The Abduction of Europa
(on a wall fresco in Pompeii)

Technical Note:
Who and What is Europa in 2013?

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Introduction by the author

At each EFAS the participants have received this technical note on "Who and What is Europa?" The European Food and Agribusiness Seminar has each time featured cases and participants from all continents, so the meeting is global in nature. It is also European, because we look at the global food system from a European perspective. Therefore we considered it also worthwhile to provide our participants with some aspects of who and what Europa is, which may be especially interesting for our guests from other continents. The years between 2005 and 2013, when we have written these technical notes, have been turbulent times for Europe. In 2005, the introduction of the common currency and expansion to new member states was still fresh, and many questions loomed as to what such a Europe would be like. By 2007, a constitutional effort had failed, triggering discussions on the purpose of a European Union. In 2009, the coincidence of the global financial crisis and a renewed expansion discussion rattled minds over Europa's future. In 2011, Europe was facing her greatest challenge yet, in the form of the sovereign debt crisis in several eurozone countries.

In 2013 the crisis is far from being surmounted. However the emergency has been going on for such a long time now that the crisis no longer feels so drastic to most Europeans. This masks the fact that a fairly large number of European citizens are bearing a high cost: whole generations of young people in Southern Europe are shut out of the labour market. And if economic history is any guide, they will be scarred by that for the rest of their lives. Most of Europe is gripped in a tight economic recession which severely anguishes the middle classes, reducing their quality of life and making them unfriendly towards the European idea. The European banking system has lost its credibility in the world, and it is kept on drip-feed life support by the European Central Bank. This too will echo for decades into the future.

Tensions within the European Union are running at peak levels. This summer 2013, one EU nation even threatened another EU nation militarily for the first time in decades, when the United Kingdom had a destroyer give a show of force in the Gibraltar conflict. The perception of German-imposed austerity in much of Europe is deeply unpopular. National governments appear ever more unstable. Have the bonds of friendship and peace on the continent really become irreversible?

The European Union is the largest economic block in the world, 6% larger than the USA, twice the size of China. The way in which this European crisis develops further will deeply affect every economically active citizen in the world. A closer look at who and what Europa is, appears more warranted than ever.

Our survey on the question of "Who and What is Europa?" looks at the history and institutions of the European Union, the euro crisis and its meaning for the future of Europe, other European organizations, and the various geographical, historical and philosophical definitions of Europe.

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Europa – either derived from Semitic 'ereb' = evening and Phoenician 'erob' = dark,
lands where from the view of the early Fertile Crescent civilizations the sun was setting,
or derived from the Greek 'eurys' = broad and 'op' = face,
the broad open lands available for settling

Europa – the official name of Europe as decided by the European institutions,
following the old Greek and Latin spelling

The Euro Crisis and the Question of Fiscal Union

In December 2009, European leaders signed the 5th intergovernmental treaty that would be the foundation of the European Union. This 5th treaty, also known as the Lisbon Treaty, was considered necessary by European leaders to clarify and streamline the functioning of European institutions and their relationship to the member states. After two decades of almost permanent EU reform leading towards ever more integration, European leaders were confronted with "Europa fatigue" among their electorates. The EU leadership therefore promised to each other and their electorates that there would not be a new treaty, let alone more integration, in the foreseeable future.

That period of foreseeability proved to be remarkably short. The ink on the final ratification of the Lisbon Treaty with far reaching changes to the administrative functioning of the European Union had barely dried, when the European leadership and its institutions began to be faced with the strongest challenge yet concerning the nature and extent of the European Union. What began as a debt crisis in Greece in early 2010 became a full blown identity crisis of the European Union by the summer of 2011, and remains unresolved since then.

A United States of Europe vs Europe à la Carte

The discussion around the political identity of the EU is in itself not new. Ever since the founding treaty in Rome in 1957, discussion has revolved in the main around two axes: First, there is an institutional-oriented debate – mostly among political scientists – on whether Europe's final destiny is to be a kind of United States of Europe (i.e., a one-way street towards ever tighter nationhood) or to be a Europe à la carte with a series of intergovernmental agreements that countries can accede to (and by implication also leave) at free will. Second, there is a pragmatically-oriented debate among political practitioners as to whether European institutions may acquire their legitimacy from the general population over time, which means that EU institution building could and even should run ahead of a popular mandate, or whether EU institution building must keep pace with a popular mandate and must be democratically legitimized concurrently. The latter would mean that major changes to the relationship between the EU and its member states should be ratified by national referenda, the former means that elected governments may enact such changes also without popular support in their electorates. National referenda on the EU have been rare exceptions so far – mostly because most of the time they would fail.

The debate has flared up into the public limelight several times during the 2000s, first as part of the EU Constitution debate, then as part of the EU expansion debate, and associated with that also the question of whether Turkey should be allowed to become a full member of the EU or not. The difference of those debates to the still ongoing euro crisis is that their outcomes had virtually no material effect on the lives of ordinary European citizens. The euro crisis is existential instead, and not only to the Europeans, but to the whole global economic system. What had been a somewhat elite debate of political philosophy has become a matter of serious implications for everyday life, for instance for the Cypriots who lost much of their savings during their recent banking crises, for young Spaniards who at a rate of youth unemployment around 50% cannot find jobs, or for Latvians, who decided to adopt the euro as of 2014 in order to maintain escape velocity from a belligerent Russia.

Greece changes the nature of the political debate because it cannot pay back its debt

The euro crisis has its origin in the inability of Greece to pay back the external debt which the country has accumulated. This fact was not widely noticed until early 2010, due to a combination of Greek authorities' untruthfulness about the state of their finances, and bond markets not looking closely enough at the financial sovereign risks of EU countries. Both facts are important, because the largest bond holders of Greek debt were state-dominated banks in Germany and France. The not so trivial ethical question in the bail-out debates of Greek public finances, is whether the Greek citizens should pay for the fact that German and French state-dominated banks had such poor governance.

Initial institutional responses by the EU seemed to have allayed the problem in the course of 2010. However, the heightened attention of debt holders on several European sovereign risks exposed a much deeper problem: the inability of not only Greece, but of several other countries as well, to be structurally export-competitive enough to create external financial surpluses that are sufficient to service their external debts (**Exhibit 1**). Or in plainer words: these countries are insolvent. There are only three courses of action with which to resolve such structural lack of export competitiveness : a) devaluation of the currency (usually to be combined with a restructuring of the debt), b) internal labour market reforms leading to steep reductions of real labour costs, or c) the creation of a solidarity pact with economically stronger friends that are willing to subsidize their weaker comrades for as long as necessary to nurse them back to economic health. Option c) would mean fiscal union in the EU, which was so far always strictly denied as a possible path for the further development of the EU.

Bond markets discovered that not only Greece, but also Portugal, Ireland, Spain, Italy, Belgium and possibly even France had not decided which would be their choice among the three options to resolve their export-competitiveness problems. Option a) would mean that these countries would need to step out of the euro currency system, option b) is politically very difficult to undertake in any of these countries, and for option c) there does not seem to be enough political support among the economically stronger European citizens to extend the required degree of solidarity to their struggling compatriots.

Searching for the path back to export competitiveness

Since the bond markets received no answers, they imposed a funding embargo on the supply of fresh money to either governments or banks in these countries, threatening economic standstill in them. As a solution, the European Central Bank (ECB) has been providing liquidity to these countries, but in doing so has been overstepping both its legal and financial capacities. The balance sheet of the ECB expanded from around 1 trillion euro pre-crisis to nearly 3 trillion euro in 2012. Most of the increase was due to the ECB buying debts from Southern European countries – thus *de facto* financing Southern Europe, which in a narrow interpretation of its mandate is illegal. A further 1 trillion euro in *de facto* loans to the South were granted in 2012 via the TARGET II central banking clearing system. Since the hiatus of 2012, the ECB balance sheet has contracted to around EUR 2.4 trillion and the TARGET balances have decreased to around EUR 0.7 trillion. These contractions can be interpreted as signs of normalizations of the markets and a sign that the eurozone is slowly working its way out of emergency mode.

The key political word has become "austerity" – which *de facto* indicates option b) internal labour market reforms leading to steep reductions of real labour costs, in order to fix the broken finances of Southern European countries. If option b) can work, this would indeed save the euro and spare European leaders the need to build a fiscal union.

Austerity policies have reduced unit labour costs (ULC) in some Southern European countries: in Greece by 20%, in Spain by 10%, in Portugal by 5% over the past three years (**Exhibit 2**). These countries are still, but now "only" 15% more expensive than German labour in terms of unit labour costs. One might say, austerity has achieved a half-way point. With a few more years of discipline these countries may become competitive against Germany again. However, is that possible? Unemployment rates in these countries are at exorbitant levels already and long-running recessions are eroding the investment capital required to create higher productivities. In the meanwhile, shrinking salaries mean shrinking economies, which only drives the debt burden higher. Besides, French or Italian labour costs have actually risen in the past years – so their debt problem is not beginning to be solved yet.

It is too early to tell whether the overdebted societies of Greece, Portugal, Spain and Cyprus can handle further austerity – and if not, what will be the next solution. Furthermore, as long as the competitiveness problem of France and Italy have not even begun to be resolved, it is too early to call this an end to the euro crisis. Thus, option a) break-up of the eurozone, or option c) fiscal union, cannot be ruled out yet.

The central question on option a) is contagion. Would it be possible to maintain the single market and free movement of labour during the years of ensuing currency turmoil on the European market if the eurozone were disbanded? If these hallmarks of European integration were to collapse amidst economic hardship, along with severe disruptions of tightly integrated supply chains built up by manufacturers and service providers over the past twenty years, what would be left of pro-European sentiment in the European population? What is the bottommost level, the lowest common denominator, which the European citizenry shares as a common base for common action?

Option c) of fiscal union, would in theory dissipate all problems at once, since the eurozone collectively enjoys the confidence of the bond markets. That confidence primarily rests on the economic strength of the northern euro block, i.e. Austria, Netherlands, Luxembourg, Slovakia, Finland, and foremost Germany. But option c) includes the problem that the citizens of those countries are not in the mood to pay (yet) for a perceived profligacy of the southerners – where it is a moot point whether such profligacy actually exists, and to the degree that it does, whether it is the core of the problem.

The legal instruments for option c) were established in the course of 2012. They are called the *European Stability Mechanism* (ESM, see below) which became effective in October 2012 and has been deployed already in Spain and Cyprus. The reinterpretation of the rules by which the European Central Bank may operate, also leads in the direction of fiscal union. If the balance sheet of the ECB is *de facto* secured by the economically stronger members of the EU, and the ECB assets are used to finance economically weak members of the EU, then this is a roundabout way of installing fiscal union.

Thus in practical policy, without admitting to it in public, European politicians are applying a mixture of option b) and option c): dosages of austerity combined with cautious beginnings of fiscal union. For the time being this combination has proved politically feasible and weakly satisfactory in economic terms. It is too early to see whether this formula will continue to work.

The European Union and its Citizens

Legally, the European Union is the result of a treaty signed in the Dutch city of Maastricht in 1992 by governments of what then were member states of the European Communities. Technically, the European Union possesses almost all factual and symbolic trappings of an independent country. It has an anthem (of Beethoven's Symphony No 9 the final movement incorporating the text known as *Ode to Joy* by Friedrich Schiller, expressing his idealistic vision of the human race joining hands in brotherhood), it has a national day (though not a holiday, the 9th of May commemorates Robert Schuman's proposal in 1950 to create commonality in organized Europe), it has a flag and emblem (12 golden stars on dark blue, the number 12 standing for perfection, unity and completeness – designed by the Council of Europe in 1955, adopted by the EC in 1985), it has a common currency (the euro in use since 1999 and in circulation since 2002, formerly the ECU), it has a common passport, a common driver's licence system, a common road numbering system, and it has a number of other symbolic and substantive common features.

The European Union has a *de facto* capital (Brussels) and an independent budget. It maintains quasi-embassies around the world, a military command structure (60,000 troops in the European Rapid Reaction Force, though never fully installed), and its own police force (Europol). It is governed by a democratically elected parliament with a well-practiced legislative process, high court jurisdiction empowered to overrule national courts of justice (European Court of Justice), a ministerial bureaucracy with a staff of 25,000 (the DGs and agencies), and an executive government (Council and Commission). Finally, as agreed by ratified law, every member state citizen is also a citizen of the European Union.

If the European Union does not feel like a country in its own right, the reason may be that no majority in any of the member states identifies first with Europe as their nation, i.e. the place where one belongs. There is no EU team during the Olympic Games, no European TV channel or print media, and no emotion of patriotic pride for the EU as a mother/fatherland. Whether this important and as yet missing property of countryhood will ever emerge in the EU may be one of the most intriguing questions of the 21st century. Will Europeans eventually develop a sense of European citizenship by spending the same money, travelling and working without borders, electing a common parliament, graduating from universities with European degrees, or having their speeding tickets enforced across Europe (not yet everywhere), to name a few of the commonalities? Or will the undeniable and deep diversity of cultural, historical and linguistic features among the European nations prevent them from growing together for many more generations? The official guiding principle of Europe is: *"United in Diversity"*.

The European Union member states and their neighbours

Pre-2004 members of the European Union are usually designated as the EU15. That group comprises: the six west-central countries France, Belgium, the Netherlands, Luxembourg, Germany, and Austria; the four southern countries Portugal, Spain, Italy, and Greece; the two Atlantic coastal countries Ireland and the United Kingdom; and the three Scandinavian countries Denmark, Sweden, and Finland. In 2004 ten new members joined the European Union: the five east-central countries Poland, the Czech Republic, Slovakia, Hungary, and Slovenia; the three Baltic nations Lithuania, Latvia, and Estonia; and the two southern islands Malta and Cyprus. Romania and Bulgaria, two more east-central countries, joined in 2007. Croatia joined on July 1, 2013, to become the 28th member, making it now the EU28.

Five countries have candidacy status in 2013: Serbia, Macedonia, Montenegro (Crna Gora), Turkey, and Iceland, and three countries are potential candidates: Albania, Kosovo and Bosnia Herzegovina. Entry negotiations with Turkey began in October 2005, but have largely stalled since then. It is not expected that Turkey can attain membership in less than ten years, and interest is largely waning on both sides. Several European leaders would prefer for Turkey (along with Israel) to have a "Privileged Partnership" status, which is rejected by Turkey.

Seven countries in Western Europe are neither members of the European Union, nor are they currently considering it. These are Switzerland and Norway, and the five micro countries Vatican City, Monaco, San Marino, Liechtenstein, and Andorra. The political leaders in Switzerland and Norway have repeatedly proposed entering the EC/EU, but their citizens have repeatedly rejected these proposals.

Governments of the Eastern European countries Georgia, Ukraine, Armenia, and Moldova had at one time or the other openly stated that eventual membership in the EU is a target. The countries Belarus, Azerbaijan and Kazakhstan are not expressing interest, though Azerbaijan works closely with the European Union. None of these seven are considered close to fulfilling membership criteria. It is considered that Israel would be quickly eligible, and 85% of Israelis look at membership favorably, but the issue has been stalled, mainly due to the on-going Palestinian crisis in Israel. Morocco applied for EU membership in 1987, but was not deemed eligible on the grounds that it is not a European country. The government of the Cape Verde Islands is considering application.

All countries neighbouring the EU – the North African countries of Morocco, Algeria, Tunisia, Libya and Egypt; the Levant region comprising Israel, Syria, Jordan, and Palestinian Territory; the three Caucasus nations Georgia, Azerbaijan and Armenia, as well as Belarus, Ukraine, and Moldova – are members of the *European Neighbourhood and Partnership Instrument*. Russia objected to this assumed junior status and defined a separate instrument called the *Four EU-Russia Common Spaces*, which fulfills essentially the same function, providing a framework for aligning Russia's and the EU neighbours' political and economic policies with the European Union. In 2008 the *Union for the Mediterranean* was founded, with a seat in Barcelona and membership comprising all Mediterranean countries plus all EU member states. In 2009, the *Eastern Partnership* was agreed among the six countries Belarus, Ukraine, Moldova, Georgia, Armenia, and Azerbaijan.

The European Communities

Since 1949 the European Project has created numerous treaties, three of which formed the *European Communities*: the European Economic Community (EEC of 1957), the European Steel and Coal Community (ECSC of 1951), and Euratom (also 1957). Two other significant treaties are the Economic Monetary Union (EMU of 1992, emerging from the EMS of 1979), and the Schengen Acquis (in force since 1995). Participation in the latter two treaties was not identical with membership in the three organizations of the European Communities.

When the Maastricht Treaty established the European Union in 1992, the Three Pillars were introduced – together constituting the European Union. The First Pillar comprised the previously established three communities, but was authorized to take greater responsibility (notably health and food safety). The Second Pillar was built on the *Common Foreign and Security Policy*, which subsumed treaties of the European Political Cooperation (EPC) of 1970, the *Single European Act* (SEA) of 1986, and the *Western European Union* (WEU) of 1948. The Third Pillar was *Cooperation in Justice and Home Affairs*.

For the most part, the European Union uses the legal framework and established institutions of the European Economic Community (EEC) in legislative and administrative practice. This explains in turn why most of those institutions were renamed in 1993 when the EEC became the European Community or EC (dropping the word reference "economic").

However, the legal situation of the European Union remained highly complex. For instance, the European Monetary Union (EMU) continued to function outside the Three Pillars, where the European System of Central Banks (ESCB) was in the First Pillar under EC Treaty Article 8. So "the European Community" was one of "three European Communities" which all together formed one of "Three Pillars" of "the European Union", of which most "Member States" are using the common currency (EUR) in the EMU framework, supervised by the wholly independent European Central Bank (ECB). A different group of countries were signatories to the Schengen Acquis which abolished internal border controls. Again a different group of members were part of the defense-oriented WEU, while yet another group of members and non-members participate in the economic Single Market through the EEA/EFTA, and so on.

Furthermore, the Maastricht Treaty which established the EU in 1992 was renegotiated and superseded or partially replaced by the Amsterdam Treaty in force since 1999 and by the Treaty of Nice in force since 2003. These three and the 1986 SEA (which provided for transformation of the Common Market into a Single Market on January 1, 1993) are the four major Inter-Governmental Treaties, known as IGTs.

As the legal state of affairs surrounding the multiple, overlaying treaties was both cumbersome to operate and almost impossible to communicate to any stakeholder, it was decided in 2001 in the Belgian town of Laeken that a single encompassing treaty would be developed which would subsume all previous ones within a single framework. This single treaty was to be the European Constitution and the fifth IGT.

European Constitution and the Lisbon Treaty 2007 to 2009

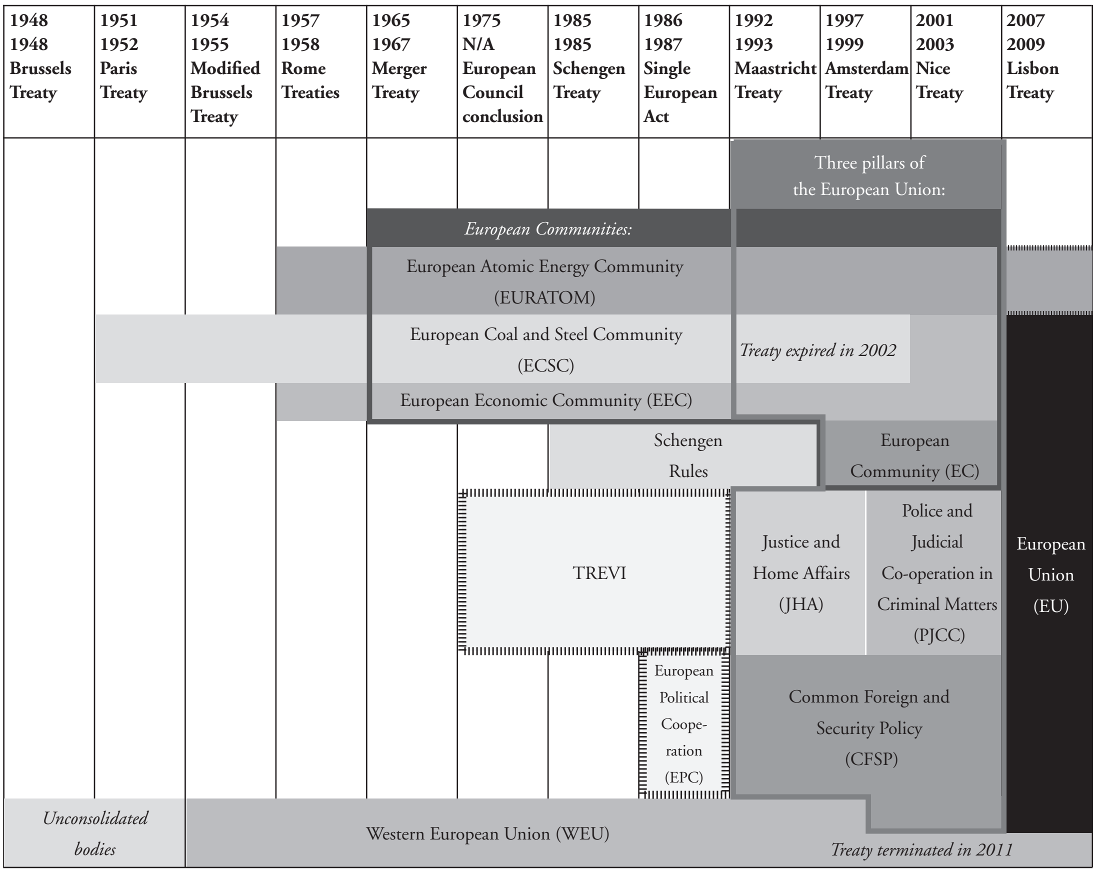
The European Constitution was formulated between 2002 and 2004 in what was called the European Convention. The outcome of the convention was a "Draft Treaty Establishing a Constitution for Europe". To come into force, this treaty, as all treaties before, had to be ratified by the governments of each EU member state. But then, in contrast to previous practice, many European governments decided to hold national referenda in order to achieve popular mandates for the ratification. When both the French and Dutch referenda failed at the end of May 2005, it became clear that the constitution would not be ratified.

The European constitutional effort was an attempt to achieve many ambitious targets all at once. For one, the convention tried to accomplish its original task of streamlining the legal framework of the European Union, which was thought to be essential on expansion of the membership to 28 and more countries. That is the principle reason why the constitution developed into a document of more than 500 pages and offered so many inherent contradictions. Most of the contradictions did not originate in the constitution draft itself, but were the contradictory essence of the many preceding treaties that could not be resolved under the limited authority of a constitutional convention.

During their summit meeting of June 2007, EU government leaders agreed on a compromise that implemented a "Reform Treaty" which preserved most institutional streamlining elements of the constitution draft, but removed its constitution-sounding elements. As this treaty was drafted in the form of amendments to the original 1957 Rome Treaty and the 1992 Maastricht Treaty, it was assumed not to require national referenda for ratification. Nonetheless, it faced ratification challenges in several countries. Most prominently, the constitution of Ireland required the new treaty to be subjected to a referendum, which failed in June 2008; a second Irish referendum in October 2009 approved the treaty with a solid majority of 67%. In Germany, the treaty could only be ratified after the Constitutional High Court ruled that many EU decisions will require the approval of the German parliament, and not the executive branch. The eurosceptic President Vaclav Klaus of the Czech Republic withheld his ratification signature until the last possible moment. In the end, on December 1, 2009, this agreement went into effect as the Lisbon Treaty.

After that long drama of ratification, all EU leaders promised to each other and their electorates that there would not be a new treaty in the foreseeable future. The foreseeable future turned out to be unexpectedly brief, as the euro crisis erupted already early in 2010, making it clear that the EU institutions were not equipped with sufficient legally sanctioned instruments to alleviate the structural problems that lie at the core of the euro sovereign debt crisis.

Figure 1. Legal consolidation of the European Union



Top line indicates year treaty signed; second line indicates year when treaty came into force; third line shows the official document name

Source: Treaty of Lisbon, Wikipedia

Main hallmarks of the Lisbon Treaty 2009 regulating how the EU functions

- The fifty-five articles of the *Charter of Fundamental Rights of the European Union* enshrine certain political, social, and economic rights for both EU citizens and residents in EU law.

- The European Central Bank gains the official status of an EU institution, and the European Council is given the right to appoint presidents of the European Central Bank through a qualified majority vote. On a related topic, the euro becomes the official currency of the Union (though not affecting opt-outs or the process of eurozone enlargement).

- The Court of First Instance is renamed the *General Court*. With the General Court, the *Civil Service Tribunal* and the formally renamed *Court of Justice* (previously titled Court of Justice of the European Communities) are established as sub-courts of a new EU institution named the *Court of Justice of the European Union*.

- The use of qualified majority voting (QMV) in the Council of Ministers replaces unanimity as the standard voting procedure in almost every policy area. Moreover, taking effect in 2014, the definition of a qualified majority will change: A qualified majority is reached when at least 55% of all member states, who comprise at least 65% of EU citizens, vote in favour of a proposal. When the Council of Ministers acts neither on a proposal of the Commission nor on one of the High Representative, QMV requires 72% of the member states and the population requirement remains the same as above. To block a legislation proposal requires an opposing vote by at least four countries (representing at least 35% of the EU population). Hence, the voting powers of member states are based on their population sizes, depending no longer on a negotiable system of voting points, as had been practiced since the 2003 Treaty of Nice.

- The presidency of the Council of EU (*also called Council of Ministers*), which rotates among member states every six months, is revised by the element of a "Triple Presidency", always consisting of the past, current and future heads in three consecutive country-led presidencies, in order to provide more continuity to their conduct of affairs.

- The *European Council* officially gains the status of an EU institution, thus being separated from the *Council of the EU*. It continues to be composed of the heads of state or government of the Union's member states along with the (nonvoting) President of the *European Commission*. The European Council appoints its president for a two and a half year term by qualified majority vote, renewable once.

- The legislative power of the *European Parliament* increases, as the codecision procedure with the *Council of the EU* is extended to new areas of policy. This procedure is slightly modified and renamed "ordinary legislative procedure". For the few other areas that remain, it is called "special legislative procedures", and Parliament has the right of consent to a *Council of the EU* measure. The Parliament is now limited to 750 members.

- National parliaments are to contribute to the good functioning of the EU through receiving draft EU legislation, seeing to it that the principle of subsidiarity is respected, taking part in the evaluation mechanisms for the implementation of EU policies in the area of freedom, security and justice, being involved in the political monitoring of *Europol* and the evaluation of *Eurojust* activities, being notified of applications for EU accession, taking part in the inter-parliamentary cooperation between national parliaments and with the European Parliament. National parliaments have eight weeks to study legislative proposals made by the European Commission and decide whether to send a reasoned opinion stating why the national parliament considers it to be incompatible with the principle of subsidiarity. National parliaments may vote to have such a measure reviewed.

- Creation of the office of a *High Representative of the Union for Foreign Affairs and Security Policy*, who also serves as Vice-President of the Commission.

- The treaty foresees that the *European Security and Defence Policy* will lead to a common defence agreement for the EU when the European Council resolves unanimously to do so, and provided that all member states give their approval through their usual constitutional procedures.

- Strengthening of mutual solidarity: Member states should assist each other if any of them is subjected to a terrorist attack or becomes victim to a natural or man-made disaster. In addition, several provisions of the treaties have been amended to include solidarity in matters of energy supply and changes to the energy policy within the EU.

As a result of the above and several more minor rule changes, the European Union is now its own legal entity. Prior to the Lisbon Treaty it was comprised of a system of three legal pillars, of which only the European Communities pillar had its own legal personality. Now a consolidated entity, the European Union succeeds the legal personality of the European Communities. For instance, international treaties can be signed in the name of the European Union now. The European Union gained, for example, membership in the World Trade Organization immediately after the Treaty of Lisbon came into force, as the EC (European Communities) had membership in that organization.

Major European Union Institutions

Eurozone, euro countries, Euroland

These terms cover those countries that have adopted the euro as their currency. These are the EU15 countries without the UK, Denmark, and Sweden, but with the addition of Monaco, San Marino, Vatican City, and Andorra (Andorra only as of 2011). Slovenia adopted the euro in 2007, Cyprus and Malta in 2008, Slovakia in 2009, Estonia in 2010 and Latvia from 2014, for a total of 18 EU member states. Contractually speaking, all present and prospective EU countries have the obligation to adopt the euro as soon as their macroeconomic condition allows them to do so. The UK and Denmark enjoy contractual opt-outs, while Sweden remains more or less in technical violation of the treaties. Kosovo and Montenegro use the euro as their currency on a unilateral basis. Poland introduced the euro officially as a second currency. Bulgaria, Bosnia Herzegovina, Lithuania and Denmark have their currencies pegged to the euro. In West Africa the 14 CFA franc countries plus Morocco, the Cape Verde and Comoro Islands, are *de facto* using the euro, as their currencies are also pegged to it. In total the euro is used by more than 500 million people directly or through a currency peg.

Initially, the euro coins only showed the individual EU countries where they were minted. As per January 2007, they show a geographical map of Europe, as do the banknotes. Already in 2006, more euro notes were in circulation than US dollar notes (EUR 630 billion worth in 2006, EUR 920 billion worth in 2013, USD 1,210 billion in 2013). Global reserves held in USD are constantly shrinking, from 72% in 2000 to 62% in 2011. Reserves held in EUR peaked at 28% in 2009, and fell since then to 24%. JPY and GBP are a distant 3rd at around 4% each.

European Financial Stability Facility and European Stability Mechanism

Following the European sovereign debt crisis that resulted in the bail-out of EU states, there has been a drive to reform the functioning of the eurozone in the event of a crisis. This led to the creation, amongst other things, of a bail-out mechanism: the *European Financial Stability Facility* (EFSF) and the *European Financial Stability Mechanism* (EFSM). These, together with the International Monetary Fund, were to bail out EU states in trouble. However, the EFSF and EFSM were intended only as a temporary measure (to expire in 2013), in part due to the lack of a legal basis in the EU treaties. Their temporary nature was the legal pretext which the European government leaders utilized to be able to create these instruments without national parliaments having to agree on them.

When in the course of 2010 it became clear that the EFSF would be needed beyond 2013, the German government pushed for a treaty amendment that would strengthen its legal foundation. After the difficult ratification of the Lisbon Treaty, many states and statesmen opposed the reopening of any treaties, and the British government in particular opposed changes affecting the United Kingdom. However, after winning the support of French President Nicolas Sarkozy for a new treaty, Germany also won the support of the European Council for this in October 2010. The agreed amendment would be minimal in text, but enough to strengthen sanctions and create a permanent bail-out mechanism. It would not fulfill the German demand to impose the loss of voting rights as a sanction – as that would require a deeper treaty amendment. The treaty was designed such that referenda would not be required and so that it could come into force in 2013 when the temporary bail-out mechanism expired.

On December 16, 2010, the European Council agreed to such a two-line amendment to the Maastricht Treaty that would avoid any referenda. The amendment read:

> *"The member states whose currency is the euro may establish a stability mechanism to be activated if indispensable to safeguard the stability of the euro area as a whole. The granting of any required financial assistance under the mechanism will be made subject to strict conditionality."*

With that amendment the legal basis was created for the ESM. In March 2011, EU leaders agreed to create such a separate eurozone-only treaty and the European Parliament approved the treaty amendment after receiving assurances that the European Commission, rather than EU states, would play "a central role" in running the ESM. The ESM commenced its operations after an inaugural meeting on 8 October 2012.

ESM member states can apply for a bailout if they are in financial difficulty or their financial sector is a stability threat in need of recapitalization. ESM funds were used in Spain and in Cyprus. The ESM has paid up capital of EUR 80 billion, has authority to issue additional EUR 420 billion of debt to be guaranteed by the member states, will draw additionally on EUR 250 billion of capital of the International Monetary Fund, and can draw on further resources from the member states if necessary. In contrast to the temporary EFSF, the ESM can buy bonds directly from member states, and thereby *de facto* guarantee their fulfillment.

European Commission

The European Commission consists of 28 commissioners, one of whom is the president (José Manuel Durão Barroso was re-elected for a second 5-year term as President of the EU Commission in 2009). After taking account of the latest EU parliamentary elections, the European Council proposes a candidate for the office, and this candidate can be accepted or vetoed by the European Parliament. The accepted presidential candidate selects 27 commissioner colleagues and presents the proposed commission to the EU Parliament for approval prior to final appointment by the Council. The Commission reports regularly to the Parliament and the Council. Although one commissioner is appointed from each member state, the role of EU Commissioners is not to represent their respective countries, but to represent and guide a functional portfolio – so the theory.

European Parliament

The European Parliament has 766 members, who were directly elected in 2009 by citizens in all the EU member states. The European Parliament functions similarly to any other national parliament, with two exceptions. First, it cannot enact legislation alone – most EU legislation has to be agreed upon in a complicated co-decision process with the EU Council. Second, the EU Parliament does not have sovereign budget control – that is still vested in the Council.

European Council (EU Council)

The European Council was created in 2009 under the Lisbon Treaty. While the European Council has no formal legislative power, it is charged with defining "the general political directions and priorities" of the Union. It is thus the Union's strategic (and crisis solving) body, acting as the collective presidency of the EU. It is composed of the heads of state or government of each member state, depending on who is the politically more important government leader in each country. Thus, it is the French President Hollande and not the head of the French government, and it is the German Chancellor Merkel as head of government, but not the German President, who are currently members of the European Council. The first President of the European Council under the Lisbon Treaty is Herman Van Rompuy, former prime minister of Belgium. The two presidents (of the European Commission and of the European Council) are also members of this council.

The Council of the European Union (or Council of Ministers)

The Council of the European Union (sometimes just called the Council and sometimes still referred to as the Council of Ministers) is the institution in the legislature of the European Union (EU) which represents the governments of member states, the other legislative body being the European Parliament. The Council is composed of 28 national ministers (one per state). The exact membership depends upon the topic; for example, when discussing agricultural policy the Council is formed by the 28 national ministers whose portfolio includes this policy area (with the related European Commissioner contributing but not voting).

The presidency of the Council rotates every six months between the governments of EU member states. The relevant minister of the country that holds the presidency at any given time sets the daily agenda and ensures smooth running of the meetings. The continuity between presidencies is provided by an arrangement under which three successive presidencies, known as presidency trios, share common political programmes.

Directorates Generals

The Directorates General of the European institutions are most often called "DGs". The best description might equate them with the functional ministries of a European government, but there are some significant differences. The DGs typically work very closely with the Commission, but they are *de jure* not under its direct or sole control. Likewise, the EU Commissioner position is invested with some chancellery powers, so they are not exactly only ministers. While the commissioners are matched to the functional portfolio of a corresponding DG, the DGs are not headed by their commissioner, but by a Director General. Also, the commissioners (28 in total) outnumber the DGs. Where DGs used to be designated with Roman numerals, they have acquired informal short names. The DG for agriculture and rural development is called "DG Ag", and the DG in charge of food safety is called "DG Sanco" (Health and Consumer Protection).

European Presidents

Under the Lisbon Treaty, the EU now fields a good-sized portfolio of presidents:

- President of the European Commission (term of 5 years)
- President of the European Council (term of 2.5 years)
- Presidency of the Council of the European Union (term of 6 months)
- President of the European Parliament (term of 2.5 years)
- President of the European Central Bank (term of 8 years)
- President of the European Court of Justice (term of 3 years)
- President of the European Court of Auditors (term of 3 years)

Court of Justice (called the European Court of Justice up to the Lisbon Treaty)

The Court of Justice of the European Communities was installed under the ECSC Treaty in 1952. Based in Luxembourg, its role is to ensure that EU legislation is applied in the same way in all EU countries, so that the law is equal for everyone. It ensures, for example, that national courts do not give different rulings on the same issue. The Court also makes sure that EU member states and institutions do as the law requires, and it has the power to settle legal disputes between EU member states, EU institutions, businesses and individuals. The Court is composed of one judge per member state, so that all 28 of the EU's national legal systems are represented. For the sake of efficiency, however, the Court rarely sits as the full court. It usually sits as a "Grand Chamber" of just 13 judges or in chambers of five or three judges.

Court of Auditors

The Court of Auditors is the fifth institution of the European Union (EU). It was established in 1975 in Luxembourg to audit the accounts of EU institutions. This court is composed of one member from each EU member state

Eurojust

Eurojust is a judicial cooperation body created to help provide safety within an area of freedom, security and justice. It was set up in February 2002 to improve the fight against serious crime by facilitating the optimal coordination of action for investigations and prosecutions covering the territory of more than one member state with full respect for fundamental rights and freedoms. Eurojust is composed of 28 national members, one from each EU Member State. These are senior and experienced judges, prosecutors, or police officers of equivalent competence, who together form the College of Eurojust.

Eurostat

As a Directorate General of the European Commission located in Luxembourg, the main responsibilities of Eurostat are to provide the European Union with statistical information at European level and to promote the integration of statistical methods across the member states of the European Union, candidate countries and EFTA countries. The organizations in the different countries which actively cooperate with Eurostat are summarized under the concept of the European Statistical System.

Other European Keywords and Institutions besides the European Union

European Economic Area (EEA)

EEA refers to an agreement of the EU with Norway, Iceland, and Liechtenstein which allows their full participation in the economic Single Market of the EU without having to assume full responsibilities of the political EU membership. The EEA was supposed to emerge from the European Free Trade Association (EFTA) in 1994, but Switzerland, the fourth EFTA member, decided by referendum not to participate in the EEA. Therefore, both organizations exist and are typically referred to as EEA/EFTA.

Lisbon Agenda and Europe 2020

A 10-year plan agreed upon by the Council in 2000, called the "Lisbon Agenda", aimed to make Europe the "most competitive and dynamic knowledge-driven economy by 2010". The successor growth strategy to the Lisbon Agenda became Europe 2020. According to this plan, the EU is to become a smart, sustainable and inclusive economy. These three mutually reinforcing priorities should help the EU and the member states deliver high levels of employment, productivity, and social cohesion. Concretely, the Union has set five ambitious objectives – on employment, innovation, education, social inclusion and climate/energy – to be reached by 2020. Each member state has adopted its own national targets in each of these areas. Concrete actions at EU and national levels are supposed to underpin the strategy.

Eurojargon

The European institutions have developed a eurospeak nomenclature in which targets or coordination processes are called by the name of the city in which these matters were originally decided. For instance, the Lisbon Agenda was decided upon during the Council meeting in 2000 that happened to have been held in Lisbon. The Maastricht Criteria evaluate the fiscal performance of EU member states because the corresponding treaty was signed in that city. The Copenhagen Criteria are those that applicant countries have to fulfill before they can join the EU, as decided in 1993 in Copenhagen. The Bologna Process dictates that all European university degrees and professorships must be compatible, and credits earned must count towards a degree anywhere in Europe from the year 2010 – a decision taken in 1999 in Bologna. Even though the naming of several hundreds of such processes, targets and criteria with city names is confusing to the outsider, it is rather practical. Using city names removes the need to translate the matter into all of the 24 official languages of the EU (which include Irish Gaelic and Maltese but not Luxembourgish), possibly eliminating a source of even greater confusion. It also prevents ideological wrangling over the titles of these acts. There are many other EU specific terms such as "communitisation", "comitology", "eurocrat", "Open Method of Coordination", "Qualified Majority Voting", "Four Freedoms", "Single Market", harmonization", "federalisation" – all of which are special political terms that need to be employed with care when communicating inside European political circles. The correct usage and knowledge of such terms differentiates Brussels insiders from outsiders.

European Patent Office

The patent office is the second largest European organization after the European Union. With 38 member countries, a staff of 6,000, and a budget in excess of EUR 1 billion, its location is in Munich, Germany. The member countries are all EU28 plus Turkey, Switzerland, Iceland, Norway, Macedonia, Monaco, San Marino, Liechtenstein, Albania, and Serbia.

Brussels

Most of the European institutions have their seats in the Belgian capital of Brussels, with only few exceptions. For instance, the Parliament officially resides in French Strasbourg, but it *de facto* works in Brussels. The European courts and Eurostat reside in Luxembourg a three-hour drive away, the European Central Bank resides in German Frankfurt, the European Food Safety Authority (EFSA) resides in Italian Parma, and the Office for Harmonization in the Internal Market (OHIM) is in Spanish Alicante. In casual jargon (like "Brussels decided") Brussels is an unofficial term that describes the whole decision making machinery of the EU. More journalists and diplomats are accredited in Brussels than in Washington DC.

Schengenland or Schengen countries or Aquis

Technically, the Schengen Aquis is an "umbrella" understanding under which a number of different agreements and protocols are in operation concerning internal and external border controls. The practical ultimate effect is that for most members of the European Union there are no internal border or custom controls. All EU28 members plus Iceland, Norway, Switzerland and Liechtenstein have signed the Schengen Aquis, though the UK and Ireland are not participants in the immigration elements of the agreement. The new EU entrants implemented the Schengen Aquis by March 2008 and Switzerland by November 2008. Romania and Bulgaria were supposed to have implemented Schengen by 2011, though opening of their borders is currently on hold, and that is the case in Cyprus as well. Croatia will implement the agreement by 2015. Andorra is not part of Schengen, and maintains border controls with France and Spain. San Marino, Vatican and Monaco are also not officially part of Schengen, but due to open border agreements with Italy and France they are *de facto* participating. Schengen is a city in the country of Luxembourg.

Council of Europe (COE)

This sounds similar to, but is different from the European Council. It refers to a political institution that was started in 1949 and today has 47 members (every European country except Belarus, Kazakhstan, and the Holy See). The last entrant was Montenegro in May 2007. Any European country can become a member of the COE, if it accepts the principles of the rule of law (which precludes the Holy See) and guarantees the human rights and fundamental freedoms (so far ruling out the other two). The COE and the European Union are completely separate organizations. (**Exhibit 4**)

European Court of Human Rights (ECHR)

The Convention for the Protection of Human Rights and Fundamental Freedoms was drawn up within the Council of Europe. It was opened for signature in Rome on November 4, 1950, and entered into force in September 1953. Taking as their starting point the 1948 Universal Declaration of Human Rights, the framers of the Convention sought to pursue the aims of the Council of Europe through the maintenance and further realization of human rights and fundamental freedoms. The Convention was to represent the first steps for collective enforcement of certain rights set out in the Universal Declaration. In addition to laying down a catalogue of civic and political rights and freedoms, the Convention established a mechanism for enforcement of the obligations that contracting states entered into. Three institutions were entrusted with this responsibility: the European Commission of Human Rights (set up in 1954), the European Court of Human Rights (set up in 1959), and the Committee of Ministers of the Council of Europe, the latter organ being composed of the Ministers of Foreign Affairs of the member states or their representatives. The ECHR resides in Strasbourg.

European Bank for Reconstruction and Development (EBRD)

The European Bank for Reconstruction and Development was established in 1991 when communism was crumbling in Central and Eastern Europe and ex-soviet countries needed support to nurture a new private sector in a democratic environment. Today the EBRD uses the tools of investment to help build market economies and democracies in 34 countries from Central Europe to Central Asia. The EBRD is the largest single investor in the region and mobilizes significant foreign direct investment beyond its own financing. It is owned by 64 countries, the EU and the European Investment Bank (EIB). Despite its public sector shareholders, it invests mainly in private enterprises, usually together with commercial partners.

European Broadcasting Union (EBU)

The EBU was started in 1950 in order to exchange newscasts among the European TV and radio stations. Since 2005, the EBU has listed members from 56 countries. Members from outside the European continent include Cyprus, Lebanon, Israel, Jordan, Egypt, Libya, Tunisia, Algeria, Morocco, Armenia, and Georgia.

Eurovision Song Contest

In this annual tele-voting event, Europeans select their favorite pop song among national candidates previously determined in each country. Any nation that is a member of the EBU can take part and in 2013 the participants came from 39 nations, among which Israel has been a long-standing and successful participant.

UEFA

The governing body of European football (soccer) is known by its abbreviation UEFA. Besides members from the European continent, this organization includes Cyprus, Israel, Armenia, Azerbaijan, Georgia, and Kazakhstan. It also lists Wales, Scotland, Northern Ireland, the Faeroe Islands, and Gibraltar among a total membership of 54 nations.

General Definitions for Europe

Geographical Europe

The geographical extent of the European continent is not uniformly defined. Commonly, the continent is held to include Iceland and the Atlantic Ocean islands of the Azores in the west, but to exclude the Danish territory of Greenland (North America) and the Spanish Canary Islands (Africa). To the south it includes all islands of the Mediterranean Sea, except for Cyprus which belongs to Asia. The geographic border to the east (running north to south) passes along the Arctic Kara Sea, the Ural Mountains, following the Ural River to the Caspian Sea, further in a western direction into the Kuma-Manych Depression to the Sea of Azov, leaving the Crimean peninsula inside Europe, and then following the Black Sea into the Sea of Marmara south of Istanbul and further to the European Mediterranean Sea.

This geographical demarcation at the eastern reaches includes only small percentages of the areas of the mostly Asian countries Russia, Kazakhstan, and Turkey (though the European landmass of Russia represents a quarter of the whole European landmass). Both Russia and Turkey have major cities located on the European peninsula: Moscow and Istanbul. This definition of Europe includes fully the countries of Belarus and Ukraine, but excludes fully the Caucasian countries of Georgia, Armenia, and Azerbaijan. The Caucasian mountain ridge serves as another commonly used definition of the eastern demarcation of the European continent. This would then partially include the countries of Georgia and Azerbaijan as well, but still not Armenia. Regardless of geographical definition, the European continent is the second smallest continent after Australia, but also the one with the longest inhabited coastline of 37,000 km.

Political Europe

The nations which are either part of or have defined aspirations to join the European Project fall under the term "Political Europe". The EU website lists besides every nation of geographical Europe (including Russia and Turkey, but excluding Kazakhstan) also Georgia, Armenia and Azerbaijan as European countries. Russia and Belarus typically do not consider themselves as part of a Political Europe.

Outermost regions (OMR) and overseas countries and territories (OCT)

These terms describe islands and regions around the world that are still sovereign territory of various European countries but where numerous exceptions to EU law are granted. The OMR are the Portuguese Azores and Madeira, the Spanish Canary Islands, three French Caribbean islands and French Guiana in South America. OMR are part of the EU, and therefore for instance are shown on every euro banknote. The OCT are twelve British island groups sprinkled around the world, six French island groups, Danish Greenland, six island groups of the Netherlands in the Caribbean and various Antarctica claims. The Spanish enclaves of Ceuta, Melilla and further islands in Morocco or the British bases of Akrotiri and Dhekatia in Cyprus enjoy yet another status. The OCT are not part of the EU. (**Exhibit 3**)

European identity

The concept of European identity refers to all the nations that share or strive towards some form of common identity based on the cultural history of the European continent. Beyond geography, this definition includes Georgia and Armenia in the Caucasus, and Israel, Turkey, and Cyprus in Asia Minor. In a wider definition, Azerbaijan, Kazakhstan, Uzbekistan, Tajikistan, Kyrgyzstan, and Mongolia share European identity due to the 20th century Soviet-Russian domination. Parts of West Africa are still culturally and legally oriented to France, and parts of the British Commonwealth countries in Africa and South Asia are culturally and legally oriented to England, as are Australia, New Zealand, and Canada. In an even wider definition, virtually all North and South American nations share cultural roots of European identity.

European Project or Agenda

The words "project" and "agenda" are typically used to describe the encompassing effort of European nations to achieve European commonality and a better future for the European citizens through supranational institutions to which some sovereign powers are ceded. The European Union is the major such supranational organization, but not the only one.

Europeans and European countries

By the most common usage, fifty countries are considered to be European. There are roughly 700–800 million people who call themselves Europeans, or about 11–13% of the world's population (507 million of whom are residents in EU member states). Those fifty countries include Kazakhstan and Azerbaijan mostly for geographical reasons, and they include Georgia, Armenia, and Cyprus for cultural reasons, although the latter two are geographically located in Asia. Though the list includes Turkey, it excludes Israel. Besides the difficulty of defining an eastern border of Europe, there is also the contention of what constitutes a country on the whole. The above list of fifty includes the tiny countries of the Vatican City (Holy See), Monaco, San Marino, Liechtenstein, and Andorra, in addition to the not so tiny, but still small countries of Luxembourg, Malta, and Montenegro. But it does not recognize the Faroe Islands or Greenland as separate countries, even though these two for all practical intents and purposes are independent countries with their own independent political and economic systems. Legally these two still fall under Danish territory, but by their own popular vote they decided to stay outside the European Union.

There are various other regions with varying degrees of autonomous government and special status illustrating European idiosyncrasies of country-, state-, and nationhood. To mention only a few, there are the Finnish Åland Islands, the Greek Mount Athos, German Helgoland, the Finnish lease of the Russian Saimaa Canal, Gibraltar, the British Channel Islands and Isle of Man. The latter two are not part of the UK (they belong to the Crown) and are therefore also not part of the EU, but Gibraltar is. Gibraltar's British sovereignty is, however, contested by Spain, which among other things prevented harmonization of European air traffic control until 2006, as well as preventing Gibraltar from becoming a member of UEFA until 2012. While the Finnish Ålanders voted to become part of the European Union, they remain outside its value added tax (VAT) system. So do two cities, the German Büsingen and Italian Campione, which are enclosed by Swiss territory and are economically and fiscally part of Switzerland, but politically part of the EU. The Italian Alpine valley of Livigno is not part of the customs union. Northern Cyprus is officially part of the EU and its citizens may vote for the European Parliament, but their accession is suspended until reunion of the Republic of Cyprus occurs. New European countries are forming too. Kosovo is recognized by 105 countries, but only by 23 out of 28 EU member states. South Ossetia, Abkhazia and Nagorno Karabakh have seceded, but are barely recognized. Other secessionist movements are either subsiding or not given much of a long-term chance, like the Basque movement in Spain, the Corsica troubles of France, or the left river bank or Transdniestria slice of Moldova.

Historical Europe

In Greek mythology, Europa is a Phoenician princess who became the mistress of Zeus, who appeared to her as a gentle white heifer. Zeus persuaded Europa to take a ride on his back, then abducted her away across the sea to the island of Crete where she gave birth to Minos, a legendary semi-divine Cretan king.

Typical of Greek mythology, this account of the European abduction provides an allegorical explanation (or justification) of the rise of Greek civilization. The Phoenicians, settled on the coast of today's Lebanon, were the first maritime superpower on the Mediterranean Sea and held trading posts as far west as the Atlantic Ocean. That culture flourished from 1200 to 900 BCE. Their role as maritime trading power was succeeded by the Greeks whose expansion began around 700 BCE, and who in turn were succeeded by the Romans. Before 500 BCE, Europa was the customary name for the Greek mainland peninsula, while after that date the definition gradually extended to the lands further north. In later Greek times, Europa became the name for one of three parts of the world known to them, the other two being Asia (to the east) and Libya (to the south).

During Roman and medieval times, the term Europa was barely used. For instance, the speech by Pope Urban II in 1095, calling for the crusades against "that accursed race from Persia utterly alienated from God" in order to free Jerusalem, is generally seen by historians as one of the key founding moments of a European sense of cultural and political identity (alas not the most flattering part of it). However, Pope Urban II did not refer directly to Europe in his speech. The 10th and 11th century historians and thinkers only occasionally used the term Europae to describe its geographic extent as far as the Caspian Sea, thus demarcating themselves against peoples and lands on the unknown land masses to the east and to the south of the European peninsula, following the ancient Greek naming tradition.

Only during and after the Renaissance did the term Europae enter into more general usage. The leading Austrian humanist Enea Silvio Piccolomini (1405–1464, Pius II from 1458) was the first historian and intellectual who frequently referred to Europe as having a cultural and ideological identity. He used the name to describe those nations who derive and rediscover much of their cultural identity from the ancient Greek polis and civilization. Progressive Renaissance thinkers and leaders also hoped this connection would promote assimilation of the liberal, scientific, and democratic mindset of ancient Greece into a European continent torn and worn by hegemonic and ideological battles between an outmoded aristocracy and an even more outmoded Roman Catholic church, neither of them in tune with the economic and political needs of the time.

While Europe has been many things to many people in many ages – the most consistent theme since the Renaissance has been to associate the European Idea with humanist ideals and progress. The draft European Constitution for instance referred in its first paragraph to *"…the values underlying humanism: the equality of persons, freedom, respect for reason"*.

The well known contemporary Italian intellectual Claudio Magris defined Europe as *"the Dignity of the Individual above all that is Totalitarian"*.

Exhibit 1 EU member states and trade partners in comparison

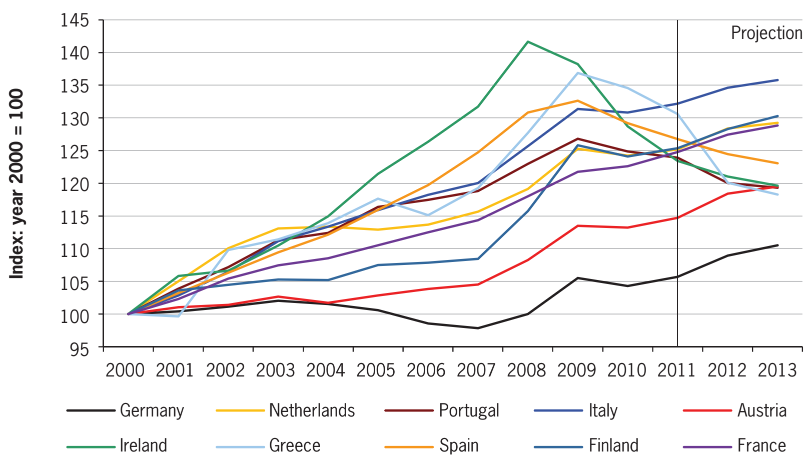
	2012	GDP/cap ppp* (EU27 = 100)	Employment 20–64 yrs (%)	Population (millions)	GDP growth (real % change)	Public debt (% of GDP)
	EU27	100	69	503.7	-0.4	85
	USA	149	71	313.9	2.8	100
Benelux	Netherlands	129	77	16.7	-1.2	71
	Belgium	119	67	11.0	-0.3	100
	Luxembourg	272	71	0.5	0.3	21
Alpine	Germany	122	77	81.8	0.7	82
	France	108	69	65.4	0.0	90
	Italy	99	61	60.8	-2.4	127
	Austria	131	76	8.4	0.9	73
	Slovenia	82	68	2.0	-2.5	54
Mediterranean	Spain	97	59	46.2	-1.6	84
	Greece	75	55	11.3	-6.4	157
	Portugal	75	67	10.5	-3.2	124
	Croatia	61	55	4.4	-2.0	54
	Cyprus	91	70	0.9	-2.4	86
	Malta	86	63	0.4	0.8	72
Atlantic	UK	110	74	63.0	0.2	90
	Ireland	130	64	4.6	0.9	118
Scandinavia	Sweden	129	79	9.5	1.0	38
	Denmark	125	75	5.6	-0.4	46
	Finland	115	74	5.4	-0.8	53
Baltic	Lithuania	70	69	3.0	3.7	41
	Latvia	62	68	2.0	5.5	41
	Estonia	69	72	1.3	3.9	10
Central	Poland	66	65	38.5	1.9	56
	Czech Rep.	79	72	10.5	-1.2	46
	Hungary	66	62	10.0	-1.7	79
	Slovakia	75	65	5.4	2.0	52
Southeast	Romania	49	64	21.4	0.7	38
	Bulgaria	47	63	7.3	0.8	19
Other Non-EU	Turkey	56	71	74.7	2.2	36
	Switzerland	160	82	8.0	1.0	35
	Norway	196	80	5.0	3.1	30

two lowest EU28 values   two highest EU28 values

** GDP per capita purchase-power-parity adjusted*

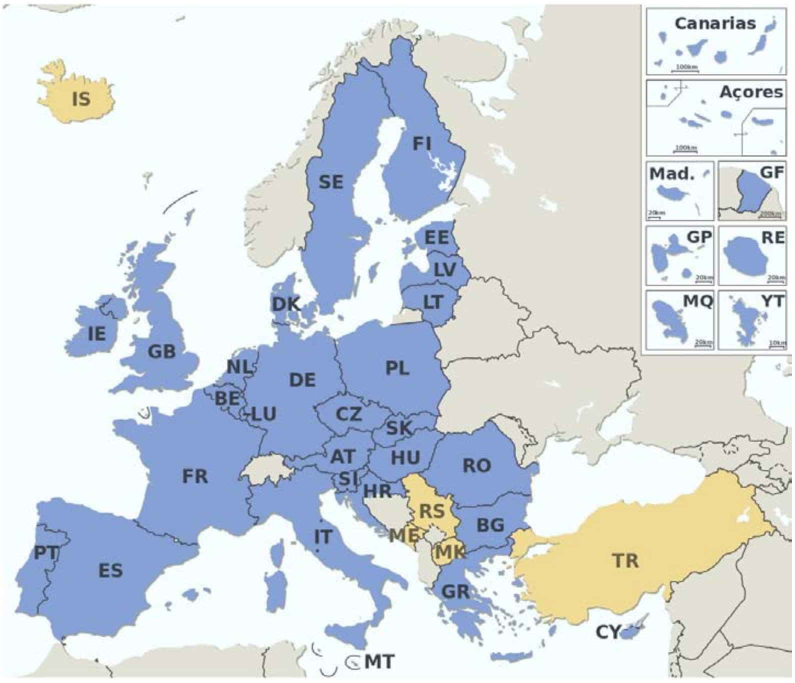
Source: Eurostat

Exhibit 2 Development of unit labour costs in Europe 2000 to 2013



Source: European Commission

Exhibit 3 Political map of European Union 2013



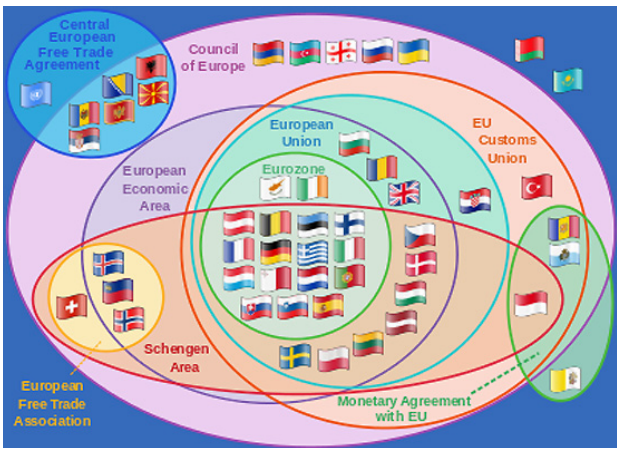
Blue = EU members states, **yellow** = candidate countries.

Main map: AT = Austria, BE = Belgium, BG = Bulgaria, CH = Switzerland, CY = Cyprus, CZ = Czech Republic, DE = Germany, DK = Denmark, EE = Estonia, ES = Spain, FI = Finland, FR = France, GB = Great Britain, GR = Greece, HR = Croatia, HU = Hungary, IE = Ireland, IS = Iceland, IT = Italy, LT = Lithuania, LU = Luxembourg, LV = Latvia, MT = Malta, ME = Montenegro, MK = Macedonia, MT = Malta, NL = Netherlands, NO = Norway, PL = Poland, PT = Portugal, RO = Romania, RS = Serbia, SE = Sweden, SI = Slovenia, SK = Slovakia, TR = Turkey

Inserts top right: GF = French Guiana, GP = Guadeloupe, Mad. = Madeira, MQ = Martinique, RE = Réunion, YT = Mayotte

Source: Wikimedia Commons

Exhibit 4 European economic organizations and agreements



Source: European Economic Area, Wikipedia