

Vol III Issue IX March 2014

ISSN No :2231-5063

International Multidisciplinary Research Journal

Golden Research Thoughts

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RNI MAHMUL/2011/38595

ISSN No.2231-5063

Golden Research Thoughts Journal is a multidisciplinary research journal, published monthly in English, Hindi & Marathi Language. All research papers submitted to the journal will be double - blind peer reviewed referred by members of the editorial board. Readers will include investigator in universities, research institutes government and industry with research interest in the general subjects.

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GRT 'ORIGIN AND EXPANSION OF EUROPEAN UNION : IT'S IMPLICATIONS FOR INDIA'

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Abstract:-The European Union (EU) is the leading partner for many developed as well as developing countries in the world. With the emerging economies such like India the EU's share of trade is significant. The EU has the most successful example of regional economic integration in the world today. The EU represents around one fifth of the total world trade in goods and a quarter of total trade in commercial services during end of the twentieth century the figures for Japan , U.S.A. and India are around 11%, 10%,0.5% respectively.

Keywords: European Union ,Origin and Expansion ,commercial services ,Historical Background .

INTRODUCTION:-

With a share of 20% of total world import, EU is the world's largest importer also. The EU as one of the main supporter of the multilateral trade system, is firmly engaged in translating the Uruguay Round arrangement into action. This will be beneficial for countries (including India) trading with the EU. It is, therefore, need to look at the origin of European integration. Therefore, the research paper deals with historical background and origin of European Union in part first and it explains expansion as well as development of EU and it's implication for India in part second of the paper. Researcher used secondary data for this analysis in this paper.

OBJECTIVES OF THE PAPER :

In this research paper, efforts are made to study the rise and development of EU on the basis of following objectives.

- 1)To take review of historical background to European integration.
- 2)To study the main purpose of the EEC formation.
- 3)To study the enlargement process of EU.
- 4)To analysis the implications of EU expansion for India.

HISTORICAL BACKGROUND TO (EU) EUROPEAN INTEGRATION :

Although the European Union had its beginning in 'Treaty of Paris' in 1951, there are several attempts had been made for European integration. The roots of European integration even have been seen in Medieval period but this inspired politically. In this Medieval period rulers , and philosophers conjuring the picture of an enlarged and unified Europe, which would be beyond the territory of one's own. In the seventeenth century intellectuals and the Quakers also belief that universal brotherhood can be created with the help of European unification.

In the eighteenth and nineteenth centuries there didn't have any favorable progress towards the unification of the Europe due to emergence of individual ambitions of almost every important European power to acquire and expand their colonial empires overseas, which in turn invariably lead to rivalries and intercine war.

During the first half of the twentieth century, rivalries among the European powers resulted in two world wars. Both world war , particularly in second world war European countries had paid very heavy costs. On such background thinkers like Altiero Spinelli of Italy and Jean Monnet of France the leaders in resistant movement advocates the need of strong co-operation

among the European nations to minimize the intensity of this kind of war. In this direction the allied powers tried to prepare blue print of multilateral institutions, which emerged charters for setting up of United Nation, world Bank , International Monetary Fund etc. In addition United States introduced the 'Marshall Plan' with a large package of assistance to the West European countries in the task of reconstructing their war- ravaged economies. US government also has made efforts in the creation of 'North Atlantic Treaty Organization' – (NATO). All these environment inspired the formation of a few other institutions such as a) Organization for European Economic Co-operation (OEEC), and b) European Payment Union(EPU). These institutions did help in bringing concerned countries closer to each other and that created an atmosphere which stimulate Europeans for taking step for European integration.

Sir Winston Churchill (Britain), in 1946, emphasized the desirability of European countries for crating 'The European Family and building for that purpose a kind of United States of Europe'. Paul Heri Speak also emphasized an creation of supranational Institutions and strong step to create European Unity at the Hague congress held in 1948. West European countries created a Ministerial Council called 'Council of Europe' in may 1949. This organization turned out to be more of an intergovernmental consultative forum that a foundation stone for European integration. The famous ' Grand Design' was proposed by John Bellers in which he advocated the creation of permanent alliance between all the sovereign nations of Europe. His plan, which was known as 'Project of Perpetual Peace'. Other attempts to unify Europe also includes military invasions of Napoleon and Hitler, who tried to impose unity by force.

FEW RECENT MOVEMENTS TOWARDS EUROPEAN UNIFICATION :

The Pan- European Union which was founded in 1923 also one of the most important step towards European integration. The movement of Count Kalergi. Persistently advocated the creation of a political and economic federation the horrible experience of the II World War was still the principal ideological factor that encountered the popular acceptance of the idea of a unified European economic and political system. Thus, the real history of European economic integration started with the end of the second world war. By the end of 1947, the European leaders were fully convinced of the necessity for urgent and efficient unification and in this regard 'European Movement' was formed in December 1947, which would unify the continent.

The first concrete step towards the European co-operation in economic sphere was taken in 1948 with the setting up of the 'Organization for European Economic Co-operation' (OEEC) to perform the functions of distribute Marshall Aid Funds , to co-ordinate investment programmes and to resuscitate intra- European trade, which get much more success within the limited sphere. European Payment Union set up in 1950 to perform the functions such as making payment multilateral would help to expand and liberalize the trade.

ESTABLISHMENT OF THE EUROPEAN COMMUNITY :

Formation BENELUX- a ' custom union' in 1948 comprised of Belgium, Netherlands and Luxembourg was also one forward step towards the European economic integration. A actual European Integration began in 1951, when the ' Treaty of Paris' setting up the 'European Coal and Steel Community'- (ECSC) is signed by six member states- Belgium, Netherlands, Luxembourg, France, Federal Republic of Germany and Italy and it becomes fundamental attempt to establish a European Community.

One of the most significant development in international trade canvas after world war II was the establishment of the 'European Economic Community'- (EEC) in 1957, sometimes referred as ' European Common Market'(ECM). In 1955, delegates representing of six countries met at Messina and a programme was worked out in the next 18 months and on 25th March, 1957, the ' Treaty of Rome' for setting up the EEC was signed. This 'Treaty of Rome', the EEC originally included six countries only but year after year the membership of countries raising on. Up to 1986, the membership has grown to twelve members. All these three European Economic Community (EEC), European Atomic Energy Community (EURATOM), and 'European Coal and Steel Community'- (ECSC) had the common objectives of formation the political Union, formulation of common policy and common methods of the removal of market barriers with no internal barriers to trade and common external tariff and commercial policy. Among these all communities, the European Economic Community played a very significant role to build the European Union.

OBJECTIVES OF THE EEC:

The main objective of the European Community is not merely the establishment of free trade in a common market but the harmonious relations of all economic activities, a rising standard of living and closer relation between member states. A common agriculture policy was to be adopted and abolished the all obstacles to free movement of goods, persons, services and capital etc. Although, the European Economic Community was formed with the aims to build a peaceful and prosperous Europe after a devastations following the two world war. Its main objectives are :

- 1) Promote the peace between the member states.
- 2) Improve the standard of living of Europeans.
- 3) To achieve full employment through economic integration.

- 4)Expansion of trade with world and within the community.
- 5)Make strong and unified Europe.

EXPANSION OF THE EUROPEAN UNION :

There is very long process behind the today's well organized European Union. This enlargement process may be explained through few stages as follow:

First Enlargement of The EU :-

The period from 1959 to 1973 was characterized by widening and geographical enlargement of area of European integration and decade of 70's can be described as period of growing community. The implementation of the EEC treaty proceeded exceedingly well, indeed initially at a faster rate than the visualized in may 1957. Achievement in this duration was much more substantial in terms of internal duty reductions and also reductions in quotas. Once a measure of success started becoming visible in adoption of common policies and integration in these selected areas- steel, coal, and atomic energy the EEC members decided to turn their attention to other areas like agricultural policy, foreign policy, exchange rate regime and monetary policy as well as widening the coverage of European integration etc.

In 1962, the common agricultural policy established single market and consequently common prices for most of agricultural products is born. Denmark saw entry into Union as a chance to free access to a common market with its excess production being three times the requirement of its population. Britain want to enter in Union to make it political influence as well as Ireland also saw entry into the Union to get chance to enhance its economic growth. Britain, Denmark and Ireland applied in 1961 for an accession to the European Union. Norway also expressed their desire to join the Union and in Jan. 1972, a treaty on accession of these three countries was signed in Brussels. With effect from January 1st, 1973, excepting Norway the other three countries become a full-fledged members of the EEC. The community thus, becomes a community of nine. This was the important first enlargement of the European Union took effect.

The regional policy of the EU starts to concentrate on the creation of jobs and infrastructure in poorer areas. The European parliament increases its influence in EU affairs and the first time in 1979, transnational direct elections to the European parliament are held.

Second Enlargement:

The Hellenic government made a formal application to join the European Union on 12th June, 1975. In this second enlargement, Greece becomes the 10th member of the Union on January 1st, 1981.

Third Enlargement:

The Iberian countries, the Kingdom of Spain and the Portuguese republic applied for community membership on July and march 1977 respectively. Their accession took six years of long time to negotiations due to many obstacles. The treaties between the existed 10 member states and Spain and Portugal were signed in Lisbon and Madrid on 12th June, 1985 to providing accession for these countries. After verification of the Treaties by the parliament of the member states, Spain and Portugal duly become the eleventh and twelfth member of the European Union on January 1st, 1986 and Union become a community of twelve.

Move Towards The Single Market

During the 70's there were two oil shocks in 1973 and 1979 had adversely affected all the oil- importing countries including member states of the community. The attention of the member countries got diverted to protect their economies from recessionary conditions and fall out on employment, exports and production. The work on strengthening community's institutions, however, continued. Immediately after joining the commission in 1985, Jacques Delors and his colleagues started to work for converting the community into a single market- in which there would be no frontiers and no restrictions on move of goods, money, services and peoples throughout the community. Their efforts resulted in the signing of the 'Single European Act' in Luxembourg on February 17-18th. 1986, which come into force with effect from July 1st, 1987. The main objectives set out in the Single European Act were:

- Enhanced economic and social cohesion.
- Completion of the European Internal Market Monetary Union.
- Technological development and technical excellence.
- Making the community more effective and democratic.
- Institutionalized co-operation in the area of foreign policy.

Maastricht Treaty :

The twelve member state decided to strengthen their political and monetary bonds and negotiated a new treaty at the meeting of heads of states held in Dutch city of Maastricht on December 9 and 10th, 1991. The negotiated arrangement is known as the Maastricht European Union Treaty- 'Maastricht Treaty'. This was signed by foreign and finance minister of the member state in February 1992. This treaty decided to concentrate mainly on- continued internal development form a single market to Economic and Monetary Union, develop a new strategy for the future enlargement of EU, and expanding external responsibilities of the EU. This step was really towards the greater Union.

Fourth Enlargement:

Austria had applied for membership to the union in July, 1989, Sweden and Finland also wishes to join the Union, therefore, they also applied for membership in July 1991 and March 1992 respectively. The Austria referendum showed that, Austria voted positively with 66.58% Yes vote in favors of union in June 1994 , Finland referendum showed 57% vote in favor of Union and 43% against. The Swedish referendum in November 1994 showed 52.2% yes votes. Subsequent to the signing of the treaty accession, national referendum held in these three countries in 1994, which had ratified the decision to join the European Union. These three countries signed the treaty of accession at the European council summit in Corfu held from June 24-25th, 1994. European union's fourth enlargement took place on January 1st , 1995 when Austria, Sweden and Finland become the member of the European Union.

Norway had also applied for its membership to EU in 1993. Norway had made prior to this two request for membership to the EU but unfortunately, Norwegians rejected EU membership in the referendum.

Fifth Enlargement:

European Union become of fifteen in January, 1995 with four time expansion since its foundation. So many countries from the central, Mediterranean and Eastern Europe applied for EU membership. Turkey (in 1987), Cyprus (in 1990) and Malta (in 1990) have applied for membership in EU. Countries from central and western Europe were also desire to join the EU. among these Hungary, and Poland applied in 1994, Romania (in June 1995), Solvak Republic (in June 1995), Latvia(in Oct. 1995), Estonia(in Nov. 1995), Lithuania and Bulgaria (in Dec. 1995), Czech Republic(in Jan. 1996) and Solvenia (in June 1996) were made application for EU membership.

According to the commission none of them fully satisfied all the criteria up to mid- 1997, however, nine countries satisfied the political conditions but they have to progress towards satisfy the economic as well as related obligations of membership. On such background the fifth enlargement took place on May 1st, 2004. The 2004 enlargement of the EU was largest single expansion not only in terms of number of states but also in terms of territory and population. As per the fifth enlargement of EU , simultaneously the following ten countries- Cyprus, Malta, Estonia, Czech Republic, Hungary, Latvia, Lithuania, Poland, Solvakia and Solvenia were become new member of European Union. With this enlargement the European Union become of 25 members.

Further Enlargement of the EU :

The 2007 enlargement of the EU saw Bulgaria and Romania Join the EU on January 1st, 2007. It was the expansion of the EU considered by the European Commission as a part of the same wave as the 2004 enlargement. With this enlargement EU become of 27. The Croatia also becomes a member of EU in 2013, so now EU has become of members of 28 countries.

Enlargement of European Union and Implications for India :

Effect of the formation and enlargement of EU may have either favorable or unfavorable for India. Formation of EU (EEC) will be beneficial for the developing countries of Asia (including India) and Africa in two ways firstly, EU will result in increase in demand in Europe for primary product i.e. raw material for industry and food stuffs for population with rising standard of living. This would be the opportunity for developing nations especially to India, because we have comparative advantage in production of primary products which may help to increase our exports. Secondly, the developing country like India will get their requirements of capital goods and manufactured consumer goods at lower prices due to economies of scale in production resulting from specialization in EU nations.

Still India has dominance of agricultural commodities in their export basket, fortunately EU also the world's biggest importer of agricultural products, it may have great opportunity for India to boost their export as well as foreign earnings.

The net impact of enlargement and integration of EU on India most likely to be positive, because of major two reasons first, the level of common external tariffs of the EU are lower than the average nominal tariff level of these countries. This state that, the post integration period, India's exports to these countries will be that extent cheaper, resulting in generic market expansion. And second, it is expected that the integration will spur the rate of growth of EU member countries, which will generate demand for goods and services. That would be the opportunity to increase our export to EU Countries with help of

cheap labor in our nation.

The possible adverse effect is the result of EU member countries getting zero duty entry to the EU market, while Indian export will be subject to the common external tariffs. The adverse effects will depend upon the commonality of the export structure of these countries and India. If more common is the export structure, the greater will the adverse impact and vice-versa.

CONCLUSION:

The founder of the European Union were inspired mainly by three idea's : Peace, Prosperity and Stability. Amongst these ideas the first objectives of the Peace has been a complete success till now and expansion also progressed well excepting recent few obstacles (i.e. economic problems in Greece) on economic front. Historically, India has very close relation with EU member countries, therefore, need to grab the opportunities form EU expansion. India should change their EX-IM policies as per the changes takes place in European Union.

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