar Europe Initiative focusing on photovoltaics and concentrated solar power.
  - Bioenergy Europe Initiative focusing on 'next generation' biofuels within the context of an overall bio-energy use strategy.
  - European electricity grid initiative focusing on the development of the smart electricity system including storage.
  - European CO<sub>2</sub> capture, transport and storage initiative to build zero emission fossil fuel power plants.

# Renewable Energies: Wind Power

Share in electricity production 2016: 11,6 % in EU-28 (EUROSTAT 2018),  
estimated share 17 % in 2020.



Enercon E-126: 7.5 MW, height 198 m, diameter of rotors 126 m



2016: ca 80.000 wind turbines installed in EU

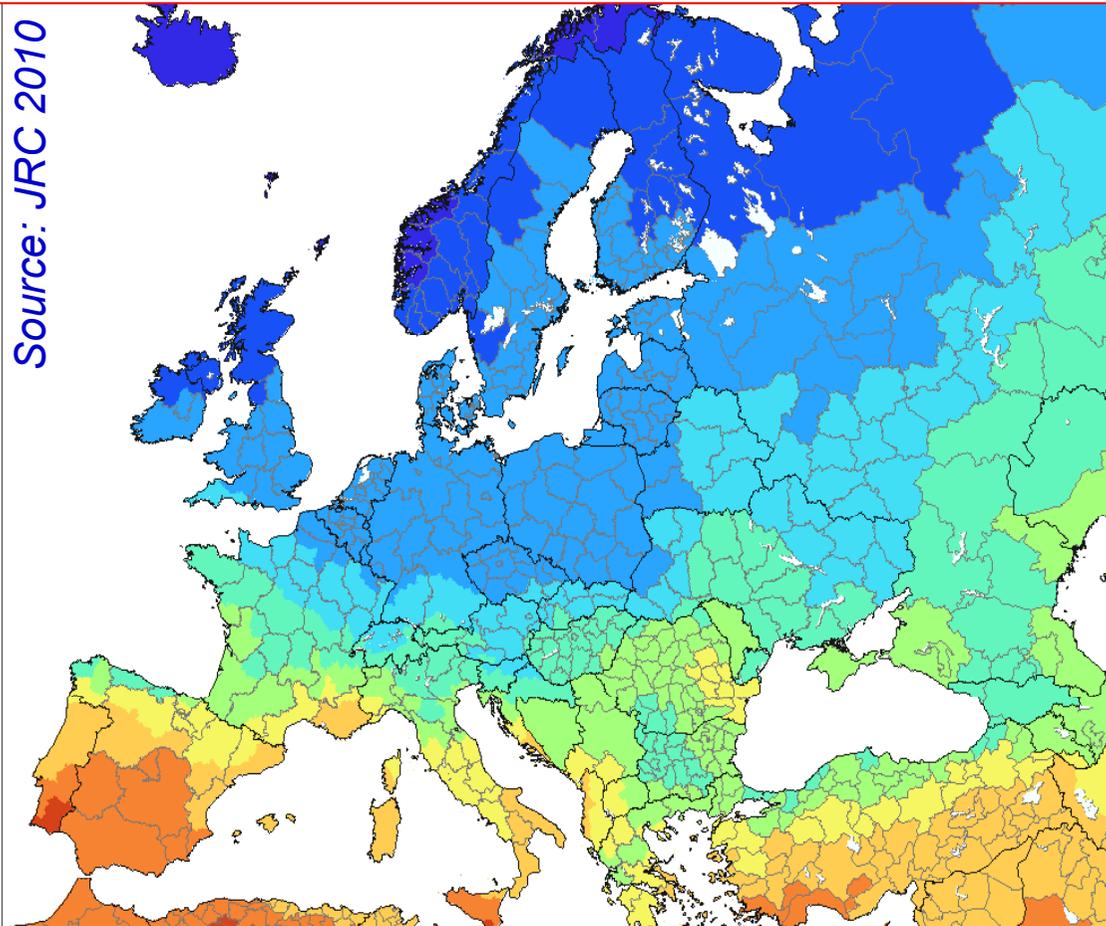
**EU SET-Plan: The European Wind Initiative (6 bio EUR)**

# Renewable Energies: Solar Power

Share in electricity production 2016: 4 % in EU-28 (EUROSTAT 2018),  
estimated share 8 % in 2020.

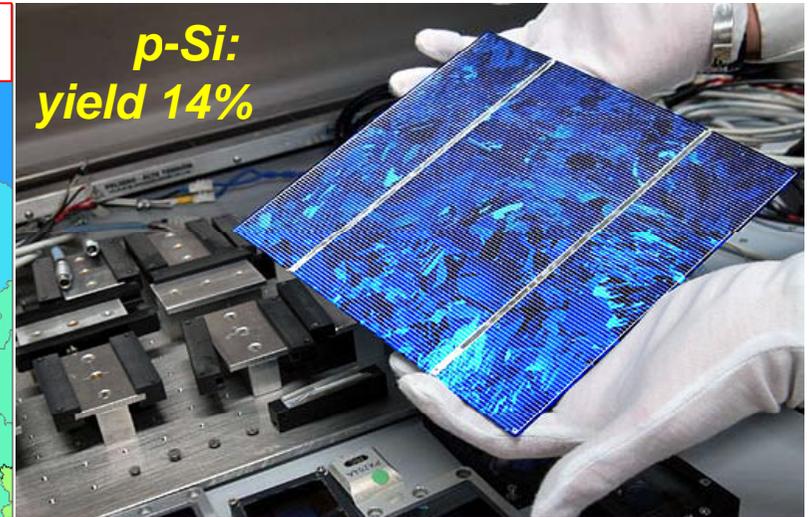
## European Potential for Solar Power

Source: JRC 2010

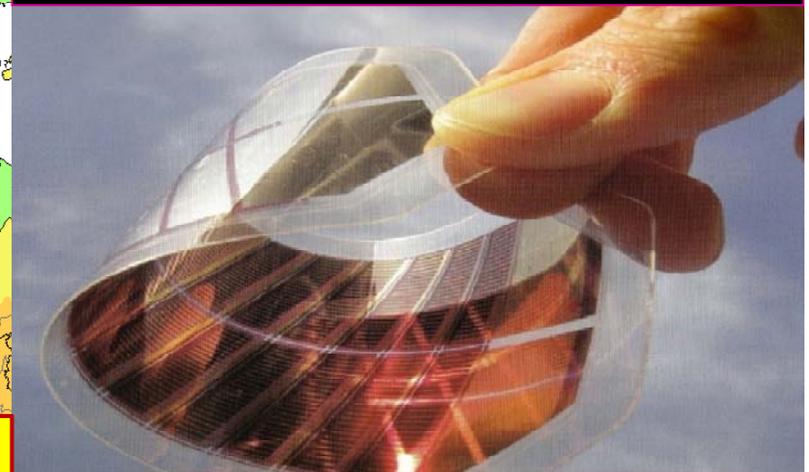


**EU SET-Plan: The Solar Europe Initiative  
(16 bio EUR)**

*p-Si:*  
yield 14%



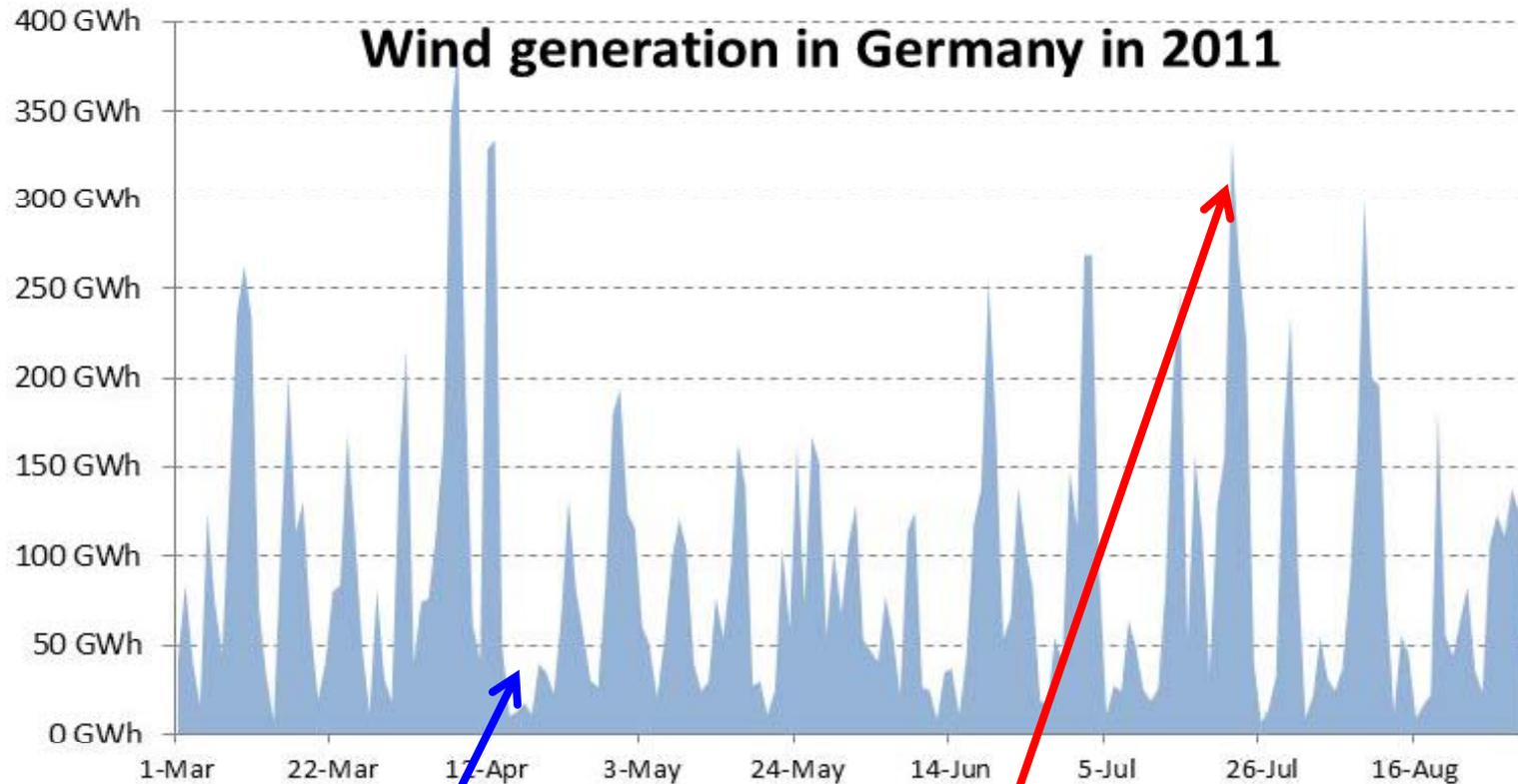
*Multijunction devices: > 40 %*



*Solar foils and strings*

# Volatility of Wind and Solar Energy

In Germany about 2 weeks per year practically no wind or solar electricity.

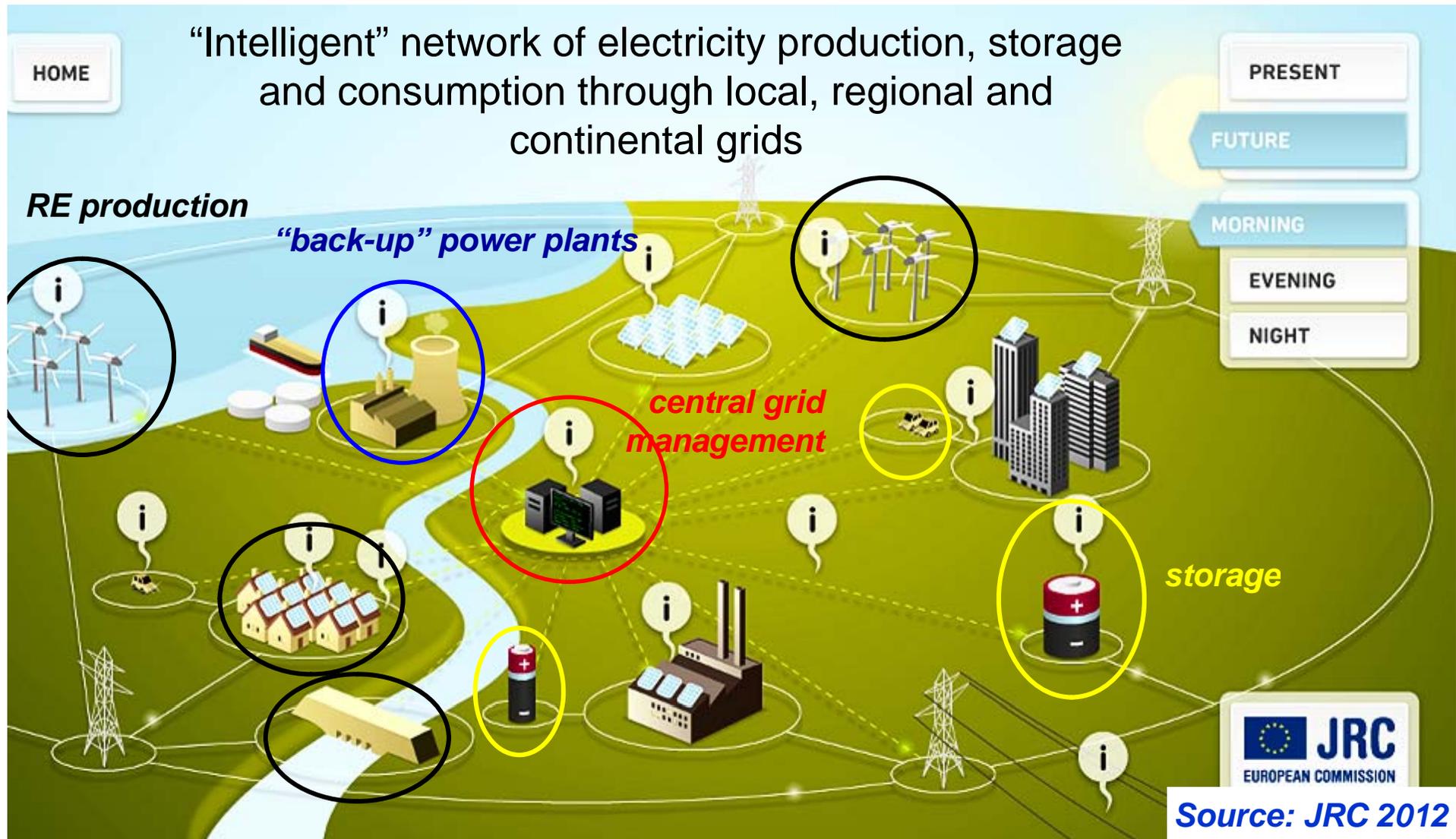


back-up power plants:  
gas, coal, nuclear

storage of electricity:  
hydro (Kaprun), batteries,  
hydrogen

Source : Enerdata 2012

# The “Smart Grids”



- “Demand Side Management”:
  - capacity driven pricing
  - capacity driven allocation of electricity

**EU SET-Plan: The European Electricity Grid Initiative (2 bio EUR)**

# Policies Underpinning the Single Market: Competition

- The EU's robust competition policy is vital for free trade within the European single market.
- The reason for this policy is to prevent any agreement between businesses, any aid from public authorities or any unfair monopoly from distorting free competition.
- Any agreement falling under the Treaty rules must be notified to the European Commission by the companies or bodies concerned.
- The Commission may impose a fine directly on any companies which break its competition rules or fail to make the required notification.
- In the event of illegal public aid, or failure to notify such aid, the Commission may demand that it be paid back by the recipient.
- Any merger or takeover that could lead to a company having a dominant position in a particular sector must be notified to the Commission.

# Cheaper Flights for All

- In the past air travel expensive because of restrictive agreements between governments and national airlines which had a monopoly position.
- The EU has enabled airlines to compete against each other in 1980 creating a huge single market for air travel. .
- The result has been the launch of dozens of new airlines, including 'no-frills' or 'low-cost' airlines, and hundreds of new services.
- The numbers of flights and routes offered has grown hugely and the prices charged have fallen dramatically.
- In Europe there are now 30.000 flights per day and nearly 1 billion individual passenger flights per year.
- That means that any airline granted a license in an EU country can operate air services anywhere in the EU, including domestic services within another country: LH flies from Milano directly to Paris, Budapest, Barcelona, Brussels, London....
- In addition European countries have agreed rules on air passengers' rights foreseeing compensation of the travelers in case of delays and cancellations.

# Policies Underpinning the Single Market: Consumer Protection

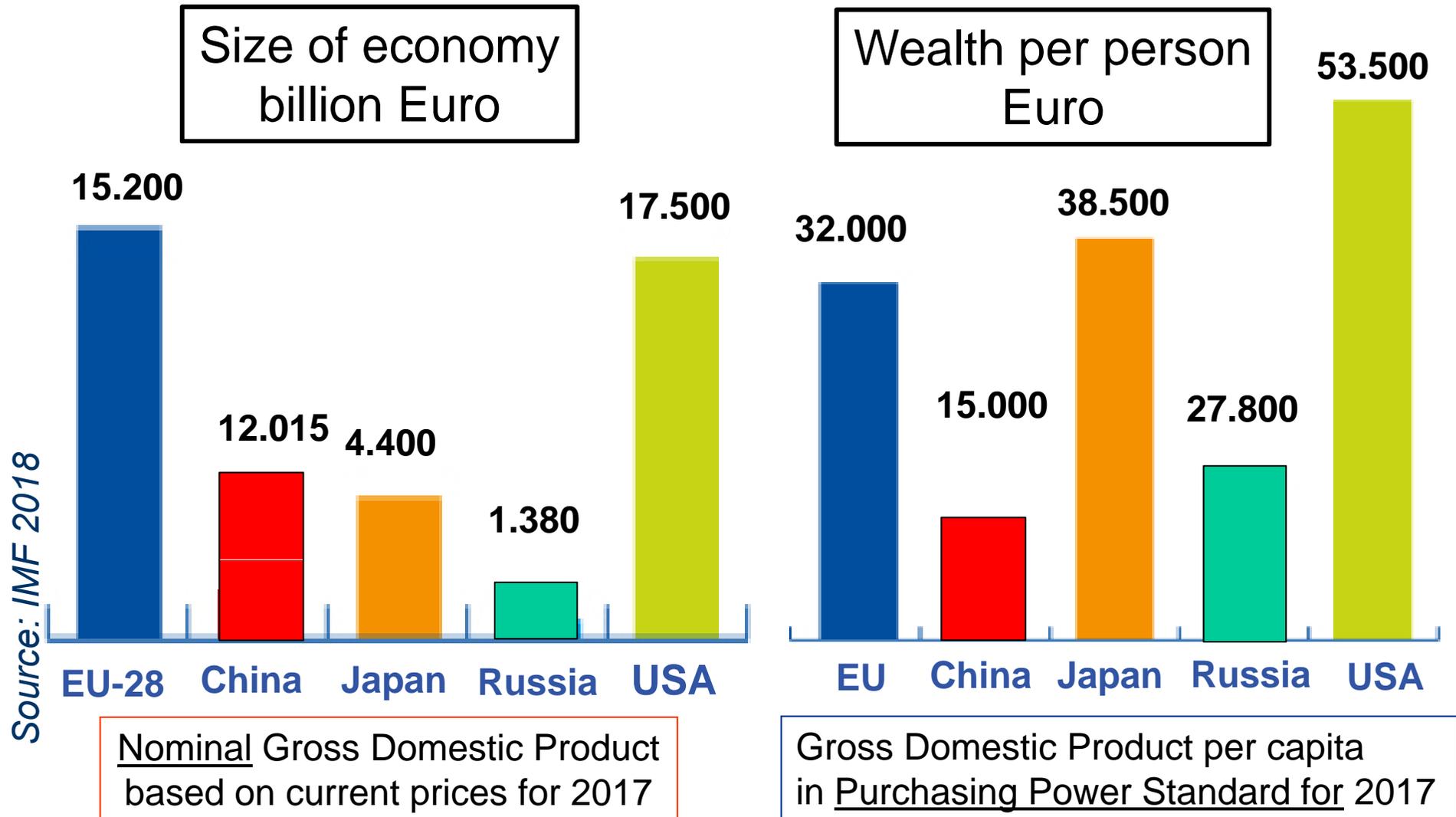
- Europe is a huge single market for consumer goods.
- Consumers want to be sure that the products they buy are high quality and safe.
- European product safety rules and high quality product standards apply to all member states..
- A rapid information exchange service (RAPEX) has been established to notify the public about a product problem and if necessary a product recall can be started.
- An example is the ban on the use of phthalates:
  - Phthalates are chemicals which were used in toys and other childcare products to make plastics softer.
  - But they were also associated with potential health risks for children.
- These types of decisions are based on careful scientific assessment.
- **Success stories:** European Health Insurance Card, European Chemicals Legislation (REACH), prohibition of unjustified health claims in food, TSE(BSE) action

# The Economic Status of the European Union

- **Gross domestic product (GDP):**
- One of the ways of measuring the size of the economy of a country, invented by Simon Kuznets 1934 (Nobel Prize 1971).
- GDP is defined as the total market value of all final goods and services produced within a given country in a given period of time (usually a calendar year).
- It is also considered the sum of value added at every stage of production (the intermediate stages) of all final goods and services produced within a country in a given period of time, and it is given a money value.
- The most common approach to measuring and understanding GDP is the expenditure method:
- $GDP = consumption + gross\ investment + government\ spending + (exports - imports)$ , or,  
 $GDP = C + I + G + (X - M)$
- Cross-border comparisons can be made on the basis of the purchasing power parity (PPP) method or current exchange rate method.

# The Economic Status of the European Union

How rich is the EU compared to the rest of the world?



# The Economic Status of the European Union

Source: IMF 2017, EUROSTAT 2018

## GDP per inhabitant (2017):

- Luxemburg: 106.00 EUR PPP
- Germany: 45.000 EUR PPP
- Austria: 50.000 EUR PPP
- Poland: 26.500 EUR PPP
- Romania: 22.000 EUR PPP
- Bulgaria: 19.700EUR PPP
- EU average: 32.000 EUR PPP
- World average: ca 10.000 EUR PPP

The spread of living standard between richest and poorest Member State is 4:1 measured as PPP GDP.

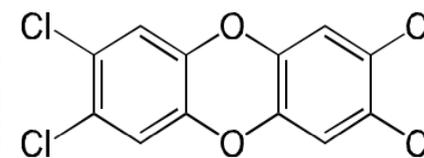
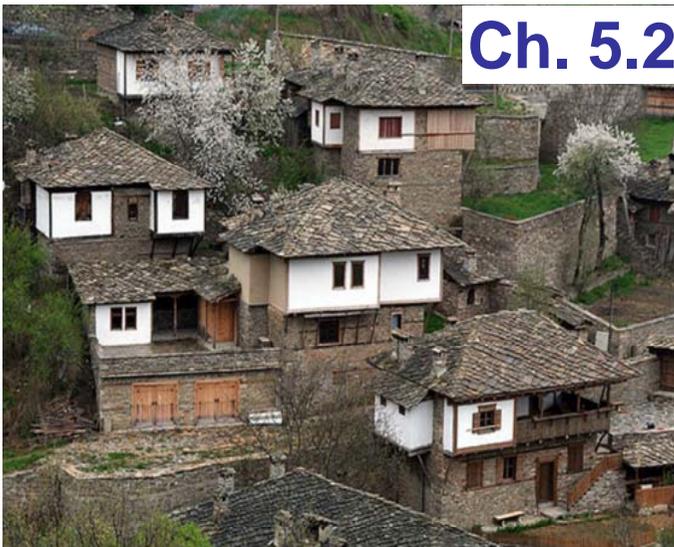
Note:  
slightly different data are provided by different institutions like IMF, World Bank, Eurostat due to differences in the calculation methods.

- GDP growth rate 1,5 - 2%
- Labour force by sector (2011):  
69,8% services; 25.2% industry; 5.0% agriculture
- GDP by sector (2015): 71,3% services; 24,44% industry; 1,6% agriculture
- Unemployment rate: 6,8% (Aug. 2018)

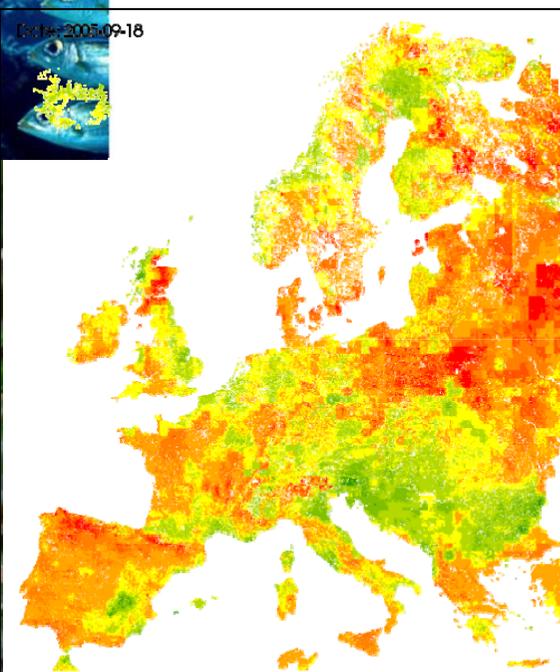
# Major policies and activity areas of the EU: Economic and Social Solidarity

- The Single Market has been a huge success in the EU, but very large differences exist in the economic situation of different Member States reflecting their
  - history,
  - geographical position,
  - development priorities,
  - attitude of the people,
  - quality of the governance system.....
- Therefore Europe-wide free competition has been complemented with Europe-wide solidarity:
  - Regional Policy
  - Common Agricultural Policy
  - Common Fisheries Policy
  - Environmental Policy
  - Social Policy

# Ch. 5.2: The Solidarity Policies



[Date: 2005-09-18]



# Regional Aid and Cohesion Policies

- **Purpose of solidarity policies**

- support the completion of the single market,
- correct structural and economic imbalances,
- support industrial sectors encountering difficulties.

- **Regional aid**

- transfers of funds from rich to poor countries/regions:  
30 billion EUR annually (25 % of the EU budget)
- main ‘instruments’ (like investment tools) are:
  - ‘European Regional Development Fund’, which has provided poorer regions with billions of euro to improve job prospects and help local businesses.
  - ‘Cohesion Fund’ is used to finance transport and environmental initiatives in Europe’s less well-off regions.
  - European Investment Bank provides about € 60 billion *in loans* annually for projects to improve transport and telecommunications infrastructures, to provide industrial development initiatives, to develop urban areas and to support health and education.

*Source: European Commission*

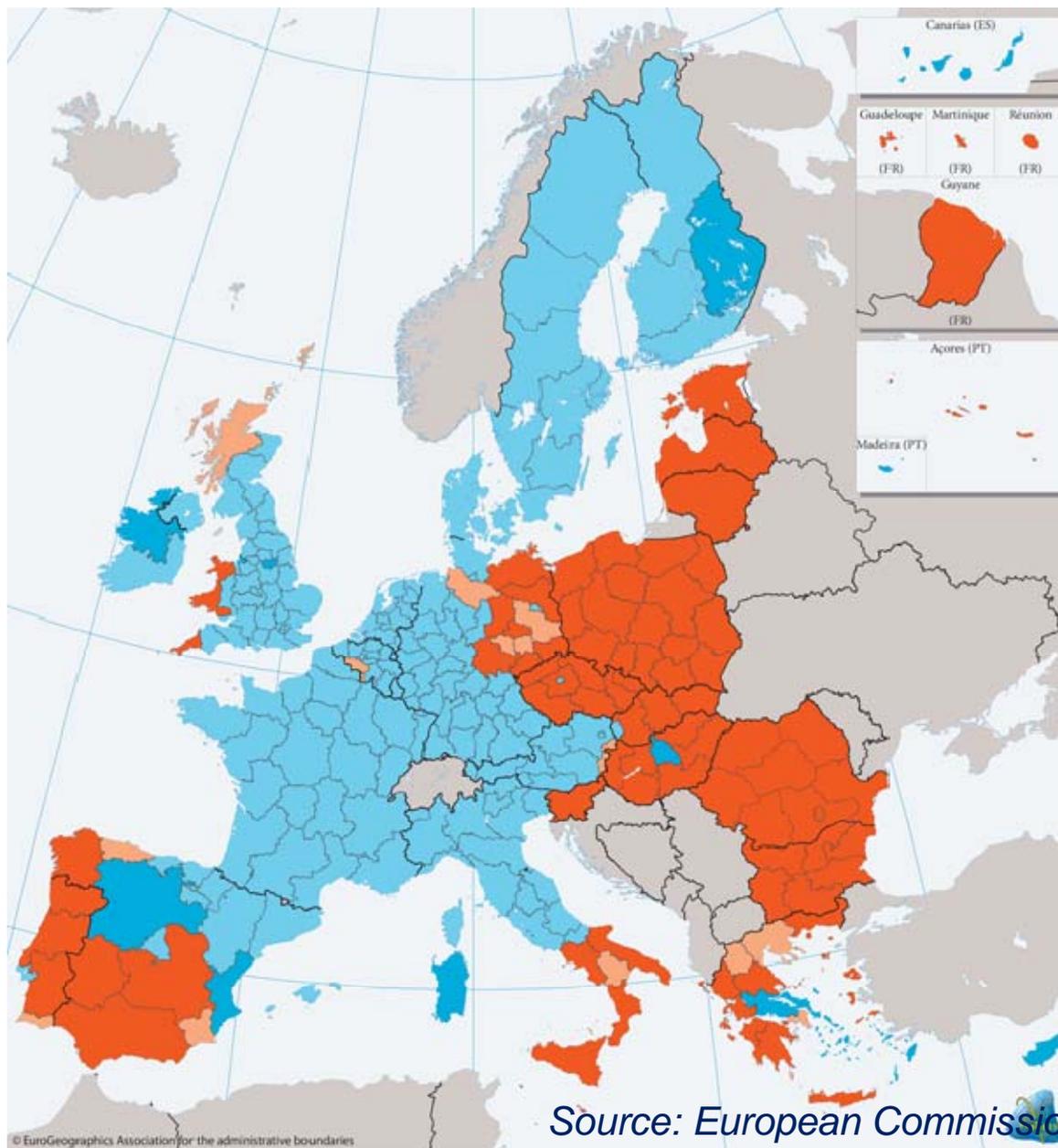
# Recipients of EU Solidarity Funds



Convergence objective: regions with GDP per capita under 75% of the EU average. 81.5% of the funds are spent on this objective.



Regional competitiveness and employment objective.



Source: European Commission

# The Common Agricultural Policy (CAP)

Source: European Commission

- The CAP provides subsidies for the European farmers and consumes ca. 40 % of the budget of the European Union.
- This is subject to severe criticism whenever a new EU budget is set up.
- European food and feed production is costly due to the small structure of European farms (factor 2 compared to the USA).
- In addition increasing pressure on EU farmers due to globalization due to liberalization of imports from e.g. Africa, South America, USA.....



## •Original aims of the CAP (1957):

- to achieve a fair standard of living for the farming community,
- to stabilize the markets,
- to supply the consumers at reasonable prices, and
- to modernize farming infrastructure.

# The Common Agricultural Policy

- These objectives have been fully achieved.
- Europe produces more food than it can consume while in the Sixties it had to import substantial amounts of grain.
- Agricultural productivity has dramatically gone up: While in the Sixties 40 % of the population worked in farming it is now only 3 %.
- Consumers spend only about 10 % of their income for food now compared to nearly 50 % in the Sixties..



- Financial support now largely decoupled from the production volume and environmental criteria have been introduced:
  - Sustainable development of rural areas and protection of the diversity of Europe's countryside.
  - Use of sustainable farming practices.

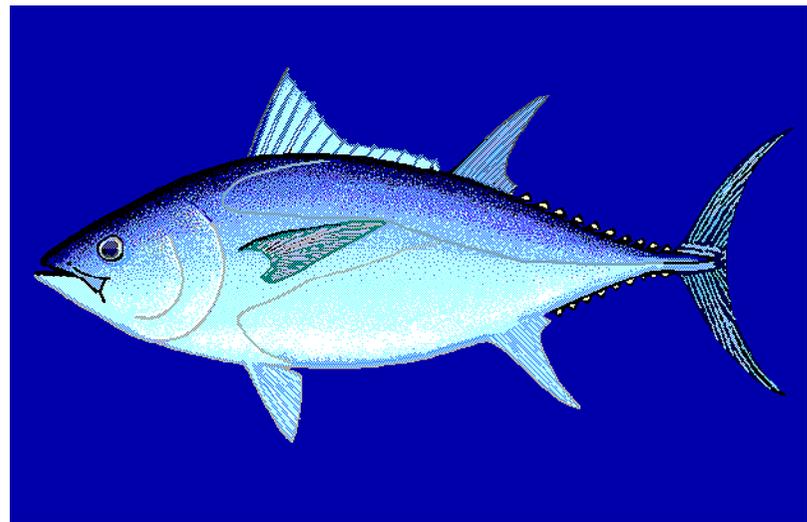
*Source: European Commission*

# The Common Fisheries Policy

Source: European Commission

- The European Union Common Fisheries Policy (CFP), has been established because 80 % of the fish stocks in EU waters are overfished.
- **Aim of the CFP:**
  - reduce the overcapacity in fishing fleets
  - preserve fish stocks
  - provide financial assistance to allow fishing communities to develop other economic activities.
- **Measures of the CFP:**
  - assignment of lots for fishing operations
  - limitation of number of fishing vessels
  - quota for catches

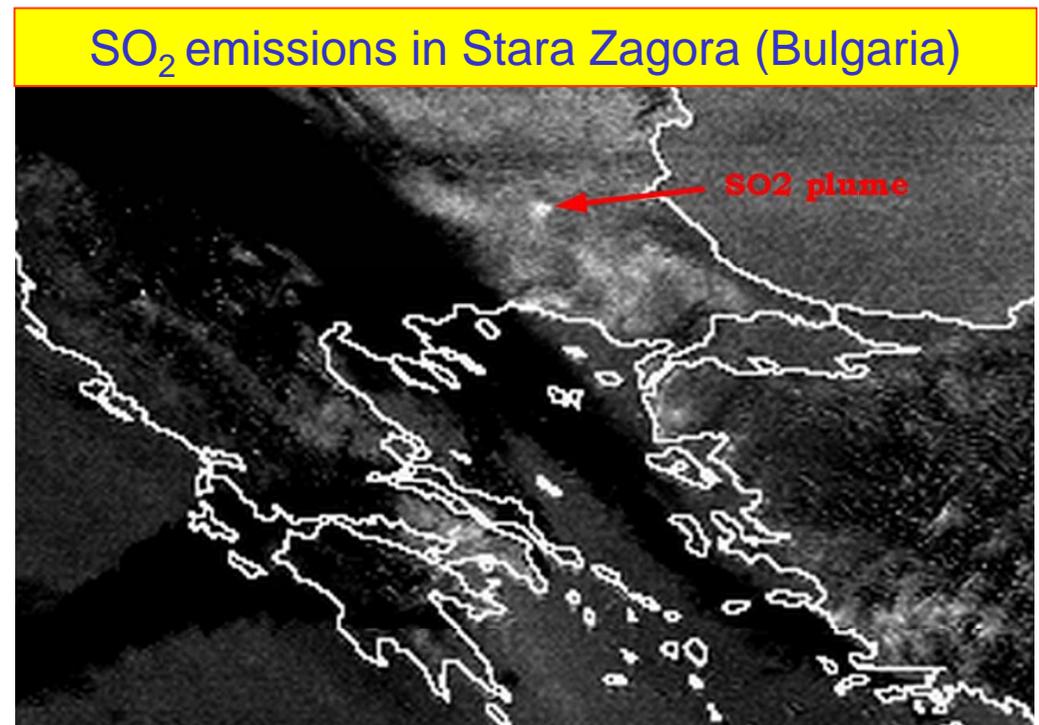
Bluefin tuna, the most valuable species: 60.000 tons caught annually in the Mediterranean and Atlantic), but the scientifically recommended catch is only 15.000 tons maximum.



Bluefin tuna value 400.000\$. Source: Wikipedia

# Environmental Policy

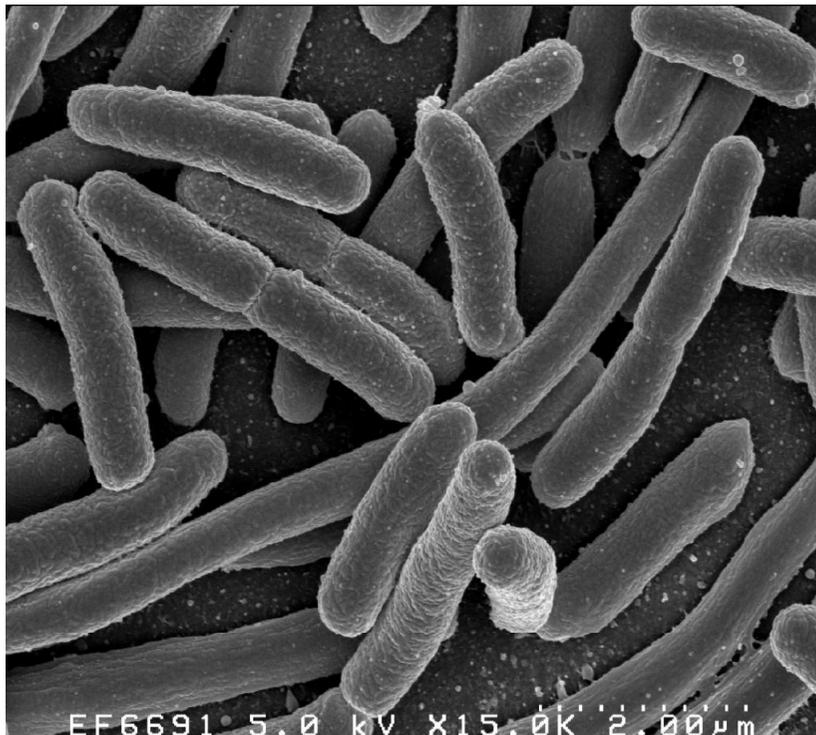
- The first environmental policy of the European Community was launched in 1972 because it was recognized that economic growth must be accompanied by proper environmental protection measures.
- Over the years 7 Environmental Action Programs have been established and more than 250 pieces of environmental legislation have been produced addressing all pertinent issues such as acid rain, the thinning of the ozone layer, air quality, noise pollution, waste and water pollution or climate change.
- EU Policies provided a high environmental quality.
- Acquis contains strict environmental regulations leading to a great improvement of the situation in new Member States.
- The overall policy concept of the EU, Sustainable Development, has become a model for the whole world.



Coal fired power plants emitted ca 2.200 tons SO<sub>2</sub> per day. *Source: Meteosat 2005*

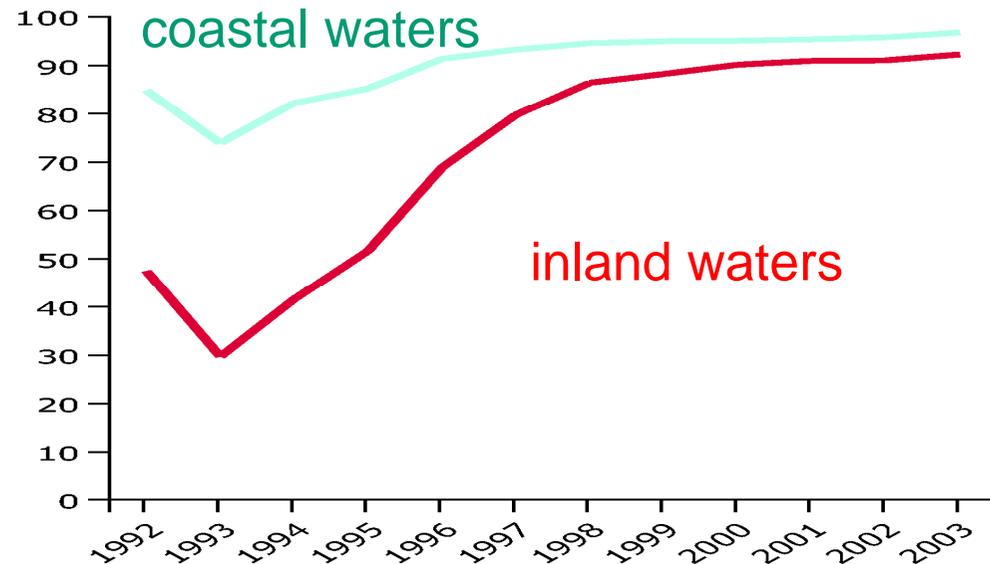
# Quality of Bathing Waters in the EU

- In the 1980s the quality of the water at Europe's beaches and inland waters was a serious concern.
- Main problem: bacterial contamination and algae growth due to excessive input of nutrients (from agriculture and households).
- Directives 76/160/EC and 2006/7/EC ensure a steady improvement of the quality of inland and coastal bathing waters.



Escherichia coli cells magnified 25,000x.

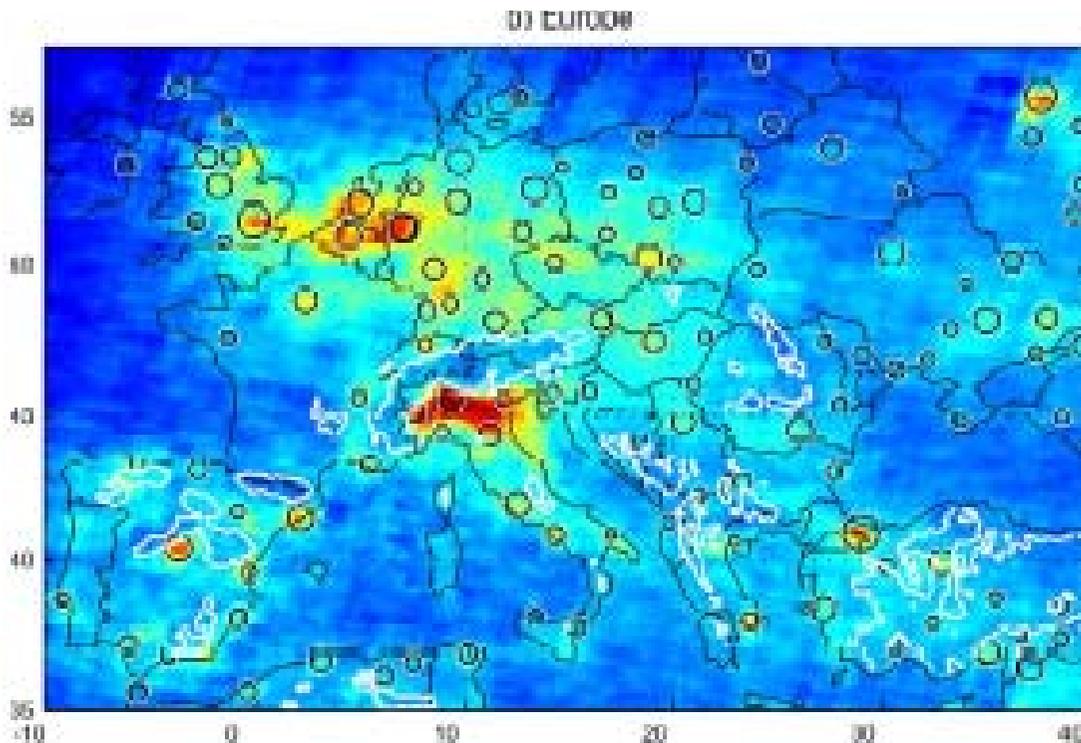
Percentage of bathing waters complying



- Already in 2003, 97% of coastal bathing waters and 92% of inland bathing waters complied with the mandatory standards.

# Clean Air for Europe

- Industrial air pollution has been dramatically reduced (NEC Directive).
- Road traffic is the now major source for air pollution.
- The situation has however also substantially improved over the last decades.



Tropospheric NO<sub>2</sub>. Source Beirle 2004

## •Community measures:

- Lead and sulfur free gasoline and diesel
- Catalytic converters for gasoline cars
- Particle filters for diesel passenger cars
- Maximum emission limits for passenger cars and large vehicles
- Maximum fuel consumption for the fleet of a passenger car manufacturer of 4,5 l/100km

- The emission reduction per vehicle over the last 20 years amounts to 95%.
- Road traffic increases every decade by 20 % - still highly polluted areas in EU.

# Biodiversity



**Beaver**

- Loss of biodiversity is globally a serious environmental issue.
- European Red List of endangered species (IUCN criteria):
  - 15% of Europe's 2,313 mammal species
  - 13% of Europe's 1,000 bird species
  - 9% of Europe's 440 butterfly species



**Arctic Fox**



**Lynx**

Source: European Commission and EEA

# Biodiversity

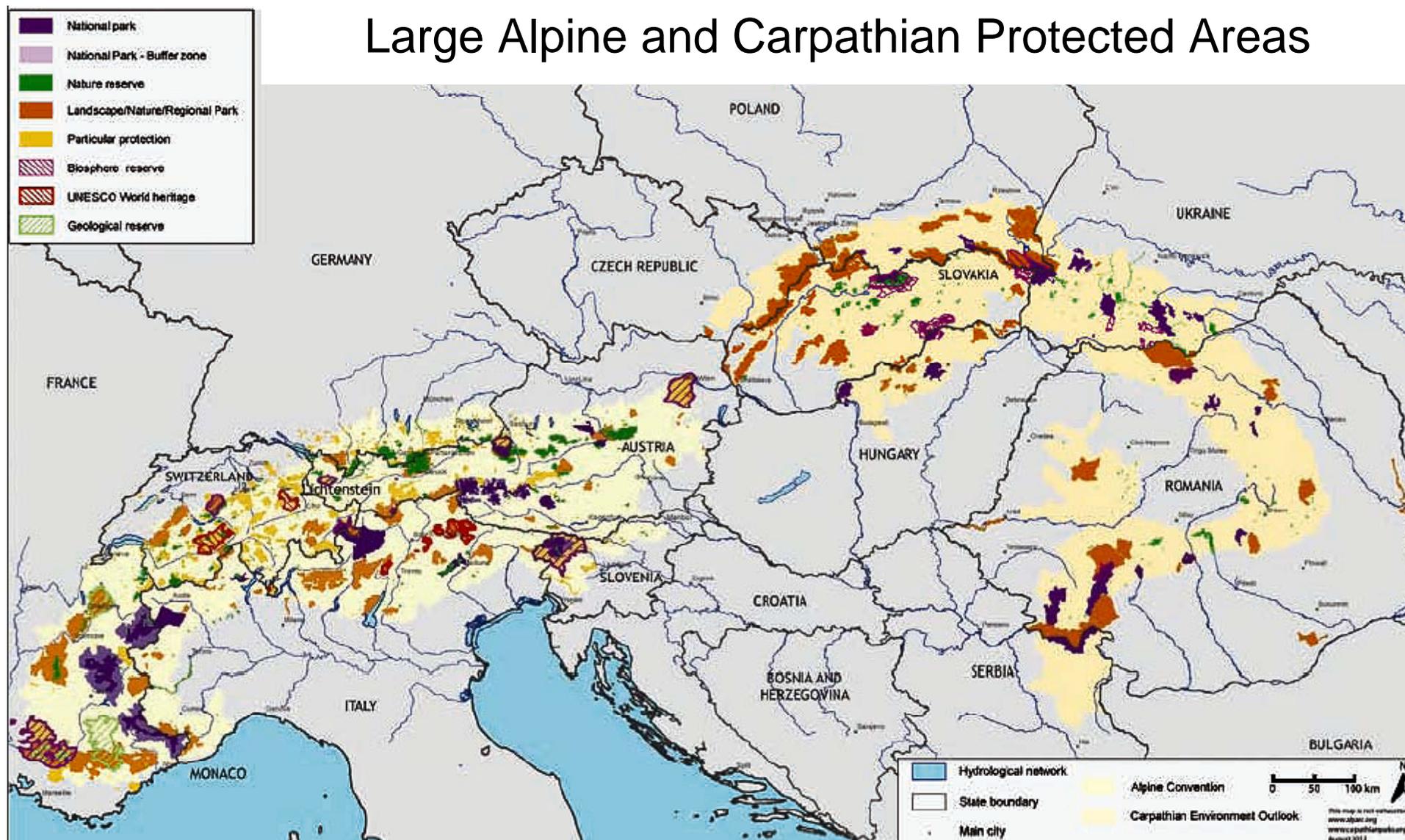
- EU Biodiversity Strategy (1998, updated 2010): to halt the loss of biodiversity and improve the state of Europe's ecosystems by better protection and restoration of ecosystems and sustainable agriculture, forestry and fisheries.
- Habitat Directive 92/43/EEC on the conservation of natural habitats and of wild fauna and flora generating Special Areas of Conservation (SAC)
- Birds Directive 2009/147/EC creating a comprehensive scheme of protection for all wild bird species naturally occurring in the Union through Special Protection Areas.
- Natura 2000 Network consisting of 27 500 protected sites covers 18% of land and 9,5% of marine territory in EU.
- Protection of 2.000 species and 700 habitat types.

March-Thaya-Wetlands of 150 km<sup>2</sup> are habitat for many protected species.



# Biodiversity

## Large Alpine and Carpathian Protected Areas



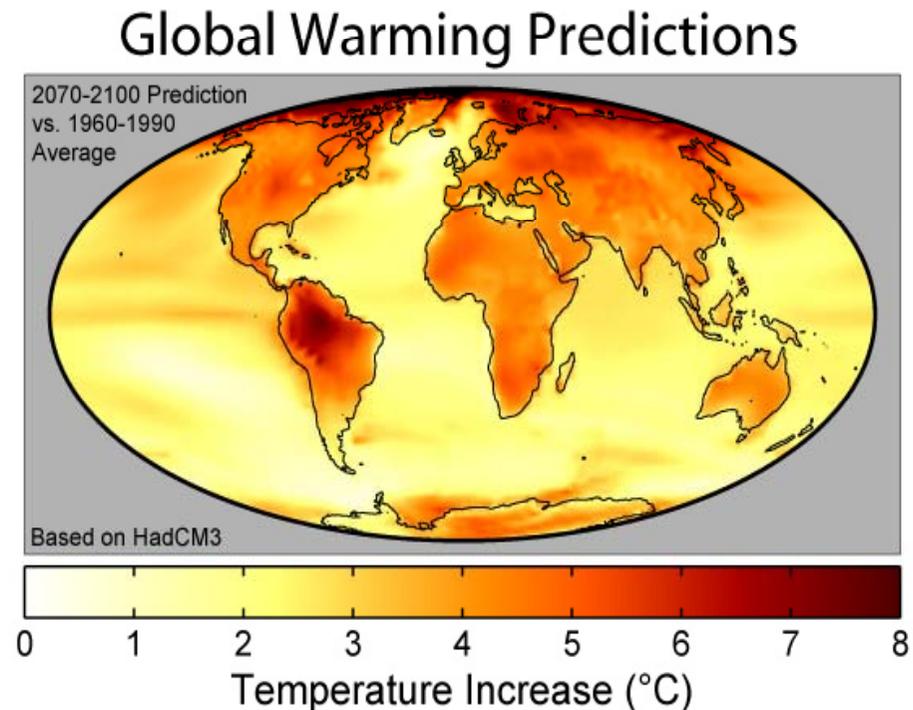
Source: EEA 2012, <http://www.eea.europa.eu/publications/protected-areas-in-europe-2012>

# Climate Policy

- **Fighting climate change:**
  - Since preindustrial times the concentrations of Green House Gases  $\text{CO}_2$ ,  $\text{N}_2\text{O}$  and  $\text{CH}_4$  increased due to fossil fuel consumption, agriculture and land use changes from 280 to 450 ppm  $\text{CO}_2\text{e}$ .
  - Increase of the global mean temperature by  $0,89 \pm 0,19 \text{ }^\circ\text{C}$  and a sea level rise by 15 cm.
  - 80 % of green house gas emissions are from burning of fossil fuels and biomass.

- Under business as-usual scenarios the global energy consumption and green house gas emissions will double till 2050.

In such a case the average global temperature is likely to increase by  $2^\circ \text{C}$  by 2050 and  $4^\circ\text{C}$  by 2100 (compared to preindustrial times).



Source: IPCC 2007

# Climate Policy

## EU Integrated Climate and Energy Policy

***Reducing  
climate change  
risk***

*by*

**MITIGATION**

**+**

**ADAPTATION**

*reducing &  
avoiding  
GHG emissions*

*reducing  
exposure &  
vulnerability*

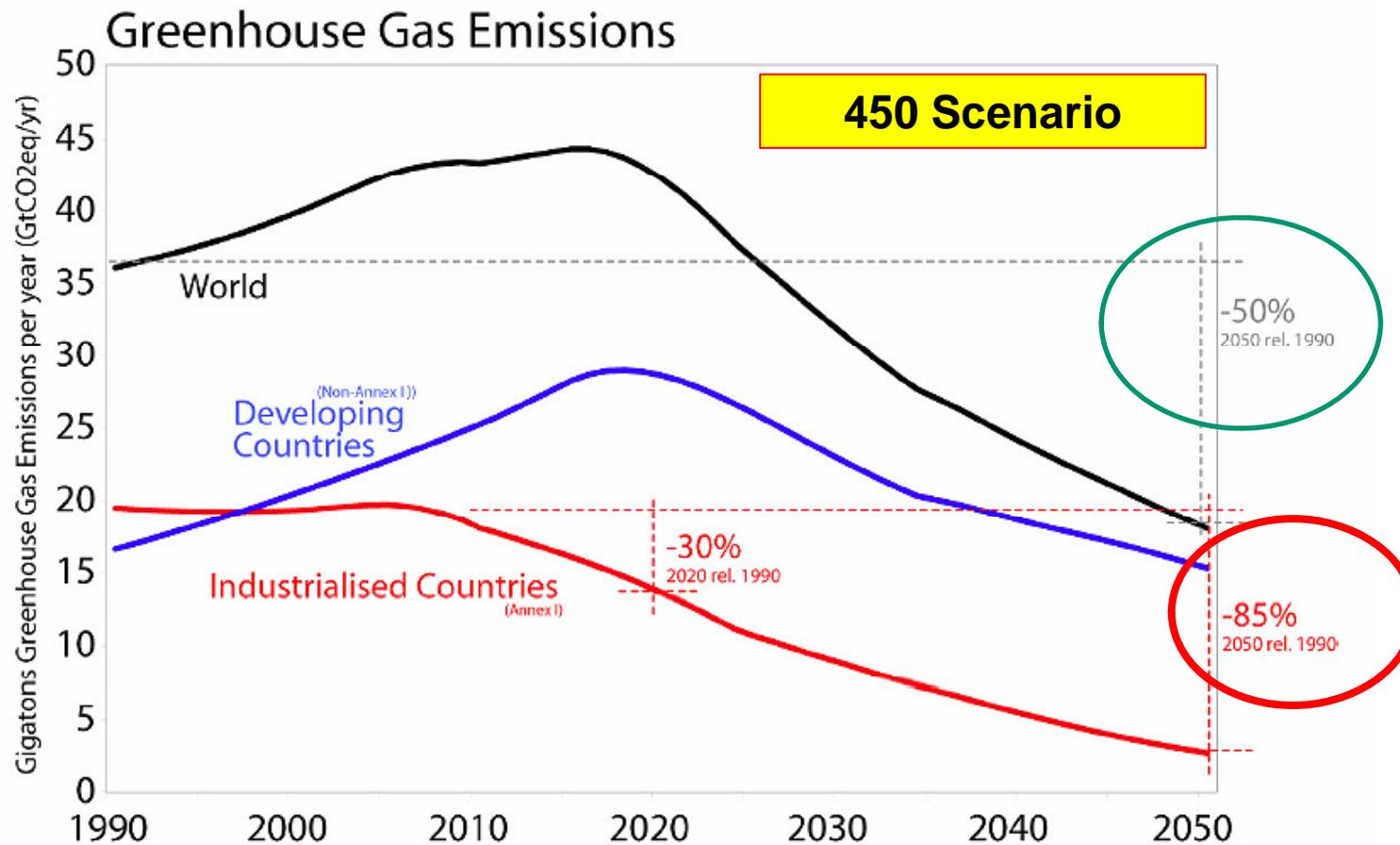
***at the lowest cost & greatest benefit.***

***Mitigation goal: limit global warming to 2°C = maximum 450 ppm CO<sub>2equ</sub>***

*Source: European Commission*

# Climate Policy

- To stabilize the GHG concentrations at 450 ppm CO<sub>2</sub>eq a global emission reduction of 50 % by 2050 is required (rel. 1990).
- Average maximum emissions per capita by 2050: 2,5 tons/year.



- Industrialised countries start immediately, goals -30 % by 2020 and -85 % till 2050.
- Developing countries: + 30 % till 2020, decrease to 1990 emission levels till 2050.

# Climate Policy

## EU Climate and Energy Strategy:

- Series of legally binding actions by the EU Member States – with heavy sanctions for violation.
- Emission reduction 40% by 2030 (compared to 1990).
  - Reduction of primary energy use: industrial processing and manufacturing, lightning, heating, transport.
  - Increase of renewable energies: 27% of total energy market – share 17% in 2016.
  - Decarbonisation of transport: 10% biofuels from sustainable production, electromobility.
  - Reduction of CO<sub>2</sub> emissions of fossil fuel power plants: Carbon Capture and Storage (CCS).



# Sustainable Development

- On a global level the European Union is actively pursuing the achievement of the UN Sustainable Development Goals established 2015

Source: United Nations



# Social Policies

## **Social standards are not a community matter.**

- Member states have so far refused to develop common social standards.
- Has proven to be impossible due to a huge difference in the social and economic situation in the Member States.
- A few common achievements have been made however:
  - Social security coordination of pension rights acquired in different EU countries.
  - Equal rights for both fathers and mothers to time off work following the arrival of a baby.
  - Fostering the Intercultural Dialogue for better integrating the large number of immigrants with a different cultural or religious background.
  - Promoting the rights of the children.
  - The new Commission has however promised to make a drive for more social cohesion, e.g. by the introduction of EU minimum wages (adapted to the actual costs of living in that Member State).

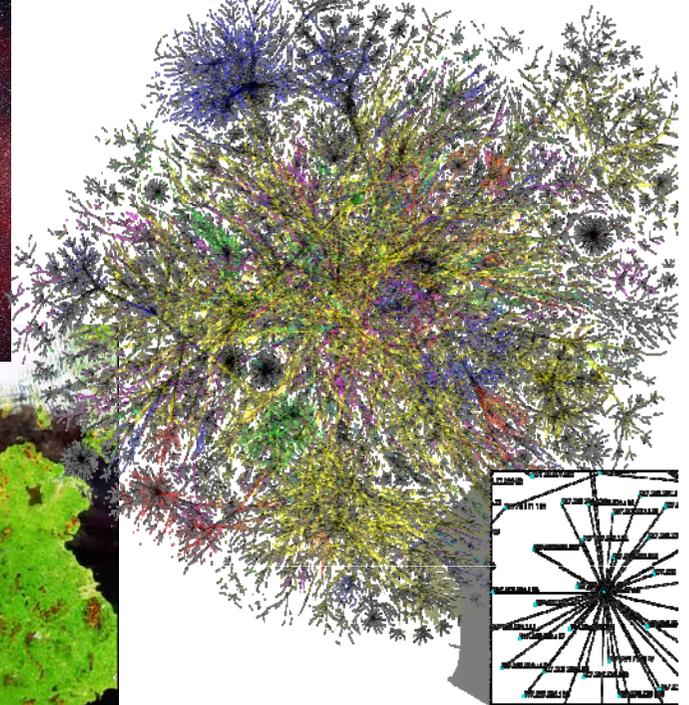
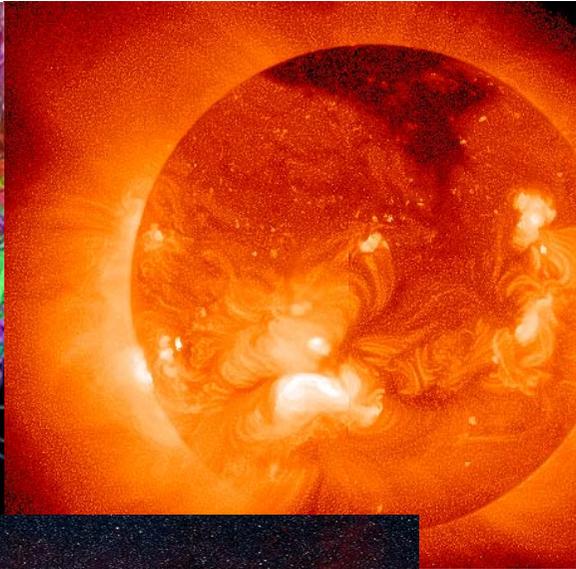
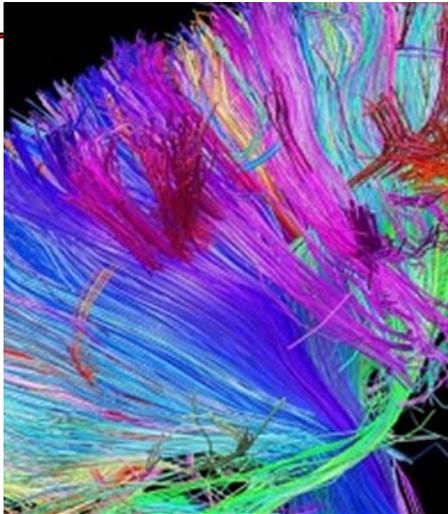
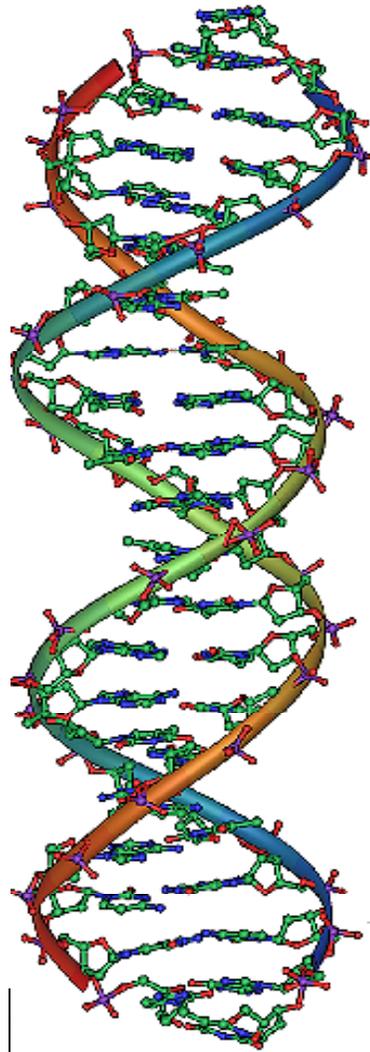
**The huge differences in social standards are a major driving force for the movement of people within the EU.**

# Social Policies



The **European Capital of Culture** program was launched in the summer of 1985 with Athens being the first title-holder

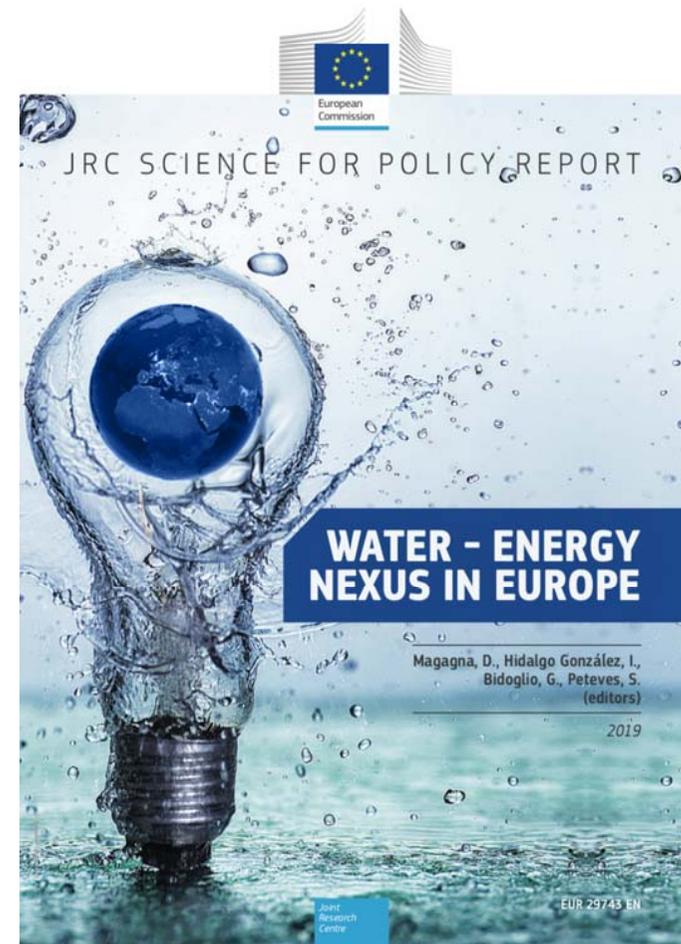
# Ch. 5.3: The Innovation Policies



# Innovation Policies – Research

## Community research activities

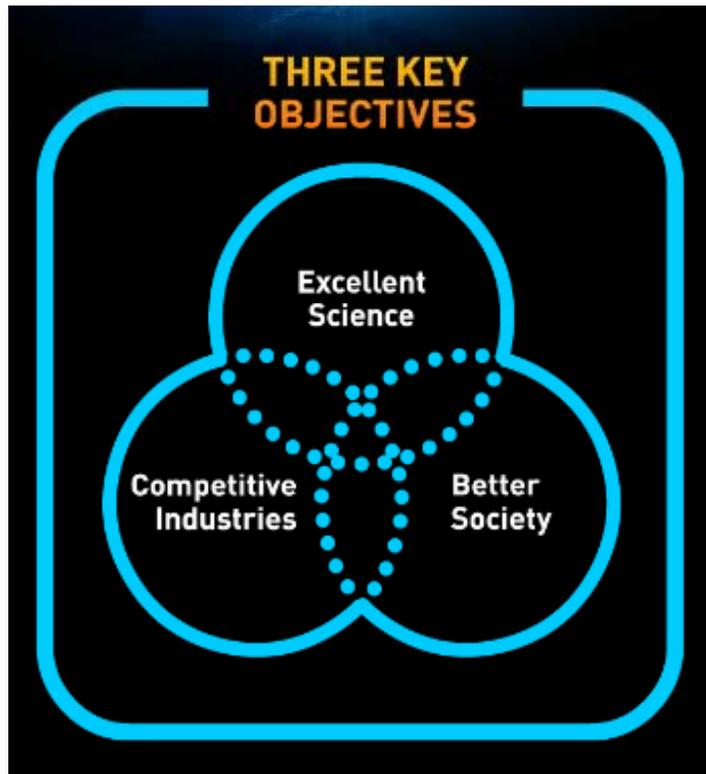
- The founders of the European Union saw the advantages to be gained from joint European research.
- So, in 1958 they established within **Euratom** — the European Atomic Energy Community – a joint research program to exploit nuclear energy for peaceful purposes.
- As part of this, the **Joint Research Centre (JRC)** was created.
- The JRC has now 7 institutes IT, Be, NL, DE and ES and 3000 staff.
- Its task is to provide scientific support to the EU policy makers in all major policy areas: environment, consumer protection, trade, energy, economics.....
- Many of the activities performed in cooperation with the best experts in the Member States.
- The „EU Science Hub“.



# Innovation Policies – Research

- **Joint research between Member State institutions:**  
**Horizon 2020 (2014-2020)**

- European Research Council (ERC) grants for top-level fundamental research: 2 billion EUR annually



- Targeted research carried out in multinational consortia to support Community Policies, especially to strengthen industrial leadership in innovation: 10 billion EUR annually
- Addresses major societal challenges such as climate change, developing sustainable transport, renewable energy, food safety and security, or coping with the challenge of an ageing population.

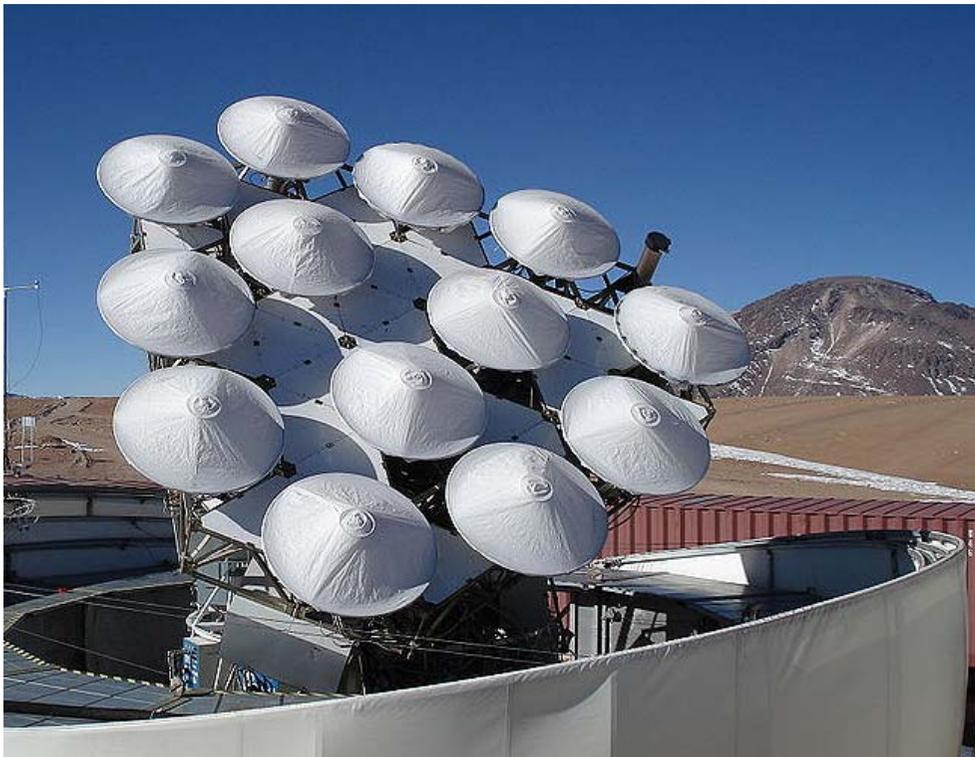
- **Supplementary program - Youth Employment Initiative:** EUR 1,4 billion annually, available to regions in EU-28 with youth unemployment > 25 %.

*Source: European Commission*

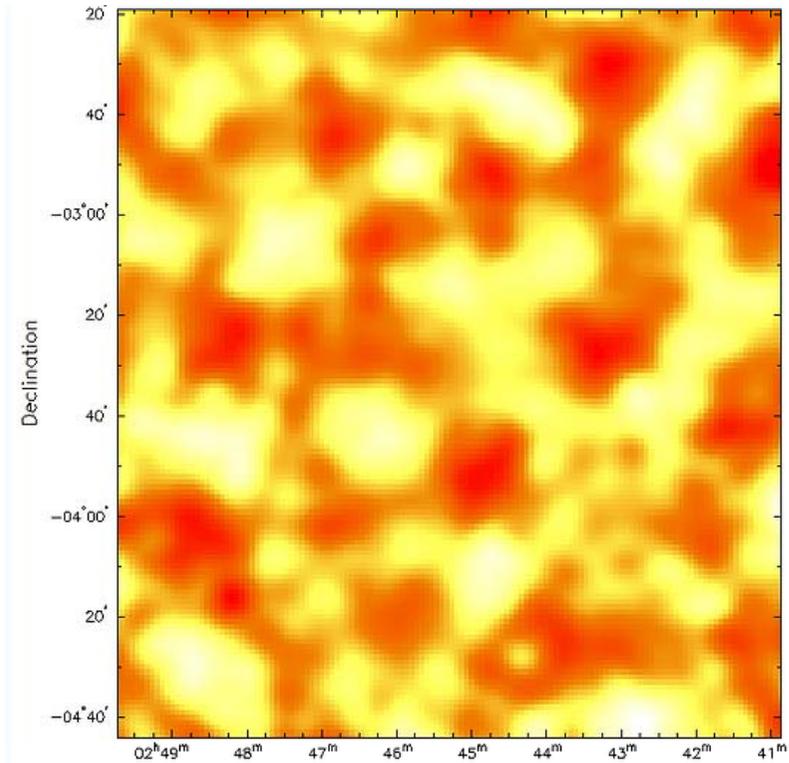
# Innovation Policies - Research: ESO

**European Southern Observatory (ESO) in Atacama Desert in Chile:**

- **Very Large Telescope (VLT):** 12 antennas, diameter each 1,4 m for measuring the relict cosmic microwave radiation from the „Big Bang“ occurring 13,73 billion years ago giving birth to our universe.



Cosmic Background Imager with  
twelf 1.4 m antennas

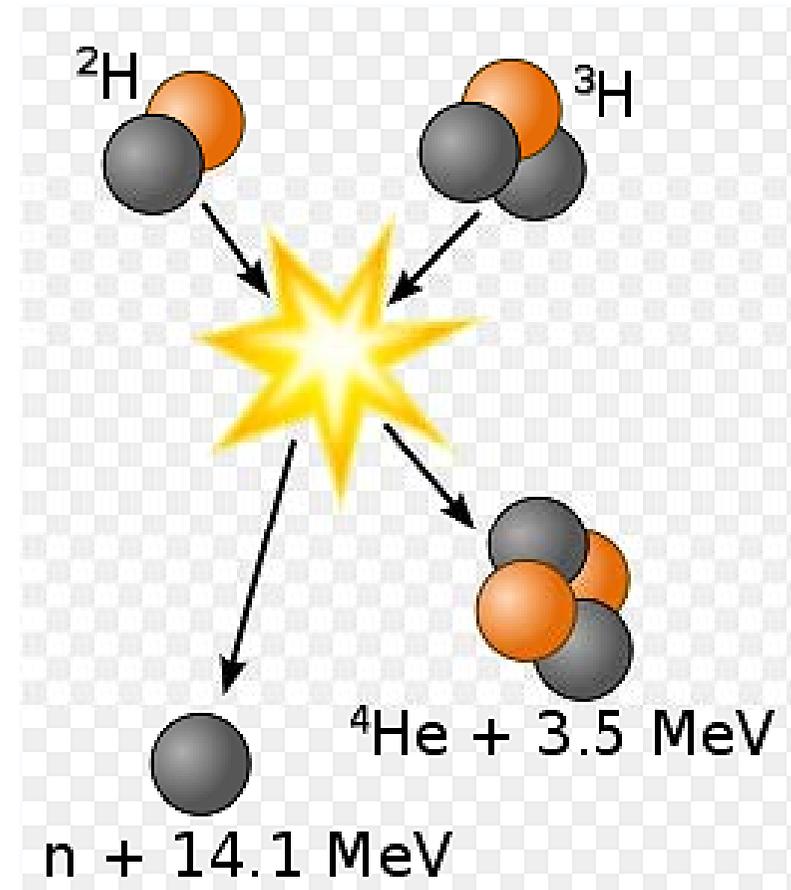


Cosmic Microwave Background Image

*Source: Wikipedia*

# Innovation Policies – Research: ITER

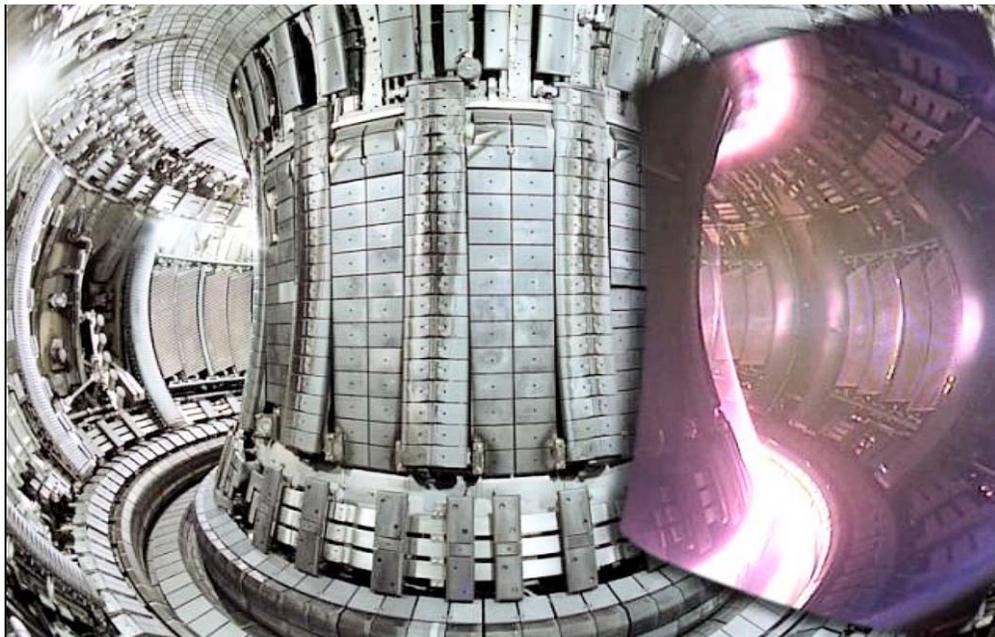
- **The International Thermonuclear Experimental Reactor (ITER)**
- **What is Fusion?**
- Fusion is the process at the core of our Sun.
- What we see as light and feel as warmth is the result of a fusion reaction: Hydrogen nuclei collide, *fuse* into heavier Helium atoms and release tremendous amounts of energy in the process.
- The most efficient fusion reaction is between the two Hydrogen isotopes Deuterium (D) and Tritium (T), which however requires temperatures of 150 million °C to take place.



- When deuterium and tritium fuse, two nuclei come together to form a helium nucleus (an alpha particle), and a high-energy neutron.
- The reaction occurs only if the 2 nuclei get within 100 femtometer ( $1 \times 10^{-13}$  meter) of each other.

# Innovation Policies – Research: ITER

- In ITER, this distance of approach is made possible by high temperatures and magnetic confinement.
- At extreme temperatures, electrons are separated from nuclei and a gas becomes a **plasma** - a hot, electrically charged gas.
- The plasma is confined by means of magnetic fields in a vacuum vessel (a double walled steel container called tokamak).
- The neutrons generated in the fusion reaction transfer their energy to the walls as heat, which will be dispersed through cooling towers to produce steam and - by way of turbines- electricity.



- Site and manpower: Cadarache, France; 3.000 staff
- Timeline: construction finished in 2025, operation for 30 years ?
- Costs: >20 billion EUR

Planned ITER tokamak:  
external diameter 20 m,  
internal diameter 6,5 m.

# Innovation Policies – Education (Brain Circulation)

- ERASMUS is a university exchange programme which began in 1987.



Desiderius Erasmus Roterodamus  
1466 - 1536

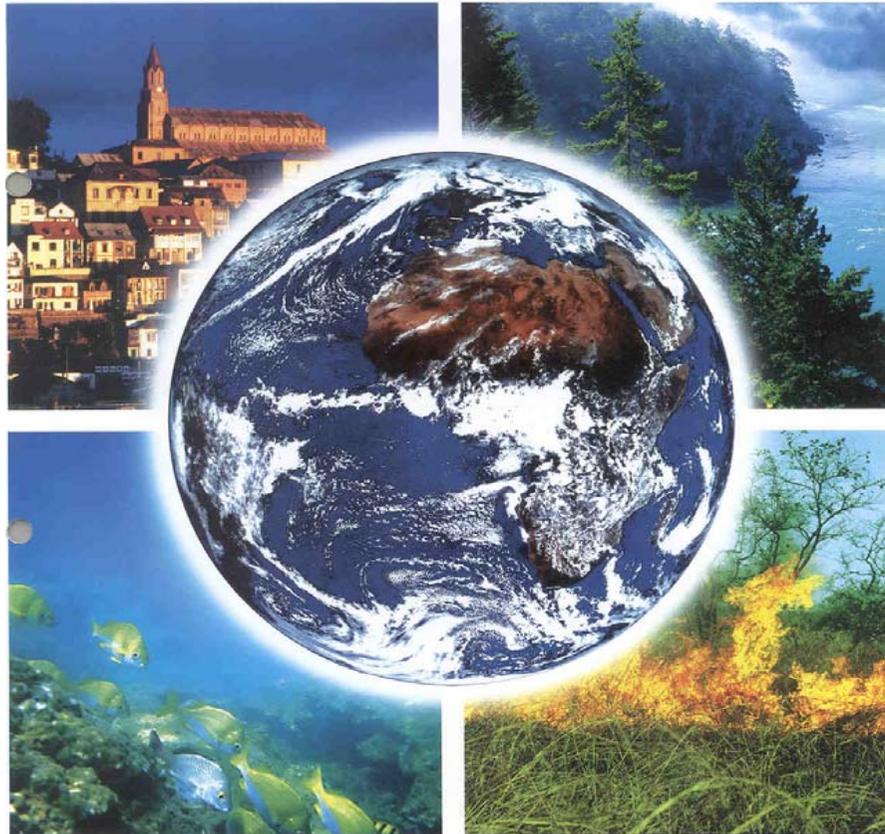
- Over 4 million students have received an ERASMUS grant and spent a part of their course studying in another country.
- Each year 50.000 students receive an ERASMUS grant (amounts to roughly 1% of the whole European student population).
- ERASMUS course credits are fully recognised by the students' own institution.
- ERASMUS has also been responsible for changing the direction of European higher education policy through what's now called the 'Bologna Process'.
- ERASMUS+ for period 2014-2020: 17 bio EUR (including vocational training...)

Source: European Commission

# Innovation Policies – GMES

## Global Monitoring for Environmental Security

A Manifesto for a New European Initiative



- **GMES = Kopernikus**
- Joint undertaking of EU and ESA (European Space Agency) to develop and operate an independent European capacity for earth observation to support EU and national policies.
- Initial operational services:
  - Land monitoring
  - Marine monitoring
  - Atmospheric monitoring
  - Crisis monitoring
- GMES is the European contribution to a comprehensive international earth observation system comprising eventually all major satellite operating nations (GEOSS).

*Source: JRC*

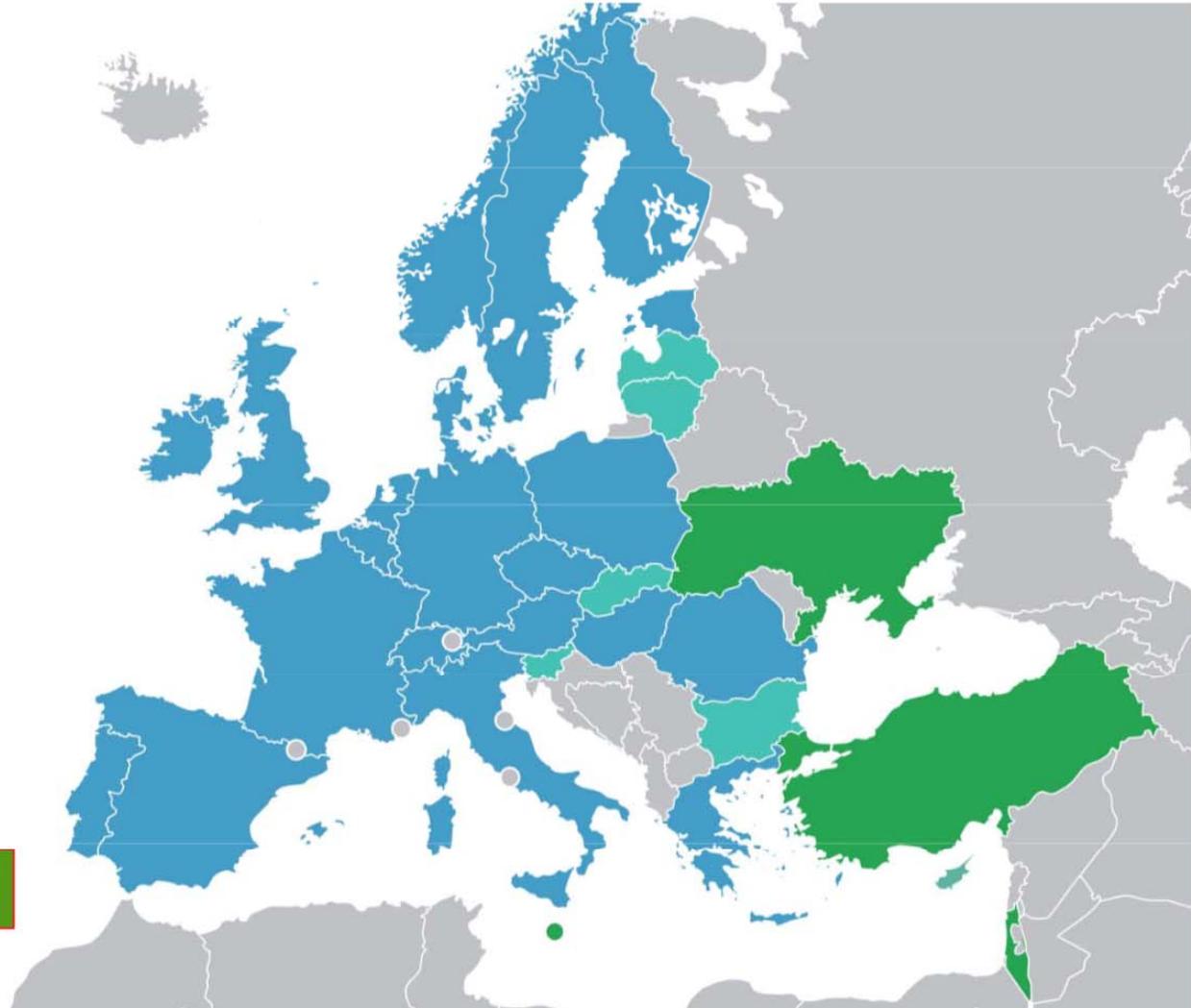
# European Space Agency

Intergovernmental organisation of 22 States  
dedicated to the exploration of space.

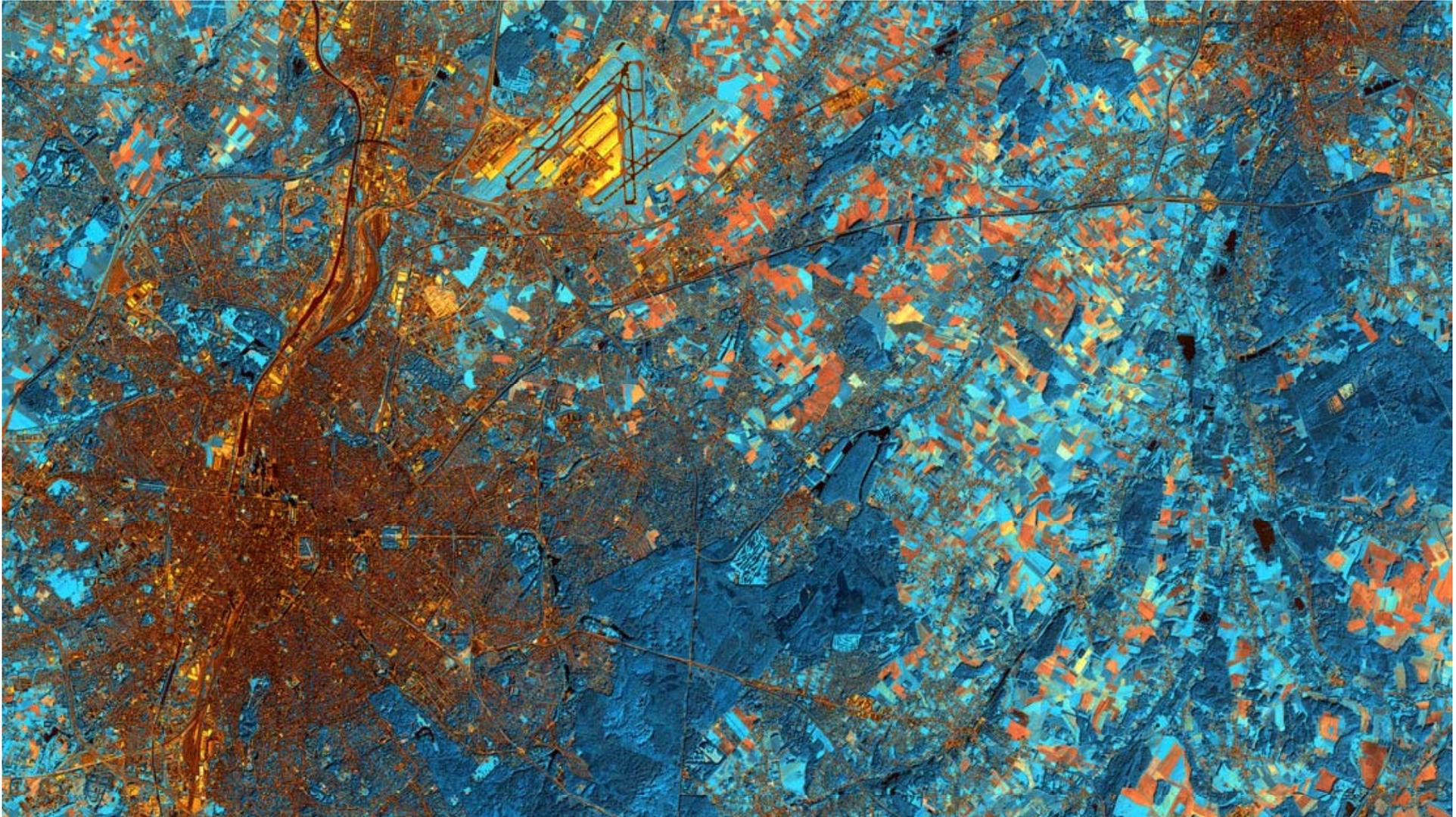
- Founded 1975
- Headquarter: Paris
- Sites: Nordwijkershout (NL), Darmstadt (DE), Frascati (IT), Harwell (UK), Kourou (French Guiana)
- Budget: 5 bio EUR annually

Member States

Cooperation Agreements



# Copernicus Services: Land Monitoring



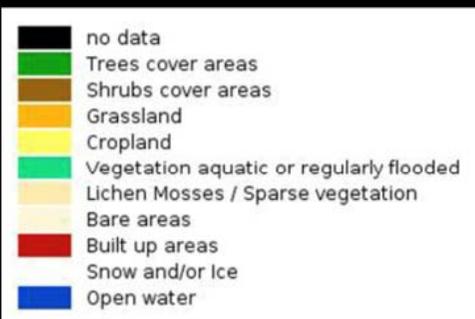
BRUSSELS false-colour image from the Spot-5 (28 September 2011)

*Source: Airbus/ESA 2015*

# Copernicus Services: Land Monitoring

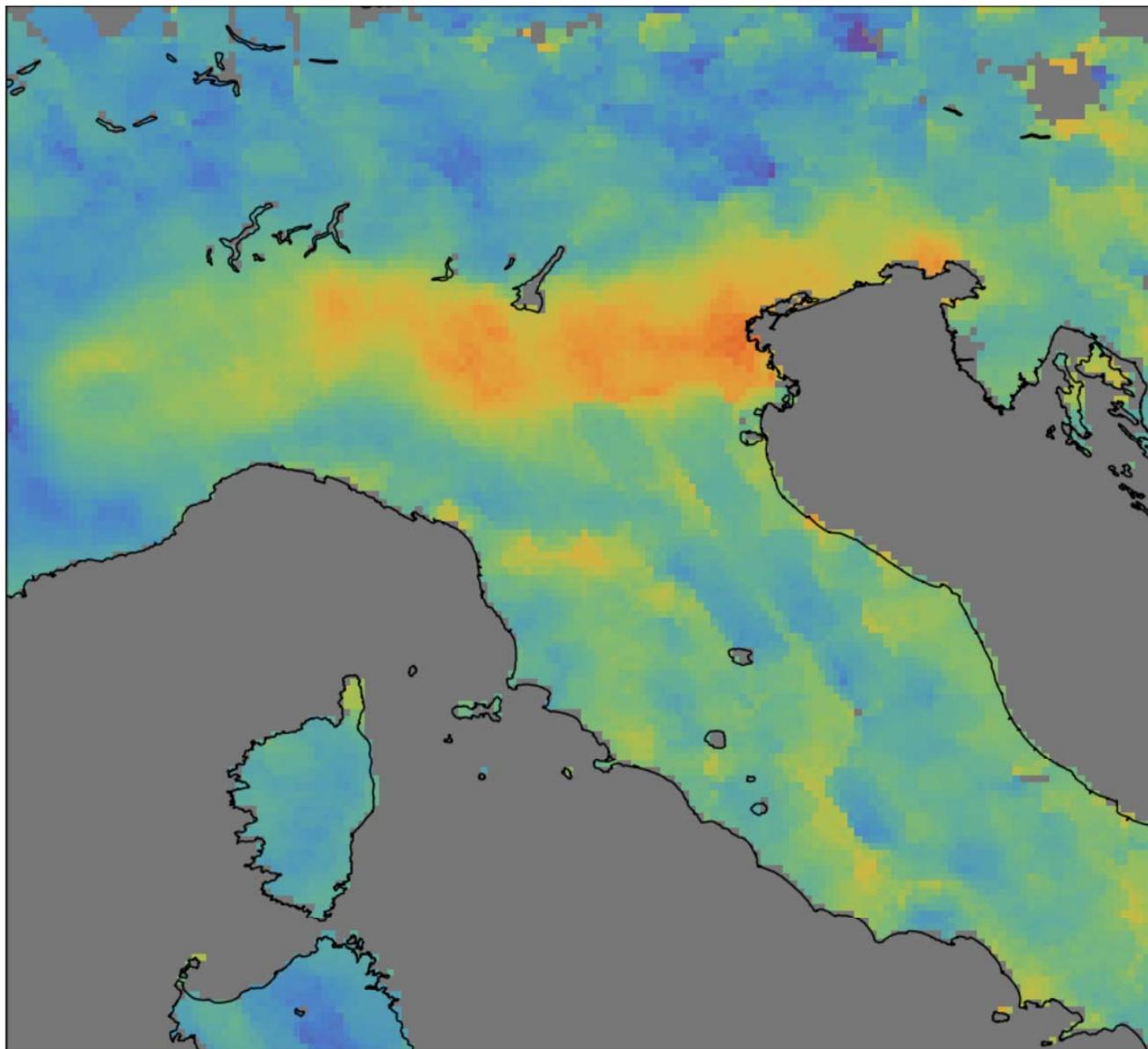
**Land cover map  
of Africa (2016):**  
Resolution 20m.  
Created  
from 180.000  
Copernicus  
Sentinel-2A images  
Land-cover  
mapping breaks  
down the different  
types of material on  
Earth's surface.  
Important  
information for  
sustainable  
management of  
Africa.

Monitoring changes in  
land use, modelling  
climate change extent  
and impacts,  
conserving biodiversity  
and managing natural  
resources.



*Source: ESA 2017*

## Copernicus Services: Atmospheric Monitoring



**Carbon monoxide over Northern Italy (2017):**  
Copernicus Sentinel-5P satellite image shows high levels of CO over the Po valley and the industrial zones of Mestre and Trieste.  
Main sources of CO are traffic and industrial activities.

*Source: ESA 2017*

# Copernicus Services: Extreme Weather Events

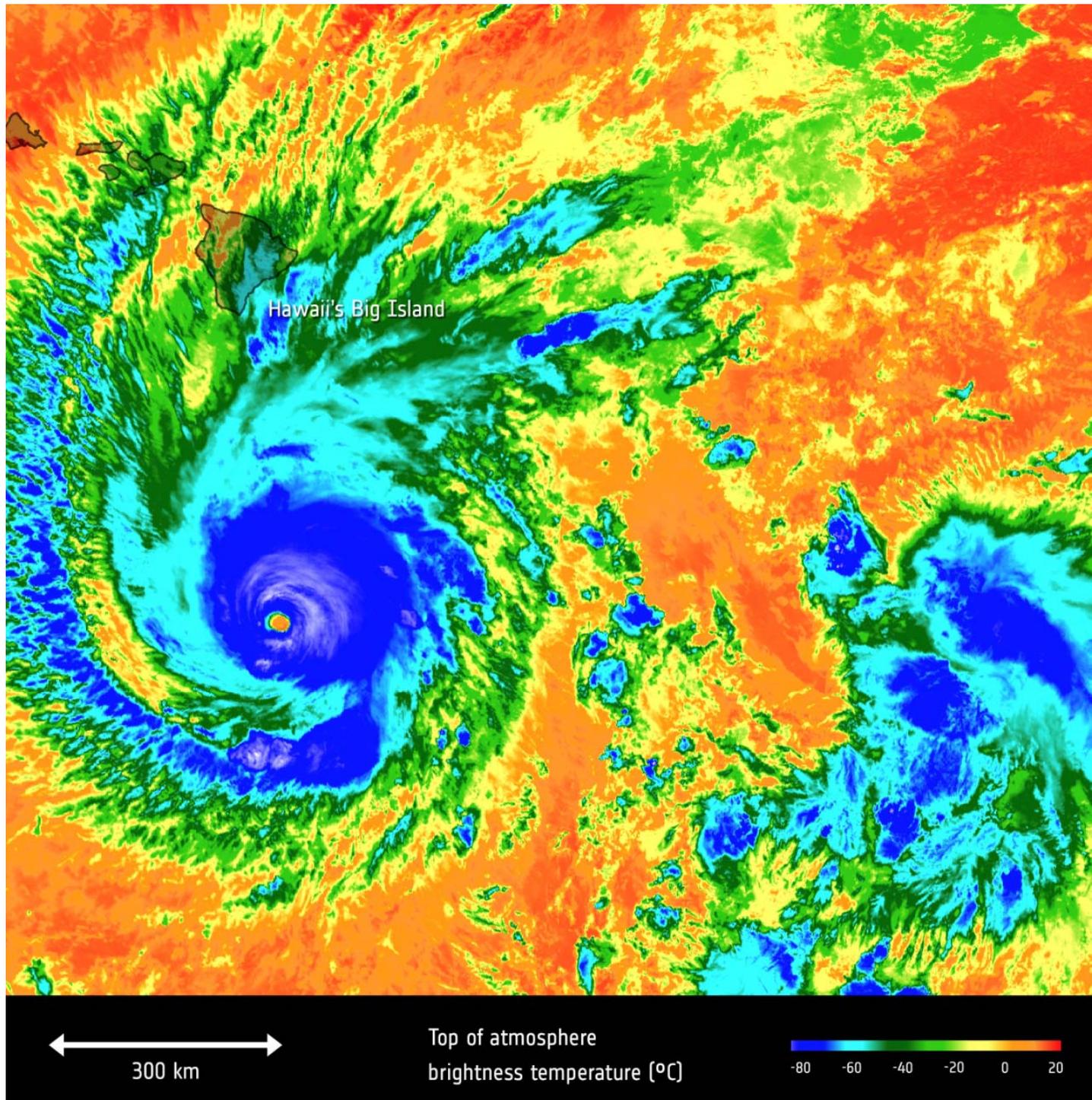
## Hurricane Lane near Hawai Aug. 2018

Radiative  
temperature  
at 15 km altitude:

blue:  $-80^{\circ}\text{C}$

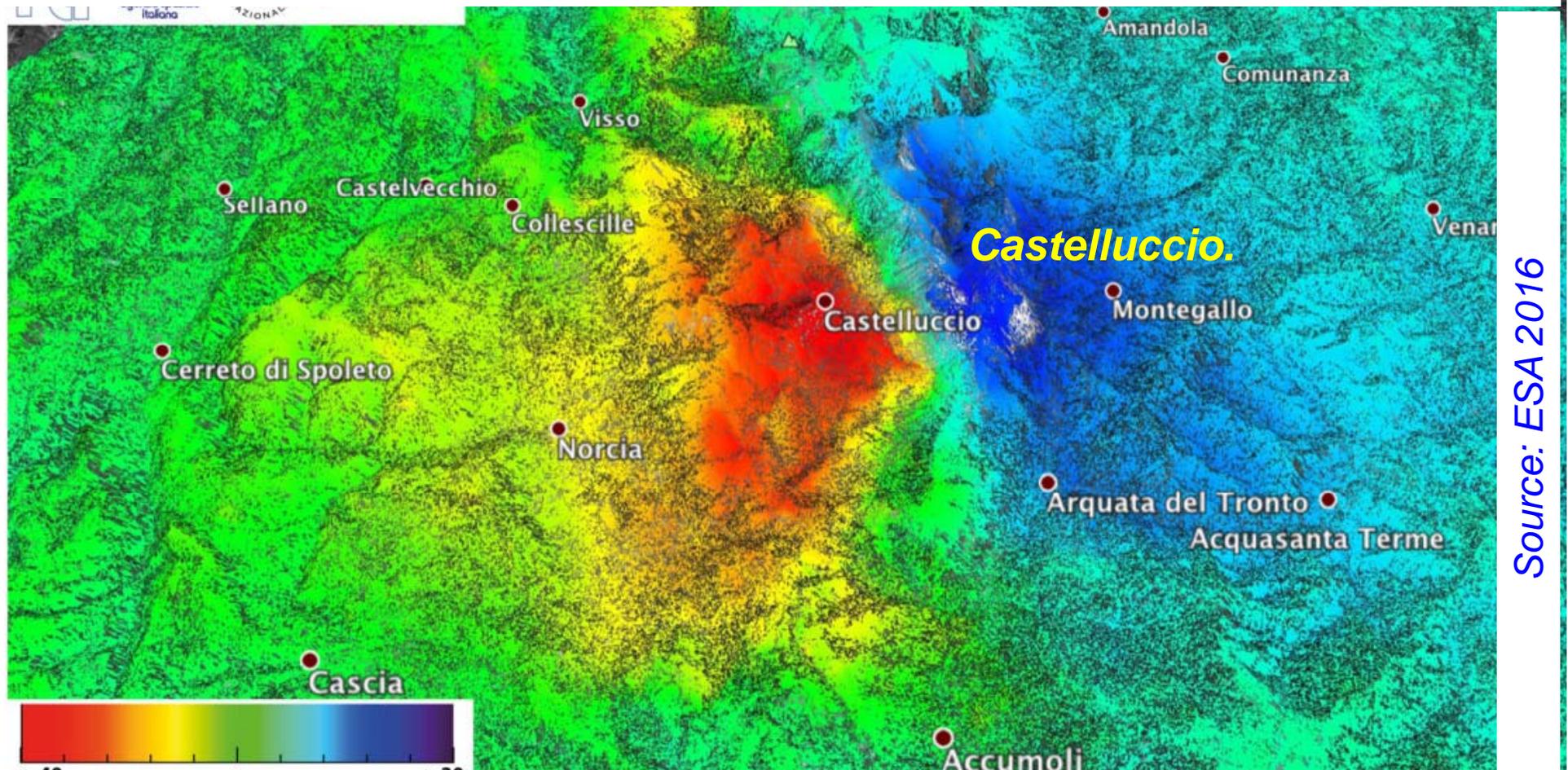
orange:  $+15^{\circ}\text{C}$

*Source: ESA 2018*



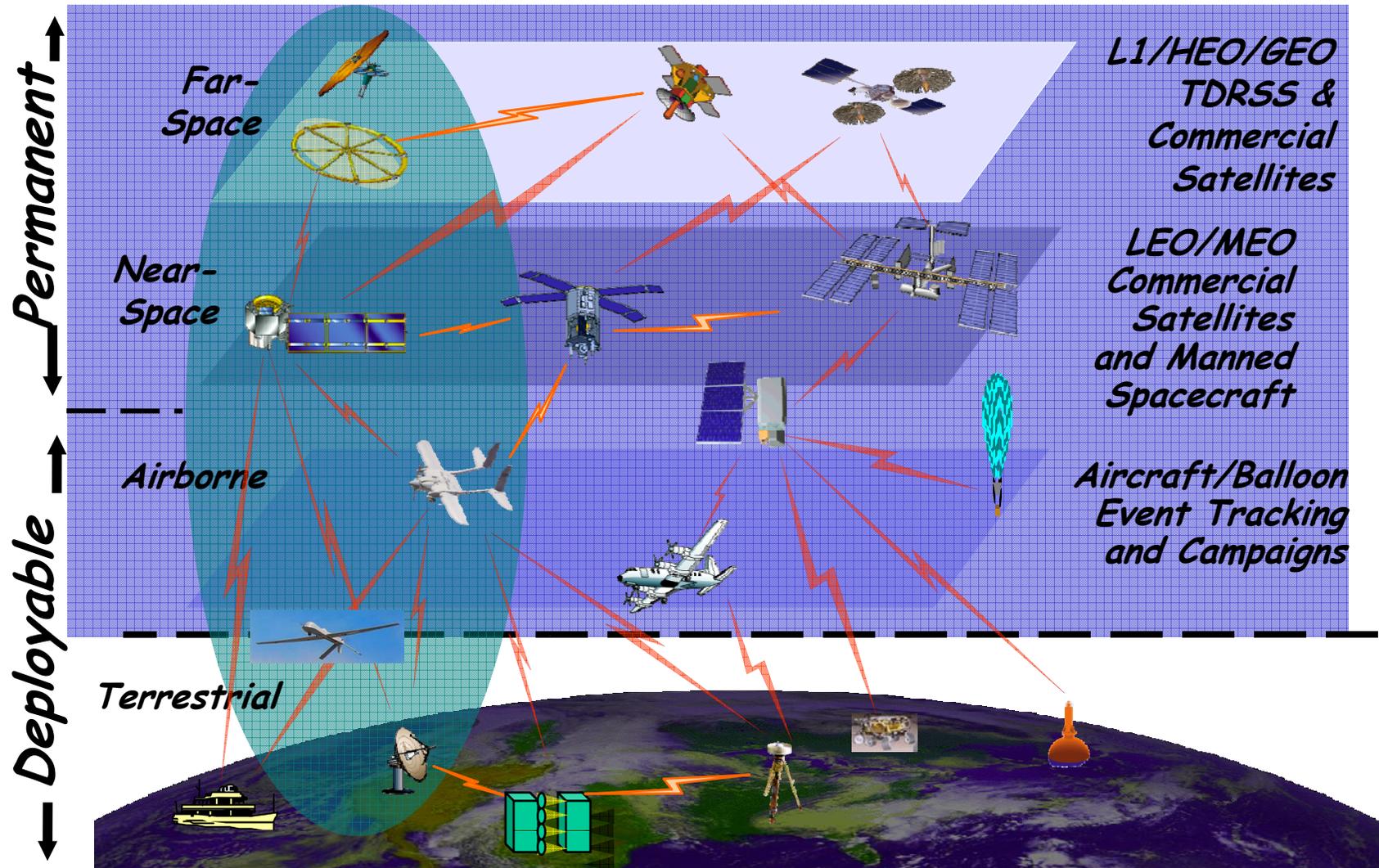
# Copernicus Services: Crisis Management

## EARTHQUAKE in ITALY 30 OCTOBER 2016 (magnitude 6,5)



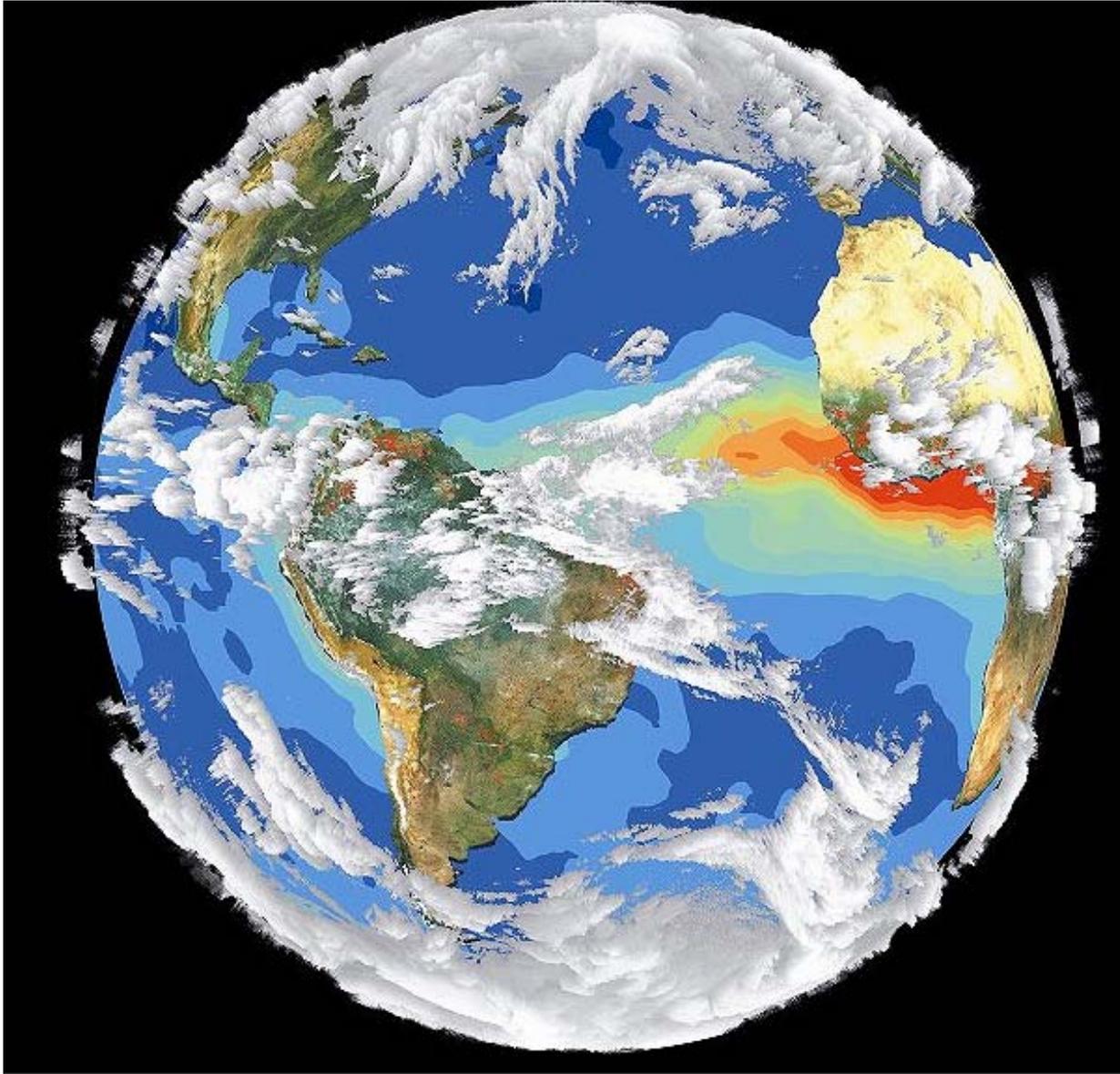
The results show ground deformations extending across about 130 km<sup>2</sup> with a maximum displacement of about 70 cm (in the direction of the satellite).

# Global Earth Observation: GEOSS



GEOSS: Global Earth Observation System of Systems  
(USA, EU, Japan, China, India, Brazil, South Africa, Korea.....). *Source: NASA*

# Global Earth Observation: GEOSS



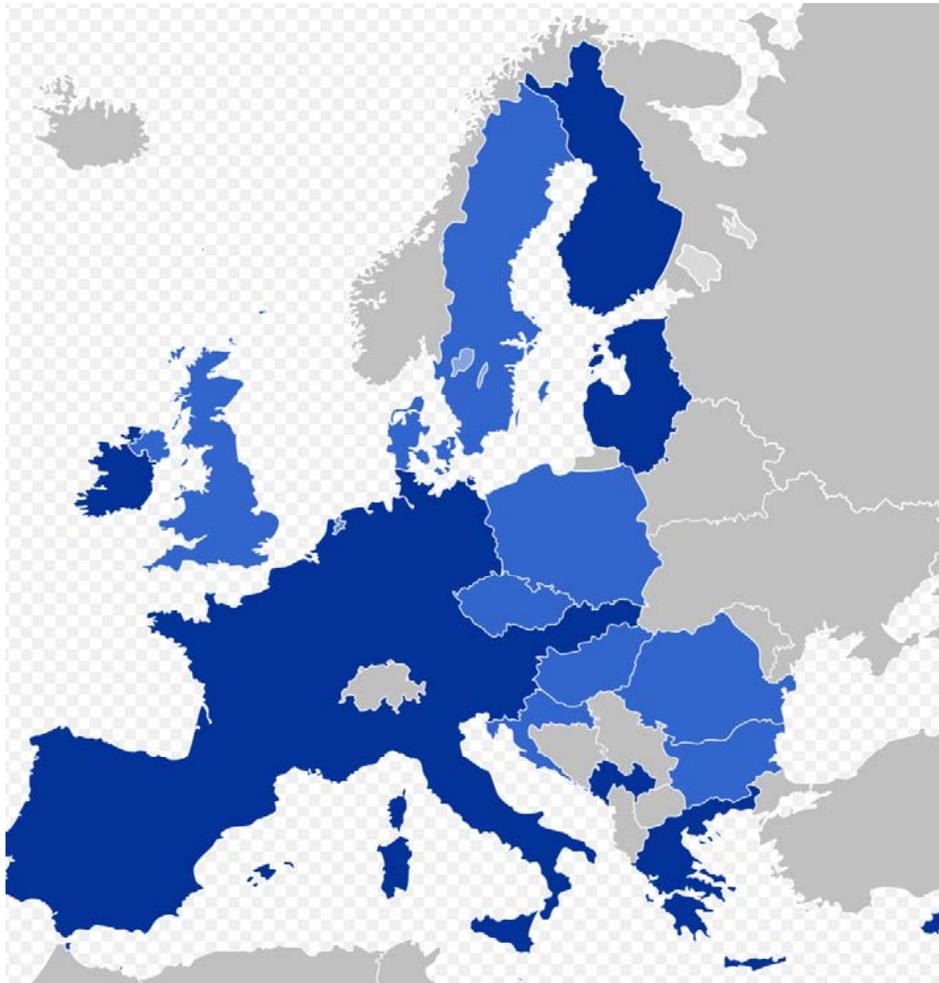
## **Composite image taken from 6 different satellites:**

- Land image in true color from SeaWiFS of NASA.
- Oceanic aerosol caused by biomass burning and windblown dust over Africa by NOAA.
- Clouds from infrared images from four geostationary weather satellites (NOAA's GOES 8 and 9, the ESA's METEOSAT, and Japan's GMS 5).

*Source: NASA 2012*



# The Eurozone



19 EU countries use the Euro (“Eurozone”). Represents 340 million people and 15% of the global GDP. Second-largest reserve currency in the world.

**The Euro:**  
a single currency for Europeans is the key element of the Economic and Monetary Union



**Can be used everywhere in the Euro area (and outside)**  
Coins: one side with national symbols, one side common  
Notes: no national side

*Source: Wikipedia*

# The Economic and Monetary Union

- In 1989 EU leaders adopted a **three-stage plan** for economic and monetary union, which became part of the Maastricht Treaty:
- **The first stage**, which began on 1 July 1990, involved:
  - Completely free movement of capital within the EU
  - Increasing the amount of resources devoted to removing inequalities between European regions
  - Economic convergence, through „multilateral surveillance“ of Member States' economic policies
- **The second stage** becoming effective on 1 January 1994 provided for:
  - Establishing a kind of a European Central Bank, the European Monetary Institute (EMI) in Frankfurt.
- **The third stage** was the birth of the euro on 1 January 1999:
  - 11 countries adopted the euro, 8 more states followed later.

**All Member States are foreseen to take up the Euro.  
(Exception: UK and DK).**

# The European Central Bank (ECB)

- **The European Central Bank (ECB):** started 1 January 1999 and became responsible for monetary policy:
  - ECB is independent from the member states, but political recommendations made by the finance ministers of the Eurozone states.
  - ECB sets the bank rate for inter-bank loans and consequently the actual interest rates for credits and deposits in the Eurozone.
  - Enacts measures to stabilize financial systems – like the banking system or states where the budget deficit is too high (e.g. GR, IRL, PO, CYP).
  - ECB also co-operates with the IMF (International Monetary Fund) which is the „lender of last resort“ for countries in financial difficulties (like Greece, Ireland, Portugal, Cyprus....).
  - Troubled countries are evaluated by the „troika“ (ECB, IMF, EC).
- **The European System of Central Banks (ESCB):**
  - European Central Bank (ECB) and the national central banks (NCBs) of all 28 European Union (EU) Member States – align monetary policies of Eurozone members with other Member States (esp. UK).

# Criteria for Joining the Eurozone

- **Convergence criteria for joining the Eurozone:**
  - **price stability:** rate of inflation may not exceed the average rates of inflation of the three member states with the lowest inflation by more than 1.5 %;
  - **inflation:** long-term interest rates may not vary by more than 2 % in relation to the three member states with the lowest inflation;
  - **deficits:** national budget deficits must be below 3 %;
  - **public debt:** this may not exceed 60 % of GDP;
  - **exchange rate stability:** exchange rates must have remained within the authorized margin of fluctuation for the previous two years.
- **Problems in respect to the convergence criteria:**
  - „Innovative budgeting“ and application of tricks to lower the budget deficit to 3% (e.g. GR).
  - Outsourcing of state obligations into special constructions to reduce public debt (e.g. Austria – ÖBB, ASFINAG).

,

# Stability and Growth Pact

## •Original Stability and Growth Pact for members of the Eurozone:

Members of the Eurozone have to respect the Stability and Growth Pact (“Maastricht Criteria”):

- deficit of state budget limited to 3%
- national debt limited to 60% of GDP
- “sanctions” for deviation  
(0,2% of GDP – would be about 700 million EUR for Austria).

## •Violation of Stability and Growth Pact:

- Already in 2005 Portugal, Germany, and France had exceeded these limits for deficits and national debts – without consequences: the Council of Ministers had voted **not** to fine those states.
- Devastating signal to the other member states that they could also violate the Stability and Growth Pact without consequences.

# Stability and Growth Pact

## •Political Reactions on Violation of Stability and Growth Pact:

- Instead of a rigorous enforcement of the “Maastricht Criteria” reforms were adopted to provide more “flexibility” and ensure that the deficit criteria took into account the economic conditions of the member states (in other words: poorly managed states could make more debts).
- This evolution went on, more or less unnoticed by the public.
- Nobody worried about the future of the Euro, particularly since the exchange rate of the Euro towards the US\$ was steadily going up.
- Warnings of recognized experts were not taken seriously and consistently ignored by politics.
- This created the (wrong) impression that the economic and financial system of the EU was healthy and robust.
- But the global crisis resulting from the collapse of Lehman Brothers in 2008 (the world’s sixth largest investment bank with assets worth 600 billion \$) - together with homemade problems – put an end to the original Growth and Stability Pact of the Eurozone.

# The Global Financial Crisis of 2008

## Roots of the global crisis:

- The WTO agreement of 1995 led to gradual but massive shift of the production of goods from the classical industrialised regions (USA, EU, Japan) to emerging economies, like China, India and other “developing countries”.
- These countries achieved a very large trade surplus and needed to “invest” the profits.
- A "Giant Pool of Money“ entered global capital markets between 2000 and 2007.
- Investors “Bubbles” developed: e.g. steadily increasing investments and asset prices (like housing and commercial property).
- When the “bubbles” burst a rapid decline of the value of these investments followed, but the liabilities owed to global investors remained at full price, generating first solvency problems for the banks.

# The Global Financial Crisis of 2008

## The “US subprime crisis” at the origin of the global financial crisis:

- State bonds, particularly those issued by the USA were considered the most interesting type of investment by the emerging economies (dollar is major reserve currency, USA has always been able to repay the debts).
- For the USA this was a tempting offer since they could borrow money for very low interest rates (1%) and channel it into the US economy through the American investment banks.
- The US banks which had been deregulated in the end 1990s used this opportunity to rather freely lend out the cheap money using innovative models and new financial instruments.
- One of the major activities was to stimulate a huge housing programme for the underprivileged citizens where nearly 2.000 billion US\$ were lent out without proper securities (thus supporting a policy priority of the Clinton administration).

# The Global Financial Crisis of 2008

- When as a consequence of several factors (slowing down of the US economy, increase of unemployment, rise of interest rates for mortgages in 2007) house owners could not repay their credits and tried to sell their houses the prices of homes fell rapidly and the loaners did not have sufficient coverage of the debt through the actual (selling) value of their house (“US subprime crisis”).
- Many of these home owners went bankrupt which brought the 2 giant US home loan banks (FreddieMac and FannieMae) and many other banks into great difficulties.
- In September 2008 Lehmann Brothers – then the world’s sixth largest investment bank with assets worth 600 billion US\$ – went bankrupt.
- The crisis swept immediately over to Europe since about 40% of the foul credits had been bought by European banks, usually packaged together with „good credits“ in the form of collateralized debt obligations (CDOs).
- These CDOs had been endowed with excellent ratings by the rating agencies (Moody’s, Standard&Poor’s and Fitch) .

# The Eurocrisis

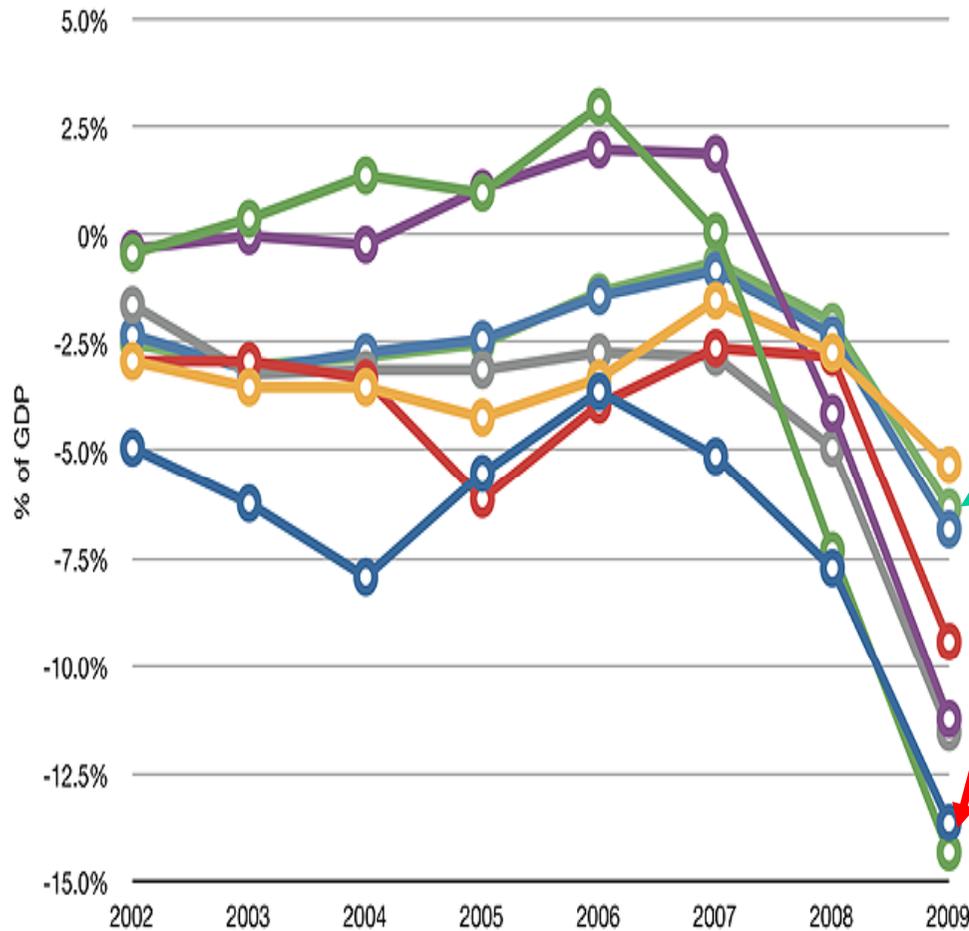
## From the “US subprime crisis” to the “Eurocrisis” and the “European sovereign (state) debt crisis”:

- European banks (like Deutsche Bank, Industrie-Kreditbank, Dexia, Northern Rock, HBOS....) suffered great losses since these subprime credits were of no value any more (the money could not be recovered from the debtor) and in addition due to the writing-off of money invested in Lehman certificates.
- European Governments had to save the banking system by providing billions (“borrowing” or buying shares).
- While the “US subprime crisis” triggered the European crisis it is certainly not the major cause.
- In the early 2000s many global investors searching for higher yields than those offered by U.S. Treasury bonds (1%) sought alternatives, also in Europe.
- European states and banks could also not resist the temptation to borrow money from these investors at relatively low interest rates (2-3%).

# The Eurocrisis

- Easy credit conditions during the 2002–2008 period encouraged high-risk lending and borrowing practices:
  - Irish and Spanish banks lent the money to property developers, generating a massive property bubble.
  - In Greece, the government increased its commitments to public workers in the form of extremely generous pay and pension benefits and afforded a very high military spending (10% of the GDP).
  - In nearly all EU countries government budgets went up, particularly for high entitlement spending (welfare state).
- When the bubbles burst a financial crisis broke out rapidly in Europe.
- In October 2008 many banks were close to bankruptcy and not able any more to provide enough credits to businesses, economic growth stopped, unemployment was rising...
- Most European states decided to pump money into the banks (loans, bail outs) and stimulate the economy (employment subsidies to companies, public infrastructure projects, premiums for buying a new car.....)..

# The Eurocrisis



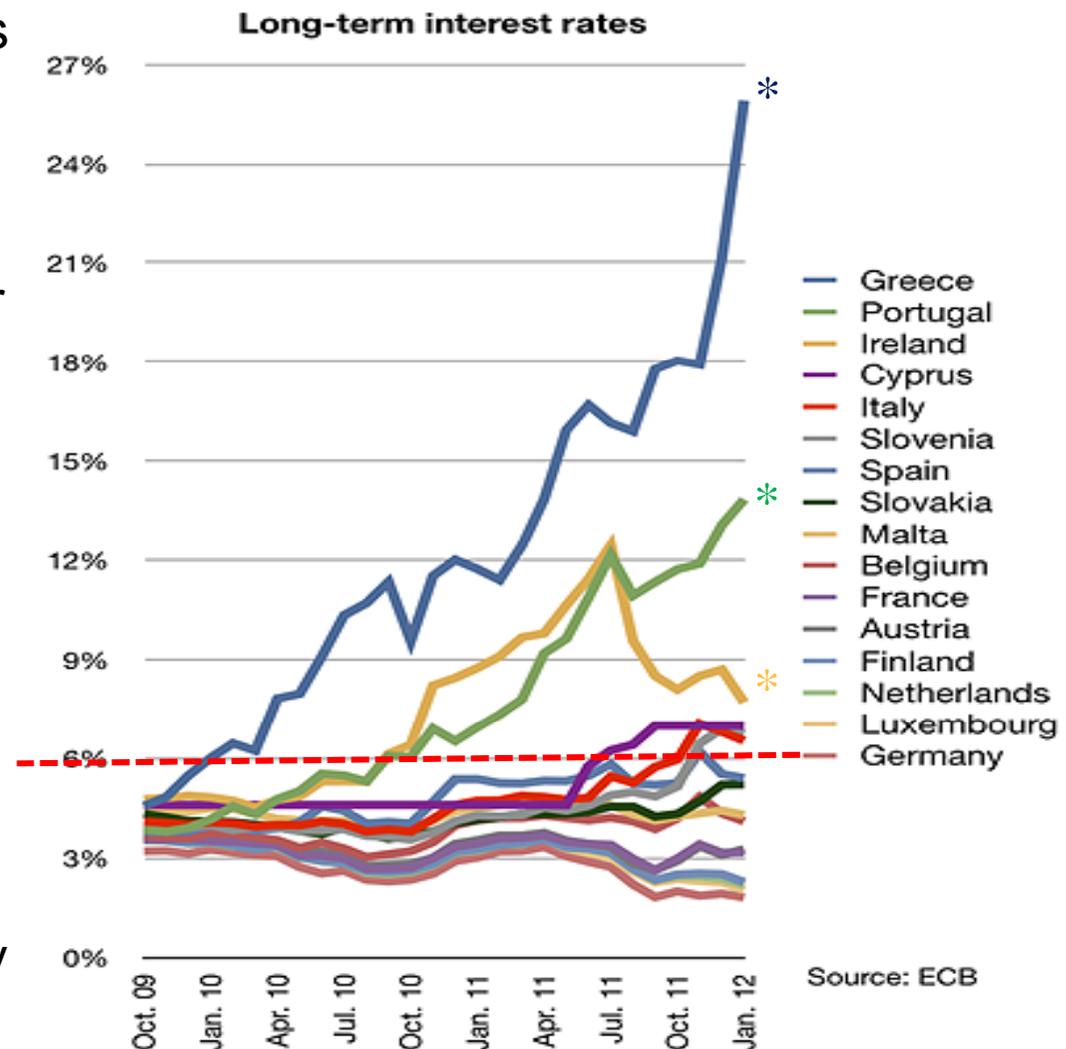
- As a consequence the average budget deficit of Eurozone members rose to 6,5% in 2009 with some states reaching even 13-14% (GR, IRL) and the sovereign (state) debts went up massively in all member states.

- In 2011-13 it became clear that some countries of the Eurozone found it difficult (PO, ES, IT, IRL) or even impossible (GR, CYP) to re-finance their government debt on the international capital market without the assistance of third parties.

- Greece
- Portugal
- European Union
- Ireland
- Spain
- Eurozone
- Italy
- United Kingdom

# The Eurocrisis

- Rising sovereign (public) debts usually reduce the confidence of financial investors in the country.
- Consequently interest rates for state bonds issued by these countries rose sharply, particularly for Greece\*, Portugal\*, Ireland\*, and to a lesser extent for Italy and Spain.
- The interest rate a country must pay to find buyers depends on the risk for the investor which is established by rating agencies.



Source: European sovereign-debt crisis, Wikipedia

Long-term interest rates of Eurozone countries (secondary market yields of government bonds with maturities of close to ten years). A yield of 6 % or more indicates that financial markets have serious doubts about credit-worthiness.

# The Eurocrisis

## Fighting the “Euro crisis”:

- In 2010 it became clear that support measures for the Eurozone states not able to refinance their debt at reasonable costs (interest rates < 6%) needed to be taken.
- The Eurozone countries and the International Monetary Fund (IMF) agreed to massive loans to such countries, conditional on the implementation of harsh austerity measures:
  - €110 billion for Greece (2010),
  - €85 billion for Ireland (2010),
  - €72 billion to Portugal (2011),
  - €130 billion for Greece (2012),
  - €100 billion for Spain (2012),
  - €10 billion for Cyprus (2012).
- In spite of the support Greece was not able to regain the confidence of the markets and in April 2011 would have to pay 20% interest for 2-year loans (DE only 1,9%).

**Share of Austria: 22 billion  
EUR (EFSF guarantees).**

# The Eurocrisis

## Fighting the “Euro crisis”:

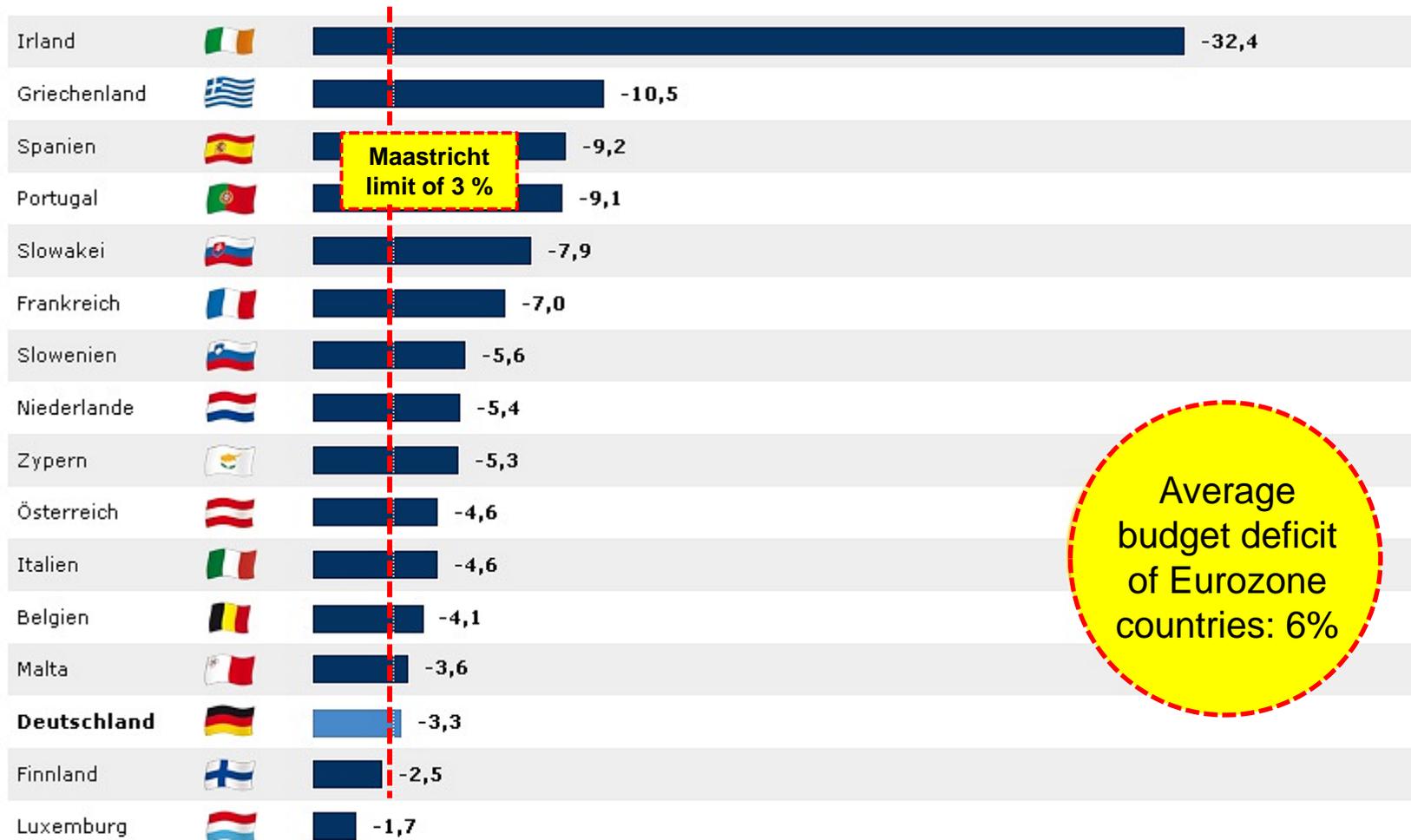
- Greece was granted a „voluntary“ reduction of its debts by private lenders amounting to 130 billion EUR in early March 2012.
- On 9 March 2012 the International Swaps and Derivatives Association“ (ISDA) decided that the “voluntary” debt reduction was equivalent to a default of Greece.
- For the first time since introduction of the Euro a member country of the Eurozone had gone (officially) bankrupt.
- In addition: Social crisis for the most affected countries: Spain's unemployment was 26.9 percent in May 2013, while Greece's rate in March was 26.8 percent.



Source: Wikipedia

# Budget Deficits of Eurozone Countries

## Budget deficit of Eurozone countries in 2010 in % of GDP



Source: Spiegel On-Line 09 May 2011

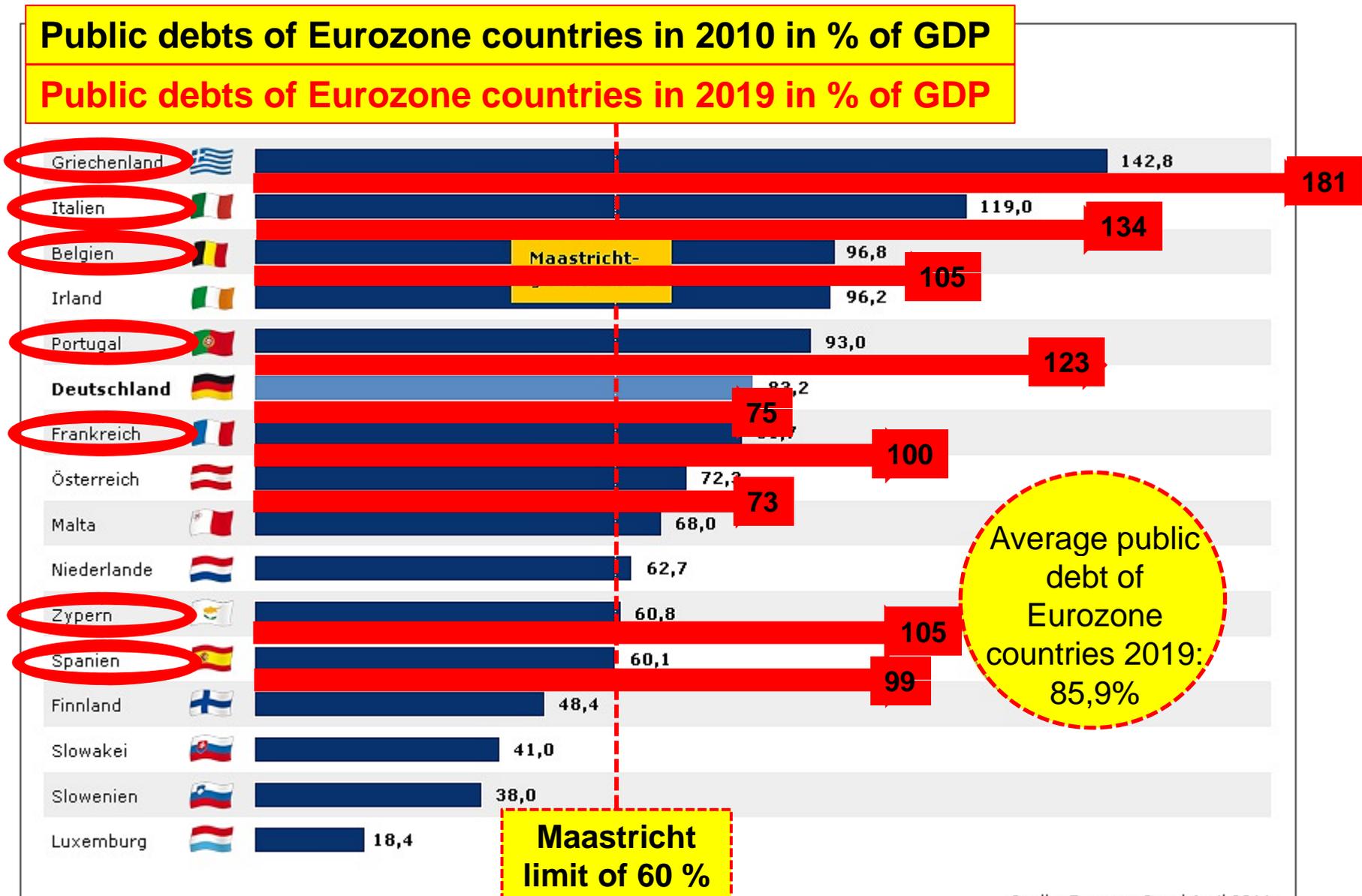
Quelle: Eurostat, Stand April 2011

# The Shrinking of the “Celtic Tiger”



- The economy of the poor Irish Republic had experienced a rapid growth of 6 - 10% annually from 1995 till 2008 fuelled by foreign direct investments.
- The boom was dampened by a subsequent property bubble which burst and resulted in a severe economic downturn.
- Loss of GDP by 14%.
- Unemployment rose to 15%.
- Recovery since 2015 after rigid austerity measures.

# Public Debts of Eurozone Countries



Source: Spiegel On-Line 09 May 2011, Die Presse 20 July 2019 (EUROSTAT)

# The European Stability Mechanism (ESM)

- **Present solutions: European Stability Mechanism (ESM):**
  - The European Stability Mechanism (ESM) is legally a financial institution based on an intergovernmental treaty between the Member States of the Eurozone.
  - In force since Sept. 2012 the ESM provides a permanent rescue funding programme for Eurozone countries not being able to finance themselves on the international money market with reasonable interest rates.
  - Volume 700 billion EUR guaranteed by the member states to the Eurozone.
  - Volume is unlimited in case of massive problems for real big Member State (e.g. IT).
  - The ESM has a capital endowment of 80 billion which has to be provided by the Eurozone countries until 2017. The rest is borrowed on the international money market. Austria's share is 2,8% (2,2 billion "cash" transfer, 20 billion guarantees).

# The European Stability Mechanism (ESM)

- ESM loans are provided to the country in need by a simple decision of the ESM Directorate (Chair Klaus Regling, DE) without involvement of national parliaments.
- In principle these loans should be repaid.
- In practice “innovative solutions” are put in place: e.g. Greece sovereign debts amount to 300 billion EUR which can never be repaid. Greece got several additional aid packages and repayment dates of 20 years or longer with virtually no interest payments.
- In practice this results in a (permanent?) transfer of money to Greece (and other Med Countries?).

**ESM has a blank cheque. A Member State cannot leave ESM.**

**No parliamentary control possible. Intransparent decision making.**

**Hanns-Werner Sinn: “The Euro Trap”**

# Outright Monetary Transactions (OMT)

- **Present solutions: OMT (Outright Monetary Transactions) Programme of ECB – “Quantitative Easing”**
- Decision of ECB of October 2014 to buy ABS (Asset Backed Securities) of national banks (without limit) irrespective of their rating: volume up to 1.000 billion EUR.
- Aim: to stimulate economy allowing banks to provide credits at low interest rates – no effect so far.
- A state who uses OMT would have to carry out economic and fiscal reforms.
- Eventual losses would have to be carried jointly by the national banks of the Member States, who are the “owners” of the ECB.
- This OMT programme should also stimulate a moderate inflation (2-3%) to allow states to reduce their debts expressed as percentage of the GDP – but still extreme price stability.
- It should have – together with the low interest rate (“Leitzins”) - in principle stimulated economic growth and employment - success very limited.

# Outright Monetary Transactions (OMT)

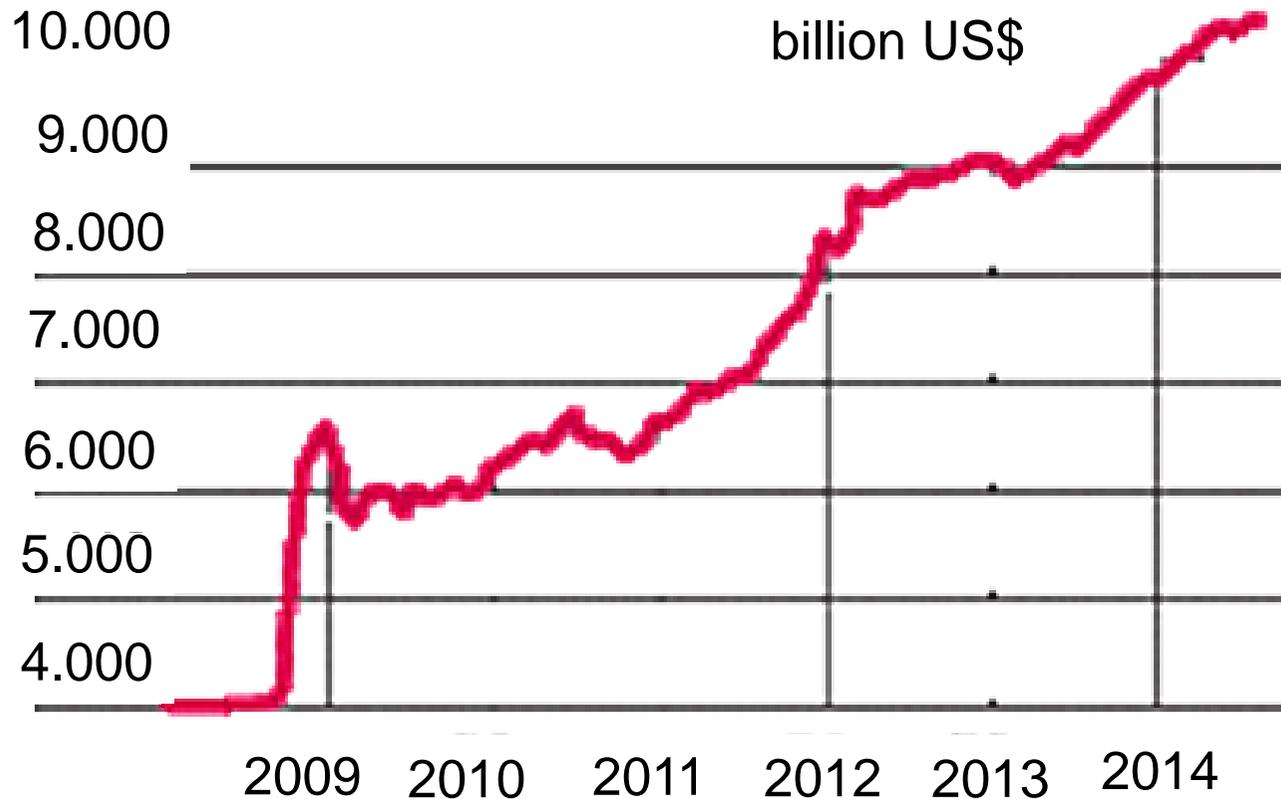
- Many law experts consider that this decision of the ECB (which was opposed by the representatives of DE and AT) violates the Maastricht Treaty which set up the constitution of the ECB since it transfers risks of states/national banks to the European level (“Vergemeinschaftung der Schulden”).
- The Maastricht Treaty does however allow such transfers of risks under circumstances of a “catastrophe” or a “severe crisis”.
- Finally the European Court of Justice approved the OMT on 16 June 2015.
- OMT program has now reached a volume of 2.600 billion EUR.
- This money has been “printed” causing a substantial increase of the money volume available in the Eurozone.
- These “asset backed securities” are largely from Southern countries and are collectively owned by the Eurozone Member States.

**Considerable discussion between economists in the EU on the merit of the program, but no public debate!**

**Massive transparency (media) and educational problem in the EU.**

# Money Volume

## Development of Money Volume (M3) provided by Central Banks of the USA, EU, Japan



»Source: Die Presse, Oct. 1, 2014

# A European Banking Union?

- **Present solutions: Towards a European Banking Union:**
  - European supervision system for banks in being set up covering the 300 largest banks in the EU (incl. British banks).
  - Stress tests for system-relevant European banks:
    - carried out in 2014 simulating a very severe economic crisis yielded the result that out of 123 banks 24 failed, meaning they had insufficient capital endowment.
    - results of 2016: revealed significant problems with Italian banks – 300 billion “foul” credits??? Monte dei Paschi (oldest bank of Italy, Siena) *de facto* bankrupt. Problems with Deutsche Bank ?
  - Solutions:
    - close the bank (e.g. Austrian Volksbanken AG),
    - provide additional capital (from investors or the state), or
    - merge with a sound bank.

# The Stability Pact for the Eurozone

- **Present solutions: “Stability Pact” with monitoring (and “soft control”) of the budgets of Member States:**
  - Member States have to include debts of outsourced entities: in Austria the public debt rose in 2013 by +28,7 billion EUR.
  - MS have to submit their budget plans to the Commission for approval.
  - Commission tries to set “manageable limits” for deficits and debts:
  - introduction of the criterion “structural deficit” (actual budget deficit minus expenses for one-off emergency measures, investments in infrastructure, costs of migration...) expressed in percentage of the GDP (not the expenditures of a state!): max 0,45%
  - Austria: budget 2017 – revenues 73,16, expenses 77,46 bio EUR, actual budget deficit is 5,8% (equals 1,2% of GDP), structural deficit is 0,5%
  - massive problems in France (deficit 2014 = 4,3%)\* and Italy (sovereign debt 147% in 2014).

\*In principle then Commission should impose fine of 0,2% of GDP.

# Stimulation of Economy

- **Investment programme for Southern/Eastern Europe set up by European Commission:**
  - Volume 300 billion EUR to stimulate economy and to reduce unemployment.
  - Source of money: partly EU budget, private investors, credits given by EIB, credits taken on the international money market and guaranteed by the Member States of the Eurozone.
  - Investments in infrastructure (highways, cities, new energy systems, communication structures...)

## **Return of investments?**

- **Enhancement of competitiveness of European industries:**
  - Stimulation of research and development (horizon 2020) and reduction of bureaucratic hurdles to achieve economic growth (now 0,5%).

**Investments in R&D have highest priority for the EU,  
but yield at best long-term results.  
Europe lagging behind in key future technologies (ICT).  
USA most dynamic and most innovative economy.**

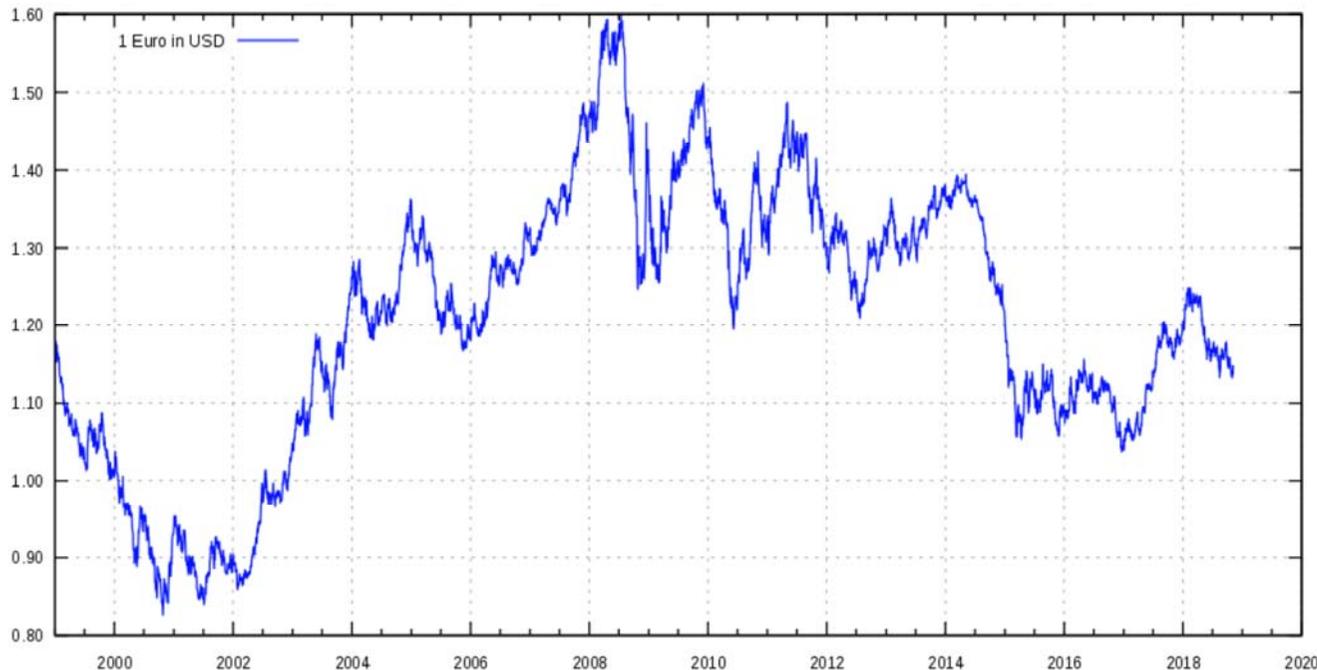
## Possible Long-Term Solutions ?

- “Stability Pact” with **rigorous direct control** of the budgets of Member States and European fiscal union and revision of the Lisbon Treaty:
  - New intergovernmental treaty to put strict caps on government spending and borrowing, with penalties for those countries who violate the limits.
  - Central body endowed with increased control over the budgets of member states.
  - “A European “Finance Minister”.
  - Eurobonds: Such “stability bonds“ issued jointly by all 19 eurozone states would allow weak countries to borrow money at low rates.
  - Differences in interest rates between sound borrowers (DE now < 0%) and weaker countries (GR now 7,5%) would be equalised and an average rate would apply for Eurobonds (2-3% ?).
  - Would therefore make refinancing more expensive for DE and AT.

**The Eurocrisis is not finished!!!**

# Significance of the EURO

- Globally 35% of all international payments are done in EURO (40% in US\$). Currency reserves: 20% Euro, 60% US\$.
- Euro has become the second global currency.
- This means that there is substantial demand for purchasing Euro by countries which build up national reserves and by private investors.

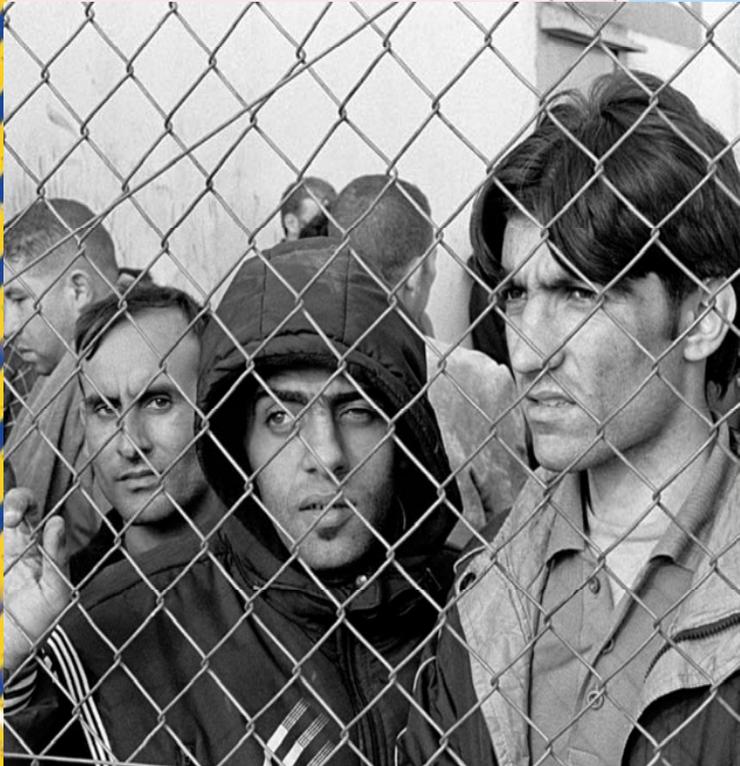


- This demand increased the value of the Euro since its introduction from 1,18 US\$ to about 1,58 US\$ making imports into the EU cheaper, but exports more expensive.

- Now reduced to 1,15 US\$ as a consequence of the fiscal policy of the ECB and poor growth in EU.

*Source: Wikipedia*

# Ch. 5.5: Home Affairs: Freedom, Security and Justice



# Home Affairs: Freedom, Security and Justice

## **An area of freedom, security and justice:**

- With the Lisbon Treaty the area was fully integrated into Community system and the EU can now make binding decisions with a qualified majority voting.
- **Focus of activities:**
  - Fundamental Rights
  - Joint fight against terrorism
  - Cooperation between police and law-enforcers from different countries
  - Coordinated asylum and immigration policies
- **Practical achievements:**
  - Elimination of border controls between the „Schengen“ countries.
  - Europol for co-operation of police forces.
  - Eurojust for co-operation between prosecutors and civil law cooperation in areas like extradition, family law, criminal justice...
  - Frontex for co-operation between border control authorities.
  - First steps towards a common asylum policy.

# The Schengen Agreement

- No police or customs checks at borders between all EU countries except United Kingdom, Ireland, Cyprus (and presently still Croatia, Bulgaria, Romania). 22 EU countries plus CH, Liechtenstein, NO and Iceland.
- Establishment of Schengen Information System, a common database for police and immigration authorities.
- Controls strengthened at EU external borders – but still inefficient in some areas (Greece/Turkey, EU Mediterranean countries/North Africa).
- More cooperation between police from different EU countries.



Celebrations for the enlargement of the Schengen area to most CEE-States.  
21 December 2007

**September 2015: temporary collapse of the Schengen system due to massive migration from Near-East and Africa**

# EUROPOL

- **European Police Office (Europol, 1999, The Hague)** is the European Union's criminal intelligence agency covering all 28 member states.
- Europol supports the national police systems and cooperates with third countries and Interpol.
- Europol with 600 staff is a multi-disciplinary agency, comprising not only regular police officers but staff members from the member states' customs and immigration services, border and financial police.



• Most important international criminal activities:

- drug trafficking
- illicit immigration
- terrorism
- human trafficking
- forgery
- money laundering
- improper use of the internet

Source: European Commission

5.000 criminal groups active in EU (Europol2017)  
25.000 cyber attacks in Austria per day (WKO 2017)

# Organized Criminality in and around the EU

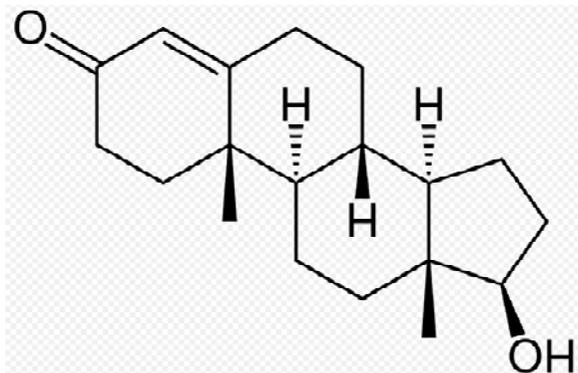


- Europol assessment of major trans-border criminal activities affecting the European Union:
  - Organized crime centered in Balkan area, Eastern Europe, Southern Europe
  - Major routes for smuggling of drugs and people are from Near East, North Africa, South America, Far East

Source: Die Presse 5 May 2011

# The Fight against Doping in Sports

- **Europol action in cooperation with police authorities in the USA and Columbia in July 2019:**
- Operation “Viribus” involving 33 countries led to the blowing-up of 17 criminal groups trading with anabolics (steroids – usually synthetically produced derivatives of the hormone testosterone).
- Seizure of 3,8 million units of doping substances.
- Initiation of criminal procedures against 839 persons (including 234 arrests).
- In the international distribution center in Vienna 22 tons of steroids were seized (value 20 million EUR).
- Origin of these substances: India
- The delivery system was uncovered: end users mostly fitness centers.



Medical effects of these substances: enhance muscle build-up, damages of liver and kidneys, increased risk of heart attack.

# EUROJUST

- **Eurojust** founded 2002 and based in The Hague is an agency of the European Union (EU) dealing with judicial co-operation.
- Eurojust is a first step towards a 'European judicial area'.
- It is composed of national prosecutors, magistrates or police officers of equivalent competence from each of the EU states.
- Its task is to enhance the effectiveness of the national authorities when they are dealing with the investigation and prosecution of cross-border and organized crime (30 % of all crimes).
- Eurojust is seen as the future European Public Prosecutor's office, the creation of which is provided for under the Lisbon Treaty.

Source: European Commission



## •Harmonization of law in the European Union:

- The European arrest warrant.
- Civil law - legislation to facilitate the application of court rulings in cross-border cases involving divorce, separation, child custody and maintenance claims so that judgments in one country are applicable in another.

# Frontex

- Frontex' mission is to help EU Member States to implement EU rules for internal border controls and to coordinate cooperation between Member States in external border management.
- It still however remains the task of each Member State to control its own borders, but Frontex should achieve a uniform standard.
- Frontex operates the Special European Border Forces and the European Patrols Network to assist on control of the southern coastlines.
- Frontex presently operates 20 airplanes, 30 helicopters and 100 vessels, under control of the Member States, which have to agree to the use.
- Frontex is operating rather inefficiently due to low budget (ca 150 million EUR annually) and a tedious decision making process, inadequate equipment.....
- 2016 replacement of Frontex by a new European Border and Coast Guard Agency.

**Most critical period was September 2015:**

**Inability of Frontex to control influx of migrants into Greece from Near East and their subsequent movement through the EU countries.**

# Asylum and Immigration Policy

- There is no common asylum and immigration policy in the EU.
- Immigration and asylum issues are handled exclusively by the Member States.
- EU governments have however agreed to harmonize their rules, but up to now only some measures were adopted, such as minimum standards for the admission of asylum-seekers and for the granting of refugee status.
- Dublin Agreement: immigrants must seek asylum in the first EU Member State they enter.
- Number of asylum seekers: typically 200.000 p.a. till 2010, then increase.
- Dublin system collapsed in 2015 when a huge numbers of refugees from the Near-East entered Greece and the country was not able to handle registration and accommodation of them.
- In addition a sharp increase of migrants from Africa using the “Mediterranean route” was observed.
- Massive organized illegal immigration activities carried out on both routes.
- The European “migration crisis” developed.

# The European "Migration Crisis"

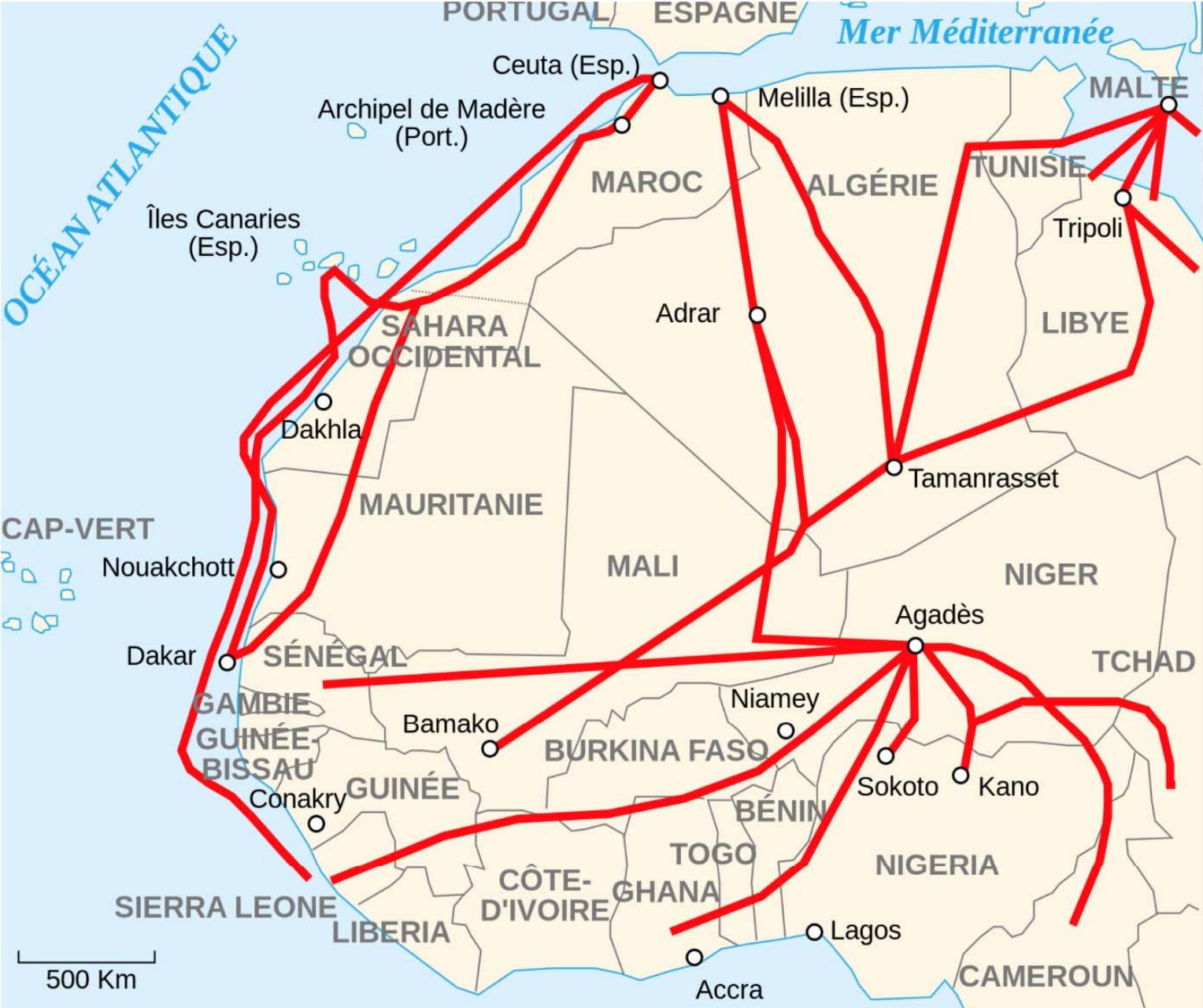
- **The European migration crisis has essentially 2 components:**
- War refugees from the Middle East and "social migrants" from Africa
- **Refugees from the the Middle East and Afghanistan:**
- Heavy fighting in Syria and Iraq (a.o. due to the rising of the Islamic State), ongoing terror attacks in Afghanistan.....
- 4 million refugees in camps, often with inadequate supplies (Aug. 2015).
- Since 2012 Refugees tried to reach Europe via Turkey/Greece/Hungary or Slovenia ("Balkan route") – massive wave in summer 2015, critical situations in Hungary, opening of the Austrian and German borders, huge trek of people entered the EU (many of them without any registration).
- In 2015 and 2016 more than 2 million asylum seekers used the Balkan route moving to their preferred final destination (mainly DE, SE and AT).
- In 2017, 2018 and 2019 the flow of refugees was significantly reduced due to agreement with Turkey, a closure of the "Balkan route" and a gradual termination of the war in Syria.

# The European "Migration Crisis"

- **“social migration” from Africa:**
- After the collapse of the Gadaffi regime in Libya 2011 increasing stream of migrants from Libya across the Mediterranean Sea to Italy.
- Mostly social migrants from South Sahara countries, plus a much smaller number of war refugees from Somalia, Eritrea.
- Largely based on professional migrant smuggling on established routes through the Sahara and West Africa. Costs 5.000 - 10.000 \$ per person.
- Transfer from Libya to Italy in unsafe vessels, mostly overloaded rubber boats: many people drowned.
- Rescue actions by Italian Marine forces with 8 ships started in October 2013 (operation “Mare Nostrum”). Picked up 150.000 people on the sea and brought them to Italy.
- In Oct. 2014 Italian mission was replaced by Frontex mission “Triton” to support Italy with surveillance, search and rescue actions in the Central Mediterranean with 2 aircrafts, 2 helicopters and up to 7 ships.
- According to statements in the European Council “Mare Nostrum” and “Triton” generated a pull-effect,

*Source: European Commission, Wikipedia*

# Major African Routes for Smuggling of Migrants



Source: European Commission, Wikipedia

# The European "Migration Crisis"

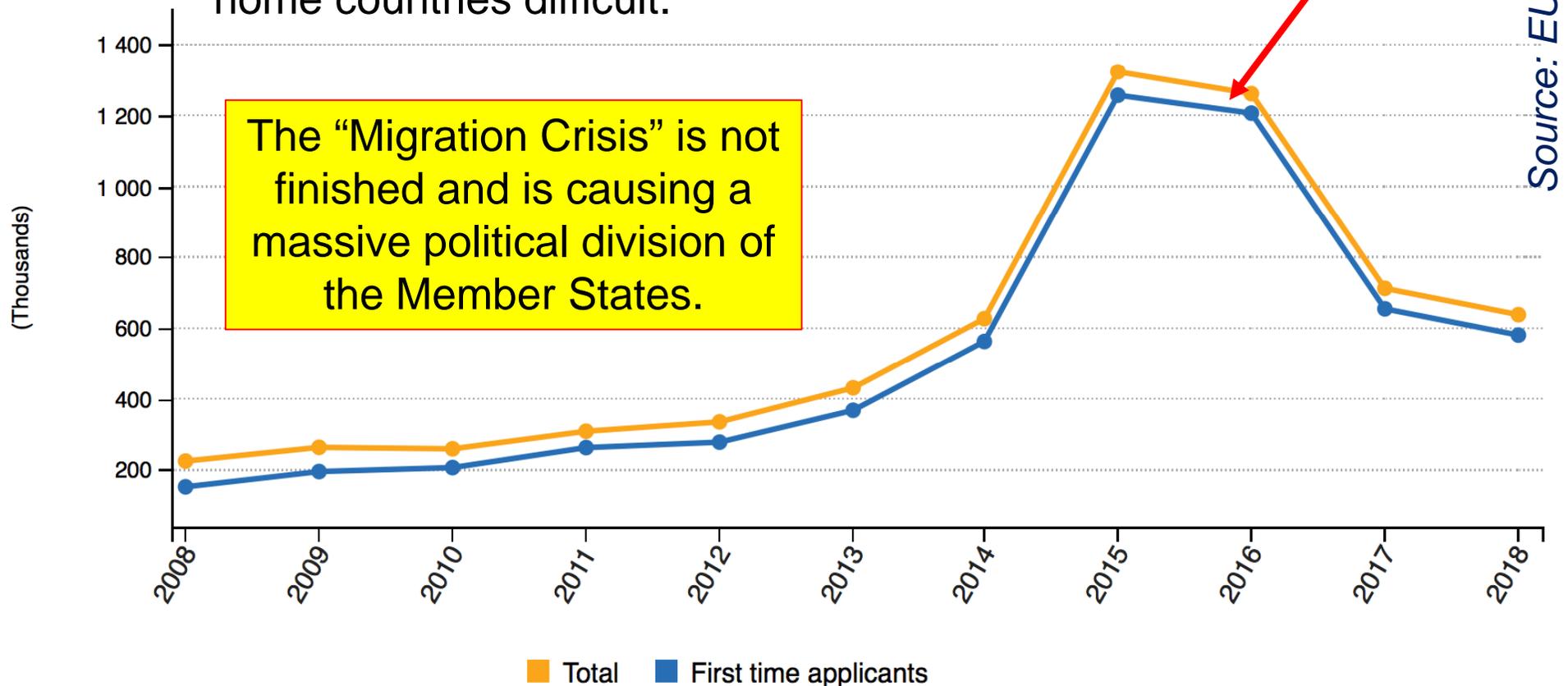
- Operation "Triton" ended in Feb. 2018 and was replaced by the Frontex operation "Themis" with enhanced law enforcement mandate.
- In addition 8 - 10 NGO ships were active in the Mediterranean, often picking up migrants near the Libyan sea border (20 mile zone).
- In June 2018 Council Decision on an agreement with the regime controlling the Libyan coast to stop migrants from leaving the country.
- Even when many of the African migrants tried to move on from Italy, esp. to DE, FR, the number of African migrants in Italy reached 600.000.
- Redistribution requests by Italy did not find a majority in the Council.
- In 2019 the new Italian government stopped the landing of NGO ships in Italian harbors leading to a drastic reduction of migration from Africa.
- The African migrants are largely considered as "economic refugees" by the national authorities granting asylum: acceptance rates < 10%.
- Very little return to countries of origin, therefore a large number of Africans is living in Europe without a real perspective.
- African migration issue not settled: problems in Libyan refugee camps.
- Ongoing discussions about setting up a legal way of seeking asylum in Africa.

*Source: European Commission, Wikipedia*

# The European "Migration Crisis"

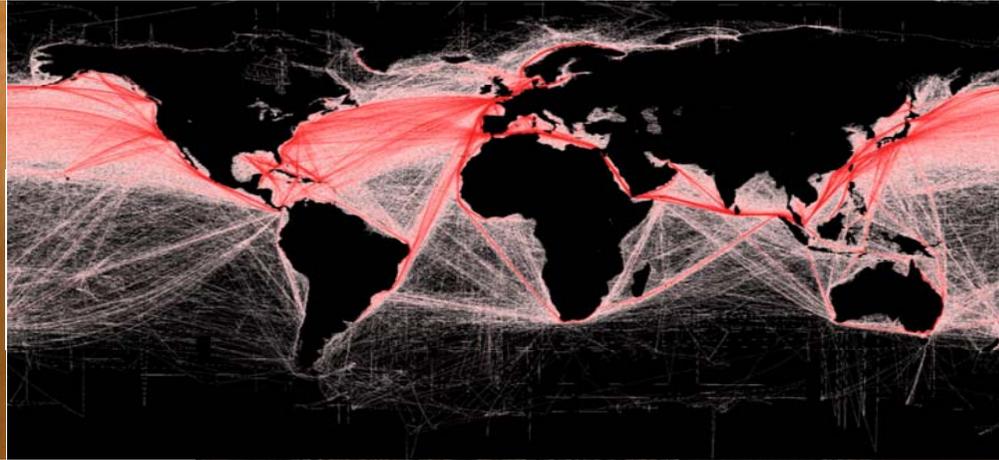
Asylum applicants in EU-28 from 2008-2018:  
5,7 million first time applicants

Asylum grant rate 56% (2018).  
Return of refused applicants into  
home countries difficult.



The EU is now trying to establish a common asylum and migration policy – so far without success.

# Ch. 5.6: Foreign Affairs: External Security, Trade, Development Cooperation



**STOP THE  
TRANSATLANTIC  
TRADE DEALS**



# A Common Foreign and Security Policy (CFSP)

- **Evolution of the CFSP:**

- In economic, trade and monetary terms, the EU as an institution has become a major world power.
- International trade is a Community matter – all agreements are concluded by EU and not Member States.
- Foreign relations and defense policy remain however largely within the competence of the Member States.
- Consequently, the EU has been described as an „*economic giant, a political dwarf and a military worm*“ (Former Belgian Minister for Foreign Affairs, Marc Eyskens).

- **The High Representative:**

- Treaty of Lisbon created a High Representative of the Union for Foreign Affairs and Security Policy.
- Article 15 of the Treaty of Lisbon: „*The High Representative shall conduct the Union's common foreign and security policy. He shall contribute by his proposals to the development of that policy, which he shall carry out as mandated by the Council. The same shall apply to the common security and defense policy.*“

Source: European Commission

# A Common Foreign and Security Policy (CFSP)

- **Mandate of the High Representative:**
  - The High Representative (Josep Borell) speaks on behalf of the EU in agreed foreign policy matters and is in charge of the common Diplomatic Corps for the Union.
- **Priority objectives of the CFSP:**
  - Safeguard the common values, fundamental interests, independence and integrity of the Union in conformity with the principles of the UN Charter.
  - Strengthen the security of the Union in all ways and preserve peace.
  - Promote international cooperation.
  - Develop and consolidate democracy and the rule of law, and respect for human rights and fundamental freedoms.
- **Decision making in the CSFP:**
  - Decisions require unanimity among Member States in the Council, but certain aspects can be further decided by qualified majority voting.
  - Disagreements between the Member States, such as those which occurred over the war in Iraq, are not uncommon.

*Source: European Commission*

# A Common Foreign and Security Policy (CFSP)

- **Representation of the EU in international bodies:**

- In the UN, the Member States have a seat and the EU is only an observer (France and the UK are also members of the Security Council).
- In the G8, G15, G20, the EU has rights of membership besides chairing/hosting summit meetings and is represented at meetings by the presidents of the Commission and the Council.
- In the World Trade Organization (WTO) the EU as an institution and all 28 member states are represented (EU representative is the Trade Commissioner).
- The High Representative speaks for the EU in international organizations.

- **Foreign policy initiatives of the European Union:**

- ***Iran Nuclear Deal (Joint Comprehensive Plan of Action 2015):*** Iran agreed to eliminate its stockpile of medium-enriched uranium, cut its stockpile of low-enriched uranium by 98%, and reduce by about two-thirds the number of its gas centrifuges for 13 years. For the next 15 years Iran would only enrich uranium up to 3.67%. In return Iran would be relieved from sanctions by the USA, EU and the UN Security Council.

# The Iran Nuclear Deal

- On 8 May 2018 the United States officially withdrew from the agreement in spite of assurance by the IAEA that Iran had kept to its commitment.
- Trump signed a Presidential Memorandum ordering the reinstatement of harsher sanctions, including secondary sanctions for companies, banks in other countries not complying with these sanctions.



- EU did not withdraw and tried to find a way to circumvent these sanctions by setting up special trading vehicles, but without success.
  - Companies, banks would not take part for fear of being banned from doing business with the USA.
- The USA says it is open to a new agreement provided the Iran changes its foreign policy (give up support of terrorists in Syria and guerillas in Yemen, delivery of missiles to Hamas and suspends its own program for building mid-distance missiles which could reach Israel).

# The Transatlantic Partnership

- **The USA is the most important foreign partner of the European Union:**
  - The USA have provided massive support in rebuilding Europe after WW2 (Marshal Plan and huge investments by American companies, banks....)
  - They have defended Western Europe during the 40 years of the cold war against Soviet aggression.
  - They finally caused the breakdown of the Soviet empire in 1989 thus laying the grounds for the changes to democratic governments in Central-Eastern European countries and the reunification of Germany.
  - Their military potential protects Europe against foreign aggression under the umbrella of the NATO.
  - The USA is the most important trading partner of the European Union:
    - Exports from the EU to the USA 406 billion EUR, imports from the USA 267 billion EUR (2018).
  - Relations were in general very easy going until President Trump began to address “imbalances”: negative trade balance of USA, different tariffs in bilateral trade (cars into the USA 2,5%, cars into the EU 10%), insufficient contributions NATO (DE 1,5% instead of 2%).....

# Membership in G20

- The G20 Summit is a meeting of the Heads of State of the most important/influential nations in the world.
- Participants are industrialized nations as well as emerging economies.
- Nucleus of a global governance system? Represent 90% of global GDP.



**First G20 Meeting in London 2009 at the occasion of the global financial crisis.**

Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, United Kingdom, United States, European Union.

*Source: Wikipedia*

# Annual Meetings of G20



The eight themes were "Global Economy", "Trade and Investment", "Innovation", "Environment and Energy", "Employment", "Women's Empowerment", "Development" and "Health".

# A Common Foreign and Security Policy (CFSP)

Source: Wikipedia

- **Military defense of Europe:**
  - The EU itself has limited military capability, Member States are responsible for their own territorial defense, but all EU member states (except AT, IRL, SE, FIN, Cyprus) are members of NATO, which has therefore the main responsibility for the defense of Europe.
  - The North Atlantic Treaty Organization (NATO) is an intergovernmental military alliance established 1949.
  - NATO is a system of collective defense whereby its Member States agree to mutual defense in response to an attack by any external party.

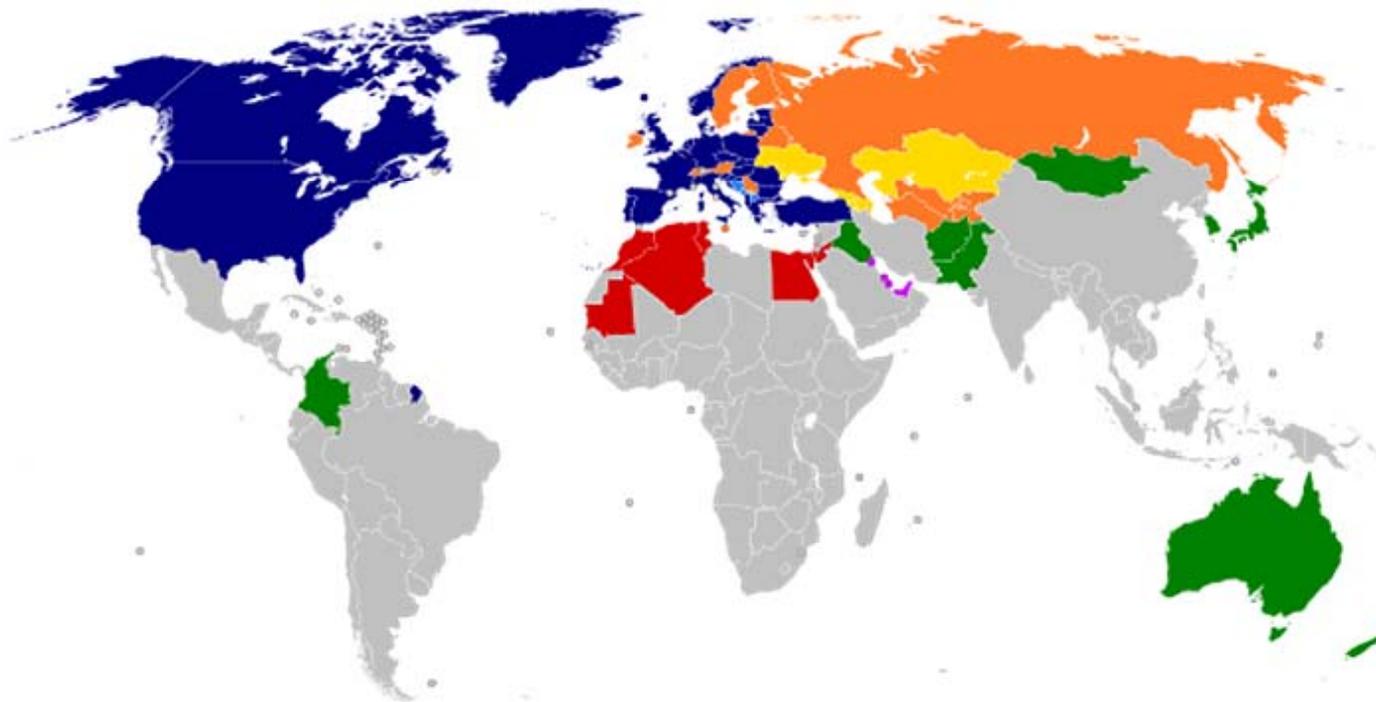


- NATO's headquarters are in Brussels.
- The NATO Chief of Command is American, the Secretary General European (presently Jens Stoltenberg, NO).

# The North Atlantic Treaty Organization (NATO)

- NATO has 28 member states and is the largest military alliance in the world.
- 22 countries participate in NATO's Partnership for Peace program.
- 15 other countries involved in institutionalized dialogue programmes.

Map of NATO partnerships globally



- Combined military spending of all NATO members constitutes about 1.000 billion EUR annually (70% of the global total).
- Members' defense spending is supposed to amount to 2% of GDP.

*Source: Wikipedia*

# A Common Security and Defense Policy (CSDP)

- An embryonic common defense policy:
  - Following the Kosovo war in 1999, the European Council decided that "the Union must have the capacity for autonomous action".



- The **Common Security and Defense Policy** or CSDP, established in 2003, is a major element of the Common Foreign and Security Policy of the European Union covering defense and military aspects.
- The CSDP shall include the progressive framing of a common defense policy, eventually leading to a common defense system, where actions are based on unanimous decisions of the European Council.

US soldiers in the Kosovo 1999

# A Common Security and Defense Policy (CSDP)

## An embryonic common defense policy:

- The CSDP has been described in the strategic document "A Secure Europe In A Better World" decided by Council on 12 December 2003.
- The EU security strategy identifies a string of key threats Europe needs to deal with:
  - terrorism,
  - proliferation of weapons of mass destruction,
  - regional conflicts,
  - failed states,
  - organized crime,
  - mass migration????



## Organization:

- Office of European Union Military Staff (EUMS) with ca 200 staff in Brussels is responsible for supervising operations (Head: the High Representative of the CFSP, Josep Borell).

# Achievements of the CSDP

- **EUFOR:**

- EUFOR is a temporary military deployment for peace keeping, not a permanent military force.
- Four EUFOR missions have been carried out so far: in the Republic of Macedonia from March 2003 to December 2003, in Bosnia from 2004, in the Democratic Republic of the Congo in 2006, and in Chad and the Central Africa Republic since 2007.



EUFOR on mission in the Balkans.

# Achievements of the CSDP

- **EUFOR Tschad mission:**

- 3,700 troops have been deployed in the area of operations, and a strategic reserve of 600 troops is stationed in Europe.



- The mandate includes "to take all necessary measures to protect civilians, facilitate delivery of humanitarian aid, and ensure the safety of UN personnel."

*Source: European Commission*

EUFOR Tschad authorized within a UN Security Council resolution in 2007.

# Achievements of the CSDP

- **Eunavfor (operation „Atalanta“):**

- Campaign of the European Union to stop the piracy off the Somali coast.
- There have been several hundred attacks on commercial ships since 2006 of which many were successful (e.g. in Dec. 2010 36 ships with 650 hostages were under control of the pirates).



- Joint naval patrol under British command with 10 military vessels, 5 airplanes and 2.000 staff in operation.
- In the meantime piracy went down significantly, but it became also evident that the problem cannot be solved by military means only.

*Source: Wikipedia*

# Achievements of the CSDP

- **EUNAVFOR Med (operation “Sophia”):**

- Military operation established 2015 with the aim of neutralizing established migrant smuggling routes from North Africa to the EU.
- Sophia is a military support of the “Triton” rescue mission.
- The operational headquarter is located in Rome.
- Tasks of “Sophia”:
  - surveillance and assessment of human smuggling and trafficking networks,
  - search, diversion and disposal of suspicious vessels,
  - training of the Libyan coastguards and navy, and
  - contributing to the implementation of the UN arms embargo on the high seas off the coast of Libya.
- Presently 2 ships, 2 surveillance airplanes and 3 helicopters.
- Success of the operation “Sophia” unclear.

# Achievements of the CSDP

- **The European Union's Rapid Reaction Force:**
  - Under the “Helsinki 2003” plan, the European Union pledged itself to be able to deploy rapidly and then sustain forces capable of the full range of the so-called Petersberg tasks for humanitarian and rescue activities, peace keeping and crisis intervention, including peace making.
  - This would involve up to 15 brigades or 50,000-60,000 persons with activation time of less than 60 days, operational distances of up to 4000 km and duration of up to 1 year.
  - Up to now 15 European Union battlegroups (EUBG) have been established each consisting of about 2.000 combat soldiers from different member states.
  - The groups rotate actively, so that two are ready for deployment at all times.
  - The forces are under the direct control of a unanimous European Council.
  - The Rapid Reaction Force (not be be confused with EUFOR troops!!!), has never been in operation so far, but could be the nucleus of a European army.

# Achievements of the CSDP

- **Technical cooperation for security and defense:**
  - As military technology becomes ever more sophisticated and expensive, EU governments are finding it increasingly necessary to work together on arms manufacture.
  - Moreover, if their armed forces are to carry out joint missions, their systems must be interoperable and their equipment sufficiently standardized.
  - To foster technical cooperation is an important task of the European Defense Agency operating since 2004.



The Eurofighter Typhoon is built by a consortium of EU countries (FR, UK, DE, IT, ES). 560 delivered (2019), several hundred ordered. Unit Price ca 100 million Euro.

*Source: Wikipedia*

# The European Union Trade Policy

- **Trade policy:**

- Foreign trade is a Community matter and decisions are made by Council and European Parliament with qualified majority upon initiatives by the Commission who conducts all negotiations.
- The EU does not have specific trade agreements with its major trading partners but these are handled through the WTO mechanisms (established 1995) involving individual member states and the EU.
- The European Union is increasing its trade with the emerging countries in all parts of the world.
- The EU's Trade Policy is closely linked to its development policy.
- Under its general system of preferences (GSP), the EU has granted duty-free or cut-rate preferential access to its market for most of the imports from developing countries and economies in transition:
  - Nigeria: exports to Nigeria 12 billion EUR, imports from Nigeria 22 billion EUR (2018)

*Source: European Commission*

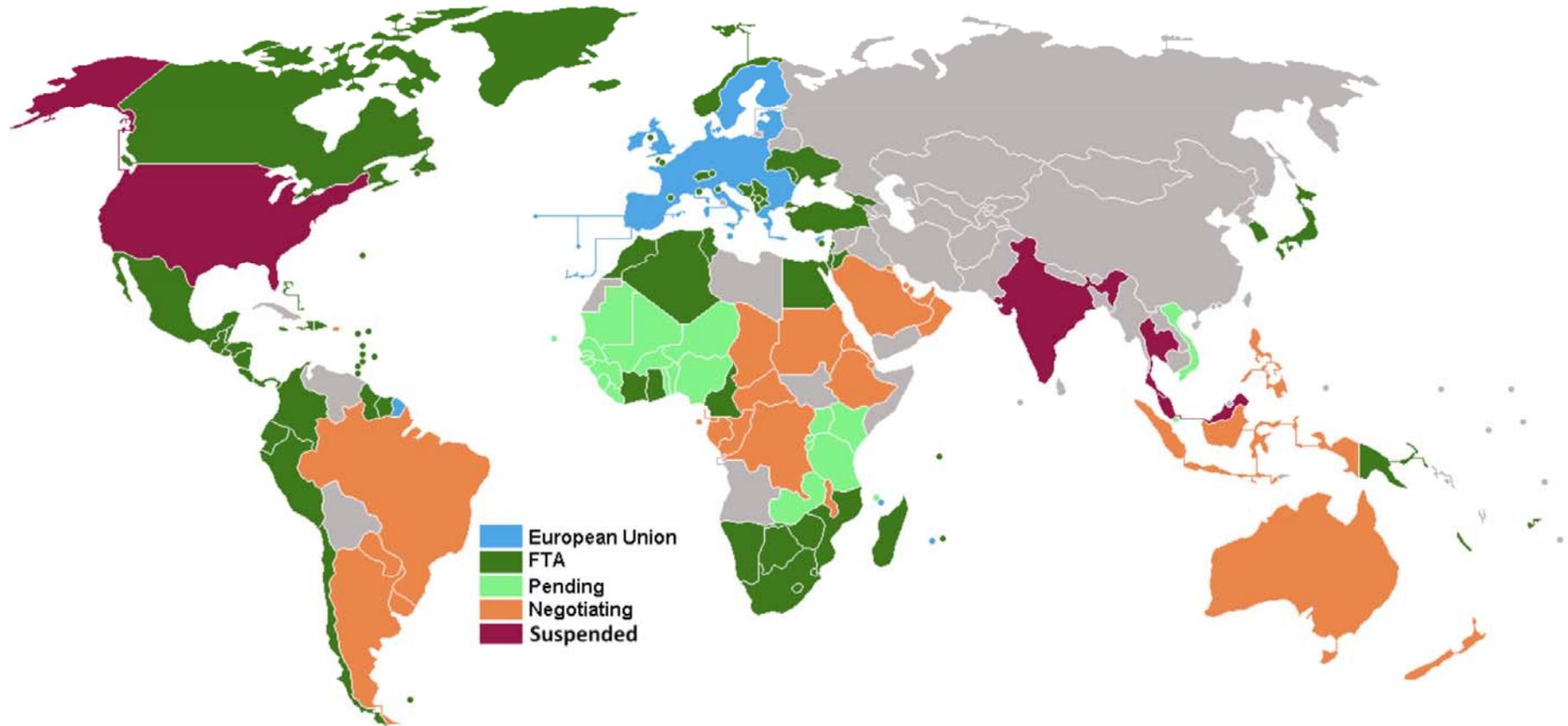
# The European Union Trade Policy

- **Trade policy:**

- Free trade agreements with major regions of the world to remove still existing barriers like (residual) tariffs and legal restrictions for services (e.g. investments) and harmonize different technical standards.
- Negotiated by the EU Commissioner for Trade, decided by Council and Parliament.
- Since 2018 these must be ratified by national parliaments of the Member States.
- In some cases difficulties in the ratification process:
  - TTIP: USA. Negotiations started 2013. Opposition by EU farmers (competition with cheap meat) and consumer protection organizations („hormone beef“, GMOs). Proposal finally withdrawn by USA.
  - CETA: Canada. Objections by farmers. Ratified finally in 2017
  - MERCOSUR: Brazil, Argentina, Uruguay, Paraguay. Agreement concluded in 2019. Ratification in process. Opposition by EU farmers (competition with cheap meat) and environmental organizations (increased spreading of soy and cattle farming into the Amazon rain forest).

*Source: European Commission*

# The European Union Trade Policy



EU Free trade agreements (2017)  European Union  Agreement in force  Pending  Negotiating  Suspended

The European Union has concluded free trade agreements (FTAs) and other agreements with a trade component with many countries worldwide and is negotiating with many others.

# The European Union Trade Policy

- **Trade figures:**

- The European Union is the second largest exporter in the world (after China) and the second largest importer (after the USA) of goods (2018).
- The EU's exports of goods amount each year to 1.879 billion EUR, the imports to 1,859 billion EUR (2017).
- Trade balance for goods + 20 billion EUR (2017).
- The largest trading partners of the European Union as a whole are the USA, China, Russia, Switzerland, Norway, Turkey.
- Biggest trade surplus with USA 140 billion EUR (2018).
- Biggest trade deficits with China 185 billion EUR and Russia 83 billion EUR (2018).
- Trade with China has had high growth rates in the past leading to increasing deficits
  - Year 2000: deficit 45 bio EUR
  - Year 2018: deficit 185 bio EUR

*Source: Statistica 2019, EUROSTAT), European Commission*

# The Position of the EU in a Globalised World

- **Strengths of the European Union:**

- The European Union is (still) the second largest economic region in the world:
- Global GDP in 2017 was 79.900 \$.
- EU GDP in 2017 was 15.200 billion EUR for EU-28, resp. 12.900 for EU-27.
- EU-28 has 19% of global GDP with 7% of global population (EU-27 has 16%).
- Share of USA in global economy is 24%, China 15%, Japan 6%.
- The citizen of the EU experience an unprecedented wealth (annual per capita GDP now 28.700 EUR).
- The EU has the best education system in the world.
- Its political „Leitmotiv“ - Sustainable Development“ – can serve as a model for the whole world.
- Excellent political relations with most countries in the world.

# The Position of the EU in a Globalised World

- **Weaknesses of the European Union:**

- **Politically the EU is an „ongoing and unfished project“:**

- Lack of financial or economic coordination of the Member states at EU level.
- High immigration, but lack of common asylum policy.
- Lack of common foreign policy and military coordination between Member States.
- Presently no tendency for further integration, rather „renationalisation“.

- **Structural problems:**

- High taxes and labor costs and elaborate social system (share of EU in global social expenses is 50%!).
- Aging society (by 2030 one active worker will have to support 2 people, who are either in education or in pension).
- Insufficient R&D investments in new technologies and low innovation.

# The Position of the EU in a Globalised World

## – Structural problems:

- De-industrialization causing high unemployment, low economic growth and increasing discrepancies between Northern and Southern member states.
- Huge imports of fossil energy (57% of gas, 82% of oil consumed in the EU [2017]– daily costs 1 billion EUR) and consequently high energy prices (3x of USA).
- Excessive bureaucracies - *Felipe Gonzales\**: „In Europe, it is impossible to find the next Bill Gates hiding in someone's garage as the municipal council would probably prohibit that.“

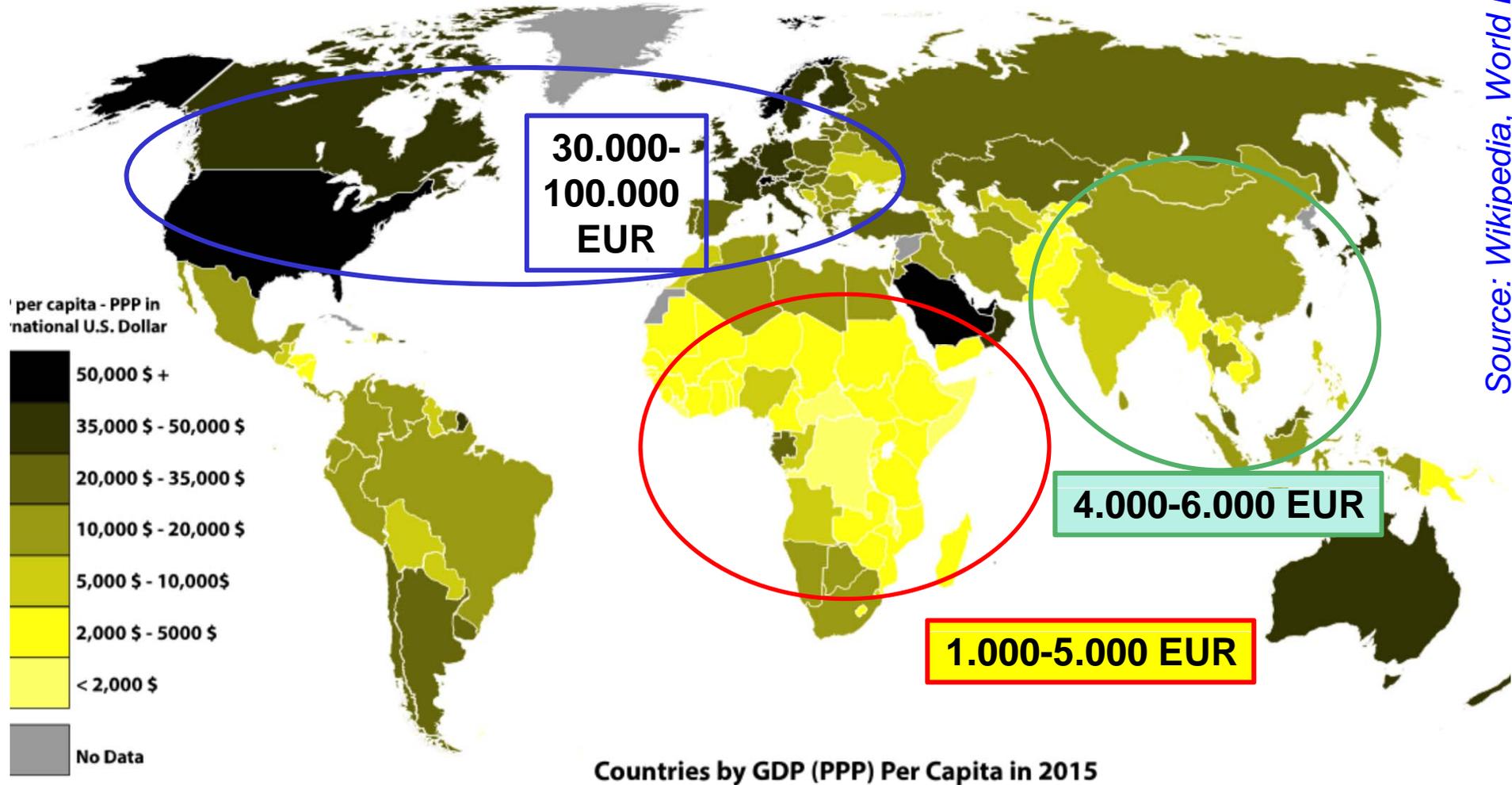
## – Socio-cultural problem:

- Lack of dynamism („Wellness Society“) - *Felipe Gonzales\**: „The current world economic crisis should be grasped as an opportunity to move Europe on from the state of sweet decadency in which it has lived for years.“

\*Social Democrat, Spanish Prime Minister 1982-96,  
Chair of Evaluation Group of Lisbon Strategy

# The Global Economic Situation

World map showing GDP per capita of the different countries.  
Basis for comparison: Purchasing power parity exchange rate (PPP)



Source: Wikipedia, World Bank 2018

WTO agreement 1995: free global trade covers 95% of global production

# Trade Relations with “Emerging Economies”

- “Emerging economies”: Dramatic growth of industrial production and energy consumption combined with environmental destruction.
- Major focus: China, India, Indonesia.....



Beijing December 2007

- **Europe must *provide* the “best available” technologies and open up for further joint developments,**
- to reduce pollution in industrial production,
- to improve energy efficiency,
- to produce “clean energy”,
- to develop sustainable modes of transport.

# Trade Relations with “Developing Countries”

- Developing countries: poverty, lack of essential infrastructure and services in the poorest countries.
- Focus: Africa

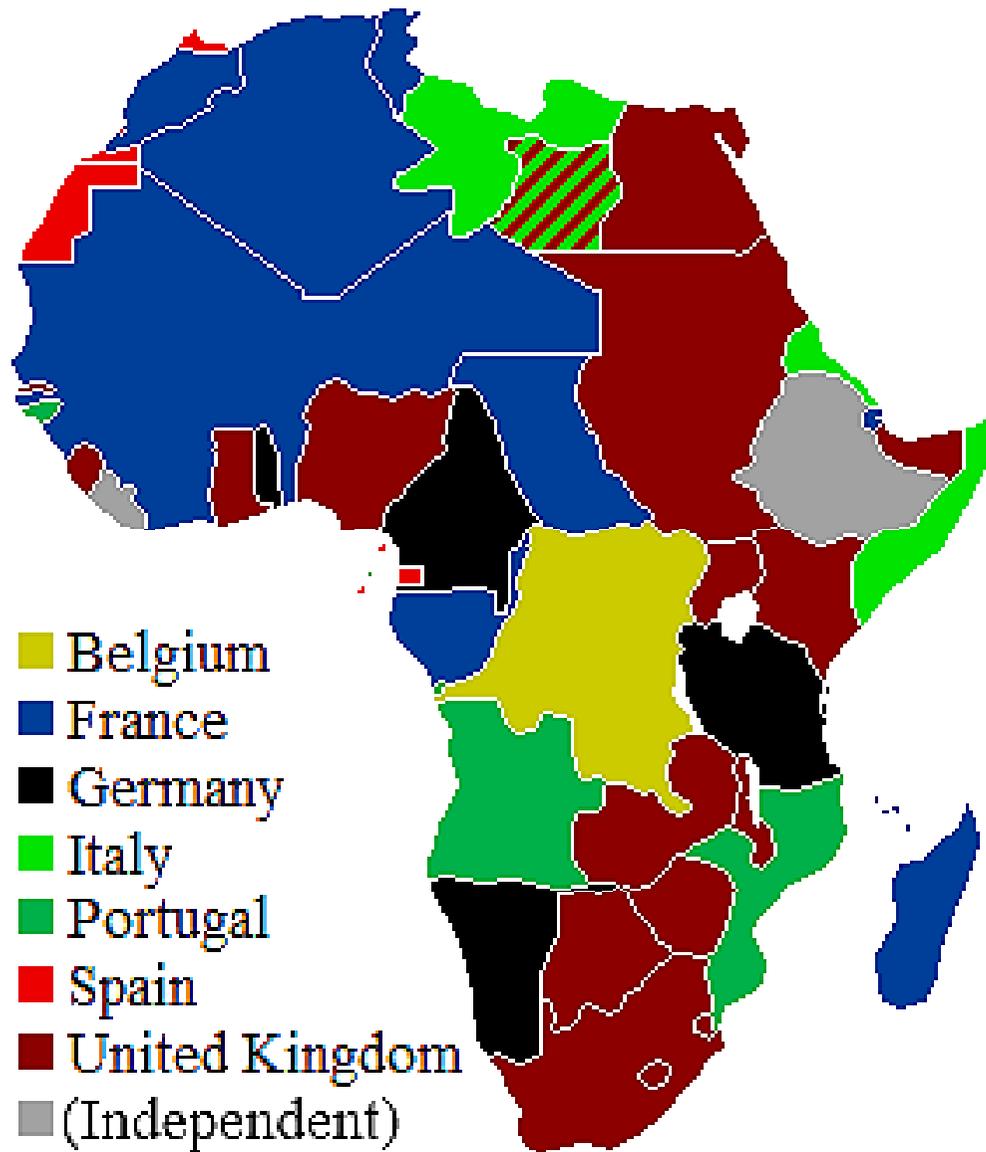
Source: Wikipedia



- **Europe must provide** development aid, focussing on infrastructure development,
- enhance trade, by reducing European import barriers and excessive export subsidies (agriculture),
- supply adequate technologies, following the EU sustainability criteria as much as possible, e.g. solar energy for Africa.

- EU largest donor of development aid globally. Annually 55 billion EUR (EU and Member State funds) – 0,4% of GDP.

# Development Cooperation with Africa



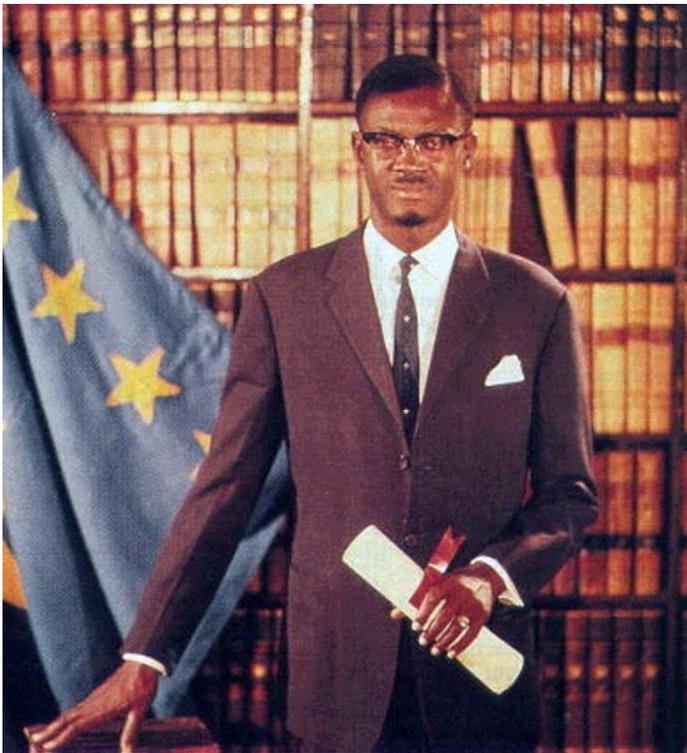
- During the period of “New Imperialism“, between 1881 and 1914 the occupation, division, and colonization of African territory by European powers took place.
- While in 1870 only 10 percent of Africa was under formal European control by 1914 it had increased to almost 90 percent of the continent (only Ethiopia and Liberia were independent states).
- The Berlin Conference of 1884 regulated European colonisation and trade in Africa and lead to a stable system of European colonies which lasted until the 1960s.

Africa 1914 under the control of colonial powers

*Source: Wikipedia*

# Development Cooperation with Africa

- The decolonization of Africa took place in the mid-to-late 1950s and early 1960s, mostly very suddenly, with little preparation.
- There was widespread unrest and organized revolts in both Northern and sub-Saharan colonies, especially in French Algeria, Portuguese Angola, the Belgian Congo and British Kenya.



Patrice Lumumba, the first Prime Minister of the Republic of Congo (1960)

- Under the Treaty of Rome in 1957, the then colonies and overseas territories of member states had become associates of the Community.
- Decolonization turned this link into a different kind of association, one between sovereign countries.
- The Lomé Convention, which was signed in 1975 in Lomé, the capital of Togo, and subsequently updated at regular intervals is the first formal agreement between the European Union and African States.

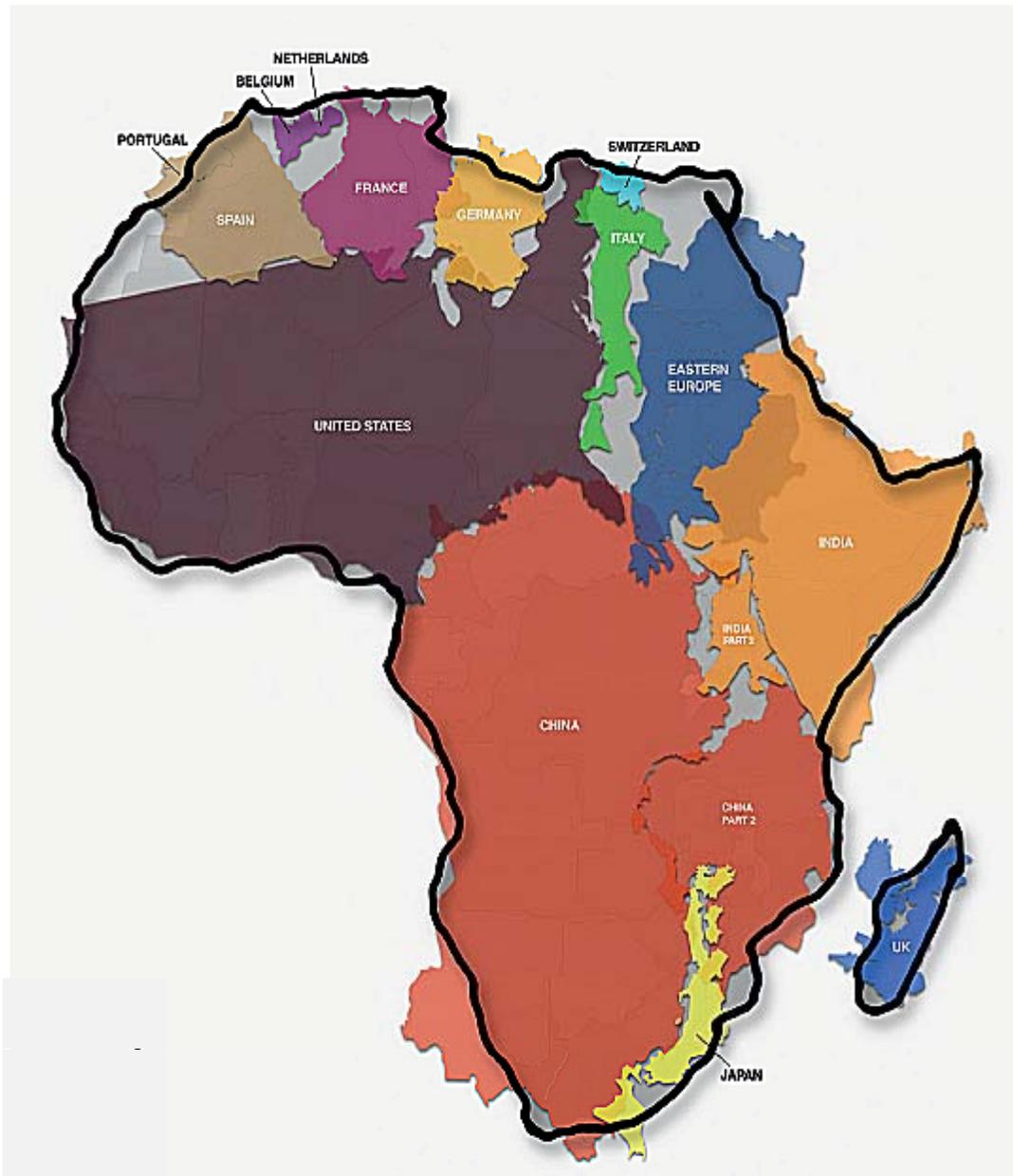
# Development Cooperation with Africa

- It was followed by the Cotonou Agreement, signed in 2000 in Cotonou, the capital of Benin, marked a new stage in the EU's development policy.
- The basic aims of this agreement are
  - to promote and expedite the economic, cultural and social development of the ACP states, and
  - to consolidate and diversify their relations [with the European Union and its member states] in a spirit of solidarity and mutual interest.
- The European Union has granted special trading concessions to the least developed countries, 39 of which are signatories to the Cotonou Agreement.
- The European Development Fund finances the ACP support programs, paying out about 5 billion euro a year.

*Photo: Wikipedia*



# Development Cooperation with Africa



- Africa is a huge continent:
  - 30 million km<sup>2</sup>
  - 20% of the global land mass
- Africa has a large and young Population:
  - 1,3 billion in 2019
  - 2 billion by 2050
  - median age 22 years
  - *EU* median age 45 years
- Africa is rich in natural resources
  - minerals, oil, wood, agricultural products.....

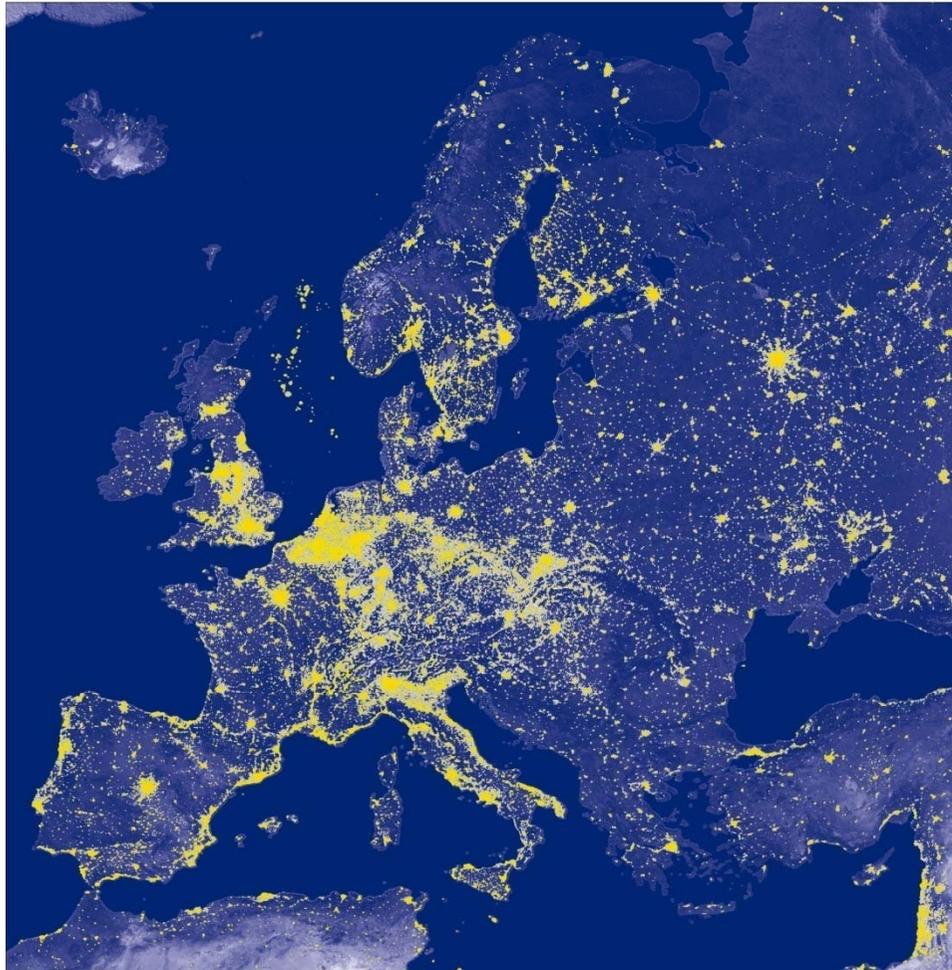
Source: Wikipedia

# Development Cooperation with Africa

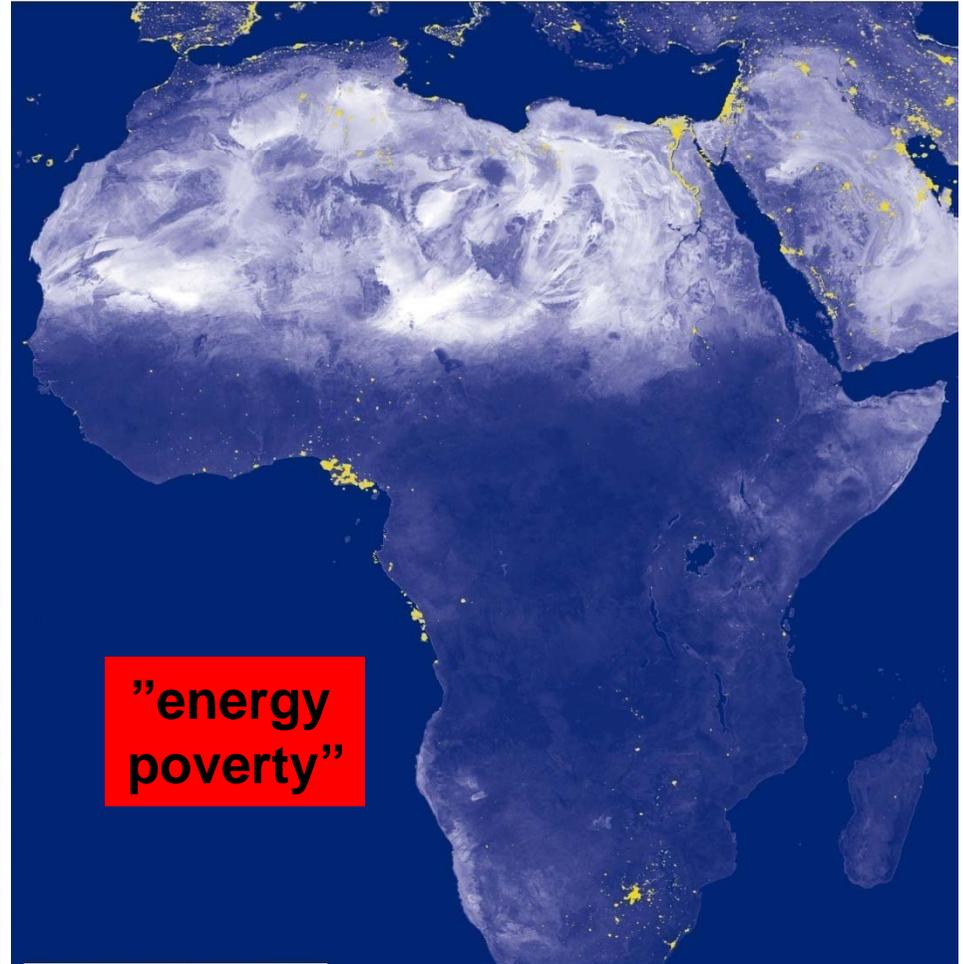
Night-Lights over Europe and Africa

*5000 Watt per capita*

*<500 Watt per capita*



**800 million inhabitants**



**"energy  
poverty"**

**1,3 billion inhabitants**

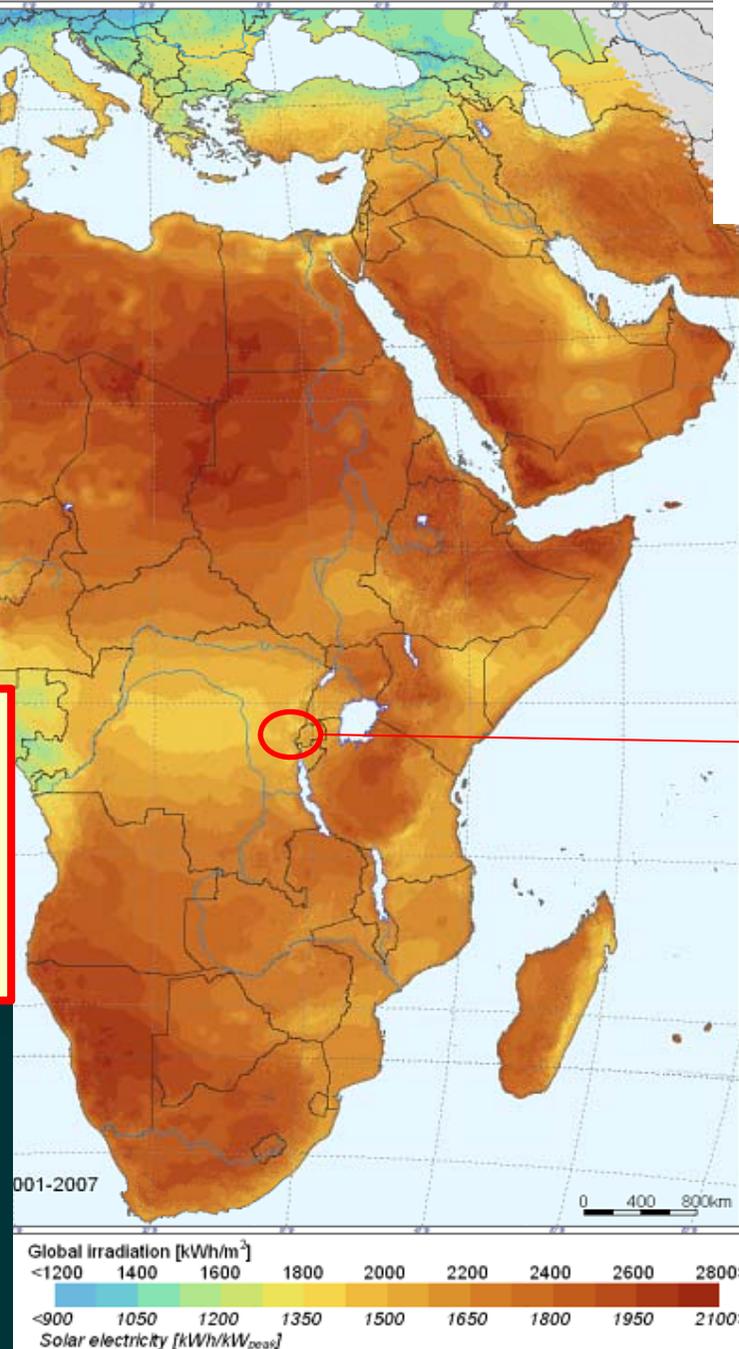
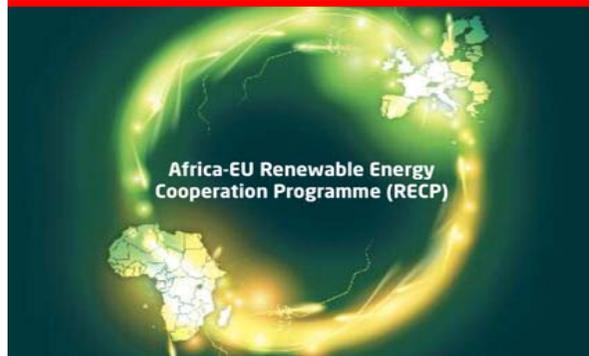
## Africa: Improving Infrastructure

### Potential of Solar Energy in Africa.

Source: JRC-IES

Setting up  
local/distributed electricity  
production and supply  
systems are among the  
most important measures.

- 2014 - Construction Begins on East Africa's First Utility-Scale Solar Field in Rwanda:
- 8.5 megawatt solar photovoltaic (PV) power plant will deliver 8% of the country's electricity consumption.
- costs: 24 mio \$



# Development Cooperation

- **Humanitarian relief programs of EU:**
  - The European Community Humanitarian Aid Office, or "ECHO", provides humanitarian aid from the EU to developing countries.
  - In 2017 its budget amounted to 1.700 million EUR.
  - Roughly 50% of these funds go to the Africa, Caribbean and Pacific countries.



2004 floods in Haiti



2005 Tsunami in Thailand

# **The European Union as a Global “Soft Power”: Political Values of European Soft Power**

**Pioneer in the Propagation and Implementation of the Concept of  
Sustainable Development for the Whole World**

## **“Lissabon Agenda”**

- **Economic Growth**
  - **Social Equilibrium**
  - **Environmental Quality**
- 
- Guiding Principle for the European Union and is being incorporated in all EU sectoral policies.
  - Sustainable Development should be the guiding principle for all nations.
    - EU must apply this principle in negotiations at the level of the World Trade Organisation and thereby introduce environmental and social elements into the WTO scheme.

# Summary:

## Major Policy Areas and Achievements of EU

**75 years of peace.**

- **The Single Market:**

- Single European Act (1987): Provides for free movements of people, goods, services, and money and abolition of custom controls and fees; EU largest economic area in the world.
- Transport Policy: Trans-European Networks (TEN).
- Energy Policy: Strategic Energy Technology Plan (SET-Plan).
- Competition Policy: breaking up of monopolistic methods and structures, reduced air fares and telephone charges.

# Summary:

## Major Policy Areas and Achievements of EU

- **The Solidarity Policies:**
  - Regional and cohesion Policy: transfers of funds from rich to poor countries/regions (25% of EU budget, 30 billion EUR annually).
  - Common Agricultural Policy (CAP): subsidies for European farmers with emphasis on sustainable farming practices and production of affordable food (40% of EU budget).
  - Common Fisheries Policy (CAP): subsidies for fishery industry to achieve a sustainable management of European fish stocks.
  - Environmental Policy: 250 pieces of legislation limiting pollution and supporting sustainable development since 1972 - very high environmental quality in the EU.

# Summary:

## Major Policy Areas and Achievements of EU

- **The Innovation Policies:**
  - Research Policy: European research programmes to enhance competitiveness (ca 5% of EU budget).
  - Education Policy: ERASMUS and Leonardo for exchange of students and trainees.
- **The Economic and Monetary Union:**
  - Common currency for 19 member states (Eurozone): ECB; EURO second most important currency in the world (25% of global reserves); problem: lack of financial and economic coordination.

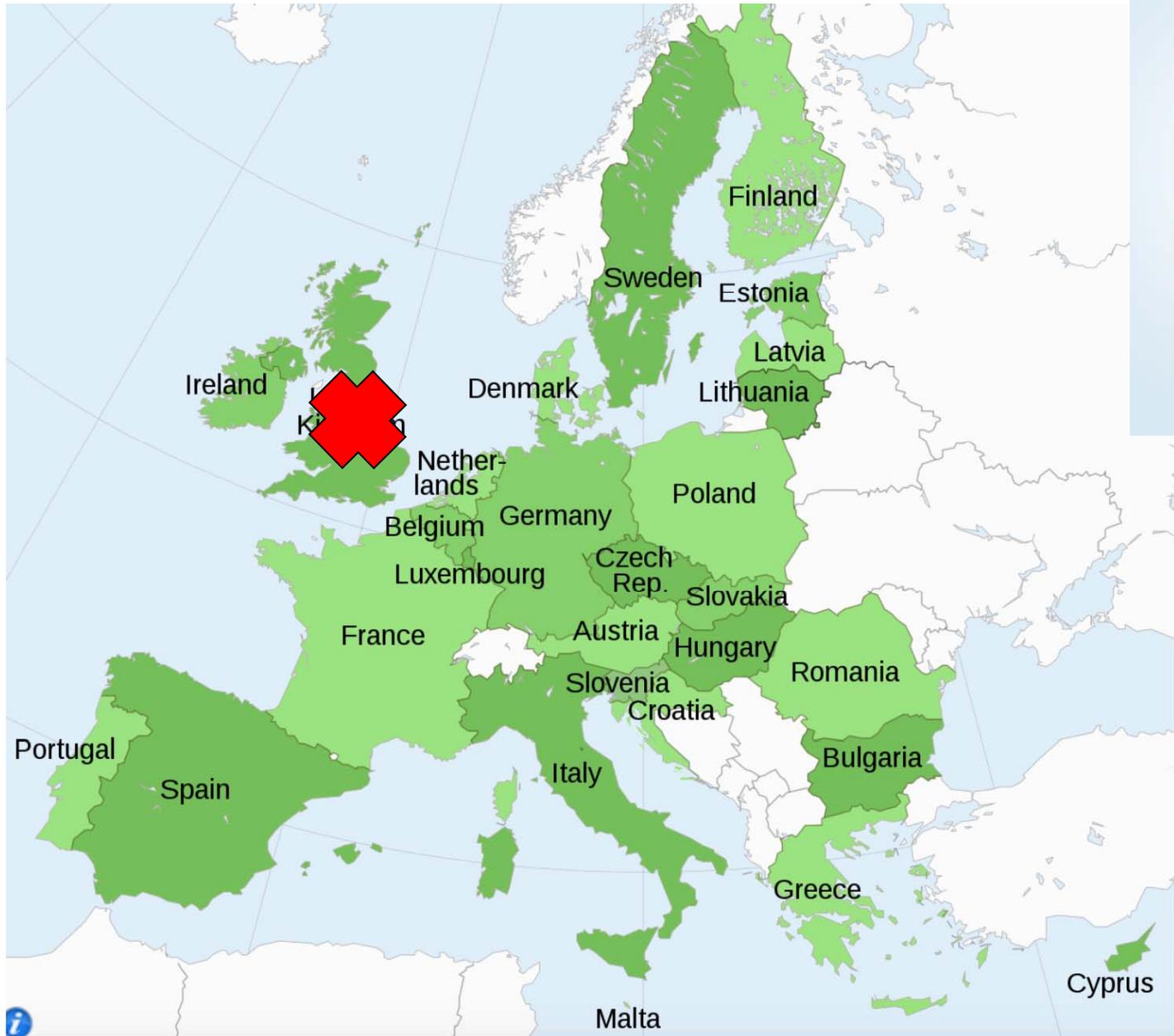
# Summary:

## Major Policy Areas and Achievements of EU

- **Home Affairs:**
  - Freedom: Schengen Agreement for abolition of border control (22 member states).
  - Security: Europol for co-operation of police forces; Eurojust for co-operation between prosecutors; Frontex for co-operation between border control authorities.
  - Justice: Civil law cooperation in areas like extradition, family law; European prosecution attorney.
- **Foreign Affairs:**
  - External Security: High Representative of the Union for Foreign Affairs and Security Policy; EU diplomatic corps; EUFOR; European Union battle groups; Eurofighter.
  - Trade: EU second largest economic region in the world..
  - Development Cooperation: EU is largest provider of development aid (0,4% of GDP).

*Source: European Commission*

# The European Union 2019





**Thank you for your interest!**