

INTERNATIONAL BUSINESS

Unit #1: European Union - Trade Agreements

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Step #1: European Union

Begin by reading the description of the European Union (on page 2). Create a note summary that defines what the European Union is and the reasons for this trade agreement. Can you identify the positives of their trade agreements? List as many as possible and be prepared to discuss.

CURRICULUM EXPECTATIONS:

- ☒ Identify and describe the problems that some companies have experienced when exporting goods and services (e.g., changes in exchange rates, increases in duties, restrictions on products).
- ☒ Describe the challenges an international company may encounter with regard to ethics, values, language, and business practices in the various countries in which it operates (e.g., accommodating protocol and customs of local culture during inter-national meetings, managing culturally diverse workforces).
- ☒ Describe the effects of barriers and obstacles to international business activity (e.g., tariff and non-tariff barriers, restrictions on foreign investment, fluctuations in currency).
- ☒ Describe, drawing on information from a variety of sources, including the Internet, international agreements and organizations that have influenced global business activity (e.g. European Union).
- ☒ Assess, considering factors such as markets, financing, and labour, how trends in the global marketplace have changed the ways in which an individual might run a business.

KEY LEARNING GOAL:

A note from Mr. Parsons...

It is important to learn about the different trade agreements as they have a major impact on trading relationships. We begin with the European Union as its current position allows us to learn many of the positives and negatives of trade agreements.

Step #2: Journal Response

Question #1:

What problems are eliminated with the establishment of the EU? What problems have been created?


Question #2: Does the creation of the Euro (a European Currency) help support the European Economy? Does it support European Businesses? How?

Questions #3: What is the the Copenhagen criteria? Why is this important for the EU?

Question #4: What is the environmental policy of the EU?

Questions #5: What are the advantages and disadvantages of free movement across European countries borders?

Question #6: What problems can you identify when considering the varying GDP per capita across the EU?



Unit #1: The European Union - Trade Agreement - Description

The European Union (EU) is an economic and political union of 27 member states which are located primarily in Europe. The EU has developed a single market through a standardised system of laws which apply in all member states. Within the Schengen Area (which includes EU and non-EU states) passport controls have been abolished. EU policies aim to ensure the free movement of people, goods, services and capital, enact legislation in justice and home affairs, and maintain common policies on trade, agriculture, fisheries and regional development. A monetary union, the eurozone was established in 1999 and, as of January 2012, is composed of 17 member states. Permanent diplomatic missions have been established around the world and the EU is represented at the United Nations, the WTO, the G8 and the G-20.

With a combined population of over 500 million inhabitants, or 7.3% of the world population, the EU generated a nominal GDP of 16,242 billion US dollars in 2010, which represents an estimated 20% of global GDP when measured in terms of purchasing power parity. The introduction of the euro in 2002 replaced several national currencies.

The European Union was formally established when the Maastricht Treaty came into force on 1 November 1993, and in 1995 Austria, Finland and Sweden joined the newly established EU. In 2002, euro notes and coins replaced national currencies in 12 of the member states. Since then, the Eurozone has increased to encompass 17 countries.

To join the EU a country must meet the Copenhagen criteria, defined at the 1993 Copenhagen European Council. These require a stable democracy that respects human rights and the rule of law; a functioning market economy capable of competition within the EU; and the acceptance of the obligations of membership, including EU law. Evaluation of a country's fulfillment of the criteria is the responsibility of the European Council.

The first environmental policy of the European Community was launched in 1972. Since then it has addressed issues such as acid rain, the thinning of the ozone layer, air quality, noise pollution, waste and water pollution. Today, the European Union is thought to have some of the most progressive environmental policies of any state in the world.

In 2007, member states agreed that the EU is to use 20% renewable energy in the future and that it has to reduce carbon dioxide emissions in 2020 by at least 20% compared to 1990 levels.[62] This includes measures that in 2020, 10% of the overall fuel quantity used by cars and trucks in EU27 should be running on renewable energy such as biofuels. This is considered to be one of the most ambitious moves of an important industrialized region to fight global warming.

In 2010 the EU generated an estimated 26% (16.242 billion international dollars) share of the global GDP making it the largest economy in the world. It is the largest exporter, the largest importer of goods and services, and the biggest trading partner to several large countries such as China, India and the United States.

Unit #1: The European Union - Trade Agreement - Description

Of the top 500 largest corporations measured by revenue, 161 have their headquarters in the EU. In May 2007 unemployment in the EU stood at 7%, inflation at 2.2%. There is a significant variance for GDP (PPP) per capita within individual EU states, these range from €11,000 to €70,000 (about US\$14,000 to US\$90,000).

On the high end, Inner London has €78,000 PP per capita, Luxembourg €62,500, and Bruxelles €52,500, while the poorest regions, are Severozapaden with €6,400 PPP per capita, Nord-Est with €6,900 PPP per capita.

EU member states have a standardized passport design. The single market involves the free circulation of goods, capital, people and services within the EU. Once goods have been admitted into the market they cannot be subjected to customs duties, discriminatory taxes or import quotas as they travel internally. Free movement of capital is intended to permit movement of investments such as property purchases and buying of shares between countries. The free movement of persons means that EU citizens can move freely between member states to live, work, study or retire in another country. This required the lowering of administrative formalities and recognition of professional qualifications of other states.

The euro is designed to help build a single market by, for example: easing travel of citizens and goods, eliminating exchange rate problems, providing price transparency, creating a single financial market, price stability and low interest rates and providing a currency used internationally and protected against shocks by the large amount of internal trade within the eurozone.

Source: http://en.wikipedia.org/wiki/European_Union

