

# Business Environment

Learning out come will see students being able to :

- A. C. .4. Evaluate the impact of policies of the European Union on UK business organisations.

# History of The European Union (EU)

- **European Union (EU)**, international organization comprising 28 European countries and governing common economic, social, and security policies. Originally confined to western Europe, the EU undertook a robust expansion into central and eastern Europe in the early 21st century. The EU's members are Austria, Belgium, Bulgaria, Croatia, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom. The EU was created by the Maastricht Treaty, which entered into force on November 1, 1993. The treaty was designed to enhance European political and economic integration by creating a single currency (the euro), a unified foreign and security policy, and common citizenship rights and by advancing cooperation in the areas of immigration, asylum, and judicial affairs.(www.britannica.com)

# More History

- The EU is built on three areas, or pillars, these are the European Community, Common Foreign and Security Policy, and Police and Judicial Co-operation in Criminal Matters. The EU has a wide variety of legislative bodies, including the European Parliament, the Council of the European Union, and the European Commission. The European Court of Justice and the Court of First Instance are the two main judicial bodies for the European Union. The format and principles of the EU have their roots in the European Coal and Steel Community, created in the early 1950s.([www.investorwords.com](http://www.investorwords.com))

# How does EU Trade policies impact :

- Trade were previously focused on :
  - Standards – (technology/social)
  - Licensing practices – (legal)
  - Domestic taxes – (economical/governmental/political)
  - Investment – (economical)
- Trade is not just about trade anymore-
  - Environment – (social/environmental)
  - Human Rights – (social)
  - Labour Rights( legal/social)

# Case study

## Kersey Hairdresser

As with many businesses, hairdressing suffers from EU directives regarding health and safety. Adding to the long list of red tape, it was recently proposed that employees should follow draconian rules regarding what they wear at work. "Hairdressers will be banned from wearing high heels and jewellery under nanny state proposals being drawn up in Brussels. The proposed directive orders stylists to wear 'non-slip soles' when they are cutting hair and bans wedding rings and watches as unhygienic. "The plans will also see hairdressers ordered to prevent staff from doing too many haircuts in one day, to prevent 'emotional collapses'. The bizarre rules will tell salon workers to have a regular 'social dialogue' to encourage 'mental wellbeing' in the workplace. These proposed rules have little or no bearing on day-to-day reality. Health and safety is important in any industry, but so is common sense and it's time some of these bureaucrats employed some, before they put thousands of jobs and livelihoods at risk. The main difference is UK law retains enough flexibility to allow salon owners to make reasonable, risk-assessed decisions about the day-to-day running of their businesses while ensuring workers are protected. The EU proposals would mean a regime of coercion and compulsion, which is never good for

# Case study

- “We are currently battling through a myriad of Red Tape in the form of European Union Whole Vehicle Type Approval (EUWVTA). Essentially, any modification to a standard vehicle - or if a body is built for a vehicle - has to comply with this new legislation. “We fit extra axles to trucks and have done so for 20 years and complied with UK Construction and Use Regulations. In order to comply with EUWVTA, we have to go through an enormous amount of work and cost (about £10,000 per model variant) and have the vehicle tested and approved by Vehicle and Operator Services Agency (VOSA). We have been working on this for about nine months now. “This nonsense has resulted in many small businesses folding. A small truck body builder in Wellingborough that had been going for 25 years recently closed down because they did not have the means to comply with this new law. The legislation is really aimed at EU states that currently have nothing in place. The UK has led the world with its Construction and Use Regulations, which more than cover what is required. The government should really have told the EU that we were not going to take the EUWVTA on.”

# Questions

Identify the advantages and disadvantages highlighted in both case studies relating to new EU trade policies

How will business be affected.



# References

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