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BRAND EU

European Union Brand Centre

American and Global Business needs a United EU

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Exacerbated by recent years of economic and financial crisis, Euroscepticism has been a steadily growing force among member states in the European Union, some of whom see progressively closer integration and unity as a noose around their economic necks. Based on the prominence of Euroscepticism in the media, we could be fooled into believing that the path of tighter integration within Europe has been an economic wrong turn.



However, much of the evidence points to the opposite. It points to the fact that a united, strong Europe remains an incomparable and attractive market for businesses globally. It is paramount for global business that the EU not only remains united, but strengthens its ties and connection to its people. This article will particularly focus on the relationship between the EU and the US, as these economic blocks are the strongest and largest in the world.

The EU is the world's largest economy, representing 25.1% of global GDP (European Commission, 2013). Thanks to the vast breadth and depth of its assets, as well as its strong institutional framework, Europe has always been a cornerstone of American business relations. The EU-US relationship is truly exceptional in its longevity and profitability for both sides of the Atlantic. The size and importance of their trade ties make the EU and the US the key players in the world trade system; together their economies account for approximately half of total world GDP. No other economic relationship in the world is as integrated as the transatlantic economy. The partnership must be continued and strengthened, and this can only be realized through a united Europe. Americans already understand its significance. On 26th March 2013, President Barack Obama crystalised this necessity sharply:



“Across the Atlantic, we embrace a shared vision of Europe, a vision based on representative democracy, individual rights and a belief that nations can meet the interests of their citizens in particular through trade and open markets.”

-U.S. President Barack Obama



The confirmation bias of Euroscepticism is threatening this vital relationship. In many ways, confirmation bias is the most insidious form of prejudice that we have as human beings. Confirmation bias means seeking out data that confirms the biases that we have, while ignoring data to the contrary, regardless of its grounding in logic or truth. Its dogmatic nature causes people to ignore or misinterpret signs and evidence, and this has been a key characteristic of recent Euroscepticism. As Nietzsche said: “convictions are more dangerous enemies of the truth than lies” (Human, all too Human, 483). The media is particularly guilty of this form of bias. Examining the wider picture in terms of statistics and evidence shows beyond any reasonable doubt that the EU-US relationship is the absolute centrepiece of the global economy and needs strengthening and improvement.



GDP 2012 purchasing

power parity basis

Source: IMF

In this period of growing uncertainty and scepticism within the EU, as Eurosceptic forces aim to pull apart its 60 years of progress, American and global businesses must stand united and speak out with a strong voice, delivering the message that they need a united EU. Likewise, the EU must confidently and proudly realize and support its own strengths and powers. We must recognise that, while the EU is far from perfect, there is enormous value in remaining united. Just like with the United States, the EU must recognise that it is far better to remain united with flaws that can be worked on and addressed, than it is to break apart.



The EU-US Partnership: Benefits both sides of the Atlantic



European Coal and Steel Community

Founding members of the ECSC: Belgium, France, Italy, Luxembourg, the Netherlands and West Germany.

BACKGROUND

Cooperation between the EU and US is built on extensive historical, political and economic ties. It began with the creation of the European Coal and Steel Community in 1951, with the ties since institutionally strengthening over the years, such as the adoption of the Transatlantic Declaration in 1990, which provided regular summit meetings. The most recent was the 2007 creation of the Transatlantic Economic Council whose meetings foster greater economic cooperation.

The transatlantic relationship clearly defines the shape of the global economy as a whole, as the EU and the US are also the largest trade and investment partners for almost all the other countries in the world. The EU and US economies together account for nearly a third of world trade flows in goods and services. Looking into the flows of investment and trade between the EU and US highlights the powerful, mutually beneficial, global economy shaping nature of the transatlantic relationship.

INVESTMENT FLOWS

For many decades no area in the world has attracted more US Foreign Direct Investment (FDI) than Europe; they are each other's largest investment partner. The investment flows between these two Unions are staggering.

2012 Investment Figures

- + US Foreign Direct Investment into the EU: \$2.2 trillion
(50.3% of all total US FDI)
- + EU Foreign Direct Investment into the US: \$1.6 trillion
(62.2% of all total EU FDI)

According to the Office of the United States Trade Representative (USTR) 2014 Trade Policy Agenda and the 2013 Annual Report, published on 4 March 2014, “the US trade and investment relationship with the EU is the largest economic relationship in the world”. Such vast amounts of mutual investment are only possible due to Europe’s attractiveness as a single entity. Investing in the EU’s single market is substantially easier, cheaper, and overall far wider-reaching than investing in 28 individual member states, making it an extraordinarily attractive proposition for US and global business. This investment relationship has been strengthening over recent years, despite the economic crisis and problems in the Eurozone, highlighting the need for solidarity. The recent Eurozone crisis and the steps to recovery illustrate the importance of working together to address common flaws. The Eurozone remains imperfect, but only together can we address its deficiencies.



The EU as a whole is the largest goods trading partner of the United States and vice-versa.

TRADE FLOWS

The EU as a whole is the largest goods trading partner of the United States and vice-versa. While trade flows are significantly less than investment, both blocs remain each other's majority partner.

2012 Trade Figures

- + Total US exports to EU: \$265.1 billion
(17.1% of all US total exports, largest trading partner)
- + Total EU exports to US: \$380.8 billion
(16.7% of all EU total exports, largest trading partner)

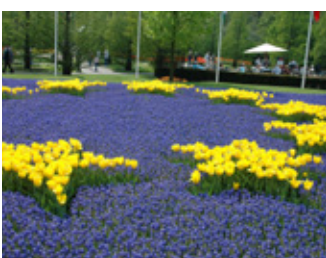
Such vast flows are dependent upon the EU’s united nature under the banner of the world’s largest single market. This in turn, enables many of Europe’s smaller nations to punch significantly above their weight, and pool their resources, capital and economies together as one enormous union of people.

These flows of goods, services and investments between the EU and the US testify to a firm and active economic relationship.



What makes Europe so attractive for US and global business? Unity!

The US partnership with Europe forms such a major force in the global market precisely because of Europe's unity. This unity contributes to its vast and unique asset pool, its export accessibility, its integration and connection into global markets, the Eurozone's strength as a global currency, and its institutional strength as a whole.



ASSET POOL

Thanks to its enlargement to 28 nations, the EU has become the biggest area of democratic stability on the planet, with an annual per capita income of nearly US \$30,000. This is a key factor for the effective trade agreements between the EU and the US. On the global stage the EU can act with a single voice making it a much more attractive partner for investing and trading. The EU's enormous size as a trading bloc offers a unique and fruitful trading opportunity for US and global businesses. Europe's unity has brought its combined exceptional and unique assets into the international arena, giving it a pivotal position in American and global business relations.

ACCESSIBILITY

The EU is also the most open market in the world to developing/emerging countries. Every day the EU exports and imports hundreds of millions of dollars' worth of goods and services to and from developing/emerging markets. The EU is the world's largest exporter of manufactured goods and services and is the biggest export market for over 80 countries.

The EU's accessibility and unity makes it attractive to all global markets. US businesses can take advantage of this connection to developing/emerging markets providing enormous economic opportunity and leverage. As a result, the EU has become deeply integrated into global markets; it is now easier to produce, buy and sell goods all over the world through the EU and its immense connections.

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EUROZONE

The Eurozone is another key aspect of the EU to consider, as it helps cement the EU's position as a dominant place in the world to do business. **The Euro has become the world's second reserve currency. It capitalised around 24% of reserves in world trade in 2012, compared to 18% when it was first launched, and is continuing to grow despite recent difficulties and flaws.** The strength of the Euro and its increasing use in international trade provides the Eurozone with unparalleled clout in international financial institutions and organisations. The Euro is thus an exceptionally attractive reserve currency for the US, reducing business costs and uncertainty. And naturally, the existence of the Euro in the first place is entirely dependent on fiscal and monetary integration within the Union, and the united support necessary to iron out its imperfections.

INSTITUTIONAL STRENGTH

The institutional unity of the EU is yet another reason why it is so attractive for US and global business. EU trade policies seek to create growth and employment by increasing trade and investment opportunities in the world's largest single market. The Union's ability to define standards, together with its legal know-how, and the assurance of relative policy uniformity, make it a player well adapted to the complexity of global economic competition. The EU has a secure legal investment framework that is amongst the most open in the world. Implementation of the *acquis communautaire*, the accumulated body of legislation, acts and decisions which constitute EU law, makes a significant difference to business and represents a key benefit for investors and trade partners.



Europe needs to realise its own immense strength as a Union

A united EU represents the biggest and most attractive global market available to the United States, far more so than if it were to split and fragment economically.

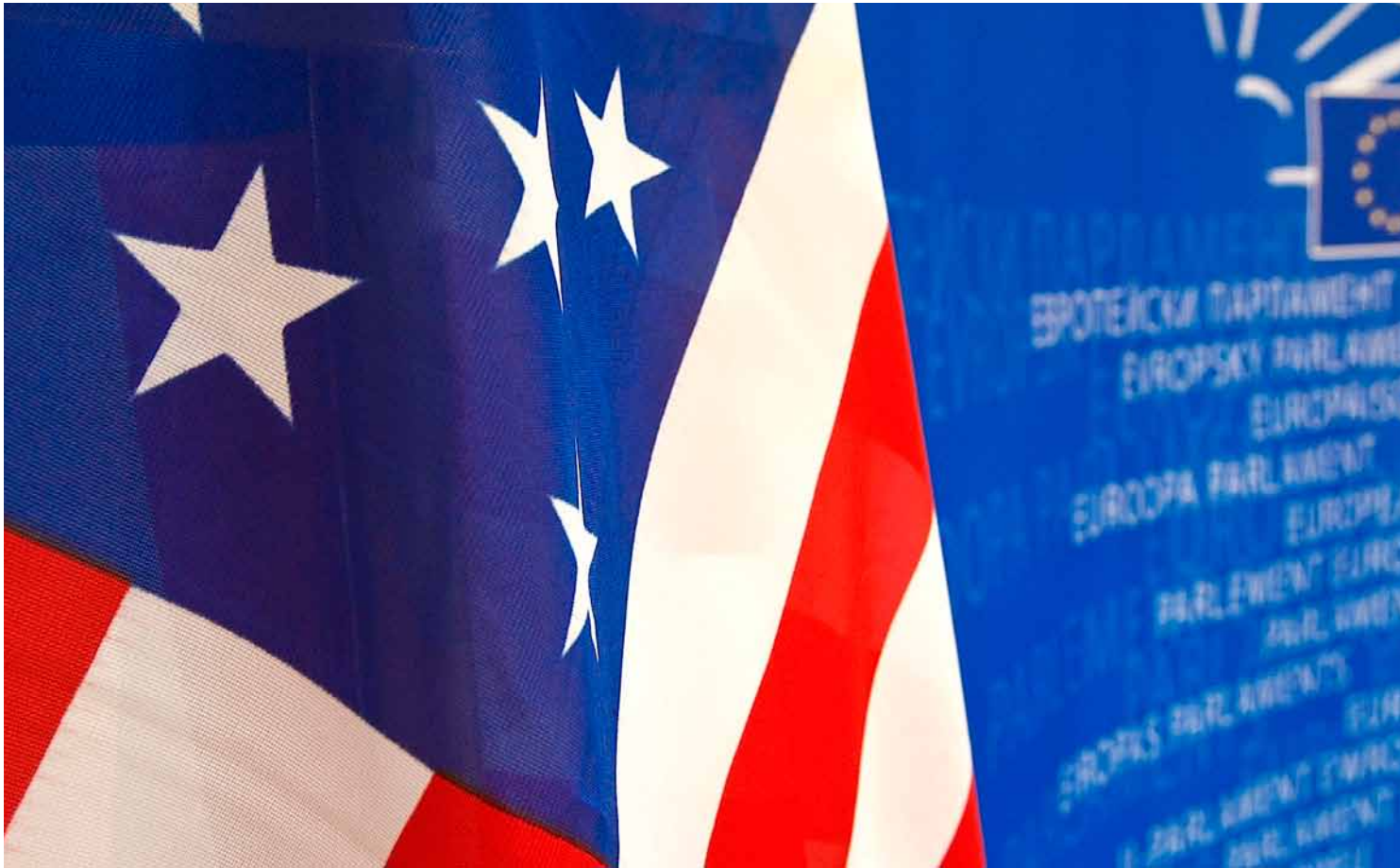


Hopefully, this article has shown why Europe must continue down its path of closer economic integration, and why it is so important for American and global businesses to support a stronger and more united Europe. The EU-US relationship plays a powerful role in the entire global economy and is a relationship which, despite recent years of crisis, has remained solid; even becoming more important than ever. This relationship must continue to remain strong, for European business, for American business and for global business.

A united EU represents the biggest and most attractive global market available to the United States, far more so than if it were to split and fragment economically. By taking decisive action to foster growth, European policy makers are hoping to secure a prosperous future for EU citizens by creating a business environment where companies can thrive in global markets. This united Europe is and will be positioned at the heart of a vibrant global economy. Both the EU and US need to advance on the 'value chain', seizing on the advantages of their highly skilled workforces, superior infrastructure, and leading edge science and technology, behind a united Europe.

By any measure of economic data, Europe is hugely important for American and global business. Unity is what makes it so attractive. The market's tremendous diversity contained within a structured, singular institutional framework creates an economic opportunity of unprecedented calibre, despite

its problems. The EU-US relationship should continue to grow and strengthen as European integration is advanced and secured. This can only happen once Europeans themselves embrace the fact that a united and strong Europe is a more powerful and essential force for driving global growth and prosperity than by turning back the clock and breaking apart.



R. Todd Ruppert

R. Todd Ruppert is the founder and CEO of Ruppert International, a firm with diversified interests globally in various fields including the arts, film, financial services, digital media, and private equity. He is a venture partner of Greenspring Associates and serves on numerous for

profit and non-profit boards globally. In 2012 he retired from T. Rowe Price, a global investment management firm. He was board member, CEO and president of T. Rowe Price Global Investment Services and president, investment services, of T. Rowe Price International.

BRAND EU CENTRE FOR EUROPEAN IDENTITY

The BRAND EU Centre for European Identity examines how the lack of a collective European identity and a strong EU BRAND are key impediments for citizens and other international actors to understand, support or be attracted to the EU project. Our programmes seek to inform and educate citizens, the media, decision and policy-makers by providing unique research and insights at both international, European, national and local level in order to build a strong BRAND EU.

"The EU urgently needs a shared understanding of how to realise its ambitious agenda. It needs to identify the measures required to adapt to the global era, and the costs and implications of standing still. In short, it needs to communicate a common vision of how Europe can secure its future. The choice we face is therefore clear: build on the strengths of the EU and use its collective weight to become an assertive and relevant player in the world, or cultivate fragmentation and contemplate the possibility of absolute decline in a world where the rules are defined by those who matter."

From the independent Reflection Group Report "Project Europe 2030" presented to the European Council on May 8th 2010.

CENTRE LEADERSHIP

The BRAND EU Centre is led by Nicolas De Santis, Centre Founder and Enrique Barón Crespo, former President of the European Parliament.



Nicolas De Santis
President of Gold Mercury International



Enrique Barón Crespo
Former President of the European Parliament



R. Todd Ruppert
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GOLD MERCURY INTERNATIONAL

Gold Mercury - The Global Governance and Corporate Vision® Strategy Think Tank. Gold Mercury works with organisations and leaders to navigate global complexity and develop the strategic visioning and innovation required to build the sustainable business models, cultures and brands for the future. Since its founding in 1961, Gold Mercury has been a pioneer in global governance and sustainable globalisation, advancing peaceful international relations through economic cooperation in different spheres.

GLOGO® is Gold Mercury's Global Governance Centre for Sustainable Globalisation. GLOGO's unique framework includes a monitoring and rating system to organise world complexity and report on the impact of major decisions and events on the future of our world. Our historic GOLD MERCURY AWARDS® for Global Governance exemplify visionary leadership and sustainable decision-making. Our laureates include the most visionary individuals and organisations in the world. Our Visionary Leadership Academy offers executive programmes and masterclasses to develop the new leadership and strategic skills required to lead in the 21st Century.



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