

International Business
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Lecture - 50
Regionalism, Multilateralism, NAFTA, EU, Euro

Hello everyone, I welcome you again to the class of International Business. So, in the last lecture we had started with regional economic integration right; so which also is called as trade blocks or regional economic agreements. So, the whole idea behind such agreements are you know integration is that; few countries member nations would come together and they would you know try to reduce or remove the tariff and non tariff barriers to an extent that trade becomes very smooth and the flow becomes much faster right.

So, when we talked about it we also realize that is not always necessarily an advantage because sometimes if there is a trade diversion right. And in during because of the diversion if suppose somebody is you know taking buying products from a member country just because it is a member country. And then the cost you know becomes higher than what it would have been had you purchased from another supplier or seller which could have been a much low cost producer.

In such a condition a case of trade diversion may also come into play which might not be very good, but yes if it is a case of a trade creation and trade is getting created; obviously, economies of scale come into play then that is the advantage which regional economic integrations gives it right.

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The slide is titled "Regionalism" in a large, black, serif font. Below the title, there are three bullet points, each preceded by a small black dot. The text of the bullet points is in a smaller, black, serif font. At the bottom of the slide, there is a dark blue horizontal bar containing two logos on the left and the text "NPTEL ONLINE CERTIFICATION COURSE" on the right.

Regionalism

- The first coherent regional initiatives began in the 1950s and 1960s, but they accomplished little, except in Western Europe with the establishment of the European Community. Some analysts call these initiatives "old regionalism".
- In the late 1980s, a new bout of regional integration (also called "new regionalism") began and continues still .
- The **European Union** can be classified as a result of regionalism. The idea that lies behind this increased regional identity is that as a region becomes more economically integrated, it will necessarily become politically integrated as well.

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So, today we continue from there and we talked about this regionalism. So, what it says is; the first regional initiatives began in the 50's and 60's, but they did not grow well right except in Western Europe with the establishment of the European Community some analyst call this as the old regionalism.

Now, in 80's a new bout of regional integration began and which has been continuing from there. So, we learnt about for example, the free trade area, the customs union, then the common market, the economic union right and then the finally, the most idealistic which is the political union.

So, the European Union which is a part of the economic union where everything the tax the everything comes is unified right; can be classified as a result of regionalism. The idea that lies behind is increased regional identity is that as a region becomes more economically integrated it will necessarily become politically integrated as well. Obvious that is that is very much possible, but then getting a purely politically political union is a still to me an utopian thought very idealistic thought.

But yes with more of trade political you know convergence will also happen ideas political ideas will tend to converge otherwise business cannot happen. So, you cannot expect a business to happen between nations for example, like Cuba and America, India and Pakistan, for that Iraq and Iran because the point is the political differences are so

high; that trade can happen cannot happen and if trade happens the political differences have to come down ok.

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Multilateralism

- Multilateralism is represented by the efforts on worldwide liberalization of international relations. In international business, multilateralism refers to an alliance of multiple countries pursuing a common goal.
- It started in the field of trade in goods when General Agreement on Tariffs and Trade (GATT) was signed. → *Goods*
- Then it developed into broader fields of trade in services, investment, agricultural products, public procurement, and intellectual property rights with its more sophisticated successor – World Trade Organization (WTO). }

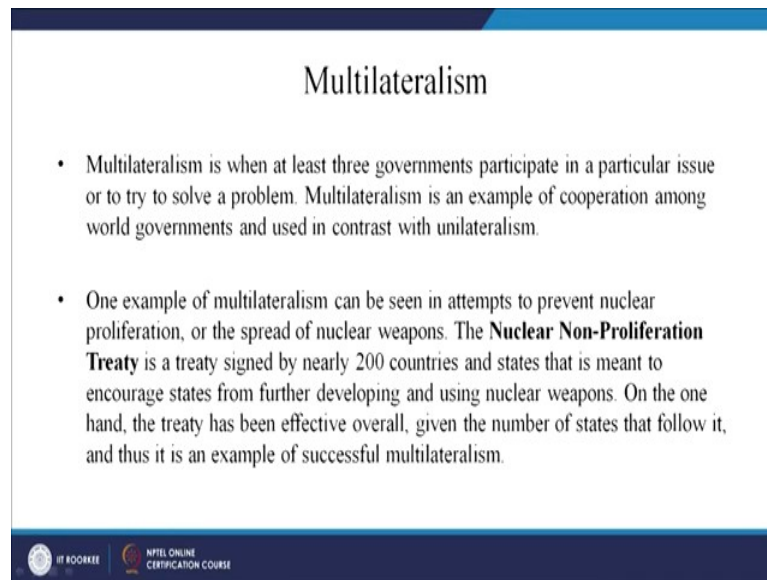
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Multilateralism is represented by the efforts on worldwide liberalization of international relations. So, we have already studied you know topics like; GATT, WTO where a number of large number of countries come into play. So, in international business multilateralism refers to an alliance of multiple countries pursuing a common goal. For example, let us say when we started with the general agreement on tariff and trade.

So, the GATT was first was the one which started for the purpose to make trade more smoother right and more easy. And later on it was then developed into the WTO came into place; then it developed into broader fields of trade in service. The GATT basically was if you remember it was only for the goods right

So, then services came investment agricultural products public procurement and intellectually intellectual property rights because more sophisticated successor that came in and took over of these problems was the WTO. So, WTO came in latter on which was nothing, but a growth or a evolution of the GATT into the WTO right.

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The slide is titled "Multilateralism" in a large, black, serif font. Below the title, there are two bullet points. The first bullet point states: "Multilateralism is when at least three governments participate in a particular issue or to try to solve a problem. Multilateralism is an example of cooperation among world governments and used in contrast with unilateralism." The second bullet point states: "One example of multilateralism can be seen in attempts to prevent nuclear proliferation, or the spread of nuclear weapons. The **Nuclear Non-Proliferation Treaty** is a treaty signed by nearly 200 countries and states that is meant to encourage states from further developing and using nuclear weapons. On the one hand, the treaty has been effective overall, given the number of states that follow it, and thus it is an example of successful multilateralism." At the bottom of the slide, there are two logos: the IIT ROORKEE logo on the left and the NPTEL ONLINE CERTIFICATION COURSE logo on the right.

Multilateralism

- Multilateralism is when at least three governments participate in a particular issue or to try to solve a problem. Multilateralism is an example of cooperation among world governments and used in contrast with unilateralism.
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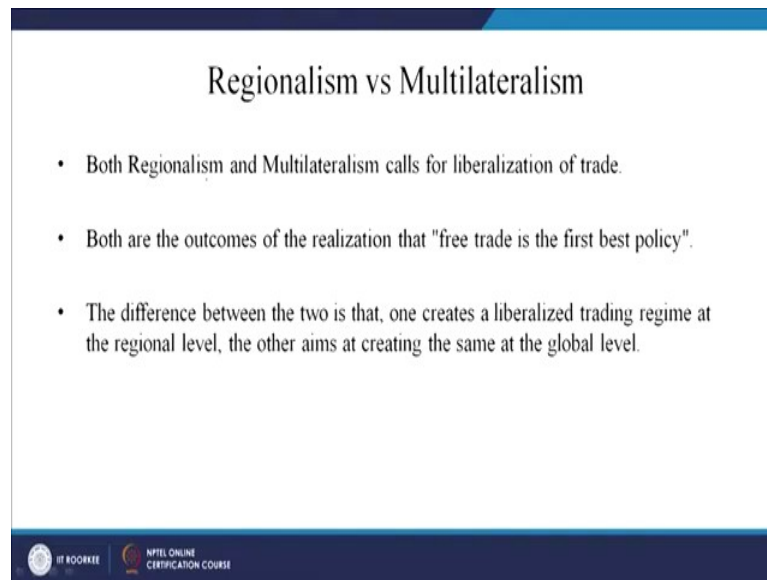
Multilateralism is when at least three government's right participate in a particular issue to try to or try to solve a problem. This is an example of cooperation among world governments and used in contrast with unilateralism. One example of this can be seen in attempts to prevent nuclear proliferation right.

So, when countries at have understood that nuclear war is not going to help anybody. So, they are trying to reduce this nuclear growth right or the spread of nuclear weapons so they are trying to reduce it. The non nuclear the nuclear non proliferation treaty is a treaty signed by nearly 200 countries and states that it is meant to encourage states from further developing and using nuclear weapons.

So, what it says is; countries who are member countries will not invest more you know of their resources on developing nuclear weapons right. On the one hand the treaty has been effective overall given the number of states that follow it is 200 so and it is an example of a successful multilateralism right.

So, there is a has to be purpose to which this is a common goal which everybody wants to achieve. For example, poverty reduction is a common goal right for countries.

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Regionalism vs Multilateralism

- Both Regionalism and Multilateralism calls for liberalization of trade.
- Both are the outcomes of the realization that "free trade is the first best policy".
- The difference between the two is that, one creates a liberalized trading regime at the regional level, the other aims at creating the same at the global level.

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Now, what is the difference between these two; regionalism and multilateralism calls for liberalization of trade both right. Both are the outcomes of realization that free trade is the best or the first best policy both have the common you know objective is this. But the difference is that one creates a liberalized trade regime at the regional level and the other aims to create at the global level.

So, the regional integration talks about regional level or a small geographical area and the other is more at a global level where whole all the number of different all the different countries largely almost all come into play.

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A presentation slide titled "NAFTA" with a blue header and footer. The title is centered and underlined. Below the title is a bulleted list of four points. The footer contains two logos: "JIT ROOKIEE" and "NPTEL ONLINE CERTIFICATION COURSE".

NAFTA

- The North American Free Trade Agreement (NAFTA) was implemented in order to promote trade between the U.S., Canada, and Mexico and it went into effect in 1994.
- The U.S. and Canada signed the Canada-U.S. Free trade agreement effective January 1, 1989, which eliminated all tariffs on bilateral trade by January 1, 1998.
- In February 1991, Mexico approached the United States to establish a free trade agreement.
- The formal negotiation that began in June 1991 included Canada. The resulting North American Free Trade Agreement became effective on January 1, 1994.

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Now, one of the important agreements we have you know heard about is the North American Free Trade Agreement NAFTA a shortly called as which was implemented in order to promote trade between the U.S, Canada and Mexico and it came into effect in 1994.

So, what has happened the U.S. and the Canada signed the Canada U.S. free trade agreement effective in 1989; which eliminated all the tariffs on bilateral trade. So, it started like a bilateral trade between Canada and U.S. In 91 after almost 2 years Mexico joined as a part of the free trade agreement.

Then the formal negotiation happened in 1991 which included that included Canada that included Mexico in fact. First there was already Canada and USA and then Mexico came in. So, the resulting North American Free Trade Agreement came in 1994 ok.

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So, this is how it looked. So, Canada, U.S. form trade agreement, Free Trade Agreement, Mexico approaches U.S. to form a free trade agreement between February 1991 and NAFTA becomes effective all the three come together in 1994 right.

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Why NAFTA?

- U.S.-Canadian trade is the largest bilateral trade in the world.
- The United States is Mexico's and Canada's largest trading partner.
- Even though NAFTA is a free trade agreement instead of custom union or a common market, its cooperation extend far beyond reduction in tariff and non tariff barriers, including provision for services, investment, and intellectual property.
- NAFTA calls for the elimination of tariff and non tariff barriers, the harmonization of trade rules, the liberalization of restrictions on service and foreign investment, the enforcement of intellectual property rights, and a dispute settlement process.

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- FFA
- CU
- CM
- EU
- PV

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Why NAFTA; the question is what is the gain? So, U.S. Canada trade is the largest bilateral trade in the world ok. United States is Mexico's and Canada's largest trading partner.

Now, even though NAFTA is a free trade agreement instead of a custom union or a common market. So, you have understood that the first is free trade area, then you had a customs union, then common market, and then economic right union, and then political union.

So, NAFTA even though NAFTA it says is a free trade agreement right instead of a custom union right so it is not a custom union. So, the conditions which are required for a custom union it is not applicable here. It is corporation extends far beyond reduction in tariff and non tariff barriers including provision of services investment and intellectual property.

So, NAFTA is has grown up more than a you know free trade area, but it is still not a customs Union or a common market. NAFTA calls for the elimination of tariff and non tariff barriers, the harmonization of trade rules, the liberalization of restrictions on service and foreign investment, enforcement of the IPR intellectual property right, and a dispute settlement process.

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The slide is titled "Recent Developments" and contains two bullet points. The first bullet point states that on September 30, 2018, the U.S. and Canada agreed to a deal to replace NAFTA, which will now be called the USMCA—The United States-Mexico-Canada Agreement. The second bullet point states that on January 29, 2020, President Donald Trump signed the United States-Mexico-Canada Agreement. Canada has yet to pass it in its parliamentary body as of January 2020. Mexico was the first country to ratify the agreement in 2019. The slide has a blue header and footer. The footer contains the logos for IIT ROORKEE and NPTEL ONLINE CERTIFICATION COURSE.

Recent Developments

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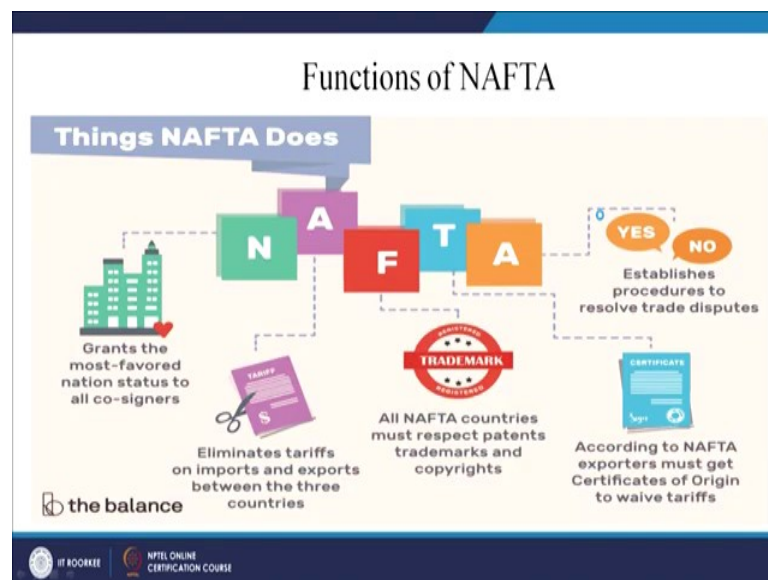
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Recently the U.S and Canada agreed to deal to a deal to replace NAFTA now. Now very recently this has happened in 2018 so which will now be called the U.S.M.C.A the United States Mexico Canada Agreement ok.

On January 29, 20 that is just recent right president Donald Trump signed the United States Mexico Canada agreement. And Canada has yet to pass it in it is parliamentary body as of January 20 and Mexico was the first country to ratify the agreement in 2019.

So, now, their thinking of making it something like this United States, Mexico and Canada agreement instead of the NAFTA.

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Now, what does the NAFTA do these are the functions of the NAFTA you can see. So, it grants the things that NAFTA does. NAFTA grants the most favored nation status to all the cosigners right it eliminates tariff on import and export between the three countries.

All NAFTA countries must respect the patents, copyrights and trademarks. Then according to NAFTA exporters must get certificates of origin to waive tariffs. So, these are some of the functions of the NAFTA.

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NAFTA Structure

- NAFTA's governance structure is minimal and cantered on two institutions, the Free Trade Commission (TFC) and the Secretariat.

1. **The Free Trade Commission:** The Free Trade Commission (FTC) is the principal body of NAFTA, and oversees NAFTA's performance and evolution. It is also responsible for dispute settlement, and is composed of the US Trade Representative, the Canadian Minister for International Trade, and the Mexican Secretary of Commerce and Industrial Development. The FTC operates by consensus.

A presentation slide titled "NAFTA Structure". It contains a bulleted point about the governance structure and a numbered point about the Free Trade Commission. The slide has a blue header and footer with logos for IIT ROORKEE and NPTEL ONLINE CERTIFICATION COURSE.

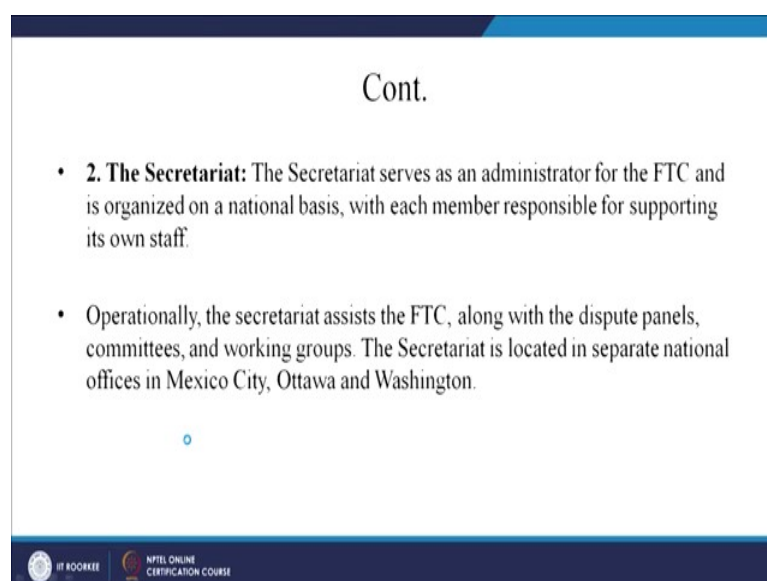
NAFTA's governance structure is minimal and cantered to on two institutions; the free trade commission and the secretariat. So, what is this free trade commission? Is a principal body of the NAFTA and oversees NAFTA's performance and evolution.

It is responsible for dispute settlement right, it is and is composed of the U.S. trade representative, the Canadian minister for international trade and the Mexican secretary for commerce and industrial development. So, this operates by consensus right.

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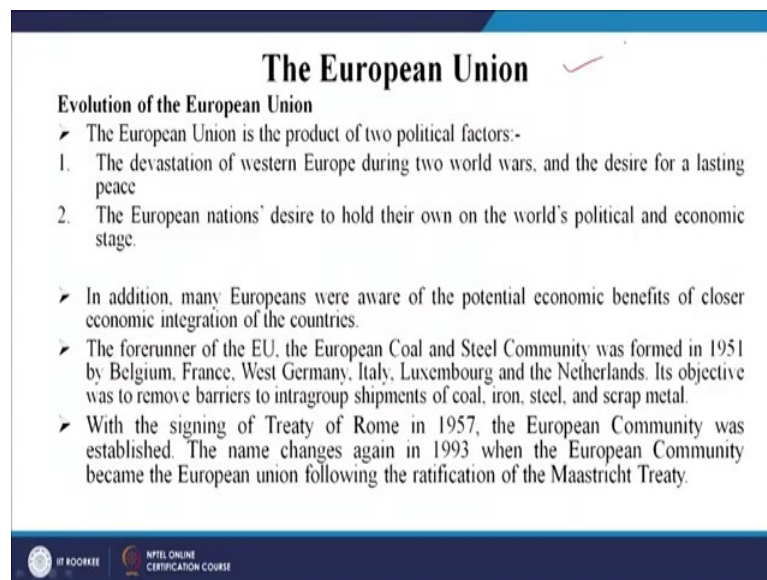
- **2. The Secretariat:** The Secretariat serves as an administrator for the FTC and is organized on a national basis, with each member responsible for supporting its own staff.
- Operationally, the secretariat assists the FTC, along with the dispute panels, committees, and working groups. The Secretariat is located in separate national offices in Mexico City, Ottawa and Washington.

A presentation slide titled "Cont.". It contains two bulleted points about the Secretariat. The slide has a blue header and footer with logos for IIT ROORKEE and NPTEL ONLINE CERTIFICATION COURSE.

The secretariat the other one body is the one which is serves an administrator for the FTC and is organized on a national basis; with each member responsible for supporting it is own staff. Operationally the secretariat assists the commission along with the dispute panels committees and working groups. It is located in separate national offices in the Mexico City Ottawa and Washington.

So, these are some of the this the that the NAFTA's about the NAFTA we have just seen. The NAFTA tries its operating much better then what happens in a free trade area. And now they have moved to a new name now U.S. Mexico and Canada agreement and it has two important bodies.

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The European Union ✓

Evolution of the European Union

- The European Union is the product of two political factors:-
 1. The devastation of western Europe during two world wars, and the desire for a lasting peace
 2. The European nations' desire to hold their own on the world's political and economic stage.
- In addition, many Europeans were aware of the potential economic benefits of closer economic integration of the countries.
- The forerunner of the EU, the European Coal and Steel Community was formed in 1951 by Belgium, France, West Germany, Italy, Luxembourg and the Netherlands. Its objective was to remove barriers to intragroup shipments of coal, iron, steel, and scrap metal.
- With the signing of Treaty of Rome in 1957, the European Community was established. The name changes again in 1993 when the European Community became the European union following the ratification of the Maastricht Treaty.

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Next is another important integration is the European Union. So, how did they evolve the European Union is the product of two political factors; what are the two political factors? The first thing that happened was the devastation of the Western Europe during the 1st and the 2nd world war and the desire for a lasting peace. Now the countries wanted to have a piece right so that they could grow.

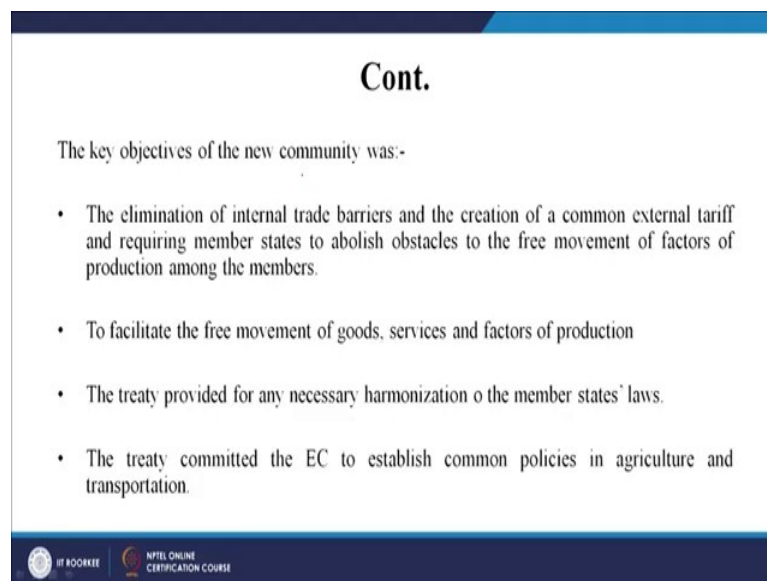
The European nations desire to hold their own on the worlds political and economic stage. So, this Union this European nations they wanted to do well in terms of the global in the global economy right. In addition many Europeans were aware of the potential economic benefits of closer economic integration. So, they realized if they are close they

could do much better right instead of getting into such barriers tariff and non tariff barriers.

Now, in the forerunner of the European Union the European Coal and Steel Community was formed in 1951 by Belgium, France, West Germany, Italy, Luxembourg, and the Netherlands right these five nations. The objective was to remove barriers to intergroup group, shipments of coal, iron, steel, and scrap metal. So, this was the first thing that happened and this is how the European Union started.

Now, after that the signing of the treaty of Rome happened in 1957. So, this was 51 this 57 the European Community was established. So, the first time the European Community came into existence was in 57 and in 1999 the name again was rechristened the European the when the European Community became the European Union following the ratification of the Maastricht treaty.

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The key objectives of the new community was:-

- The elimination of internal trade barriers and the creation of a common external tariff and requiring member states to abolish obstacles to the free movement of factors of production among the members.
- To facilitate the free movement of goods, services and factors of production
- The treaty provided for any necessary harmonization o the member states' laws.
- The treaty committed the EC to establish common policies in agriculture and transportation.

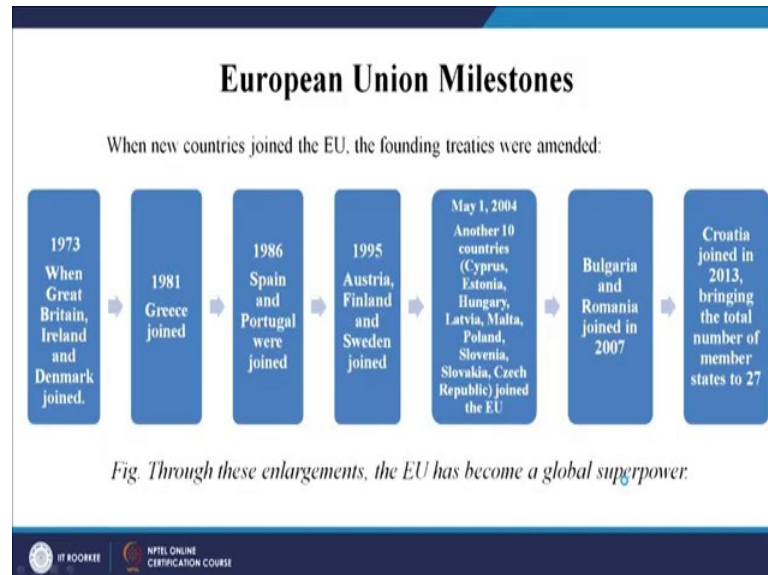
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So, the new community which came in was; it is objectives were elimination of international internal trade barriers and creation of a common external tariff and requiring member states to abolish obstacles to the free movement of factors of production which happens in any common market right.

To facilitate the free movement of goods services and the factors of production the treaty provided for necessary harmonization to the member states law. The treaty committed

the European Commission to establish common policies in agriculture and transportation also.

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Now, this is how it looks like; so when new member joined the EU the founding treaties were amended. So, 73 Great Britain, Ireland and Denmark joined, 81 Greece joined, 86 Spain and Portugal joined, 95 Austria, Finland and Sweden joined.

May 2004 10 countries Cyprus, Estonia, Hungary, Latvia, Malta, Poland, Slovenia, Slovakia, Czech Republic joined the EU. And then in 2007 Bulgaria and Romania joined, Croatia joined in 2013 bringing the total number of member countries to states to 27 right.

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The goals of the European Union are:

- promote peace, its values and the well-being of its citizens
- offer freedom, security and justice without internal borders
- sustainable development based on balanced economic growth and price stability, a highly competitive market economy with full employment and social progress, and environmental protection
- combat social exclusion and discrimination
- promote scientific and technological progress
- enhance economic, social and territorial cohesion and solidarity among EU countries
- respect its rich cultural and linguistic diversity
- establish an economic and monetary union whose currency is the euro.

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So, the goals of the European Union were to promote peace it is values and the well being of it is a citizen offer freedom security and justice across the borders. Sustainable development based on balanced economic growth and price stability and a competitive market with full employment and social progress and environmental protection.

It combat social exclusion and discrimination; so the whole European Union they wanted to create a kind of a situation or a condition where the member countries can take maximize the benefits and there would be no discrimination right at all.

Promote scientific and technological progress enhance economic social and territorial cohesion and solidarity among the EU countries right. So, this was some of the goals of the European Union and they had a common currency which is the euro right.

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The Single European Act, 1987

- The Single European Act was born of a frustration among members that the community was not living up to its promise.
- By the early 1980s, it was clear that the European Community had fallen short of its objectives to remove barriers to the free flow of trade and investment among member countries and to harmonize the wide range of technical and legal standards for doing business.
- Under the chairmanship of **Jacques Delors**, the commission proposed that all impediments to the formation of a single market be eliminated by December 31, 1992.

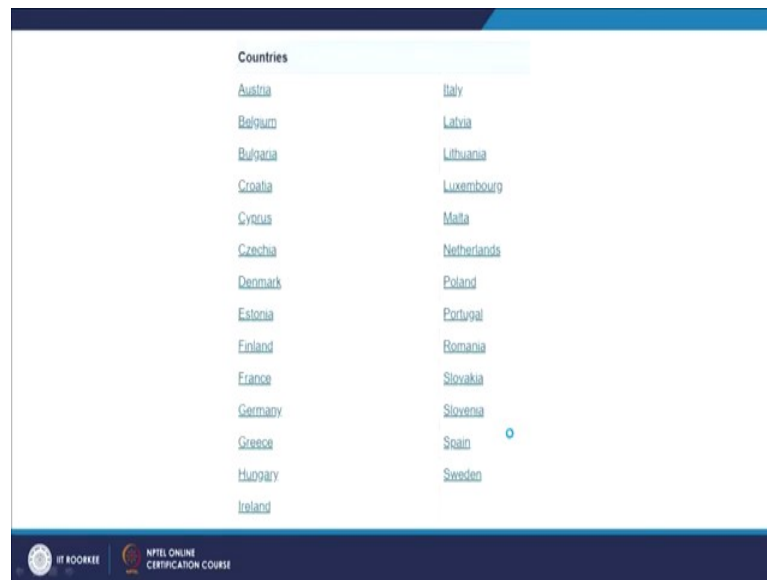
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So, we know that the euro is the next most popular currency after the dollar right. In 1987 the single European Act came up; so this was born of a frustration among the members that the community was not living up to its promise. So, in early 80's the European Community had fallen short of its objectives to remove barriers; so they had not done it well right.

So, most of the barriers were still not removed and free flow of trade was not happening. So, in order to do that right under the chairmanship of Jacques Delor the commission proposed that all impediments all barriers to the formation of a single market be eliminated by December 31 1992 ok.

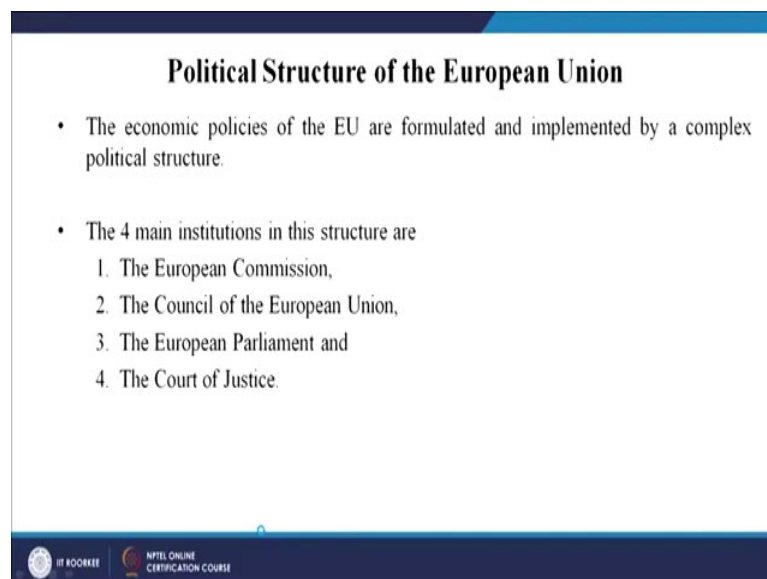
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Countries	
Austria	Italy
Belgium	Latvia
Bulgaria	Lithuania
Croatia	Luxembourg
Cyprus	Malta
Czechia	Netherlands
Denmark	Poland
Estonia	Portugal
Finland	Romania
France	Slovakia
Germany	Slovenia
Greece	Spain
Hungary	Sweden
Ireland	

The member countries of the European Union these are the list of the member countries. So, you can see 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14; so 26, 27 countries. Britain has recently moved out in January 2020 right.

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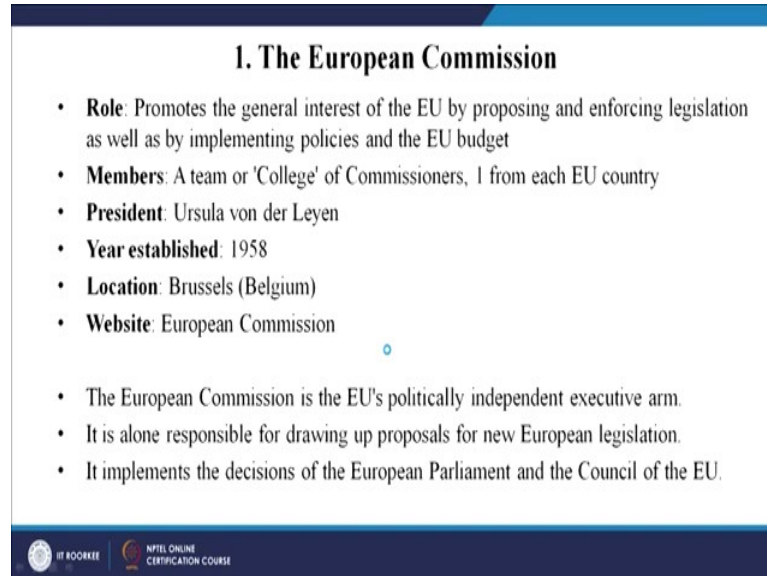
Political Structure of the European Union

- The economic policies of the EU are formulated and implemented by a complex political structure.
- The 4 main institutions in this structure are
 1. The European Commission,
 2. The Council of the European Union,
 3. The European Parliament and
 4. The Court of Justice.

Now, what is the political structure of the European Union? So, the economic policies of the European Union are formulated and implemented by a complex political structure. So, we have seen if you remember the diagram so in terms of integration economic unions they have a high integration, but in terms of complexity they are very complex

right. So, the four main institutions in this structure are the European Commission, the council of the European Union, the parliament and the court of justice.

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1. The European Commission

- **Role:** Promotes the general interest of the EU by proposing and enforcing legislation as well as by implementing policies and the EU budget
- **Members:** A team or 'College' of Commissioners, 1 from each EU country
- **President:** Ursula von der Leyen
- **Year established:** 1958
- **Location:** Brussels (Belgium)
- **Website:** European Commission

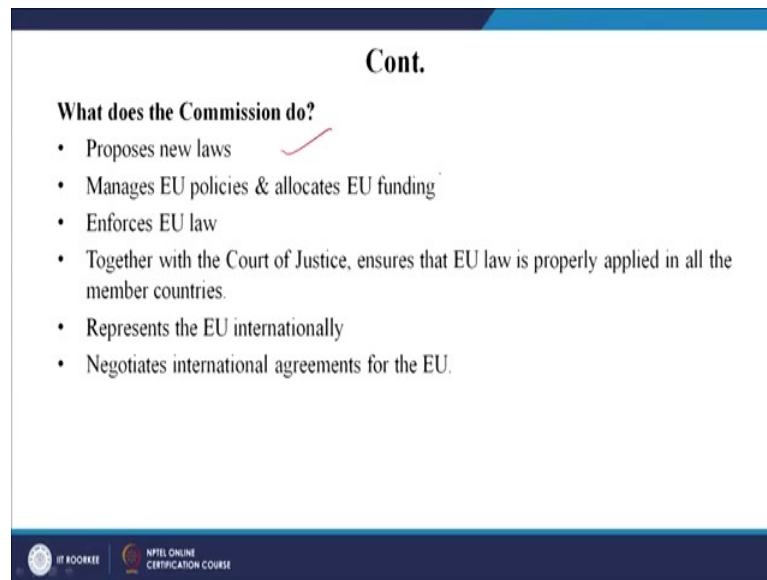
- The European Commission is the EU's politically independent executive arm.
- It is alone responsible for drawing up proposals for new European legislation.
- It implements the decisions of the European Parliament and the Council of the EU.

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So, what is this European Commission? So, the role played by this commission is to general it promotes the general interest of the EU by proposing and enforcing legislation as well as by implementing policies and the budget of the European Union. Every there is one member from each EU country in here right. So, the establishment year is 58 and location is Brussels right.

The European Commission is the EU's politically independent executive arm right. It is responsible for drawing up proposals for new European legislation and implements the decision for the European Parliament and the council of the EU. So, these are some of the job of the European Commission.

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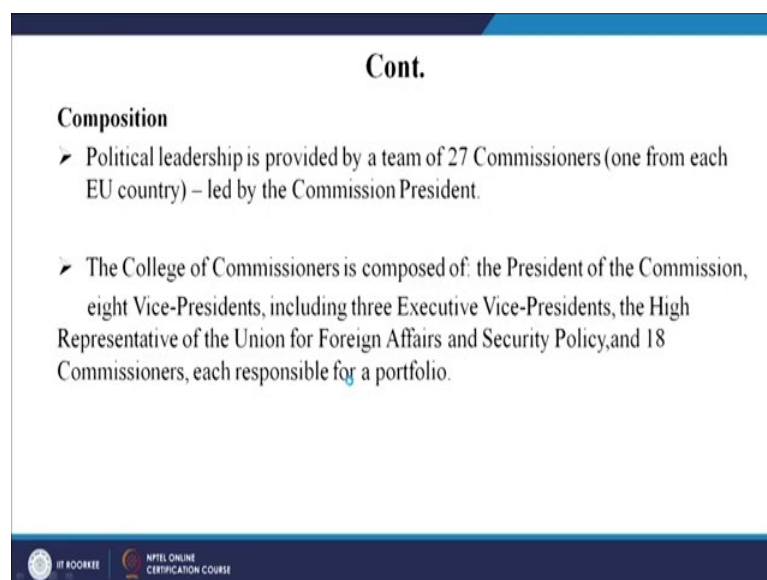
What does the Commission do?

- Proposes new laws
- Manages EU policies & allocates EU funding
- Enforces EU law
- Together with the Court of Justice, ensures that EU law is properly applied in all the member countries.
- Represents the EU internationally
- Negotiates international agreements for the EU.

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It proposes new laws, manages the policies and allocates funding, enforces EU law, together with the court of justice, ensure that EU law is properly applied in the member countries right. And represents the European Union internationally, and negotiates international agreements for the European Union. So, these are some of the job of this commission.

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Composition

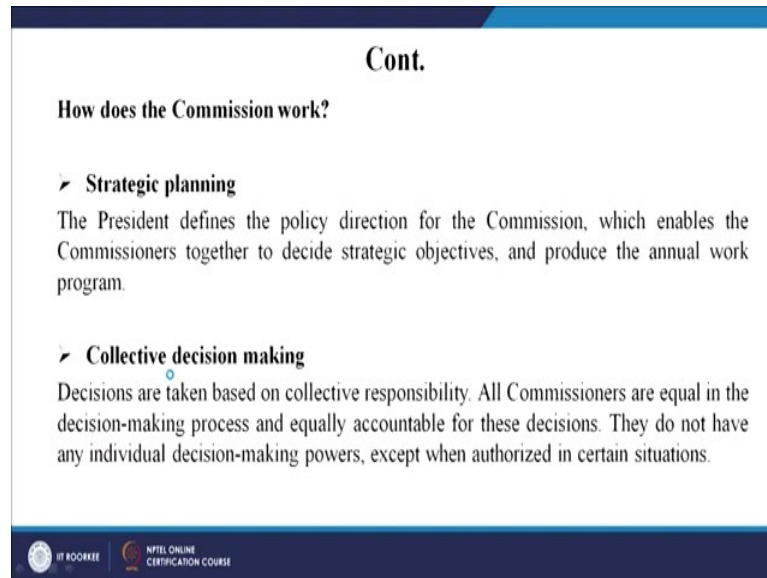
- Political leadership is provided by a team of 27 Commissioners (one from each EU country) – led by the Commission President.
- The College of Commissioners is composed of: the President of the Commission, eight Vice-Presidents, including three Executive Vice-Presidents, the High Representative of the Union for Foreign Affairs and Security Policy, and 18 Commissioners, each responsible for a portfolio.

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So, there are 27 members one from each country as we have seen right. And the college of commissioners is composed of the president of the commission 8 vice presidents and

3 executive vice presidents. The high representative of the union, for foreign affairs and security policy and 18 commissioners each responsible for a portfolio; so this is how is the composition looks like.

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How does the Commission work?

- **Strategic planning**
The President defines the policy direction for the Commission, which enables the Commissioners together to decide strategic objectives, and produce the annual work program.
- **Collective decision making**
Decisions are taken based on collective responsibility. All Commissioners are equal in the decision-making process and equally accountable for these decisions. They do not have any individual decision-making powers, except when authorized in certain situations.

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Now, it does the strategic planning; so the president defines the policy direction for the commission which enables the commissioners together to decide strategic objectives right on a annual policy.

Collective decision making decisions are taken based on collective responsibility. So, the all the member countries they have to take a collective decision as a team to the global community. All commissioners are equal in the decision making process and equally accountable they do not have a any individual decision making powers right ok.

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The Intel antitrust case

On 13 May 2009, the European Commission adopted a decision finding that Intel Corporation infringed Article 82 of the EC Treaty by abusing its dominant position on the x86 central processing unit (CPU) market. The decision imposed a fine of EUR 1.06 billion and obliged Intel to cease the identified illegal practices, to the extent that they are ongoing, and not to engage in the same or equivalent practices in the future.

Decision in brief

- The Decision sets out how Intel broke EU antitrust law by engaging in two types of practices.
- First, Intel gave wholly or partially **hidden rebates to computer manufacturers** – Dell, HP, NEC, Lenovo on condition that they bought all, or almost all, their x86 CPUs from Intel. Intel also made direct payments to Europe's largest PC retailer – Media Saturn Holding (MSH) on condition that it stocked only computers with Intel x86 CPUs.

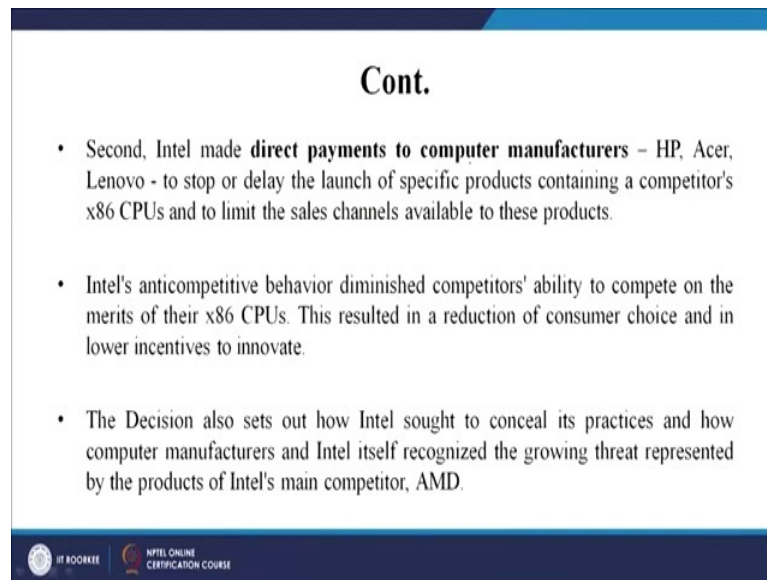
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Now, let us take one case this is a very interesting case the Intel antitrust case. Now in 2009 the European Commission adopted a decision finding that Intel infringed article 82 of the European Commission treaty by abusing it is dominant position on the central processing unit CPU market.

The decision imposed a fine of 1.06 billion and obliged Intel to cease the identified illegal practices to the extent that they are ongoing, and not to engage in the same or equivalent practices in the future right. Now, what are the decision? The decision sets out how Intel broke European Union antitrust law by engaging in two types of practices that they went into; what was that?.

The first Intel gave wholly or partially hidden rebates to computer manufacturers. So, who are these for example, Dell, HP, NEC, Lenovo on condition that they bought all or almost all their x86 CPU's from Intel right. Intel made direct payments to the Europe's largest PC retailer Media Saturn holding on condition that it stocked only computers with Intel 86. So, you see what they have done right; how Intel has tried to create a monopoly right.

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The slide is titled "Cont." and contains three bullet points. The first bullet point states that Intel made direct payments to computer manufacturers (HP, Acer, Lenovo) to stop or delay the launch of specific products containing a competitor's x86 CPUs and to limit the sales channels available to these products. The second bullet point states that Intel's anticompetitive behavior diminished competitors' ability to compete on the merits of their x86 CPUs, resulting in a reduction of consumer choice and lower incentives to innovate. The third bullet point states that the Decision also sets out how Intel sought to conceal its practices and how computer manufacturers and Intel itself recognized the growing threat represented by the products of Intel's main competitor, AMD. The slide footer includes the IIT ROORKEE logo and the text "IIT ROORKEE" and "NTEL ONLINE CERTIFICATION COURSE".

Cont.

- Second, Intel made **direct payments to computer manufacturers** – HP, Acer, Lenovo - to stop or delay the launch of specific products containing a competitor's x86 CPUs and to limit the sales channels available to these products.
- Intel's anticompetitive behavior diminished competitors' ability to compete on the merits of their x86 CPUs. This resulted in a reduction of consumer choice and in lower incentives to innovate.
- The Decision also sets out how Intel sought to conceal its practices and how computer manufacturers and Intel itself recognized the growing threat represented by the products of Intel's main competitor, AMD.

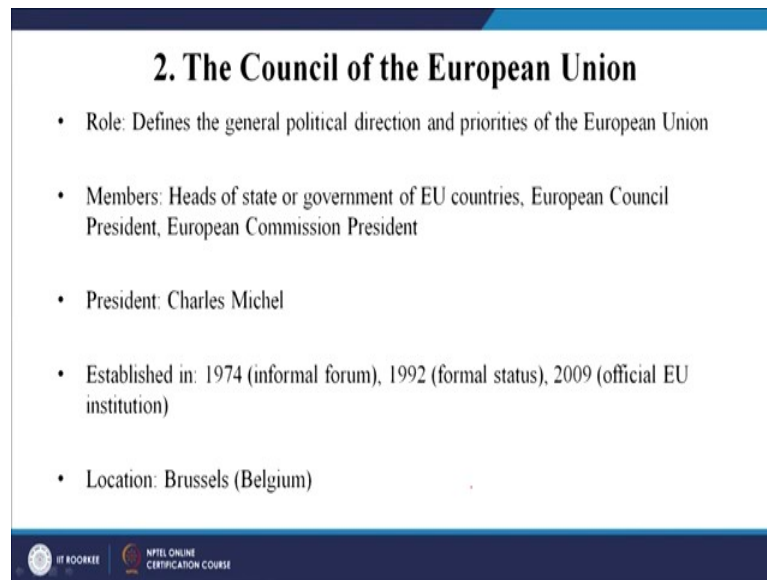
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And the second thing what Intel did was; Intel made direct payments to the computer manufacturers; HP, Acer, Lenovo, to stop or delay the launch of specific products containing a competitors CPU's. So, if the somebody using a competitors CPU so it would make payments to stop it from doing it and to limit the sales channel available to these products; now this is a very dangerous thing right.

Intel's anticompetitive behavior diminished the competitor's ability to compete on the merits of their CPU. So, obviously so two things Intel did so it in fact, in one way they have completely tried to destroy the competition right. So, this resulted in a reduction of consumer choice and in lower incentives to the innovative lower to innovate. So, that means, the companies saw there was no point in innovating and putting in so much of money into RND.

The decision sets out how Intel sought to conceal or hide it is practices and how computer manufacturers and Intel itself recognized as the growing threat represented by the products of Intel's main competitor AMD. So, AMD which was the major competitor how Intel tried to you know destroy the competition. So, understanding this you know Intel here was finally; heavily penalized right.

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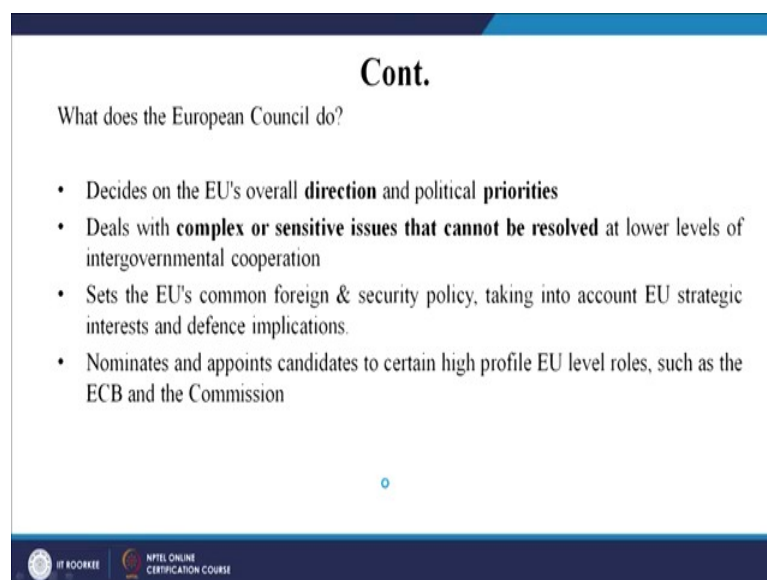
2. The Council of the European Union

- Role: Defines the general political direction and priorities of the European Union
- Members: Heads of state or government of EU countries, European Council President, European Commission President
- President: Charles Michel
- Established in: 1974 (informal forum), 1992 (formal status), 2009 (official EU institution)
- Location: Brussels (Belgium)

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Now, what is the council of the European Union? The council of the European Union defines the political direction and priorities of the European Union. So, who are the member's; Heads of state or the government of the European Union countries, European council president, and the common president right. So, it was established in 1974 informally, then 92 in a formal status 2009 it became a EU institution right.

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What does the European Council do?

- Decides on the EU's overall **direction** and political **priorities**
- Deals with **complex or sensitive issues that cannot be resolved** at lower levels of intergovernmental cooperation
- Sets the EU's common foreign & security policy, taking into account EU strategic interests and defence implications.
- Nominates and appoints candidates to certain high profile EU level roles, such as the ECB and the Commission

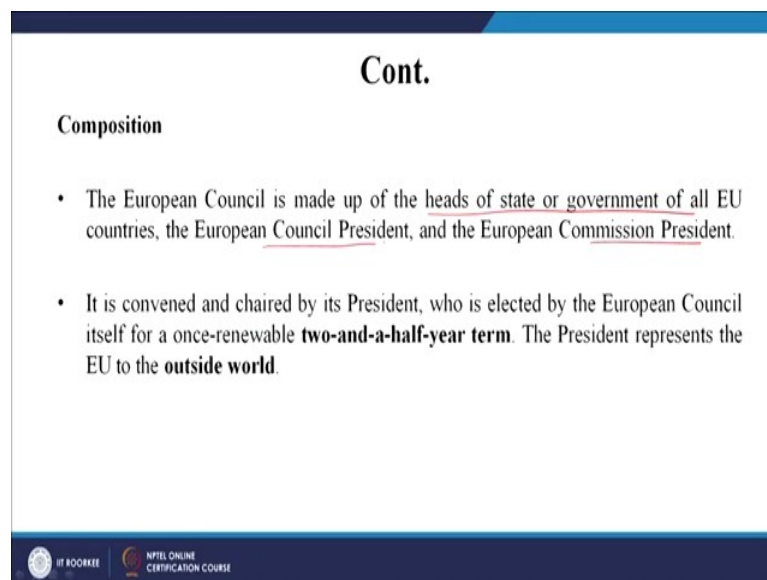
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What does the council do? The council decides on the EUs overall direction and political priorities right. So, it deals with complex or sensitive issues that cannot be resolved at

lower levels of the intergovernmental cooperation. That means if two there are there is some problem some issue between two governments so it tries to resolve such issues. It sets the EU's common foreign and security policy taking into account EU strategic interests and defence implications.

So, the now you can understand that the European Union is becoming more or less like one market right it has become more much more than one market because now it has one currency also and it is political you know the interests of all these member countries 27 member countries now have to be tackled simultaneously right. Nominates and appoints candidates to certain high profile roles such as the ECB and the commission; right the board and the commission.



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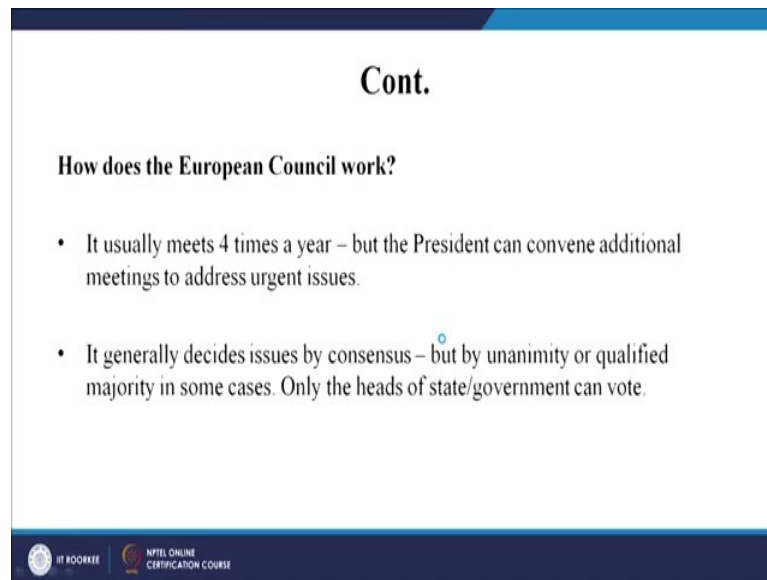
Composition

- The European Council is made up of the heads of state or government of all EU countries, the European Council President, and the European Commission President.
- It is convened and chaired by its President, who is elected by the European Council itself for a once-renewable **two-and-a-half-year term**. The President represents the EU to the **outside world**.

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So, who are the members? The heads of state or government of all EU countries, the council president, and the commission president. It is convened and chaired by it is president who is elected by the European Council itself for a once renewable two-and-a half-year term right.

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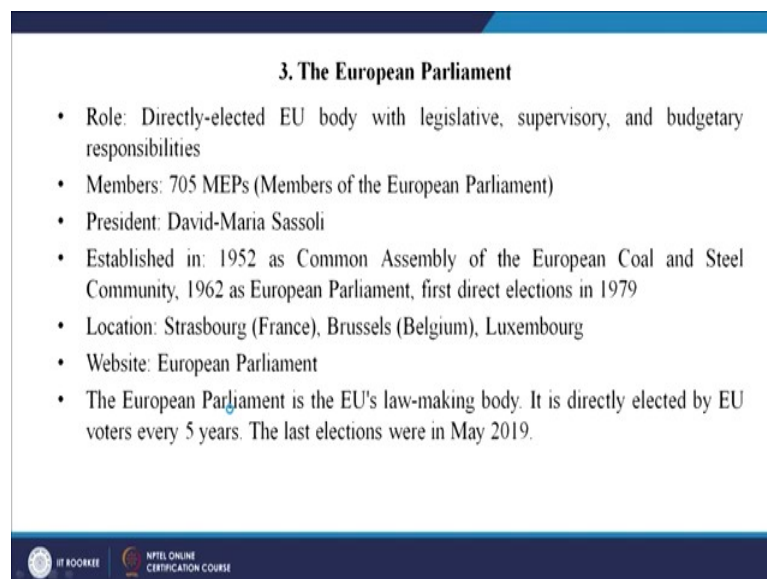
How does the European Council work?

- It usually meets 4 times a year – but the President can convene additional meetings to address urgent issues.
- It generally decides issues by consensus – but by unanimity or qualified majority in some cases. Only the heads of state/government can vote.

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So, it meets 4 times a year, but the president can convene additional meetings. And it generally decides issues by consensus, but by unanimity or qualified majority in some cases right.

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3. The European Parliament

- Role: Directly-elected EU body with legislative, supervisory, and budgetary responsibilities
- Members: 705 MEPs (Members of the European Parliament)
- President: David-Maria Sassoli
- Established in: 1952 as Common Assembly of the European Coal and Steel Community, 1962 as European Parliament, first direct elections in 1979
- Location: Strasbourg (France), Brussels (Belgium), Luxembourg
- Website: European Parliament
- The European Parliament is the EU's law-making body. It is directly elected by EU voters every 5 years. The last elections were in May 2019.

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The next one is the European Parliament the third body directly elected EU body with legislative, supervisory, and budgetary responsibilities; they have all got all these powers. There are 700 members and established in 1952 as a Common Assembly right of the Coal and Steel Community we have seen earlier. And it is located in Strasbourg,

Brussels and Luxembourg ok. It is the EU's law making body which is directly elected by the EU every 5 years.

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What does the Parliament do?

The Parliament has 3 main roles:

Legislative

- Passing EU laws, together with the Council of the EU, based on European Commission proposals
- Deciding on international agreements
- Deciding on enlargements
- Reviewing the Commission's work program and asking it to propose legislation

Budgetary

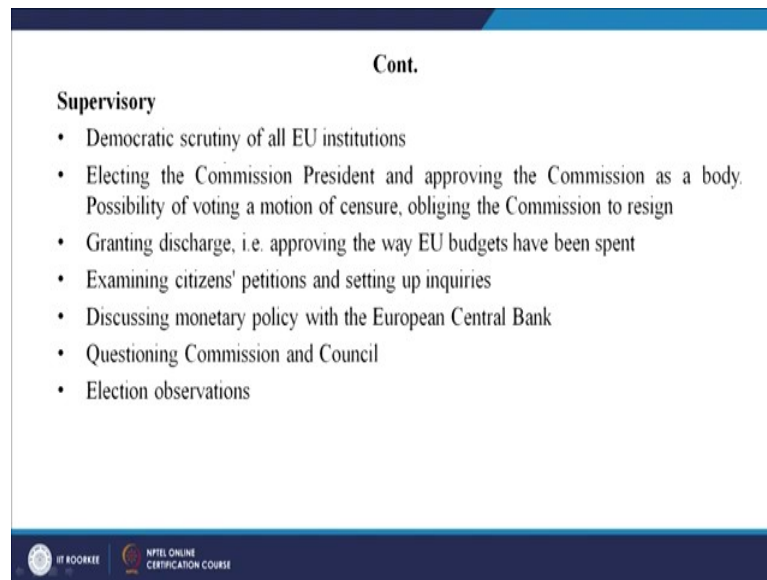
- Establishing the EU budget, together with the Council
- Approving the EU's long-term budget, the "Multiannual Financial Framework"

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So, what does this parliament do? It passes the EU laws so legislative responsibility budgetary responsibility. So, together with the council of the EU based on European Commission proposals it passes the EU laws, decides on international agreements, and decides on enlargements right.

Reviewing the commission's work program and asking it to propose legislation. And finally, it establishes the European Union's budget together with the council. Approving the long term budget the multiannual financial framework.

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Supervisory

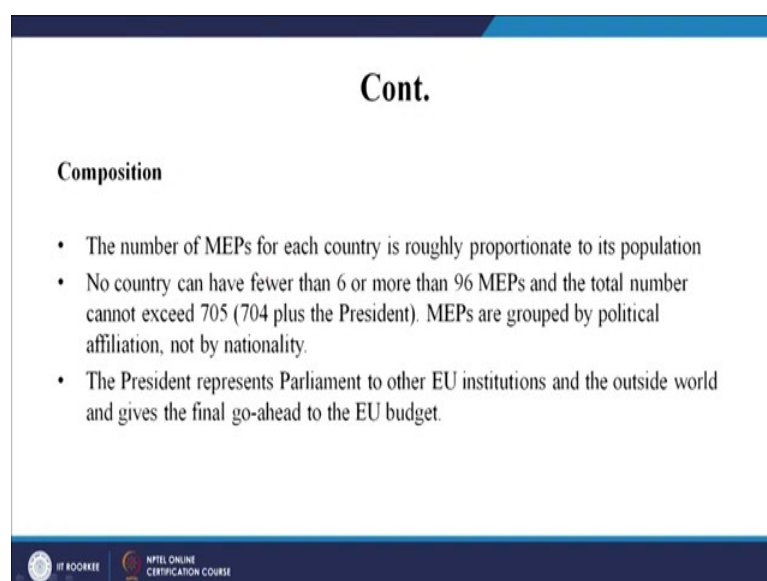
- Democratic scrutiny of all EU institutions
- Electing the Commission President and approving the Commission as a body. Possibility of voting a motion of censure, obliging the Commission to resign
- Granting discharge, i.e. approving the way EU budgets have been spent
- Examining citizens' petitions and setting up inquiries
- Discussing monetary policy with the European Central Bank
- Questioning Commission and Council
- Election observations

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The supervisory role here democratic scrutiny of all the institutions will happen right they do it. And they elect the common president and approve the commission as a body. Granting discharge that is approving the way EU budgets have been spent.

So, the supervisory role basically we can all see this is a supervisory role. So, one was to create a law the other was to create the budget and see it and use it and the third one is to just to monitor. So, this is the monetary part right.

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Cont.

Composition

- The number of MEPs for each country is roughly proportionate to its population
- No country can have fewer than 6 or more than 96 MEPs and the total number cannot exceed 705 (704 plus the President). MEPs are grouped by political affiliation, not by nationality.
- The President represents Parliament to other EU institutions and the outside world and gives the final go-ahead to the EU budget.

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What is the composition? It has no country the number of MEP's for each country is roughly proportionate to its population is based on the population of the size of the country. No country can have fewer than 6 or more than 96 MEP's and the total cannot exceed 705 because 704 and the one president is there.

The president represents the parliament to other EU institutions and the outside world and gives a final go ahead to the EU budget. So, this is a very complex structure; obviously, it is a and complexity the European Union is on very high right.

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How does the Parliament work?



Parliament's work comprises two main stages:

- **Committees-** to prepare legislation.

The Parliament numbers **20** committees and two subcommittees, each handling a particular policy area. The committees examine proposals for legislation, and MEPs and political groups can put forward amendments or propose to reject a bill. These issues are also debated within the political groups.

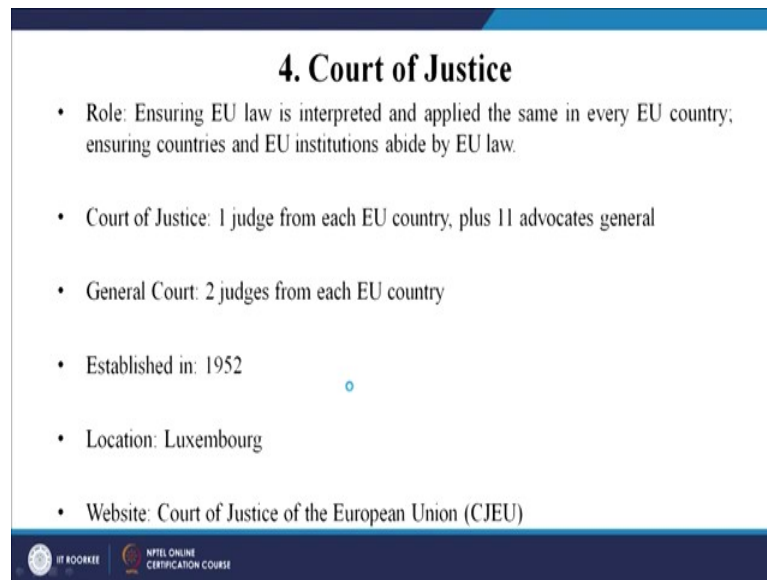
- **Plenary sessions-** to pass legislation.

This is when all the MEPs gather in the chamber to give a final vote on the proposed legislation and the proposed amendments. Normally held in Strasbourg for four days a month, but sometimes there are additional sessions in Brussels.

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Now, what does the parliament do? It prepares the committees to prepare legislation; so we have seen. Plenary sessions to pass legislations right.

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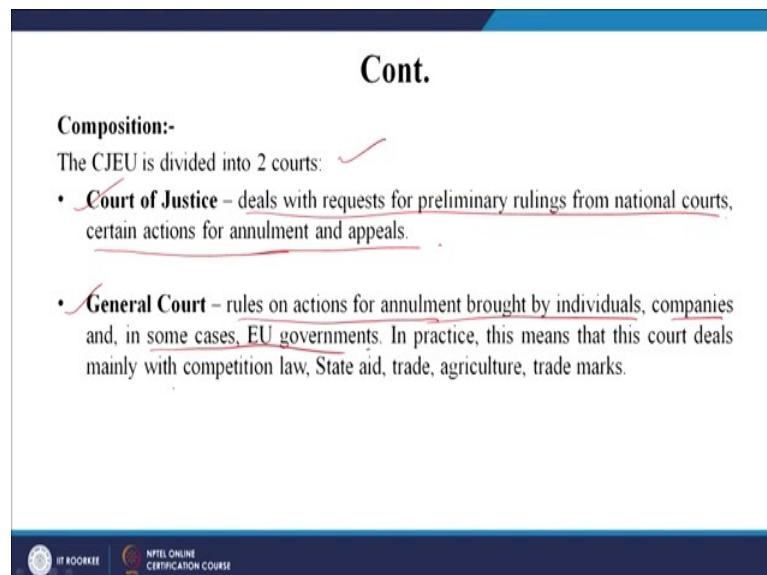
4. Court of Justice

- Role: Ensuring EU law is interpreted and applied the same in every EU country; ensuring countries and EU institutions abide by EU law.
- Court of Justice: 1 judge from each EU country, plus 11 advocates general
- General Court: 2 judges from each EU country
- Established in: 1952
- Location: Luxembourg
- Website: Court of Justice of the European Union (CJEU)

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And finally, after all these there is a the fourth important institution in the European Union is the court of justice. So, what is this court of justice? There is one judge from each EU country plus 11 advocates general right. Two the general court has 2 judges from each EU country established in 1952 in Luxembourg right.

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Composition:-
The CJEU is divided into 2 courts:

- **Court of Justice** – deals with requests for preliminary rulings from national courts, certain actions for annulment and appeals.
- **General Court** – rules on actions for annulment brought by individuals, companies and, in some cases, EU governments. In practice, this means that this court deals mainly with competition law, State aid, trade, agriculture, trade marks.

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The court of justice of the European Union interprets EU law to make sure that is applied in the same way in all the EU countries right among all the member 27 member counties

and settle the legal disputes; between national governments and economic European Union institutions.

In certain circumstances it can be used by individuals companies or organizations to take action against an EU institution also right. If they feel it has infringed their right suppose any EU body has infringed their rights so they can file a case against it.

The composition is divided into two courts; court of justice, general court as we have seen. So, this deals with the requests for preliminary rulings from national courts, certain actions of annulment and appeals. And the general court it is rules on actions for annulment brought by individuals companies and in some cases EU governments' right.

So, this deals with mainly with the competition law state, aid, trade, agriculture, and trademarks. After all these after you know we have understood that the you know the role of the EU how the different four bodies are functioning.


Now, comes the most important the currency. So, EU was has it is own European Union has own currency which is called the euro right.

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Euro

- The euro (€) is the official currency of 19 out of 27 EU countries.
- These countries are collectively known as the Eurozone (*Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Cyprus, Estonia, Latvia, Lithuania, Malta, Slovakia, and Slovenia*).
- In February 1992, EC members signed the Maastricht Treaty, which committed them to adopting a common currency by January 1, 1999.
- The European Central Bank and the European Commission are in charge of maintaining its value and stability, and for establishing the criteria required for EU countries to enter the euro area.
- An economic and monetary union (EMU) was a recurring ambition for the European Union from the late 1960s onwards. EMU involves coordinating economic and fiscal policies, a common monetary policy, and a common currency, the euro.
- A single currency offers many advantages: it makes it easier for companies to conduct cross-border trade, the economy becomes more stable, and consumers have more choice and opportunities.

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So, this is the official currency of 19 out of the 27 EU countries today. That means, you can understand what kind of an integration it is, how large an integration.

So, these countries are collectively called as the euro zone. And who are the member countries which use this among these 19; Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Cyprus, Estonia, Latvia, Lithuania, Malta, Slovakia, and Slovenia.

In 1992 EC members signed the Maastricht treaty which we had seen earlier which committed them to adopt a common currency by 1999. The Central Bank and the European Commission in charge of maintaining its value and stability and for establishing the criteria required for EU countries to enter the European Union area the euro area right.

The an economic and monetary union EMU was a recurring ambition for the European Union right from the late 60's because they wanted a very high level of integration right. So, the EMU involves coordinating economic and fiscal policies of the member countries; a common monetary policies, a common currency, which is the euro.

What are the advantages? Why we all know that right. It is very simple that it makes it easier for companies to conduct cross border trade and the economy becomes more stable, consumers have more choice and opportunities right.

So, today we will wind up here. So, we have understood that we continued from; the regionalism to the multi lateralism, and then we talked about the NAFTA, what are the different members, and then the euro you know European Union, how the European Union structure is made up of and then finally, we come to the euro which is a common currency which is you know adopted by the 19 countries out of the 27 countries right.

And recently we have come to know that Britain has come out of this zone. And today it is not a member of the euro anymore and but it has been given 11 months to come out of this for this transition period.

And, so; we will continue from here in the next lecture. And we will talk more about the economic effects of this integrations and how it has affected the global economy at large. So, that; is for today.

Thank you very much.