

Evropská obchodní akademie Děčín

***Evropská integrace
v anglickém jazyce***

3. ročník



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ECONOMIC INTEGRATION

Co je to integrace?

-
-
-
-
-

Které druhy integrace rozlišujeme?



Definice ekonomické integrace:

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-
-

Hlavní motivy integrace:

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-
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-
-

What is integration?

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-
-
-
-

Kinds of integration:



What is economic integration?

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-
-
-

Main motifs and aims of integration:

-
-
-
-
-
-

STAGES OF THE ECONOMIC INTEGRATION

What is the main aim of the economic integration?

➤

What are some of the trade barriers?

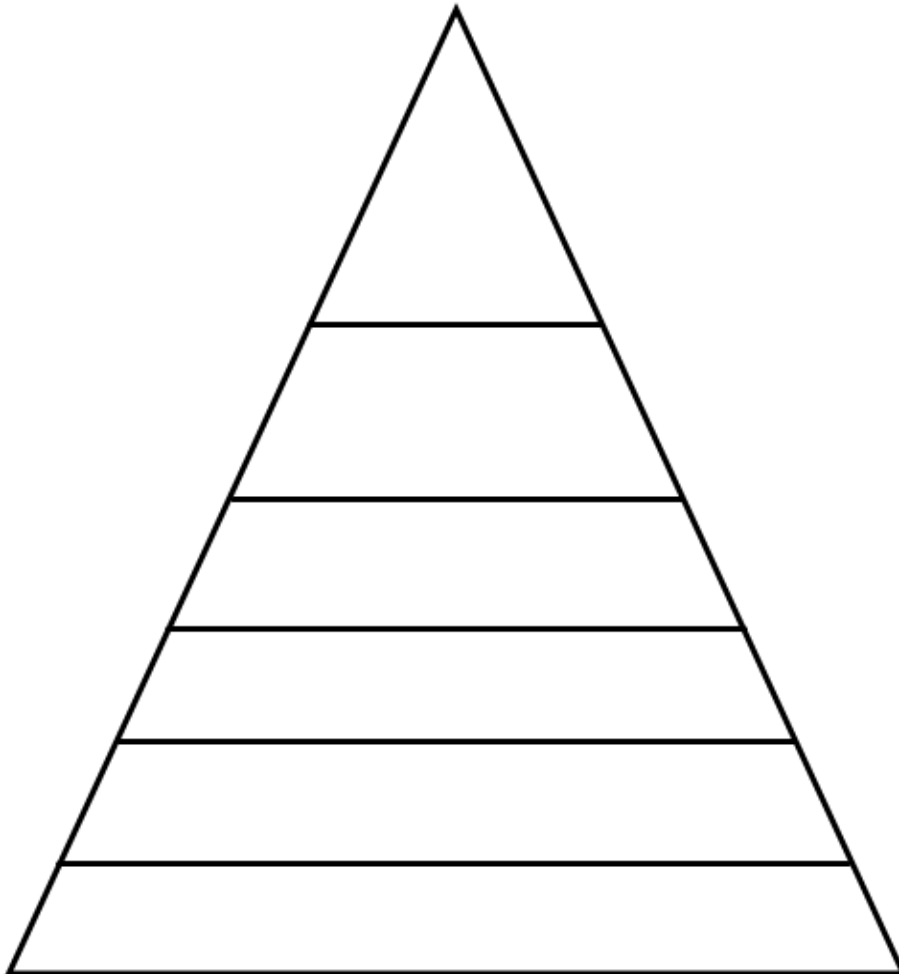
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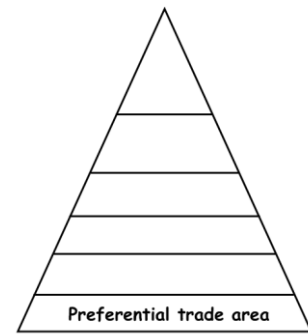
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Main stages of the economic integration:



PREFERENTIAL TRADING AREA
(PREFERENTIAL TRADING AGREEMENT)

Definition:



Advantage and disadvantages:

Examples:

FREE TRADE AREA

Definition:



Advantages and disadvantages:

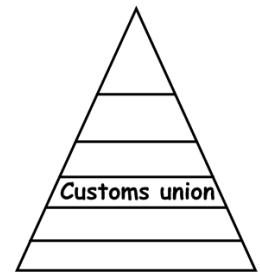
- brings _____ competition
- brings _____ prices for customers
- _____ trade among member states
- supports specialisation and division of labour
- _____ trade within the bloc, but there is _____ trade outside the bloc
- domestic production of one member nation _____ replaced by _____ effective production from another member nation

Examples:



CUSTOMS UNION

Definition:



2 stages:

Advantages and disadvantages – TRUE or FALSE?

- _____ fair competition
- _____ lower prices for customers
- _____ trade among member states
- _____ specialisation, division of labour
- _____ free movement of goods

Examples:



SINGLE MARKET

Terms:

- *společný trh* -
- *vnitřní trh* -
- *jednotný trh* -



What are the main aims:

PTA –

FTA –

CU –

Definition:

Advantages and disadvantages:

-
-
-
-
-
-

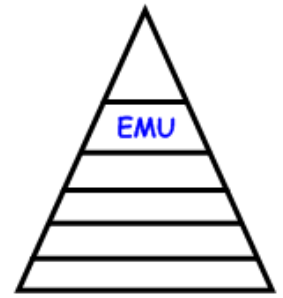
A single market has many benefits. With full freedom of movement for all the factors of production between the member countries, the factors of production become more efficiently allocated, further increasing productivity.

For both business within the market and consumers, a single market is a very competitive environment, making the existence of monopolies more difficult. This means that inefficient companies will suffer a loss of market share and may have to close down. However, efficient firms can benefit from increased competitiveness and lower costs, and can expect higher profitability. Consumers are benefited by the single market in the sense that the competitive environment brings them cheaper products, more efficient providers of products and also increased choice of products. What is more, businesses in competition will innovate to create new products; another benefit for consumers.

Transition to a single market can have short term negative impact on some sectors of a national economy due to increased international competition. Companies that previously enjoyed national market protection and national subsidy have to fight to survive against their more efficient competitors, even for its traditional markets. Obviously, if the company fails to improve its organization and methods, it will fail. The consequence may be unemployment or migration.

Examples:

ECONOMIC AND MONETARY UNION



Two parts of the EMU:

-

-

I. union:

- consists of...

- requires...

-

-

+

Examples:

II. union:

- is based on...

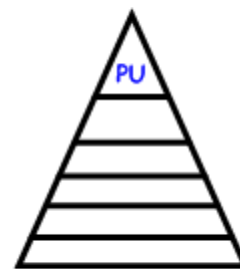
- is a system...

- requires...

+

Examples:

POLITICAL UNION



Definition:

-
-
-
-
-

How is a political union formed?

-
-

Two forms of political union:

-
-

- ___ složený stát - pokud jsou nějaké mezery či pochybnosti v ústavě, kompetence patří vždy federální vládě
- ___ sdružení států - pokud jsou nějaké mezery či pochybnosti v ústavě, kompetence padá vždy zpět na jednotlivé státy
- ___ mezinárodněprávní sdružení několika samostatných států
- ___ vyšší celek - nový subjekt nové kvality
- ___ nadřazené politické struktury (institute) zasahující do působnosti národních států
- ___ společné orgány s poměrně omezenou pravomocí

- ___ Evropské společenství, Euratom, Schengen
- ___ Společná zahraniční a bezpečnostní politika
- ___ Justice a vnitřní věci

Federation:

-
-
-
-

for example:

Confederation:

-
-
-
-

for example:

the European Union ???

-
-

The EU is “sui generis” [/ˌsuː.ɑɪ ˈdʒenərɪs/](#)

=

ECONOMIC AND MONETARY UNION

What is the EMU?

Who are the founding fathers of the EMU?



EMU History:

- DELORS REPORT _____
- ECU _____
- EURO BANKNOTES AND COINS _____
- EUROPEAN CENTRAL BANK _____
- EUROPEAN MONETARY INSTITUTE _____
- EUROPEAN MONETARY SYSTEM _____
- SINGLE EUROPEAN ACT _____
- MAASTRICHT TREATY _____
- CURRENCY SNAKE _____
- WERNER REPORT _____
- INTRODUCTION of EURO _____

Four phases of building the EMU:



The post-war situation:

ECONOMIC AND MONETARY UNION

(1957 – 1970)

Situation in 1957:

+

+

+

-

-

-

Achievements:

→

→

What next?

→

→

→

The Werner Report:

The Werner Report

The concept of economic and monetary union was first discussed in 1969 at the EC summit in the Hague, the Netherlands. The background was that trade between EC member states had increased greatly as a result of the customs union, and the aim was to intensify European cooperation.

After the Hague summit, an expert working group was set up, headed by Pierre Werner, prime minister and finance minister of Luxembourg. The group presented the Werner Report in 1970. The Werner Report contained a detailed description of the establishment of economic and monetary union in three stages up to 1980.

The countries were gradually to increase the coordination of their economic policies and reduce exchange rate fluctuations. At the final stage exchange rates were to be locked irrevocably. In addition to a common monetary policy these plans also suggested that a number of fiscal-policy decisions were to be made jointly.

However, the first plans for economic and monetary union were never realised. This was partly due to the considerable international currency unrest after the collapse of the Bretton Woods system in the early 1970s, and the international recession as a result of the first oil crisis in 1973.

From the Werner Report to the EMS:

(1970 – 1979)

___ Hopes of tying the Community's currencies more closely together came to an end.

___ The first stage, narrowing of exchange-rate fluctuations, was to be tried on an experimental basis without any influence on the other stages.

___ The Member States agreed in principle in March 1971 on a three-stage approach to EMU.

___ The Member States were divided over some of the Werner Report's main recommendations.

___ Then the oil crises hit and brought policy divergence and dollar weakness.

___ To improve the situation, in March 1972, the Member States created the 'snake in the tunnel' as a mechanism for managing fluctuations of their currencies (the snake) inside narrow limits against the dollar (the tunnel).

___ Unfortunately, the Werner strategy took fixed exchange rates against the dollar for granted.

___ When the United States effectively floated the dollar from August 1971, market instability put pressure on the Deutschmark.

___ Within two years the snake had lost many of its component parts and was little more than a Deutschmark zone comprising Germany, Denmark and the Benelux countries.

Snake in the tunnel (1972):

In the late 1960s and early 1970s Europe was seriously
and the European markets

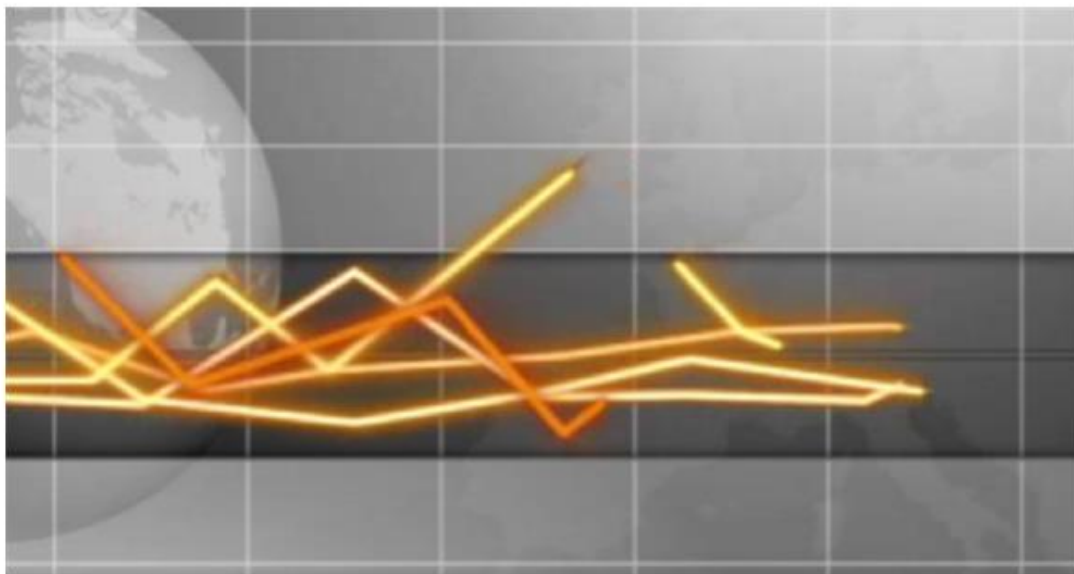
Its aim was to limit fluctuations between European currencies.

It set the exchange rate fluctuation limits of the European
currencies to 2.25 % around a rate.

The change between any two currencies was then 4.5%.

The *tunnel* collapsed in 1973 when the US dollar floated

By 1977 it was just a Mark zone with the currencies of the
Benelux countries and Denmark.



ECONOMIC AND MONETARY UNION

(1979 – 1992)

Situation before 1979:

- Bretton Woods system...
- European “currency snake”...
- Snake in the tunnel...
- The idea of currency stability...
- Roy Jenkins...
- Jenkins...

1979 – The European Monetary System:

- 1)
 - 2)
 - 3)
- and...

ERM was a system which wanted...

-
-
-
-

...was a system which was based on...

Parity grid...

→

→

→

→

ECU...

→

→

→

EMCF...

→

→

→

The European Monetary System – success or disappointment?

ECONOMIC AND MONETARY UNION

(1979 – 1992)

Situation in 1980s:

- Most EC countries *were / were not* satisfied in the 1980s because the common market among them *worked / didn't work* well.
- There were *some / no* trade barriers among member states.
- It *was / wasn't* necessary to remove all the remaining trade barriers.
- Revision of the treaties *was / wasn't* necessary.

Single European Act (1986):

-
-
-
-

Jacques Delors



Delors Report (1988):

-
-

Main conditions of the Delors Report (1988):

→

→

→

→

Main stages of creating the EMU:

→

→

→

Delors Report in details:

ECONOMIC AND MONETARY UNION
(Maastricht Treaty)

Situation before Maastricht:

-
-
-
-

Maastricht Treaty:

- was signed...
- came into force...
- created...
- created...
- created...

The convergence criteria are...

-

1. INFLATION RATE

-

2. BUDGET DEFICIT

-

3. GOVERNMENT DEBT

→

4. INTEREST RATE

→

5. CURRENCY STABILITY

→

Which countries (don't) meet the criteria:

→

→

and the Czech Republic?

→

ECONOMIC AND MONETARY UNION

(1994 - 1999)

Situation after Maastricht:

- The EU agreed on...
- They agreed on...
- They started...
- They initiated...

Between 1994 and 1998:

- Member states...

→

1994 →

→

1995 →

→

1996 →

→

1997 →

→

1998 →

→

ECONOMIC AND MONETARY UNION

(How the Euro was launched)

Match the dates and the actions:

	Timing		Actions
1	1995		Conversion rates between member states' currencies and the euro are irrevocably fixed.
2	1996		Cyprus and Malta adopt the single currency.
3	1 June 1998		Estonia adopts the single currency.
4	1998		Euro banknotes and coins are in circulation.
5	1 January 1999		Every member country's economy is tested to make sure that it complies with the „convergence criteria“.
6	1 January 1999		Greece finally adopts the single currency.
7	1 January 1999		National banknotes and coins are finally withdrawn from use (the end of the dual circulation period).
8	1 January 1999 to 31 December 2001		National banknotes and coins are withdrawn: start of a short dual circulation period.
9	1 January 2001		Single monetary policy for the euro-zone takes off.
10	1 January 2002		Slovakia adopts the single currency.
11	1 January 2002		Slovenia adopts the single currency.
12	28 February 2002		The design of the new banknotes is presented.
13	1 January 2007		The euro becomes the currency for 11 Member States. The euro remains a scriptural currency (banknotes and coins are not available yet).
14	1 January 2008		The European Central Bank is established in Frankfurt am Main.
15	1 January 2009		The name "euro" is adopted.
16	1 January 2011		Transition period: orderly changeover to the euro by the whole economy.
17	1 January 2014		Latvia adopts the single currency.
18	1 January 2015		
19			Croatia adopts the single currency.

◀▶ Are the statements true (✓) or false (✗):

✓	✗
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1) Every European economy was tested to see if it complies with the convergence criteria.		
2) After 1 January 1999 member states joining the euro adopted the euro as a scriptural currency.		
3) After 1 January 2001 the conversion rates between the national currencies and the euro were fixed.		
4) The euro banknotes and coins started circulation after the national currencies had been withdrawn.		
5) The dual circulation period lasted three months.		
6) People could easily use the German Mark in shops around Germany in March 2002.		

◀▶ Complete the sentences with the expressions below:

- 1) The capacity of the member states to become part of the eurozone was tested by the
- 2) In 1999 the euro banknotes and coins weren't available yet, the euro was used only as
- 3) After 1 January 1999 between the national currencies and the euro were firmly fixed.
- 4) The country that didn't with the demanding criteria in 1998 was Greece.
- 5) The complete to the euro in the economic sphere lasted two years.
- 6) The national currencies of 12 member countries were finally from use after a two-month
- 7) Since 1st January 2023 there have been 20 states in the

conversion rates comply convergence criteria withdraw
 scriptural currency eurozone dual circulation changeover

ECONOMIC AND MONETARY UNION

(Euro banknotes and coins)

◀ Are the statements true (✓) or false (x):

	✓	x
1) The euro is used by more than 330 mil. European citizens.		
2) In 1996 the ECB organized a competition on the design of the new banknotes.		
3) All the banknotes were designed by one man - Robert Kalina.		
4) The euro banknotes design represents 8 different architectural styles - 8 periods in European history.		
5) The banknotes feature these architectural styles: Classical, Romanesque, Gothic, Renaissance, Barocco and Rococo, Age of iron and steel, 20 th century.		
6) Various security features (watermarks, security threads, holograms stripes) make forgery very difficult.		
7) First euro banknotes were printed in spring 1999.		
8) There were about 50 billion banknotes at the euro cash changeover in 1999.		
9) Banknotes of lower denomination stay in circulation for only eight years.		
10) "Migration" of banknotes causes problems in the eurozone.		
11) Euro banknotes are a tempting target for the counterfeiters.		
12) The ECB is not responsible for the minting of the euro coins.		
13) The "common European face" of the coins reflects the unity of the eurozone.		

VOCABULARY:

counterfeiter	- padělatel
denomination	- nominální hodnota
feature	- znak
to feature	- znázornit
to mint	- razit
security	- bezpečnost
stripe	- pruh
target	- cíl
tempting	- lákavý
thread	- pruh
watermark	- vodoznak

ECONOMIC AND MONETARY UNION

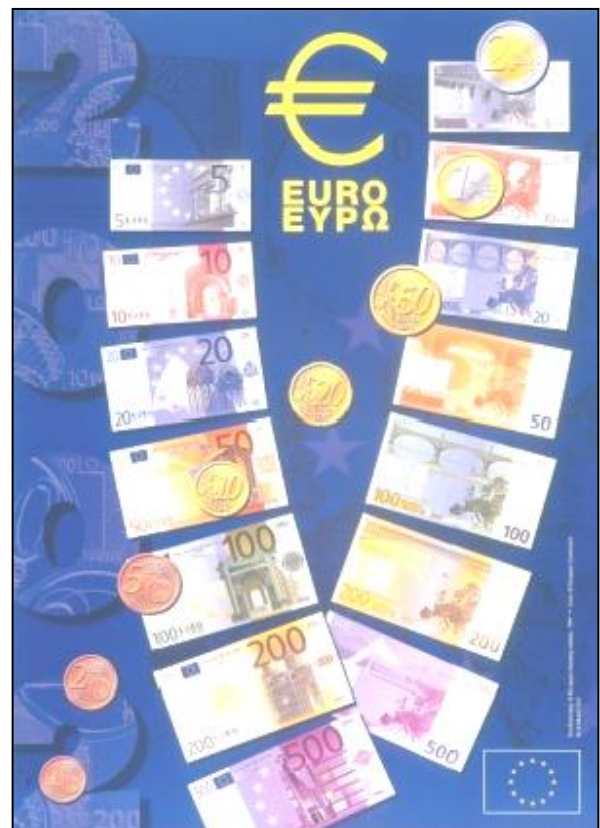
(Euro banknotes and coins)

How the euro symbol was born

- It was inspired by the Greek letter epsilon, harking back to Classical times and the cradle of European civilisation. The symbol also refers to the first letter of the word "Europe". The two parallel lines indicate the stability of the euro.
- The official abbreviation for the euro is EUR and this has been registered with the International Organization for Standardization (ISO).

Banknotes

- There are 7 euro notes. In different colour and sizes they are denominated in 500, 200, 100, 50, 20, 10 and 5 euros. The designs are symbolic of Europe's architectural heritage.
- They don't represent any existing monuments. Windows and gateways dominate the front side of each banknote as symbols of openness and cooperation in the EU.
- The reverse side features a bridge from a particular age, a metaphor for communication among the people of Europe and the rest of the world.



Coins

- There are 8 euro coins denominated in 2 and 1 euros; then 50, 20, 10, 5, 2 and 1 cents.
- Every euro coin carries a common European face - the same in all Eurozone member states. On the reverse, each state has decorated the coins with their own motifs.
- The common European face of the coin represents a map of the European Union and the stars of the European flag.
- No matter which motif is on the coins, they can be used anywhere inside the 19 member states. So a French citizen can buy a pizza in Rome using a euro coin with the imprint of the King of Spain.
- The 1, 2 and 5 cent coins put emphasis on Europe's place in the world while the 10, 20 and 50 cents present the EU as a gathering of nations. The 1 and 2 euro coins show Europe without frontiers.



ECONOMIC AND MONETARY UNION

Euro banknotes security features:

When you touch:

- ◀ PAPER
- ◀ RAISED PRINT

When you look:

- ◀ WATERMARK
- ◀ SEE-THROUGH NUMBER
- ◀ HOLOGRAM
- ◀ GLOSSY STRIPE
- ◀ SECURITY THREAD
- ◀ PERFORATIONS
- ◀ MICROPRINT
- ◀ COLOUR-CHANGING NUMBER





◀▶ Quiz - What does the single European currency look like?

- | | |
|--|---|
| 1) What does the symbol of the euro (€) mean?
a) the Greek letter epsilon
b) the first letter of "Europe"
c) enterprise | 6) The front of the euro coin shows:
a) a map of the EU
b) windows
c) kings and queens |
| 2) How many different euro coins are there?
a) 7
b) 8
c) 10 | 7) What is the colour of the 100 euro banknote?
a) red
b) brown
c) green |
| 3) The front of each banknote shows:
a) bridges and gateways
b) windows and gateways
c) bridges and churches | 8) How many different motifs does the obverse of the 1 euro coin have?
a) 27
b) 12
c) 20 |
| 4) The reverse of each banknote shows:
a) the presidents of EU nations
b) churches
c) bridges | 9) The 20 euro banknote features:
a) Romanesque style
b) Gothic style
c) Renaissance style |
| 5) Which of these is not a euro coin:
a) 5 euros
b) 50 cents
c) 1 euro | 10) The two parallel lines of the euro symbol (€) mean:
a) strength
b) stability
c) dollar association |

EURO ADVANTAGES and DISADVANTAGES

Frequently asked questions about the euro:

• *Why do we need the euro?*

Because Europe's economy is now built on a single market and the single market will work much better with a single currency. EU members do more than 70% of their trade with each other and will do even more with a single, stable currency. By itself the euro cannot solve all our problems, but as a stable currency it will help to create a stronger economy capable of growing at a faster rate. Faster growth is needed to put more people back to work and to achieve a rising standard of living for families and individuals.

• *How will the euro help to create more jobs and prosperity?*

In at least three ways:

Firstly, we shall avoid those periods of currency instability which hurt trade between Member States. We have become so used to instability between European currencies that we tend to forget that it restricts growth and jobs.

Secondly, the euro will also help to reduce the cost of doing business. Companies will no longer have the expense of handling several different currencies. And every reduction in costs can make a company more competitive. The benefits could be passed on to customers.

• *What worries me ...*

Can I be sure that the euro will buy as much as my money does now?

Yes, because the value of the things you buy, the wages you earn, your savings and your pension will not change. It is

Thirdly and crucially, sound management of public finances will lead to lower average interest rates and this will be good for investment, good for jobs, and good for borrowers and home owners with a mortgage.

If the economy is sounder than it is now, you can be more confident that your standard of living will continue to rise. The faster the economy grows, the more employment opportunities there will be for you and your children.

And the euro will bring real practical advantages. For example, it will be easy to compare prices for the same goods in different Member States. This will be a real advantage if you are a person who likes to find the best prices when you are buying something expensive. It will be easier to spot the bargains in other countries and to buy there, through mail order, for example, or through shopping on the Internet.

Another benefit will be obvious when you travel around the EU as you will not have to keep changing money and paying the charges. If you set off today on a tour of the fifteen Member States and changed your money into each local currency, exchange rate losses and charges would account for up to half of your holiday fund.

just that their value will be measured in a new currency.

Remember that the temperature is still the same whether you

measure it in Europe in centigrade or in the US in Fahrenheit.

Who will take care of the euro and protect its value?

The euro will be in the very safe hands of a new European Central Bank whose top priority will be to make sure that prices rise as little as possible. The euro will be a stable currency. Price stability will be one of the priorities of the ECB.

How much will I have to pay?

It should not cost you much. Certain charges, such as changing the computer software, are of course unavoidable, but investments in updating the software have to be made regularly anyway. So, the changeover should really be seen as an investment which will bring a reward. When we consider the real benefits in a few years time, we shall find that the benefits for companies and individuals have far outweighed the costs.

ADVANTAGES

-
-
-
-
-

DISADVANTAGES

-
-
-
-
-

STÁTNÍ ROZPOČET ČR

- plán finančního hospodaření, obvykle na dobu...
- zodpovědným orgánem státní správy pro státní rozpočet je...
- návrh státního rozpočtu...
 - vypracovává...
 - předkládá...
 - schvaluje...



Typy rozpočtu:

→

→

→

ČR má rozpočet...

...a to je *dobrá / špatná* zpráva, protože...

Objem rozpočtu:

Struktura rozpočtu:

Příjmy rozpočtu ČR:

Výdaje rozpočtu ČR:



ROZPOČET EU

- plán finančního hospodaření, obvykle na dobu...
- zodpovědným orgánem (institucí) pro rozpočet EU je...
- návrh rozpočtu EU...
 - vypracovává...
 - předkládá...
 - schvaluje...

Typy rozpočtu:

→

→

→

EU má rozpočet...

...a to je *dobrá / špatná* zpráva, protože...

Objem rozpočtu:

Finanční východiska rozpočtu:



BUDGET of the EU

- plan of financial management, set for a period of...
- responsible EU body (institution) is...
- proposal of the EU budget...
 - is prepared by...
 - is proposed by...
 - is adopted by...

Types of budget:

-
-
-

The EU's budget is always...
...which means that...

Size of the budget:

Financial basis of the budget:

- annual budget of the EU is based on...

which is designed for a period of...
currently -

This system is

(+) good because...

(-) bad because...

EU BUDGET – GENERAL PRINCIPLES

1. _____
 - _____
 - all items of revenue and expenditure must be included in one single document - the Community budget
2. _____
 - _____
 - the European Community will not spend more than is necessary
3. _____
 - _____
 - is the consequence of the principle of unity, saying that total revenue must cover total expenditure but the revenue may not be assigned to specific items of expenditure and revenue and expenditure may not be set against each other
4. _____
 - _____
 - all budget operations relate to a specific financial year, 1 January - 31 December
5. _____
 - _____
 - budget revenue must equal budget expenditure, which means that the Community, unlike its Member States, is not allowed to borrow to cover its expenditure.
6. _____
 - _____
 - each expense must have a given purpose in order to prevent any confusion between expenditure, the budget is divided into Headings and Chapters, also the sources of the revenue must be clearly identified.
7. _____
 - _____
 - principle of adopting a unit of account distinct from the national currencies was established in 1952, since 1999 the European single currency has been used.
8. _____
 - _____
 - the budget, any amending budgets and the consolidated annual accounts must all be published in the Official Journal of the European Union.
9. _____
 - _____
 - is based on the principles of economy, effectivity and effectiveness.

EU BUDGET – THE REVENUE

1952 – the ECSC

1957 – the EEC

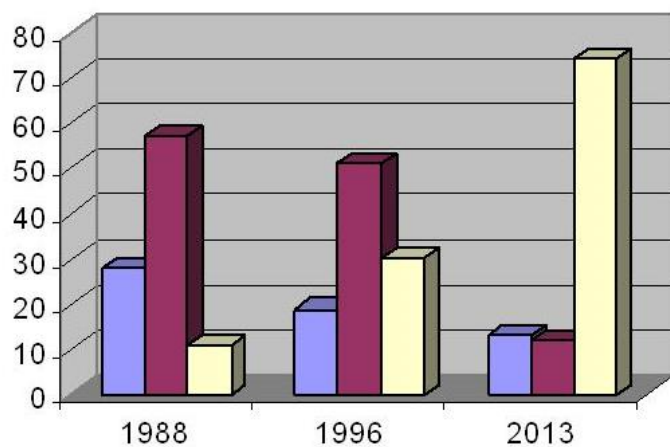
1970 – Treaty of Luxembourg

1975 – Treaty of Brussels

1988

Other

EU Revenue Structure, 1988-2013



EU BUDGET – EXPENDITURE

How big is the EU budget?

How much money can be spent?

How is the EU budget divided?

Structure of the EU budget:

Heading I _____

– _____

Heading II _____

– _____

Heading III _____

– _____

Heading IV _____

– _____

Heading V _____

– _____

Heading VI _____

– _____

Heading VII _____

– _____



Heading I _____

Heading II _____

Heading III _____

Heading IV _____

Heading V _____

Heading VI _____

Heading VII _____

EU BUDGET in TROUBLE

Budgetary balance is...

According to the principle of solidarity...
...which countries pay the most?

These countries are called –
...which countries get the most?

These countries are called –
How much does the Czech Republic get / pay?

UK rebate

When?

Why?

WHY DOES THE REBATE EXIST?

The UK won the rebate in 1984, after the then prime minister Margaret Thatcher threatened to halt payments to the EU budget.

"We are not asking the Community or anyone else for money," she said at a summit in Fontainebleau. "We are simply asking to have our own money back".

The UK was then the third poorest member of the Community but was on course to become the biggest net contributor to the EU budget.

This was mainly because the UK had relatively few farms, so it got a relatively small share of farm subsidies, which at the time made up 70% of Community expenditure.

The rebate in any given year during its membership was equivalent to 66% of the UK's net contribution in the previous year.



Common Agricultural Policy

When?

Why?

How much?

Fair for all?

Structural aid

Good or bad ideas?

SOLIDARITY

ENLARGEMENT

COHESION POLICY

HELP FOR "THE OLD" OR "THE NEW"

