

# Why the European Market Matters

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A few weeks ago, you may have read about the growing strength of the European market, and how the lending crisis that is dominating the U.S financial system is likely to allow the Euro and the Pound to strengthen their grip on the global economy. In business today it is essential that countries, corporations and individuals, recognize the rise in power of the European market, so I would like to take this opportunity to give you an insight INTO why this area holds so much power.

In January 2007, the EU grew to 27 members with the introduction of Bulgaria and Romania, which has further enhanced the presence of this economic union on the world economy. The concept of multiple world powers merging as one to create a common power within Europe would be out of the question, but if successful would create a wealth of opportunity and growth. The decision to combine and create a single

currency has been the overwhelming factor that has injected new life into the concept of a fully integrated Europe. As the Euro continues to grow in strength, it appears that more and more nations are



striving to be part of this revolution.

There are a range of benefits that the Euro incorporates. First, due to the high degree of price stability, this in turn maintains low interest rates, which consequently limit the risk of inflation growth. In addition, with twelve countries using the same currency, this allows for more price transparency as payments can be made with the same money which creates more manageable integration and travel. Furthermore, the launch

of the Euro now eliminates foreign exchange transaction costs, making business interaction between nation-states considerably more accessible. On top of this, the Euro has eradicated exchange rate fluctuations and the risk associated with foreign exchanges, which combine to make a more stable and accessible economy.

As a result of the single market and the Euro, the European financial system is becoming more and more interconnected. This has allowed the EU to reach its goal for national boundaries to become less relevant, which is allowing more cross-border links to be established. It is now accessible for large corporations to operate effectively in France, Italy, and in Eastern Europe without any bother. This is what makes the integration of Europe so fascinating to its inhabitants, and so daunting to other global powers.

If you think back 50 years, the idea of a fully integrated Europe was unthinkable. In contrast to the war-torn Europe of the past, the EU forms a much larger, more self-contained economy,

which echoes the size and power of the U.S. According to the European Central Bank, population-wise the E.U embraces around 316 million people, and in terms of GDP (Gross Domestic Product), the Euro area was second to the U.S with 14.9%. Specifically, Euro area exports of goods and services were double that of the U.S in 2005, which highlight the importance of this group of countries.

Of course, Great Britain does not employ the Euro, and I fundamentally believe that we will never enter the single market due to the strength of the pound. However, the integration of Europe is an issue I feel will be to the benefit of the U.K, France, and Germany as the spread of globalization increases the need for international business. Although we Europeans, and in particularly the British residents, don't often show gratitude towards the U.S, I think it's only appropriate that I recognize the Yank that made The United States of Europe possible: George Marshall and his Marshall plan.

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