UNIT 7

The Business Guys

EUROPEAN UNION

Chapter 25

European Union

(EU Institutions – Commission, Parliament, Council, Court of Auditors, Court of Justice, European Council; Decision Making; Interest Groups; Directives/Regulations; Policies – CAP, CFP, EU Social Charter, Competition Policy, Single European Market (SEM); The Euro)

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2010 Q4 - Short

Column 1 – Terms	Column 2 – Explanations
1. European Parliament	**A.** Draws up proposals for new EU law.
2. European Commission	**B.** Most important decision-making body in the EU.
3. European Court of Justice	**C.** Ensures the EU budget is spent efficiently.
4. Court of Auditors	**D.** Is responsible for ensuring the correct interpretation and application of EU laws by member states.
5. Council of the European Union (Council of Ministers)	**E.** Is responsible for managing the euro currency and the EUs monetary policy.
	F. Directly elected by EU citizens.

Answer: 1F; 2A; 3D; 4C; 5B

2009 Q10 – Short

(a) Explain the role of the Council of Ministers in EU decision-making.

(b) Name two other EU decision-making institutions.

MS: (a) 6 Marks (3+3) (b) (i) 2 Marks (ii) 2 Marks

(i) The Council of Ministers **must adopt all legislation before it becomes law** (**key decision-making body of the EU**).

The Council of Ministers is comprised of **ministers from governments of each EU member state**. The topics on the agenda determine which minister attends. E.g. Minister for Finance. Most decisions are made by **majority voting**. However, **unanimous agreement** is required for certain issues such as taxation, launching new common policies, **allowing new countries to join the EU**.

(ii) **European Commission; European Parliament**

2018 Q9 - Short

Write **True** or **False** after **each** of the following statements **MS: 3+2+2+2+1**

	Statement
1.	The EU Commission is directly elected by EU citizens.
2.	Membership of the Eurozone is essential for the free movement of goods, services, people and capital between EU member states.
3.	A 'Directive' is a law applicable to all EU member states with immediate effect.
4.	The Council of the European Union is the main decision making body of the EU.
5.	In the co-decision procedure the European Parliament shares legislative power with the Council of the European Union.

FALSE; FALSE; FALSE; TRUE; TRUE

2019 Q3 (A)

Evaluate the role of the EU institutions in the decision making process of the European Union (25 marks)
MS: Commission (3+3+3) Parliament (3+3) Council (3+3) Evaluation (0,2,4)

The European Commission is the executive body of the EU.
It is the body responsible for proposing legislation.
Once legislation is passed by the Council of the European Union and Parliament, it is the Commission's responsibility to ensure it is implemented through Regulations, Directives, and Decisions.

The European Parliament discusses proposals and puts forward amendments to legislation.
It has co-decision powers (joint law making powers) that is on an equal footing with the Council of the European Union in the vast majority of areas.
It establishes/approves the EU budget together with the Council of the European Union.

The Council of the European Union decides on legislation drafted by the European Commission and discussed by the European Parliament.
It is the main decision-making body of the EU.

Evaluation: I think it's a good process as no one institute can control everything. Ideas on new legislation go from the Commission where it is put together, before being discussed by the Parliament and passed on to The Council to decide onso all have a say in every decision.

2014 Q3 (B)

Describe the legislative process within the European Union. (20 marks)

MS: 3@(1+3) +3+3+2 marks awarded for best extra points given

1) The **European Commission** is the **executive body of the EU.** It is the body **responsible for proposing and drafting EU legislation.**

2) These **proposals** are then **discussed** in the **European Parliament** and **amendments to legislation can be put forward** by them.

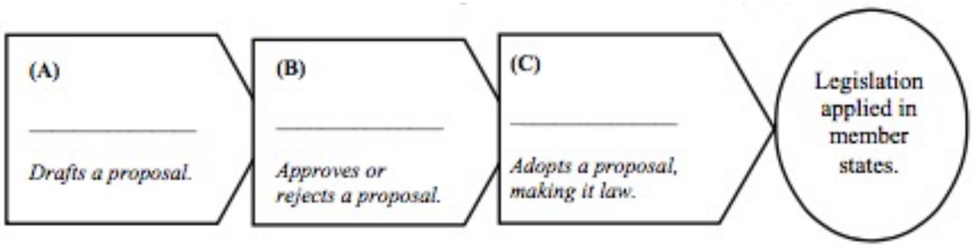
3) **The Council of the European Union** is the **main decision making body of the EU.** It **decides on legislation** drafted by the European Commission and discussed by the European Parliament.

4) Once legislation is passed by the Council of the European Union and Parliament **(co-decision)** it is the **Commission's responsibility** to ensure it is **implemented through a series of directives or regulations.**

5) The **Court of Justice interprets EU law** to make sure it is applied in the same way in all EU countries and can **adjudicate** on the legislation introduced.

2016 Q10 Short

The flow chart states the role of the institutions involved in the EU decision making process.



Fill in the names of the three different European Union institutions at (A), (B) and (C) below.

MS: 4m + 3m + 3m (first correct answer gets the 4m)

European Commission -> European Parliament -> Council of EU

2012 Q3 (C)

Discuss the role of the Council of the European Union (Council of Ministers) and the European Commission in the European Union (EU) decision making process. (20 marks)

MS: 10 marks (4 + 3 + 3) 10 marks (4 + 3 + 3)

Council of the European Union (Council of Ministers)

Main decision making body of the EU.

It **approves the EU budget, set goals and co-ordinates policy.**

Its decisions are made by **qualified majority voting** in most areas, **unanimity in** others such as new countries to be allowed in the EU.

The Council is **composed 27 national ministers** (**one per state).**

The exact membership of the configuration depends upon the **topic** e.g. The Minister for Finance from each member state would sit to discuss finance.

It **decides on legislation drafted by the European Commission**. It is called **co-decision** as the Parliament share legislative and budgetary powers. In a few limited areas the Council may initiate new EU law itself.

The European Commission

The Commission **proposes new legislation** and then when it is approved, they **implement it as a regulation or directive**.

The Commission is responsible for the **implementation of the EU budget**; ensuring, along with the Court of Auditors, that EU funds are correctly spent.

The Commission is known as the "**guardian of treaties**" as it has a duty to ensure the treaties and laws are upheld, potentially by taking member states or other institutions to the **Court of Justice in a dispute**.

2015 Q3 (C)

Examples of an EU Directive and a Regulation affecting Ireland

Waste Framework Directive, 2008/98/EC, requires member states to adopt waste management plans and waste prevention programmes. Regulation (EU) No.1169/2011, which came into effect on December 14th 2014, includes new requirements for the way in which allergen information must be displayed in restaurants, delis, canteens, takeaways, cafés and retail outlets.

Outline how EU *directives* and *regulations* are formulated **and** implemented. (20 marks)

MS: Formulation 12m (4@ 3m) Directive & Regulation 4m & 4m

Formulation is same as per 2014 Q3 (B)

EU Directive

The EU set **desired results/changes to EU law that they want EU member states** to achieve, and then allows each **state to come up with** the **means** and **rules** they want to achieve them **within limits**. It obliges member states to change their national laws to allow for EU rules, **within a certain time limit.**

E.g. the WEEE (Waste, electrical, and electronic equipment Directive)

EU Regulation

This is a legisl**ative act** of the EU that becomes **enforceable immediately** as law in its entirety **in all member states simultaneously**. It takes **precedence over national law**. It is **self-executing** and **does not require any implementing measures.** The member state doesn't choose how to implement the law.

E.g. A common rule on compensation and assistance to airline passengers was introduced to all member states.

2013 Q9 – Short Distinguish between a '*Directive*' and a '*Regulation*' as legislative instruments within the EU.

MS: 4 + 4 + 2 – 2 awarded to the best point for an extra piece of relevant information given in your answer.

2020 Short Q5

The General Data Protection Regulation (GDPR) came into effect across the EU on 25 May 2018. (i) In relation to EU legislation, explain the term Regulation. (ii) Identify one other method of implementing EU legislation. (iii) Name the EU institution responsible for proposing EU legislation. **MS: (i) 4m (2+2) (ii) 3m (iii) 3m**

(i) A regulation is a binding legislative act of the EU. It must be applied in its entirety across the European Union. Regulations take precedence over national laws and must be implemented immediately.

(ii) An EU directive

(iii) EU Commission

2011 Q3 (C)

Evaluate the role of 'special interest groups' in the decision making process of the European Union (EU). Use examples to support your answer. (15m)

MS: 2@ 6 marks (3+3)+3

Special Interest Groups are **groups** with a **common interest** that are **not part of the political decision making structure**, but look to **influence decision making** in the EU.

They **lobby** decision makers, run **information campaigns** and try to arrange **public protests** to try to make EU decision makers consider them in the decision making.

They are involved at the **consultation stage** of the decision making process.

Some Special Interest groups have **permanent offices in Brussels and Strasburg** to help them lobby, negotiate and put pressure on Members of the European Parliament and the Commission through media pressure and demonstrations.

E.g. ICTU tries to influence EU decision making and policy in relation to employment, the minimum wage and the EU social charter.

E.g. The IFA engaged in intense lobbying in Brussels to obtain greater flexibility on milk quotas in advance of their 2015 abolition.

Evaluation: In my opinion Special Interest Groups really help their members have a voice and get what they want as their **lobbying** ensures that the **requirements** of the Special Interest Groups are **reflected in the drafting stage of policy formation.**

2021 Q3 (C)

Evaluate the impact on Ireland of any **two** of the following policies:
(i) The Common Agricultural Policy
(ii) The Competition Policy
(iii) The European Union Social Charter. (20)
MS: 2 x 8m (4m+4m), 2 x 2m Evaluation

The Common Agricultural Policy
Promotes a fair standard of living for farmers:
The EU pay grants (single payment scheme) to farmers to help the viability of the farm business and to enhance food, safety and environmental standards.
No barriers to trade
EU farmers are allowed to sell their produce to other EU member states without any restrictions. This allows Irish farmers to export to a large market.
Improved Produce through grants to improve land and animals
This helps Irish farmers to produce/offer quality crops and rear quality animals, which helps increases sales and profitability.
Evaluation: It does a good job for farmers. It p**rotects farmers from competition with non-EU food import tariffs**, encouraging consumers to buy more from EU farmers.

The Competition Policy
Bans price fixing anti-competitive cartels:
Can't keep prices artificially high or prevent newcomers from entering the market.
Approves mergers and takeovers to ensure fair competition
The commission can prevent firms gaining too much market power.
Evaluation: Blocking mergers will protect consumers from a dominant firm setting high prices with no competition, and give them more choice to shop around if they are unhappy with a business.

This EU Social Charter
Free movement of Labour
Workers can migrate freely benefiting employers recruitment and selection.
Employees have the right to fair working conditions.
The establishment of the working hours directive etc. EU workers can work only a maximum of 48 hours a week. They also have the right to public holidays and pay for four weeks paid annual holiday.
Evaluation: The EU Social charter has forced businesses to improve their health protection and safety, so EU workers have less chance of injury in their workplace.

2014 Q3 (C)

Evaluate the impact that any **two** of the following EU policies have on Irish businesses: (i) European Monetary Union (EMU)

(ii) European Union Competition Policy; (iii) European Social Charter. (20 marks)

MS: 2 @ 8 (4 + 4) +(4 + 4), evaluation of each policy 4 (2+ 2)

(i) One currency **reduces transaction costs** that EU countries would have had when trading before it was introduced. It reduces **currency fluctuations** within the EU, which should make lots of trading more **stable** and predictable for Irish businesses that trade a lot with other European countries.

A single currency also makes it very easy **to compare products/raw materials** when an Irish business is looking for a cheaper supplier in the EU.

The ECB has a **monetary policy** that focuses on **price stability**. This includes setting **interest rates** for the Euro zone. Record low interest rates set by the ECB of late facilitate business expansion and encourage investment.

Evaluation: In my opinion, this has impacted Irish businesses positively as Irish businesses that export a lot within the EU **don't have to worry about currency fluctuations with the Euro**, giving them more stability.

(ii) The Policy aims to **encourage fair competition** between suppliers for Irish consumers. It looks to **prevent mergers forming** and larger businesses abusing their market power e.g. by imposing conditions restricting suppliers also working with competitors.

It restricts Irish businesses from forming **anti-competitive cartels** or **keeping prices artificially high** or **preventing newcomers** from entering the market.

Evaluation: In my opinion, the Policy is good for Irish business as the European Commission **does fine companies for any unfair practices**, protecting smaller Irish suppliers when dealing with large businesses.

(iii) Workers have the **right to migrate freely** which benefits employers in terms of **recruitment and selection** (free movement of labour between member states). Irish workers may also look to migrate however.

Employees have the right to a **fair wage**. The establishment of **the minimum wage level** has increased costs for business.

Employers have had to improve **health and safety conditions** in the work place in line with parts of the charter. This reduces compensation claims.

Evaluation: In my opinion, its great for Irish business as they have a huge choice of workers from anywhere in the EU to meet their job description.

2010 Q3 (C)

Discuss the importance for Ireland of any **two** of the following EU policies:
(i) Competition Policy; **(ii)** Common Fisheries Policy (CFP); **(iii)** Common Agricultural Policy (CAP). (20 marks)

MS: 10 marks: 5 m (2+3) + 5m(2+3) 10 marks: 5 m (2+3) + 5m(2+3)

(2 DISTINCT POINTS FOR 2 POLICIES REQUIRED)

(i) European Union Competition Policy ***(as per 2014 Q3 (C)***

(ii) Common Fisheries Policy (CFP)

1. Access to Irish coastal waters is reserved for **fishermen from local ports to a distance of 12 miles off-shore.**

This prevents **large foreign boats** from **over fishing** the areas which used to happen. The EU is allowed to define where fishing is **banned** or **restricted** and all EU boats must be **licensed** to fish. This has helped regulate the industry.

2. This policy is designed to **protect fish stocks** and **reduce over-fishing (conservation).**

Young fish catches are reduced, the **mesh size of nets** is regulated and limits applied to **different fishing seasons**, all which should help fish stocks not to become **too depleted**.

(iii) Common Agricultural policy (CAP)

1. The CAP ensures there **won't be big fluctuations in prices** that farmers would receive for their annual output, they **regulate prices** in the markets which **stabilizes the agricultural markets**. This promotes a **fair standard of living for farmers** who have seen income levels drop and fall behind other industries.

2. CAP aids the **provision of safe traceable food** and ensures farmers **continually improve their production standards.**

Since Ireland joined the EU, Ireland has benefited from **major funding**, including more than **€41 billion from the CAP**.

2018 Q3 (B)

*Membership of the **Economic and Monetary Union** (EMU) has been good for Irish business.*
Do you agree with this statement? Outline reasons for your answer. (20 marks)
MS: Yes/No 2m; 2@7(4+3) 1@4(2+2)

Yes

Reduction of transaction costs in trade – trade can occur without changing currency.

Easier for companies to locate here – Companies can locate in Ireland and have the same currency as much of Europe.

Reduction in price discrimination – If goods are priced in a single currency it should be much harder to disguise price differences across countries.

Reduction in foreign exchange rate variability-the reduction in uncertainty arising from the removal of exchange rate fluctuations may affect investment in the economy. Large exporting firms, facing less uncertainty concerning receipts from its exports are able to plan for their future with less risk so investment projects such as building new factories appear less risky.

Tourism industry. – It is easier for foreign visitors to holiday in Ireland resulting in higher revenues for the Irish services sector such as hotels, transport, and entertainment.

Easier for Irish business to expand into Europe as all transactions can be conducted in Euro

Stable interest rates as they are only changed by the ECB

Easier to access capital from banks across Europe.

Low inflation and price stability

No

Ireland's biggest trading partner (UK) did not join EMU so in a lot of cases, transaction costs still remain.

Loss of its independent monetary policy-Ireland gave up its national currency and therefore its freedom to set its own monetary policy which is now set and implemented by the ECB.

Single Monetary Policy. Ireland can no longer use monetary policy to adjust its interest rate.

More competition. There is more competition between Irish business and foreign firms/ Consumers are spending more online.

Loss of sovereignty. Ireland no longer has its own currency. It is reliant on the euro and policies of the eurozone.

Strict criteria for eligibility-(budget deficit, debt-to-GDP, low inflation, interest rates close to EU average).

Greater vulnerability to external shocks.

2013 Q3 (C)

Ireland's Presidency of the Council of the European Union is an opportunity to play an active part in shaping Europe's future.

Discuss the benefits for the Irish economy of on-going membership of the EU. (20m)

MS: 4 @ 5 marks (2+3)

1. Structural funds of over €17 billion have been made available to Ireland from the **European Regional Development Fund** and the **European Cohesion Fund** helping **improve roads** and **public transport infrastructure**. This is good for both Irish residents accessing parts of Ireland and also for businesses as **distribution** is quicker.

2. As a member of the EU with open access to the EU market the Irish economy became a much more **attractive prospect** for **foreign direct investment (FDI),** thereby creating **employment opportunities**.

FDI by large global companies like Facebook, Google, LinkedIn has shown just how attractive Ireland is with its EU membership.

3. A **single currency** was introduced to provide **price stability** and **reduce transaction costs** and **currency fluctuations** between EU members. It has also proved to be an **incentive** for foreign investors to locate here and has made life much easier for Irish consumers and businesses travelling and trading with EU member states.

4. Economies of scale are made possible by the creation of a huge EU market of over **500 million people**. Irish businesses can increase output by exporting to parts of the EU market, **reducing their cost per unit**, making them more competitive and increasing their profits.

Other: The EU's environmental The harmonisation of taxes throughout the EU ensures that competition is not distorted.

2017 Q3 (C) – *Can argue all points above to remain*
Should Ireland leave the European Union? Outline reasons for your answer (20)

2019 Q3 (B)

Explain the reasons why an Irish business may choose to trade with other businesses in the **Eurozone**. (15 marks)
MS: 8(4+4), 7(4+3)

***This question was answered poorly as students didn't concentrate on the Eurozone reference, so answers should be based around benefits of using a common currency, not just membership of the EU.**

1. Reduction in transaction costs
With the single currency, the Euro, the cost of converting currencies is removed. This reduces costs and increases profits for Irish businesses.

2. Quicker cost comparisons for stock/raw materials
The increased price transparency will make it easier to compare prices in different countries. Enable businesses to source cheaper raw materials.

3. The uncertainty caused by exchange rates will be removed.
This brings stability to Irish businesses, greater confidence and allows them more time to concentrate on innovation.

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2020 Q3 (B)

Discuss the benefits **and** challenges of European Union membership for Irish businesses. (25) **MS: 5 x 5m (2+3) 'and' so 3 of one and then 2 of the other required**

Benefits

1. There are no **trade barriers for the movement of goods and labour.** This has meant Ireland has been able to attract and allow free movement of labour from other countries to work in MNCs such as Google and Facebook who require multilingual workers, enabling us to operate as a good EU HQ for MNCs like this.

2. Irish firms can increase output and export without tariffs to a larger market of over 500 million people. They will benefit from **economies of scale** through mass production when selling to a larger market so can produce at a cheaper cost per unit and be more competitive.

3. Having a common currency with other member states has brought **price stability** for firms, reducing risks of currency fluctuations as well as making it easier to compare raw material prices from suppliers in different regions to find the best value.

Other: Spin off effect; Farmers benefit from CAP

Challenges

1. An **adapted marketing mix** will be required to effectively export to lots of other EU members to **overcome language and cultural differences** as will as adapting to different pricing and competitors.

2. Brexit has created large challenges especially for certain sectors like the Agri-food sector that would have exported a large part of their produce to the UK, they now face **delays and import duties**, reducing their competitiveness against UK sellers.

Other: Extra regulations; costs of distribution; Euro fluctuating; increased competition.