



The story continues...

EU expansion opens opportunities for Munchies



With the admission of 10 new members, the European Union has grown to become an international community and trading bloc of 25 nations. Every member of the EU is required to contribute a percentage of its annual income towards the EU budget. In the past, Ireland received far more from the EU than we contributed. However, as a large number of much poorer countries joining the EU from Eastern Europe, far less money will be directed to Ireland - in fact, Ireland will become a net contributor to the EU budget.

This expansion of the EU presents opportunities and threats for Munchies. Ireland will face increasing competition from the new member states that are also keen to attract Direct Foreign Investment from transnational corporations into their economies. The new EU members all have much lower labour costs (approximately 60% lower than average Irish wages) along with low levels of corporate taxation. This will make Munchies' costs much higher compared to competitors who are based in these new member countries.

To tackle this threat, Irish corporation tax rates have been adjusted so that all companies, whether manufacturing or service, now pay the same 12.5% Corporation Tax rate on their profits. This rate is relatively low by international standards but is necessary to attract foreign transnational corporations to set up their EU manufacturing and distribution centres on a high-wage cost island on the edge of Europe. It will also help Irish firms to retain their international competitiveness.

Existing members

1. Germany
2. France
3. UK
4. Italy
5. Spain
6. Holland
7. Portugal
8. Belgium
9. Ireland
10. Denmark
11. Luxembourg
12. Sweden
13. Finland
14. Austria
15. Greece

New members

1. Czech Republic
2. Poland
3. Slovakia
4. Hungary
5. Slovenia
6. Latvia
7. Lithuania
8. Estonia
9. Cyprus
10. Malta

Recall & Review

1. Explain the underlined terms
2. The EU is a trading bloc. Name one other.



What are the issues facing the new expanded EU?



- **Expansion** - Coping with the expansion of the EU from 15 to 25 countries will make EU decision-making and management more difficult and will require new management and decision-making structures, including a possible new EU Constitution. The EU also has to find ways to make its workings more transparent and to reduce the democratic deficit.
- **Budget Reform** - Further reform of the Common Agricultural Policy will be necessary to reduce its cost to the EU taxpayer and to free up funds for other areas such as R&D, environmental protection, enterprise development and the fight against international crime and terrorism.
- **Promoting sustainable development** and environmental protection across industry, agriculture and other areas of the economy. As the effects of climate change due to pollution become more apparent, the EU is pushing for higher environmental standards in all Member countries.
- **Increasing co-operation** between EU members to deal with the spread of criminal activity across borders, international terrorism.
- **Developing the E.U.'s power** and influence as a counterweight to the increasing power and dominance of the USA in international affairs.

Summary

Ireland operates three level of government – local, national and European. As a member of the EU, Ireland is required to comply with EU law, even when it may be in conflict with our own laws.

To operate effectively, the EU is organised into the Council of _____, the EU Commission and European Parliament. The _____ Auditors is responsible for ensuring that money is spent correctly while the Court of _____ ensures that laws are applied correctly in each country.

Before a new EU policy comes into being, it goes through a decision-making process that can be influenced by countries, companies and individuals.

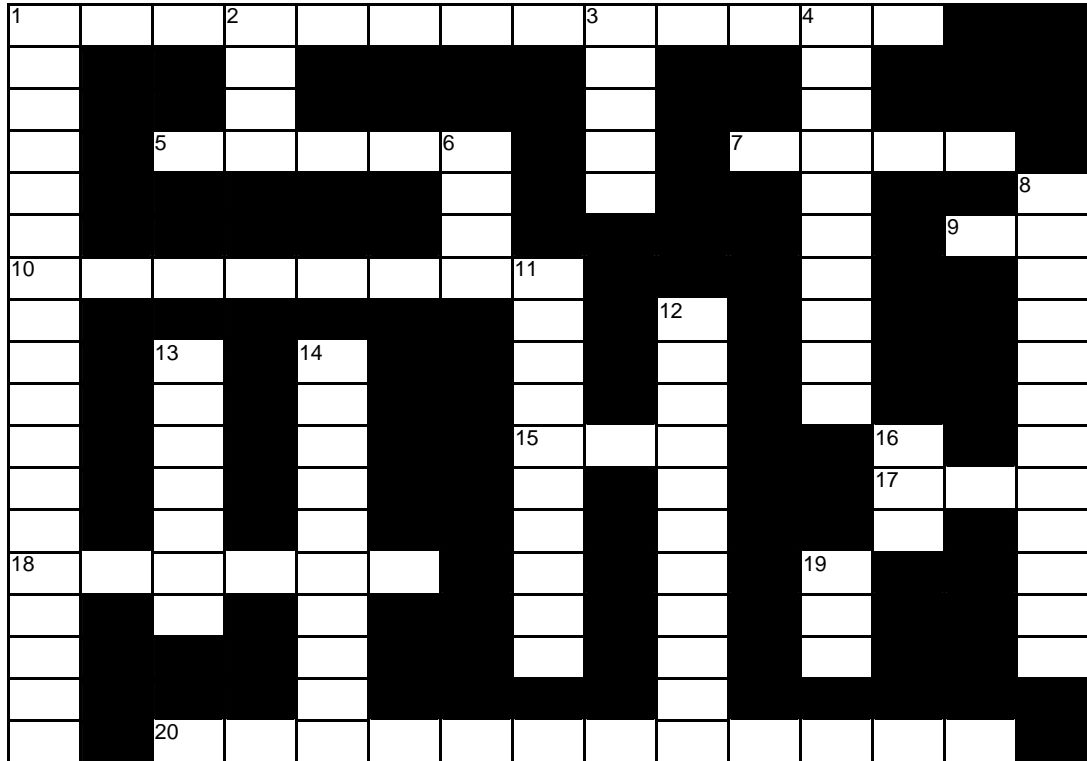
EU policies set out the Union's plans and strategies in different areas such as trade, agriculture and social issues. EU policies have a huge impact on many aspects of life within member countries and affect the interests of all the stakeholders in business.



Score: _____ out of 3



Crossword 25 - The European Union



CLUES

Across

1. This EU policy is a common tariff applied by all EU countries to goods imported from non-EU countries (8, 5)
5. Motorbike enthusiasts did this to get the European Commission to drop its plans to ban some motorbikes (5)
7. There are 100 of these in 2 down (4)
9. The international organisation that promotes closer political and economic co-operation among European nations (2)
10. The European Court of _____ ensures that the EU budget is spent in an efficient and responsible manner (8)
15. Initials of the EU's policy to make the EU self-sufficient in foods and maintain farmers' incomes (3)
17. Initials of an agreement that extends 16 down to countries such as Iceland and Norway (3)
18. The EU's _____ policy aims to improve and harmonise working conditions throughout the EU (6)
20. When oversupplies of agricultural produce is bought up to maintain prices at a stable level (12)

Down

1. This body looks after the day-to-day management of the EU (8, 10)
2. The unit of currency in the EU (4)
3. When goods and services are bought and sold (5)
4. A type of law from the EU setting out the result is to be achieved by member states by a certain date (10)
6. There are 365 days in one of these (4)
8. This means that decisions should be made at the lowest effective level (12)
11. EU _____ policies are designed to improve the competitiveness and wealth of the EU's poorer regions (10)
12. EU policy in this area aims to prevent activities that reduce competition or cause unfair business practices (11)
13. This European Court ensures the correct interpretation and application of EU laws by member states (7)
14. The European _____ watches over all aspects of the work of 1 down (10)
16. This has made exporting to other EU countries much easier for Munchies Ltd. (3)
19. The process of introducing 2 down as the single currency in the EU (3)