



North Carolina and the EU: A Transatlantic Relationship

The European Union (EU) is North Carolina's largest trading partner after Canada. Whether measured in terms of total exports or just manufactures, data from the U.S. Office of Trade and Industry Information reveals that the EU accounts for more than 20 cents out of each dollar in North Carolina's exports. Moreover, North Carolina trades with all parts of the EU, not just the big countries like Britain, France, and Germany. Indeed, while trade with the countries of Western Europe is large, trade with the countries of Central and Eastern Europe is growing fast. From 1999 to 2004, exports to Eastern Europe grew by almost 80 percent in straight dollar terms. This includes a doubling in chemical manufactures, a near doubling in furniture and in electrical equipment, and a 150 percent increase in processed foods and other specialized non-metallic manufactures.

Trade is not the only thing that binds North Carolina to Europe. Investment matters too. Data for 2001 from the Bureau for Economic Analysis show that, taken together, Britain, Germany, and the Netherlands accounted for more than \$10 billion dollars of foreign direct investment in North Carolina – almost twice as much as Canada and Japan combined. Again in 2001, European investment supported close to 150,000 North Carolina jobs, almost half of which were in manufacturing.

The European Union is a vital economic partner for North Carolina. But how much do North Carolinians really know about what is going on in Europe – about how the politics of the European Union is organized, about how developments in specific countries impact the Continent as a whole, about economic policies and economic performance, and about Europe's relationship with the wider world? Of course sources of information abound. Anyone who has ever used the internet can figure out a way to find articles on almost any given topic. But the challenge is not so much to answer questions as to know what questions to ask in the first place.

The purpose of this series of briefs is to provide an overview of developments in the European Union for North Carolinians and for North Carolina business. This overview was structured to explain what matters and why. The underlying theme is not "here is how North Carolina and Europe interact" – that much is probably obvious to most people doing business in Europe or with European partners. Rather the goal is to identify the major developments in Europe that are likely to impact North Carolina's interests.

Structure and Timing

The briefs are organized in four sections, each with separate focal points. *Doing Business in Europe* discusses the range of issues stretching from the structure and origins of the EU's single internal market, to corporate governance, taxation, financial services, and intellectual property rights. *Europe as a Trading Partner* explains how trade authority is organized around the European Commission, and surveys major sectoral developments in agriculture, textiles, steel and heavy industry, information and communication technologies. *Macroeconomic and Market Considerations* look at the structure of policymaking and the performance of labor markets. And the section on *Political and Institutional Factors* explains how Europe is organized, how it is legitimated, and how it is evolving.

The sections provide a comprehensive snapshot of Europe from the past to the present. However, Europe itself is a work in progress. As a result, events have continued to change even while these briefs were written. This evolution does not invalidate the information provided. Rather it should stimulate the very questions that need to be asked—about the long-term stability of trans-Atlantic economic relations, about the periodic tensions between Europe and the United States, about the cyclical performance of the European economy, and about the deepening crisis in European institutions. There are no definitive answers to these questions. But there are better informed answers. These briefs provide an important place to start.

Future Answers and Further Analysis

These briefs come with a commitment to provide ongoing analysis for North Carolina about Europe. The European Union Center at the University of North Carolina is a focal point for research activity and public outreach. This series of briefs is only one illustration. There will be others to follow. Should you have any questions, please contact the European Union Center of North Carolina at the University of North Carolina, Chapel Hill.