

http://en.wikipedia.org/wiki/Economy_of_the_European_Union

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Economy of the European Union

The economy of the European Union generates a GDP of over €12.894 trillion (US\$16.566 trillion in 2012) according to Eurostat, which makes it the largest economy in the world if treated as a single economy. The European Union (EU) economy consists of an Internal Market and the EU is represented as a unified entity in the World Trade Organization (WTO).

Currency

The official currency of the European Union is the euro used in all its documents and policies. The Stability and Growth Pact sets out the fiscal criteria to maintain for stability and (economic) convergence. The euro is also the most widely used currency in the EU, which is in use in 18 member states known as the Eurozone.

All other member states, apart from Denmark and the United Kingdom, which have special opt-outs, have committed to adopting the euro once they have fulfilled the requirements needed to do so. Also, Sweden can effectively opt out by choosing when or whether to join the European Exchange Rate Mechanism, which is the preliminary step towards joining. The remaining states are committed to join the Euro through their Treaties of Accession.

Economic growth

The EU's share of Gross world product (GWP) is stable at around one fifth.

The twelve new member states of the European Union have enjoyed a higher average percentage growth rate than their elder members of the EU. Slovakia has the highest GDP growth in the period 2005–2011 among all countries of the European Union. Notably the Baltic states have achieved massive GDP growth, with Latvia topping 11%, close to China, the world leader at 9% on average for the past 25 years (though these gains have been in great part cancelled by the late-2000's recession).

Reasons for this massive growth include government commitments to stable monetary policy, export-oriented trade policies, low flat-tax rates and the utilisation of relatively cheap labour. In 2011 Estonia had the highest GDP growth from all the states in EU (7,6%). The current map of EU growth is one of huge regional variation, with the larger economies suffering from stagnant growth and the new nations enjoying sustained, robust economic growth.

Although EU28 GDP is on the increase, the percentage of Gross world product is decreasing due to the emergence of economic powers such as China, India and Brazil. In the medium to long term, the EU will be looking forward to increase GDP growth in Italy and the UK to stabilise growth in European Union states. This is to ensure sustained economic prosperity.

Energy resources

The European Union has large coal, oil, and natural gas reserves. There are six oil producers in the European Union, primarily in North Sea oilfields. The United Kingdom by far is the largest producer, however Denmark, Germany, Italy, Romania and the Netherlands all produce oil. If it is treated as a single unit, which is not conventional in the oil markets, the European Union is the seventh largest producer of oil in the world, producing 3,424,000 barrels a day.

It is also the world's second largest consumer of oil, consuming much more than it can produce, at 14,590,000 barrels a day. Much of the difference comes from Russia and the Caspian Sea basin. All countries in the EU have committed to the Kyoto Protocol, and the European Union is one of its biggest proponents. The European Commission published proposals for the first comprehensive EU energy policy on 10 January 2007.

Trade

The European Union is the largest exporter in the world and as of 2008 the largest importer of goods and services. Internal trade between the member states is aided by the removal of barriers to trade such as tariffs and border controls. In the eurozone, trade is helped by not having any currency differences to deal with amongst most members.

The European Union Association Agreement does something similar for a much larger range of countries, partly as a so-called soft approach ('a carrot instead of a stick') to influence the politics in those countries. The European Union represents all its members at the World Trade Organization (WTO), and acts on behalf of member states in any disputes. When the EU negotiates trade related agreement outside the WTO framework, the subsequent agreement must be approved by each individual EU member.

Unemployment

The euro area seasonally-adjusted unemployment rate was 12.1% in November 2013, stable since April. The EU unemployment rate was 10.9%, stable since May. In both zones, the rates increased compared with November 2012, when they were 11.8% and 10.8% respectively. Among the Member States, the lowest unemployment rates were recorded in Austria (4.8%), Germany (5.2%) and Luxembourg (6.1%), and the highest in Greece (27.4% in September 2013) and Spain (26.7%).