History of the EU

The origins of European integration date back to the end of World War II. The war had left Europe in ruins and prompted the search for a lasting peace and, in particular, the need to bring about lasting reconciliation between France and Germany. One of the first initiatives was the European Coal and Steel Community (ECSC) established by the Treaty of Paris in 1951. On 9 May 1950 Robert Schuman, the French Foreign Minister, proposed that French and German coal and steel production should be 'pooled'. Belgium, Italy, Luxembourg and the Netherlands joined France and Germany in setting up the ECSC and merging national interests in these industries. In 1957 the six members of the ECSC formed the European Economic Community (EEC) and began the process of developing a common market for goods and services. The Treaties of Rome, signed in March 1957, created the EEC and the European Atomic Energy Community. The Common Agricultural Policy to support farmers was established.

Since 1957, the EEC has seen four stages of enlargement, and now brings together 15 countries in what is known as the European Union (EU). Denmark, Ireland and the United Kingdom joined in 1973; Greece in 1981; Portugal and Spain in 1986; and Austria, Finland and Sweden in 1995. The first direct elections to the European Parliament were held in 1979. Before that its members were drawn from national parliaments. Another notable development took place in 1987 with the coming into force of the Single European Act which set out the timetable for the creation of the Single Market by 1993. This brought about the world's largest trading area of 370 million people and the free movement of goods, capital, people and services. The term "European Union" was introduced by the Maastricht Treaty in November 1993. The Treaty established new areas of European co-operation in foreign and security policy, and justice and home affairs. The new Treaty also set out a timetable for economic and monetary union and the introduction of a single currency. Further changes were introduced by the Treaty of Amsterdam in 1999. In particular, the powers of the European Parliament were given a major boost and increased cooperation in foreign policy and home affairs was established.

Further enlargement of the European Union is on the cards as another thirteen countries from Central and Eastern Europe and the Mediterranean have applied to join. In order to allow the EU to function effectively with a much larger membership, the fifteen member states agreed to a new EU Treaty in Nice in December 2000. A special Convention -the Convention on the Future of Europe- began work in February 2002 on drawing up new arrangements to enable the EU to work when it expands to 25 or more countries.

In February 2002, the euro became the sole currency of 12 out of 15 EU countries. The three countries remaining outside the euro zone are Denmark, Sweden and the UK.

History of the euro

The development of a European single currency goes back to the 1950s.

1957: The Treaty of Rome said a common European market could increase economic prosperity and help towards promoting closer ties among the people of Europe

1969: European summit at the Hague makes a single currency an official objective

1970: The Werner report envisages the creation of a single currency over 10 years

1970s: The oil crises, economic divergence and a weak dollar meant only a "currency snake", tying the currencies of Germany, Denmark and the Benelux countries together, was achieved

1979: The European Monetary System (EMS) is created, with the exchange rate mechanism (ERM) defining rates in relation to the European Currency Unit (ECU), a quasi-currency representing an average of participating currencies.

1986: Single European Act The Single European Act, which modifies the Treaty of Rome is signed and comes into force the following year. It sets up a framework for the Single European Market by increasing the Commission's powers and introducing qualified majority voting for a number of issues.

1988: The European Council of Hanover sets up a committee chaired by Jacques Delors, the then President of the European Commission, to put forward plans leading to European Monetary Union

1989: After consideration of the Delors report, the European Council meeting in Madrid agrees the first of three stages of EMU will begin in July 1990

1990: Stage one of EMU begins with narrowing of bands under the Exchange Rate Mechanism and closer co-operation on economic policy and between banks.

1991: Plans for a single currency by the year 2000 are agreed under the Treaty of European Union Plans by the 15 members of the European Union in the Dutch town of Maastricht.

Strict rules for those joining are agreed, including targets for inflation, interest rates and budget deficits

The UK and Denmark exercise their opt outs from the stage three of EMU.

1994: Stage two of EMU begins with plans for creation of European Central Bank and convergence of member states' economic and monetary policies.

1995: The name "euro" is chosen for the new currency at the European Council in Madrid.

1997: New UK Chancellor Gordon Brown announces five economic tests to be assessed before the UK joins the euro.

1998: The European Council agrees that 11 member states - Belgium, Germany, Spain, France, Italy, Ireland, Luxembourg, the Netherlands, Austria, Portugal and Finland - are ready to adopt the euro on 1 January 1999

European Central Bank established in Frankfurt to maintain price stability and set interest rates in the euro zone.

1999: Stage three of EMU: The euro is launched as an electronic currency used by banks, foreign exchange dealers, big firms and stock markets. Exchange rates of the participating currencies are set and euro zone countries begin implementing a common monetary policy.

2000: A referendum in Denmark ends with 53% of Danish voters rejecting entry to the euro.

2001: Greece joins the euro. The UK's Labor government, re-elected for a second term, says it will assess its five tests for euro entry within two years.

2002: Euro coins and notes become legal tender and national currencies become obsolete. Sweden announces plans to hold a referendum on euro entry on 14 September 2003.

2003: The UK Government says it has decided the time is not right to recommend euro entry in a referendum. Chancellor Gordon Brown says he will return to the issue again early in 2004.

The EU's Aims

The Eu was set up to allow all European countries to trade easily (free trade) because before the Eu was set up all European countries had to pay fees whenever they traded with each other these where known as trade barriers. They also aim to bring countries closer together.