

Assignment 1: International Business Law.**Submitted by: Gaurav Bhatia****M No: 5027013**

Task1: Please write 10 questions and the corresponding answers about the European Union.

Q1. What is The European Union? What is the main purpose for its setup?

Ans: The European Union is a form of partnership that represents a unique form of cooperation and support (both politically and economically) by different sovereign countries. It was setup after WW2 as a peace initiative with economic prosperity and political stability as the main goal. The European Union consists of 28 states and provides 4 freedoms which are people, goods, services and capital respectively.

Q2. How the EU formed? Is it expanding?

Ans2. The EU formed with joining of European Coal and Steel community in 1957. Yes, it is expanding. Different countries joined the EU with the passage of time. Croatia was the last country to become member of The EU in 2013. Many other countries are considered as potential candidates of The EU and will join in future if they satisfy the rules and regulations to join EU.

Q3. What is the difference between The EuroZone and The EU ?

Ans: The Eurozone is an economic and monetary union (EMU) of the Europe that have adopted euro as their common currency. There are 28 countries in The EU but only 17 countries in The EuroZone.

Q4. What is the Schengen Area?

Schengen Area comprises of European and Non European Countries that have abolished any type of border control at their internal borders.

Q5. What is the European Economic Area?

Ans. The EEA includes The EU countries and also Iceland, Liechtenstein and Norway. It allows them to be part of the EU's single market. It enables the extension of the European Union's single market to member states of the European Free Trade Association (excluding Switzerland).

Q6. What are the functions of The EU?

Ans. The EU supports single market with adaption of four fundamental freedoms mainly focused on area without international borders in which the free movement is ensured according to provisions of the treaties (Art. 26 Treaty on the Functioning of the EU). There is no single leader in The EU whereas **supranational alliance** of the member sovereign states. EU institutions can act in only those areas that have been **defined in the treaties** and the member states remain responsible for areas where they have not transferred powers to the EU

Q7. What is Brexit ?

Ans. Public Referendum happens in The UK in June 2016 where majority decided to leave the EU. UK government triggered article 50 (Popular known as exit clause) stating UK is leaving the EU. Negotiations. The UK withdraws from the EU in January 2020, ending its year long relationship with EU.

Q8. What is Single European Act Treaty? Does formation of a common currency of Euro was decided in the same treaty?

Ans. Single European act was the first major revision of the Treaty of Rome aimed to create a “Single Market” in the community by 1992 and codified European Political Cooperation, the forerunner of the European Union’s Common Foreign and Security Policy.

No. The formation of common currency of Euro was proposed in the Treaty of Maastricht in 1992.

Q9. What are the keypoints of Treaty of Lisbon?

Ans. Treaty of Lisbon comes into role in 2007. The main aim of the treaty is to make Europe more democratic and able to play a major role in global problems.

Main keypoints are as follow:

- More power for European Parliament.
- Change of voting procedures in Council.
- A permanent president of the European Council.
- New High Representative for Foreign Affairs.
- New EU diplomatic service

Lisbon treaty clarifies which powers belong to EU, to the EU member countries and which are shared.

Q10. What are the current challenges faced by The European Union?

Ans: The European Union has constantly facing of lots of challenges. With current scenario of COVID-19 and increasing cases, anti EU politics, Brexit, tension between America and China, Migration and Refugee crises etc. [1]

Task 2: Write a one-page summary on the issue of economic policy in the EU.

The main objective of The European Union Economic policy is to bring stability and prosperity in Europe. European Union stands on pillars of supporting Diversity, Justice, Solidarity, Democracy, Freedom, Human Rights, Equality and a common law for all. Based on these core values and vision, The European Union opted for the borderless free trade and provides a common market to traders. This common market allows people of Europe to purchase goods from each other without paying any custom duties. This Economic Policy not only helps free movement of goods or ease of trade, but helps The European Union to get man power and qualified skill workers. It also helps in easy technology exchange and opens gates for easy collaboration. To add further, 19 EU countries even dissolved their currencies and adapted Euro as the common currency compete with US Dollar and also to increase competitiveness among business for better products with improved supply chains.

The Economy policy is widely divided or subdivided with many sub branches like Health Economy, Political Economy, and Education Economy etc. But we keep the discussion limited with International Trade and policies in this discussion.

With ongoing changes in the World economy, political scenarios and global issues, Economic policies of the EU are also facing challenges. Many global issues like Syria War and refugee crises, Fake news, America First Policy, China Aggressive growths, Brexit, COVID-19 Pandemic, etc., are some of the major challenges which are creating an environment of mistrust among the EU nations and also challenging the economic policies of the EU.

Some Major Challenges which can be summarized are as follow:

1. Trade war: With America First moto, The USA administration has started the Trade War. The principal to get maximum benefits for the states by pressurizing the partner countries.[5]
2. Emerging Economies: Many emerging economies like India, China and Brazil are amongst the top countries in the world for export. Instead of following the rule based bilateral trade policy, markets like China are mainly emerges as exporters and in India policies are more politically inclined towards the local population appeasement.[6]
3. Brexit: The UK, which was the biggest supporter of free trade left Europe after 47 years and places a challenge on the Economic policies of the EU.[4]
4. Fake News: Fake news plays a major hindrance in further growth of EU economic policies. Many trade negotiations are widely affected with the fake news which people hardly bother to check.[3]
5. Foreign Investments: Some Chinese companies or other companies try to acquire successful business of EU[2], which need to checked and stop if needed.
6. COVID-19: The affect and aftermath of COVID-19 on EU economic policies are yet to observe. Many research and suggestive measures [7] are pouring in, but nothing official is announced yet.

These are some major Economic Challenges faced by the EU.

References:

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[3] Gerasimova, K. (2019). Analysing NGOs and their Discourses against GM Crops: Germany and the UK. *Genome Editing in Agriculture: Between Precaution and Responsibility*, 7, 259.

[4] De Ville, F., & Siles-Brügge, G. (2019). The impact of Brexit on EU trade policy. *Politics and Governance*, 7(3), 7-18.

[5] Plummer, Michael G. "The US-China trade war and its implications for Europe." *Intereconomics* 54.3 (2019): 195-196.

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[7] Čavoški, A. (2020). An ambitious and climate-focused Commission agenda for post COVID-19 EU. *Environmental Politics*, 29(6), 1112-1117.

1. Explain the concept of a single market within the EU.

Answer: The main objective of The European Union Economic policy is to bring stability and prosperity in Europe. European Union stands on pillars of supporting Diversity, Justice, Solidarity, Democracy, and Freedom, Human Rights, Equality and a common law for all. Based on these core values and vision, The European Union opted for the borderless free trade and provides a single market within the EU.. This single market allows people of Europe to purchase goods from each other without paying any custom duties. This Economic Policy not only helps free movement of goods or eases of trade, but helps The European Union to get man power and qualified skill workers.

2. Describe the four fundamental freedoms in this market, the free movement of goods, the free movement of services, the free movement of capital and the free movement of workers.

Answer: The Four fundamentals freedom in single market within the Europe are the free movement of goods, the free movement of services, the free movement of capital and the free movement of workers. These fundamental principles are described in details below:

- 1. Free movement of goods:** The free movement of goods is secured through the elimination of customs duties and quantitative restrictions and the prohibition of measures having an equivalent effect. The principles of mutual recognition, elimination of physical and technical barriers and promotion of standardisation were added in order to continue the completion of the internal market [1].
- 2. Free movement of services:** The freedom of establishment and the freedom to provide services guarantee mobility of businesses and professionals within the EU. Expectations concerning the Services Directive are high, as it is of crucial importance for the completion of the internal market [1].
- 3. Free movement of capital:** Free Movement of Capital owns a crucial position for founding an open, integrated, competitive and effective financial market and financial service structure throughout Europe by removing restrictions on capital movement both within the EU and between Member States and third countries [2].
- 4. Free movement of workers:** This includes the rights of movement and residence for workers, the rights of entry and residence for family members, and the right to work in another Member State and be treated on an equal footing with nationals of that Member State. Restrictions apply for the public service [1].

Question 3: Examine the legal requirements for importing a freely chosen product into the EU.

Answer: The European Union holds different trade agreements with different partner countries and promotes international trade. Different legal requirements are associated with different steps of exporting the product in the EU.

1. **Product Quality:** The very first legal requirement associated with the product is to check the safety requirements, health requirements, and technical standards of the product with respect to the standards of the EU[3].
 - a) EU Sanitary and Phytosanitary requirements that protect Human, Animals & Plant health is one of the important measure that comes under this criteria [4].
 - b) Product Safety & Health safety measurements ensures that CE marking and REACH protocol (Registration, Evaluation, Authorization and Restriction of Chemicals) is clearly followed [4].
2. **Internal Taxes:** To check the excise duty on the product imposed by the importing country. These taxes are also known as internal taxes respectively [3].
3. **Custom Duties:** Legal requirements associated to pay the import duties of the product. These duties can be reduced in special circumstances. These duties usually get reduced if the host country is with any type of legal International Trade agreement with EU. It can also be reduced if there is any exporting country is benefiting under any preferential scheme of the Europe. Also, if exporting country has some quota or antidumping duties, then also these Custom Duties gets reduced [3].
4. **Rules of Origin:** For exporting any product to the EU, minimum processing of the product must be completed in the exporting country. For a product to be originating from the exporting country are also based on the inputs used to create the final products. From where they belong, up to what percentage and how much they contributed for creating the final product [3].
5. **Tariff rate quotas:** Under tariff rate quotas a specific quantity of goods can be imported in the EU. After the quota a higher rate applied to the additional imports [3].

References:

- [1] <https://www.europarl.europa.eu/factsheets/en/sheet/38/free-movement-of-goods>
- [2] https://www.ab.gov.tr/department-of-economic-financial-and-social-policies_44384_en.html
- [3] https://trade.ec.europa.eu/doclib/docs/2016/september/tradoc_154922.pdf
- [4] https://www.tradecommissioner.gc.ca/guides/eu_export-guide_ue.aspx?lang=eng

Q1. Write a short summary about the history, function & structure of CISG (Convention of the International sales of goods).

Answer: CISG was started with goal of the unification of international sales law. The long term desire of this convention was to obtain certainty in international transactions, adjust and enhance bargaining power of nations and to support the increasing International Trade among different countries [1].

1. History:

Rome, September 1926: The International Institute for the Unification of Private Law (UNIDROIT) was founded. UNIDROIT was inaugurated in 1928 and at the same time Ernst Rabel suggested pursuing the unification of international sales law. Preliminary reports stating the possibilities of the sales were handled on February 1929 which results in formation of a committee from different legal representatives On 29 April 1930. In the year 1935, the uniform sales law was published (first draft). In 1936 Rabel published his seminal work based on comparative based analysis of sales law [2].

In Hague conference of 1964, Uniform Law on the Formation of Contracts for the International Sale of Goods (ULFIS) and the Uniform Law on the International Sale of Goods (ULIS) were formed [3]. With no participation of important economies like France and the USA only 9 other countries joined the laws and thus it was not consider successful at that time [4].

On 17th December 1966 United Nations commission on International Trade Law was instituted. The law was based on Hague conference conventions of 1964 and works majorly on unification of sales law after 1968. In 1980, 62 nations participated as delegates in the Vienna Conference. 42 countries voted in support of the conventions. The CIGS entered into force on January 1988.

2. Functions:

The CIGS acts as a multilateral treaty among different nations which provides a uniform framework for International Trade & Commerce. [5]The CIGS removes various legal barriers and provides support in smooth transactions among participating nations by proper rules and regulations related to various contract formations, contract breaching etc.

3. Structure:

The CIGS structure is divided into 4 major parts. They are:

- a) Sphere of applications and general provisions (Articles 1-13)
- b) Formation of the Contract (Articles 14-24)
- c) Sales of goods (Articles 25-88)
- d) Final Provisions (Articles 89 – 101)

Part 1: Sphere of applications and general provisions - It applies to contract of sales of goods between different sellers (parties) situated and do business in different parts of the states, where states are Contracting states. It also applies if the parties are situated in different countries and conflict of laws rules leads to application of the law of the contracting state. It comprises of 13 articles where articles 1- 6 answers the basic questions about the CISG application with transactions and articles 7-13 answers how to interpret various facts, evidences and texts of the conventions [7].

Part2: Formation of the Contract (Articles 14-24) - A definite contract which clearly states the type of goods, quantity of goods and price of goods and indicated the intention of trade must be offered to the person (party) involved in trade. The revocation of the offer is a tricky process and holds different laws about the same. The offering party must understand the rules before revoking the offer. Articles 14-24 contains what is contract and what are its contents [7].

Part3: Sales of goods (Articles 25-88) – Consists of obligations which apply to both seller and the buyers. It divided into 5 parts which are general provisions, obligations of sellers, obligations of buyers, passing of risks, obligations common to both buyer and seller. The general provisions are avoidance is only effective through notice to the other party, No liability for errors in the transmission of communications, Modification of contracts etc [7].

Obligations of sellers are the goods must be of the quality, quantity, and description required by the contract, be suitably packaged and fit for purpose. Also the intellectual property rights must be taken into consideration and third party claim etc must be taken care of properly. Obligations of Buyers are payments in time, receiving goods delivery etc.

Passing of risk explain when the risk of loss transfers from the seller to the buyer in various types of transaction. Whereas common provisions explains the Expected breach and instalment contract, Damages, Interest, Exemptions, Effects of Avoidance, Preservation of the goods etc.

Part 4: Final Provisions (Articles 89 – 101) – “Include how and when the Convention comes into force, permitted reservations and declarations, and the application of the Convention to international sales where both States concerned have the same or similar law on the subject “[6].

References:

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- [7] The CISG-A new textbook for students and practitioners (Peter Huber & Alast