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**MULTINATIONAL CORPORATIONS AND EU ECONOMIC INTE-
GRATION**

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ABSTRACT

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<p>With the development of multinational corporations and the continuous improvement of their status, their influence on world economy and politics is more extensive and profound. In the process of the European Economic integration, investment, production and trade of multinational companies in Europe deepened the international division of labor and economic contact among European countries.</p> <p>The purpose of this thesis is to research the influence of multinational corporations on EU economic integration and to prove their importance on economic integration and global market.</p> <p>The thesis is based on European Union, the world's largest, highest degree of regional economic integration organization. Starting from the EU multinational companies, it analyzed the influence of political and economic behavior on EU economic integration. Case analysis method is used in this thesis to research the connection between multinational corporations and economic integration.</p> <p>By research and analysis, the results show that multinational corporations have a powerful impact in improving economic integration.</p>		

<p>Key words Multinational corporation, European economic integration, Direct Investment, Transnational Merger and acquisition</p>

ABSTRACT
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1 INTRODUCTION

Multinational corporations are the main force of modern enterprises and also, an important component of overall national strength and competitiveness in the world. In the tide of economic globalization, they play an important role to further promote global economy and have a profound and far-reaching influence on the world economy. Despite some negative impact on the world economy, their role in promoting the world economy cannot be ignored.

The economic and social development of any country cannot merely rely on its own resources, capital, talent, technology. Since the end of World War II, integration has become an important phenomenon in the world economy. Multinational corporations appeared in 1860s to 70s at first.

After World War II, multinational companies rely on their own accumulation, acquisitions and mergers, their scale and strength increased dramatically. It makes them play a vital role in the worldwide economy. The economic strength of many multinational companies even surpassed some of middle countries. Merely 300 of the world's largest multinational corporations' sales accounted for 3/4 of the total GDP of the whole Western world in 2000. (Pitelis & Wooldridge, 2000)

Under the background of EU, this paper would like to attest to the role of multinational corporations in advancing international regional economic integration through their behavioral analysis at the economic level. In this paper, the research on the impact of multinational corporations on EU economic integration is divided into two levels: political level and economic level. This paper first describes the unique nature of the EU multinational corporations and their impact on the international economy. On this basis, the theory of transnational corporation and its connection with integration are analyzed further. In addition, through the analysis of cross-border mergers and acquisitions in the banking industry, it is found that cross-border mergers and acquisitions increase market concentration (Micklethwait & Wooldridge 2001). It will further promote the economic links between the EU countries. To sum up, multinational corporations have an impact on the process of economic integration of the European Union through the political and economic levels, and it objectively promote the economic integration of the EU.

Multinational companies are companies which are involving in the productive activities beyond their incorporated country. They can be defined as companies which are involving internationally. Their engagement in foreign involvement depends on the comparative ownership advantage and host country firms, and the comparative location endowments of home and foreign countries (Dunning & Robson, 1995).

It can also defined as “a business entity that is committed to its international business activities to such an extent that it reproduces its domestic business in different business markets and countries of the world” (Dunning & Robson, 1995). Furthermore it can be defined as “a corporation that has its facilities and other assets in at least one country other than its home country. Such companies have international replicas in different countries and usually have a centralized head office from where they co-ordinate the company’s global activities” (www.investopedia.com).

Before 1950, the economic integration appeared in few occasions in Western Europe. After the Second World War, in order to eliminate the scourge of war, Western European countries brewed and developed the movement of European unity. They advocated to maintain peace in Europe through European unity.

In this movement, some people think that the European unification is a long historical development process. They believe that joint efforts should be made on a voluntary basis for the gradual integration of functional departments among nations, (such as trade, transportation, agriculture, industry, energy, money, society, culture, etc.) The combination of such departments is called "integration". Evermore, the unification movement in Europe was gradually replaced by the integration movement. Therefore, the integration movement in Western Europe, is not only political, and "super state" theory, but also economic. (Bakan, 2004)

In 1950, after Western European countries establishing the ECSC, the word "economic integration" was began to use. In order to achieve the unification of Europe, it must be based on the realization of economic integration. Some economists are also engaged in the study of economic integration at this time, the specific definition of economic integration appeared.

2 THE ROLE OF INTERNATIONAL ECONOMICS

With the development of international economy, multinational corporations is becoming more and more important in the world.

2.1 Multinational corporations an important driving force of economic globalization

Economic globalization is the development process of the world in coordinating the cognition and action in the fields of production, trade, investment, finance and soon, in order to realize their own interests, adopt various means and go beyond the limits of space and society. Multinational corporations always play an important role in promoting the development of economic globalization. (Lufang, 2007)

The current state-to-state economic competition is taking place on a global scale with unprecedented scale and intensity through the global business strategy of multinational corporations. According to the market changes and competition needs, some well-known multinational corporations arranged the production and operation strategic and integrated the resources of other countries into their global arrangements. In order to achieve its global business strategy, many multinational corporations tried to set up production bases and sales agencies, establish international business information network, build a global research and development system, and actively participate in the international economy Cooperation and Competition. (Huhao 2004) In the implementation of global business strategy, multinational corporations actively promote the localization of overseas companies to win the host government and the public recognition and support.

International investment is the basis for international economic and technological cooperation. On the one hand, multinational international investment is the global expansion of financial capital and the monopoly of the actual needs of the world market. On the other hand, it is the inevitable requirement of the international and social production. Some large multinational corporations have to have large-scale, systematic investments to foreign countries and establish an investment holding company to unify management of investment enterprises. (Huhao 2004) As long as there is a multinational company to expand outward investment, multinationals in

the same industry will compete to expand their foreign investment in order to keep their domestic and foreign resources and market share.

Mergers, acquisitions and strategic alliances between MNCs are an important feature of economic globalization in the late 20th century, as well as a result of intense competition in the international economy. (Huhao 2004) In order to seek growth in the global market, multinational corporations took their own advantages to take the overall acquisition, reorganize of holding acquisitions, expand the scale of operation and soon. Through mergers and acquisitions, the legal status of enterprises, governance structure, cultural ideas and management mechanisms, business direction and so on have undergone fundamental changes.(Lufang 2007) Cross-border mergers and acquisitions are the most rapid and effective means for multinational corporations to gain tangible and intangible assets and competitive strategic advantages.

The development of international trade has provided impetus to the process of economic globalization. At present, multinational corporations have become the main body of international trade. The international trade carried out by multinational corporations not only enhances the flow of goods and resources across borders, but also makes the markets and production of different countries increasingly interdependent. In fact, the secondary industry and the tertiary industry have been integrated into the international production and circulation services of multinational corporations. (Lufang, 2007)

2.2 Multinational corporations the internal force to promote economic globalization

Some famous multinational corporations can find that some multinational corporations not only accumulated their own economic strength and formed their own brand, but also cultivated and molded the enterprise values in participating in the international economic competition. It is the corporate values that promote the process of economic globalization.

This is mainly reflected in the following aspects: Multinational corporations in this concept put more emphasis on development. Some large multinationals have accelerated their development and realized the rapid growth of their own interests in the process of their own resources. (Krugman 2015) They also prepare to put their own capital and excess production capacity to foreign countries. MNCs' endless pursuit of "growth" drives enterprises to expand their scale

and to make their operation and development break through the boundaries of space and region, nation and system and to provide internal power to Globalization.

The competition concept of enterprise drives multinational corporations to promote economic globalization. Resources are the foundation of economic and social development. Global economic competition is the effective use of global resources competition. The speed of development and the size of economic strength depend to a large extent on its global share of the relevant resources and the level of development and utilization. Therefore, with the accelerated growth of multinational corporations, they want to break the country-state restrictions and obtain the maximum benefit of resources at the lowest cost. (Robins 2006)

The marketing concept of enterprise to take the initiative drives multinational corporations to promote economic globalization. To improve the international market share, it is an important condition for the rapid economic growth. For many multinational corporations, in the emerging global enterprise market, development has become a key strategic issues and driven multinational corporations continue to open up new market areas and expand market space. (Jeffrey & Painter, 2009)Some well-known multinational corporations wanted to establish a modern marketing concept to achieve a "product-centric" to "customer-centric" change, which takes the initiative to open up the global market. They established a global marketing team and a network of marketing agencies. They use digital means to occupy a broader market space in a higher efficiency.

The innovation concept of enterprise drives multinational corporations to promote economic globalization. Change is the driving force to create performance and accelerate development. In order to speed up the development of enterprises and to keep up with changes in the international market, they continuously change the management systems and marketing methods to enhance its ability to respond to market risks and its competitiveness.(Stephen 2002) In the late 1990s, a number of well-known multinational corporations took the lead in the management system and marketing reform, which not only enhances their own vitality, but also promotes the world economic management system reform and the optimization of economic structure.

3 MULTINATIONAL CORPORATIONS AND THE DEVELOPMENT OF GLOBAL ECONOMY

Multinational Corporation is a double-edged sword. It has dual influence on global economy.

3.1 Positive effects

With the increase of the degree of interdependence of the world economy and the development of modern science and technology the role of multinational corporations is more and more important. On the one hand, the process of economic globalization provides a good opportunity for the multinational corporations to play their role. (Lufang 2007) On the other hand, a large number of powerful multinational companies already have the ability to compete in the international market. In the wave of economic globalization, Multinational corporations have become the most important economic entities to participate in international trade, international finance and international economic and technical cooperation.

According to the industrial policy of the country, the rules of foreign trade and the direction of business operation, multinational corporations develop foreign trade, promote international economic and technical cooperation. (Bakan 2004) Especially, when the production development reaches a certain scale, will break through the limits of the country, and they will set up subsidiaries and branches in foreign countries and actively participate in international economic and technical competition to get resources and markets needed for their own development. At present, with the number of multinational corporations is increasing, their production and operation have broken the boundaries between countries and regions. Especially with the development and application of new technology, multinational corporations create a number of emerging industries and sectors to promote international economic and technical cooperation. (Bakan, 2004)

Because of the difference of the economic technology and the resources of the multinational corporations in the world production factors always flow to the high efficiency of multinational companies. Multinational companies rely on their own industries, product advantages and benefits carry out global management and gather all kinds of factors of production. For example, General Electric Co., Ltd. has more than 300 thousand Global staff and sales revenue is over

125 billion 900 million dollars in 2001. At present, more than 30 enterprises have been established in China. (Slaughter & May, 2012) Total investment is nearly 1 billion 500 million dollars. The "localization" action and the policy of Globalization greatly promote the flow of production factors and restructuring. At the same time, some multinational companies usually transfer surplus production capacity to those who have cheap labor, rich resource and wide market country. It has an important influence on promoting the flow of global production factors, promoting the optimal allocation of resources and improving the efficiency of resource utilization. (Slaughter & May, 2012)

As an important economic organization of capital and production internationalization, multinational corporations formed a series of rules and regulations in the process of global trade. In exploring the international market, multinational corporations always break old trading rules in order to continue to reform and improve the rules of Global trade. Especially in developing countries, Multinational Corporation put forward opinions and proposals to eliminate trade barrier, regional protectionism and trade discrimination policy.

3.2 Negative effects

In order to pursue high monopoly profits, some multinational corporations take improper means to hinder normal development of international trade and investment. At present, under the support of the state, some multinational corporations abuse management measures to set technical trade barriers.

Some large multinational corporations rely on their own economic strength and advanced technology to control important production sector in host country. It may lead to the loss of the ability of these countries to develop their own economy and decide major economic strategy. (Lufang 2007)

Some multinational companies rely on their own strong strength to achieve a variety of resources from other countries. Particularly, some multinational companies add a lot of harsh conditions in developing countries' investment, technology transfer and capital credit. It will lead to heavy debt of these countries. This further expands the gap between rich and poor countries.

To the benefit of the mother country, some multinational companies transfer some projects that will waste resource and pollute environment to other regions and countries. Thus, it will cause environmental pollution and ecological destruction in these regions and countries. (Hellström, 2016) These problems have attracted the attention of the international community, the world economic organization and some developing countries, and some measures will be taken to deal with it.

4 TRANSNATIONAL CORPORATION AND EU INTEGRATION

As a main economy media of economy globalization, multinational corporations have changed the way of social production and living to a great extent, and it is becoming a holder of world economic artery.

4.1 Multinational corporations as interest groups on government policy process

In the Western representative democracy countries, interest groups are an important force in the political process. As an important economic power in developed countries, the group of multinational corporations also have a very important influence on the political process of a country. (Hellström, 2016)

Politicians are the first to research the influence of interest groups in the political process. In the early study of an interest group, James Madison, the famous American politician, Fourth president is generally accepted. In the tenth chapter of the federalist papers”, he clearly explained the importance of interest groups. Madison believes interest groups will never disappear by itself, and should not use coercive measures to destroy them. Because their appearance comes from economic human nature and maintenance of common interest. Therefore, he put forward a concept which is “Check and balance” among the interest groups. (Hellström 2016) That must rely on an interest group "ambition" and some other interest groups "selfish tendencies" to form an opposite situation.

Thereafter, Bentley (1908) systematically put forward the political theory of interest groups. He pointed out that the social political norm is the pressure equalization between the groups. Truman, Wilson and Moe demonstrated the interest group is the intermediary link of society and politics. However, politicians simply took interest groups as a whole and thought their main means of influencing politics is lobbying. Economists constructed the micro foundation for the theory of interest group from the angle of economics, and they used the economic model to describe the influence of interest groups.

4.2 The impact of multinational corporations on economic integration

With the continuous development, multinational corporations promoted the integration of international market rules. They have also had lots of impacts on the economic integration.

4.2.1 Multinational corporations and post-war capital expansion

Europe is the cradle of capitalism. Due to the relatively narrow domestic market in Europe, multinational companies have existed for a long time in Europe. The development of multinational corporations in Europe has gone through three stages:

Between the end of the Second World War and the late twentieth century and early nineteenth century, is the initial stage of European multinational corporations. With capitalism from free competition to private monopoly, a large number of excess capital makes the capital output become the characteristics of the development of capitalism in this stage. Commodity output was replaced by capital output, and the expansion of capital from international circulation to international production. (Hellström, 2016) This directly led to the emergence of multinational companies. During this period, there were about 227 multinational companies in Europe, of which about 167 were in continental Europe and the other 60 in the UK. At this time, the number and scale of multinational companies were relatively limited, the development was slow and the impact on the national economy was also very limited. During the First World War to the Second World War, transnational corporations are confronted with the double whammy from economic crisis and war.

The second stage of the development of European multinationals is from the Second World War to the mid-1970s. At this stage, economic recovery in Europe and the promotion of the third technological revolution make European capitalist countries entered a period of rapid economic growth. (Xiaolong & Dong, 2005) Due to the economic regulation of state monopoly capitalism has greatly promoted the accumulation of capital, problems of domestic production and capital surplus are increasingly serious. Struggle for competing for foreign resources and markets is more and more general. Under these circumstances, a large number of large, powerful multinational companies started to emerge. With the support of the local government,

they quickly spread their tentacles to all over the world. Meanwhile, a customs union was established in Europe. It greatly reduce the cost of commodity capital across borders and promoted the development of multinational companies in Europe. On the other hand, because of the consistent tariff policy, the cost of non-European multinationals operating in Europe was also reduced greatly. (Xiaolong & Dong, 2005) Thus, a large number of non-European multinational companies were attracted to enter the European market.

The third stage is from mid-1970s to the present, this is the development of multinational companies in Europe unprecedented stage. The impact of the scientific and technological revolution continues to deepen the division of labor and production has been further expanded. However, due to the capitalist economy in 70s was caught into the stagflation phase, the rise of trade protectionism and continuous trade friction, it made transnational flow of capital became means to circumvent trade barriers. (Xiaolong & Dong, 2005) With the rapid growth of foreign direct investment, multinational corporations have also developed rapidly. During this period, the global multinational companies increased to nearly 10 thousand and overseas branches and subsidiaries up to 30 thousand. After 1970s, the form of international direct investment transferred to transnational merger which is the accumulation, centralization and merger of productive capital across national boundaries. In this process, the role of financial leverage make monetary capital quickly entered into production capital movement. (Xiaolong & Dong, 2005)

In the contemporary era, multinational corporations have become the main force that can talk with sovereign state in the economic field. Among the top 100 global economy, there are 50 for multinational companies. In 2012, multinational companies' sales revenue accounted for the 36 % in the global GDP. Multinational companies have weave their border-less economic empire in their respective fields. They associated with the global economy and regional economy and greatly promoted the global and inter regional international division and international trade. They have been a direct impetus in promoting regional economic integration and global economic integration. (Xiaolong & Dong, 2005) At first multinational companies is a product of surplus capital output. However, they play an increasingly important role in the regional market and the world market. As a typical representative of monopoly capital in the world, On the one hand, multinational companies expanded a large number of international market in order to create a broader space for the realization of surplus value. On the other hand, in order to obtain a lower cost of production, multinational companies established a worldwide capital dominant production chain through a wide range of international direct investment and internal

trade. They succeed to achieve the integration of global and regional production and market, so as to promote the deepening of global economic integration and regional economic integration.

According to the China World Trade Center Committee <2013 world investment report > display, in 2013, global value chain coordinated by multinationals accounting for about 80 % in the whole global trade, and multinational companies' contribution reached 90 % in the global foreign direct investment. (Xiaolong & Dong, 2005)

4.2.2 Multinational companies and direct foreign investment in Europe

Capital integration refers to a process that the different capital turn to a relationship of mutual penetration and dependence in the capital ownership and control rights. Capital integration means that the link between capitals has changed from the traditional market link to equity linked. Stock company is a typical form of capital integration. In the general case, the main way of capital integration is the formation of cross investment.

In the process of economic integration in Europe, in order to seek the optimal allocation of resources, multinational companies choose to cross trade barriers and used international direct investment. They placed the product process within the European Region and achieved the integration of capital in the field of production. The result is to promote the development of the European capital integration process. According to relevant data, before the establishment of a customs union, foreign direct investment increased from 4 billion 53 million euros to 35 billion 344 million euros in the whole EC foreign direct investment. The total foreign direct investment accounted for the proportion increased from 18 % to 51 %. (Song, 2004) After the establishment of the EU, with the further removal of liquidity and cost barriers, the total investment in the area of the member states of the European Union is always higher than total investment with extra regional countries. (Song, 2004)

Multinational company's mergers and acquisitions also promote the development of capital integration. After 90s, with the increase in the number of multinational firms, in order to compete for market and achieve more profits, competition among multinational companies is increasingly intense. They even set off a merger climax in the European Region. Especially with

the launch of the euro, merger appeared a blowout situation. From 1989 to 2000, number of mergers and acquisitions happened in the European Union almost account for 50 percent in the total global mergers. (Song, 2004) Although transnational mergers and acquisitions as a means of multinational companies to participate in international competition and the pursuit of profit, it objectively promoted the European Economic relations, it concentrated dispersive capital and formed a regional value chain. Eventually, the international division of labor and international trade in the area of Europe was closed and the integration process of European capital was also promoted.

4.2.3 The development of intra-regional trade in Europe

Market integration is a process that gradually integrated decentralized market into a unified market through breaking the regional barriers and trade barriers. From the view of the world, the integration of power in the world market directly result from the development of international trade. International trade means a movement of production materials, intermediate products, manufactured goods, services and technology, across national borders. On the one hand, such activities can promote countries started international division of labor in accordance with the comparative advantages. On the other hand, it open up the market, make each country market closer and promote the formation of market integration. (Song, 2004)

As a leading force in international trade, transnational corporations greatly promote the development of EU Member States trade. From 1985 to 2011, the internal trade volume of the EC and EU member states accounted for more than 50 % in the total trade volume. (Hellström 2016) And there is a rising trend. The rising proportion of internal trade greatly close economic ties between Member States and deepen European market integration process.

4.2.4 The adjustment of economic structure in Europe

Production integration is that through the internal control system, enterprise divided different countries' production activities work within the need of capital. And make it to be a high dependency relation. The core elements of production integration is international division of la-

bor, while transnational corporations are the main force to promote the integration of production. Essentially, international division of labor is a labor relationship which is formed by the producer from different countries through worldwide market. It is a result of social division of labor extended from the domestic to the international extension. (Moravcsik 2013) The social division of labor originated in primitive society. The human society entered the stage of capitalism, then the international division of labor was developed. The modern international division of labor is the division of industry and product value chain. According to this division basis, all countries are divided into two categories. One is in the industry value chain and the value chain of products at the top of the country, one is in the industry value chain and the value chain's low-end countries. The reason of existing difference in the international division of labor and national industry development is the development of productivity.

From the view of the natural form of productive forces, the development of science and technology is the fundamental driving force of this change. (Moravcsik 2013) It provides material conditions for the international division of labor and industrial restructuring. Especially, the development of information technology and the appearance of internet promote a fundamental change in the way of production organization. It made the international division of labor and production activities depends only on the international allocation of production factors instead of geographical location and natural endowments. Under these circumstances, countries with a strong configuration can have the allocation of resources on a global scale. According to their comparative advantages, they can choose their own position in the industrial chain and product chain.

Traditional international division between industries is replaced to the industrial chain and product chain between the international divisions of labor. The change of the international division of labor made the national industrial structure gradually faded brand which is from the traditional international division of labor. An Industrial form mingled multi-state appeared.

From the view of social productivity, Monopoly capital based on transnational corporations is an important force to promote this change. Multinational companies make use of their advantages about skills, equipment, capital, production and management to set up their own subsidiary system. Through the control of subsidiary, transnational corporations bring different countries into their system of international division of labor. (Moravcsik 2013) In a Multina-

tional Subsidiary system, Subsidiary production management direction is decided by the country it served resources advantage. And the production technology is provided by the parent company.

Under these circumstances, production and business activities of subsidiaries just product some products of an industry in different countries or the various parts of a product. This leads to the formation and development of the international division of intra industry and intra product specialization. The industrial form no longer become a symbol of recognition of traditional industry and modern industry, it is not the basis that differ between backward countries and developed countries. Actually difference in the status of industry and product value chain is the boundary between traditional and modern, developed and backward. Intra industry division of labor promoted by transnational corporations marks the international division of labor further refinement. The international division of labor has entered a new stage.

In the modern international division of labor and industrial structure in the world, in general, the European science and technology and economic development level is higher than the general state. They occupy the high-end part in the industrial chain and product chain. Their main task is to provide the core products and core technologies for countries which is low-end in industrial chain and product chain. (Broscheid & Coen, 2006) With the development of science and technology increasingly Accelerating, the invention of new technology and new product development activities also appeared a new trend that international division of labor is increasingly refined. In the face of this trend, any country is also very difficult to complete the whole researching and developing new technology alone.

Thus, this requires different countries organize the national science and technology research and development activities together. Moreover, due to the same position in the global industrial chain and product chain, competition among European countries is more fierce and cruel. Because of the same competition strength and the field competition, the homogenized competition is far greater than the heterogeneous competition. This competition is bound to produce a spill-over effect that is beneficial to non-competitors instead of competitors. (Broscheid & Coen, 2006) So, in order to avoid the disadvantage from homogenized competition, countries should coordinate the relationship between competitions. Thus, maximum interests of competing parties can be realized.

International production refers to the activities enterprise value chain across borders. Enterprise value chain refers to the collection of enterprise value creation in the process of a series of different but related value-added activities. Every business activity of enterprises is a value-added part of the value chain. The foreign direct investment of multinational companies continue to expand, more and more value-added activities cross borders and international production will continuously develop. (Broscheid & Coen, 2006)

The purpose of the integration of international production system is to benefit from the difference in cost and quality among countries' all factors of production (such as natural resources, labor, and capital). In order to enhance competitiveness, it changes the cost structure, reduces the total cost and improves product quality and function. The integrated international production system is not only the result of changing the investment strategy, but also the direct reaction of multinational corporations under dramatic changes in the world economic environment. Especially, by changing the location of production and coordination of production activities, they aim to enhance competitive advantage. (Berend 2016) If the multinational corporation's countries build the integrated international production system in a certain area, obviously economic ties in this area of value chain will be greatly enhanced.

In Europe, through this kind of foreign direct investment and international production, the integration of the international production system is established and developed continuously.

Production organization in Europe of Fiesta car of The United States Ford Motor Co is a typical example. European Ford Motor Co subsidiaries which located in different parts of the UK are respectively responsible to produce charger, electrical distribution, instrument panel, meter, water meter, socket, and spark plug insulator. In Belgium, they produce body parts and wheels. (Berend 2016) Gearbox and engine are produced in Weil Flath of Germany. Chassis is produced in Cologne. Eventually, these product will be assembled in Valencia and Saarlouis. The main supply of products is the EU market. Ford Motor Co also gradually transfer some parts of study design, personnel training to different countries. They have established a complex international integrated production system.

Thus it can be seen, direct investment of the multinational companies in Europe and even worldwide associated European production activities closely. The EU has greatly increased the

degree of economic interdependence and objectively promote the economic integration of the EU to the depth development. (Berend 2016)

5 CASE ANALYSIS OF TRANSNATIONAL CORPORATIONS IN EUROPEAN INTEGRATION

This section based on a specific EU multinational interest group, the European Round Table of industrialists, ERT to illustrate the impact of EU multinational interest groups on the European integration process.

5.1 The origin of the European roundtable of industrialists

Early 1980s, The European Economic Union (EEC) was unable to solve nearly ten years' economic "stagflation" suffered by Western Europe. Meanwhile, there is hardly any action to promote the integration in internal EEC. In this context, Volvo CEO Pehr Gyllenhammar started a comprehensive plan aimed to encourage the growth of industry and infrastructure reconstruction. Some CEOs close to him, included Fiat CEO Umberto Agnelli, PHILIPS CEO Wisse Dekker and Industrial Committee of the European Economic Union Commissioner Etienne Davignon, formed a European CEO team which is European industry Roundtable. The purpose is "to restart the process of Europe". Gyllenhammar claims that "what Europe does not do anything, now is the time for business leaders to fill the vacuum and seek resolution" (Lufang 2007). PHILIPS CEO Dekker said "If we wait for the government to do something, we have to wait a long time. You can't expect political, industrial enterprises must make decisions. There is no other choice". In April 1983, ERT held its inaugural meeting in Paris, then it was formally established.

5.2 The nature of the European roundtable of industrialists

ERT is an informal organization, even it sound like a pressure group to lobby Brussels. But it is not only a pressure group. For ERT, It also plays a role to promote the European integration process and to urge them to adopt measures conducive to the interests of multinational companies in Europe. It has more interested in the economic interests of EU integration instead of EU political results. ERT does not focus on specific issues in the EU countries, but the development trend of EU. This is a point of ERT has important characteristic different from other interest

groups. ERT wrote on the website "At the European level, ERT contacted the Council of Europe, the European Commission, the Council of ministers and the European Parliament; At the national level, each of the ERT members will give their opinion expression for the government and parliament ." Ann Doherty and Olivier Hoedeman pointed out: "the ERT is not only a lobby group, it has become an indispensable part of the European Union".

5.3 The structure of the European roundtable of industrialists

The European Round Table of Industrialists (ERT) is a forum bringing together around 50 Chief Executives and Chairmen of major multinational companies of European parentage covering a wide range of industrial and technological sectors. Companies of ERT Members are widely situated across Europe, with combined revenues exceeding €2,250 billion, sustaining around 6.8 million jobs in the region. They invest more than €50 billion annually in R&D, largely in Europe. ERT advocates policies at both national and European levels, with the goal of improving European competitiveness, growth and employment. (Lufang 2007)

The current chairman is Benoît Potier (Air Liquide). And other company's members in ERT include Daimler Chrysler, Ericsson, Fiat, Nestle, Renault and SIEMENS so on. The advantage of ERT from its member commitment and participation of the individual. Its membership is personal, rather than the company, and only to be invited to join in. ERT members annually held its two plenary meeting, in which ERT decided to work plans, priorities, and budget of its publications. Decisions are taken by consensus. Most work of ERT are done by the Working Groups established by the Plenary Sessions. ERT chairman, two vice chairman, former chairman of the ERT and five other elected members of the steering committee. (Lufang 2007) The steering committee will review the ERT activities, and make recommendations to the plenary meeting. Each of the ERT members should nominate an assistant as the main focal point of the work level, and help other members to make decisions. The working group also plays a leading role in the drafting of the position information and the official ERT. The secretary general is responsible for the establishment of a small ERT in Brussels actuator, which can coordinate and organize the activities of ERT. As a point of contact, it will provide administrative support, including the working group.

5.4 Promotion of European industry Round-table and the integration of the European Union

For the former president of the European Commission Jacques Delors, ERT is the main driving force of the single market behind. At the end of 1984, European Commission implemented a plan which aim to eliminating trade barrier. But at that time the members of the government and commercial ignored. (Lufang 2007) However, in January 1985 PHILIPS CEO Wisse Dekker published "Europe 1990: action schedule" and planned to eliminate trade barrier, coordinate statute and other targets before 1990. "Europe 1990: agenda for action" is a part of ERT file. And it has been sent to the European economic union leaders before this. Three days after his publishing, the new president of the European Commission Jacques Delors made a speech which has a similar content. A few months later, EU industry Commissioner Lord Cockfield published the white paper about the single European Act. It officially confirmed the schedule proposed by ERT, just the deadline was postponed until 1992.

Thus, it can be seen that the European industry Roundtable directly promotes the expansion and implementation of the single European act and accelerate the integration process.

From the beginning, ERT put the development of "A single transaction management network system" as a top priority. ERT claims the existing infrastructure hindered the unrestricted circulation of commodity in the single market. So they proposed the European Commission the use of TENs system--The history of Europe's largest infrastructure project. In this trans-European Network, it included the channel tunnel, airport expansion, and some new railway of 12000 kilometers and so on. After intensive lobbying to transportation ministers of member state, ERT succeeded in the put TENs into the EU's schedule. (Broscheid & Coen, 2006) The bill was successfully included in the "Treaty of Maastricht. The construction of trans-European networks is an important infrastructure to deepen economic ties in EU countries, so, we can see the promotion of European industry Roundtable to the integration of the European Union in this event. (Broscheid & Coen, 2006)

From 1990 to 1991, ERT had very active performance in the negotiation about The Treaty of Maastricht among the governments. They regularly held the formal talks with members of the European Commission and national policy makers. As early as 1985, ERT pointed out completion of internal market of the EU must rely on using the same currency. (Broscheid & Coen,

2006) In the report “Remodeling of Europe” released in 1991, ERT gave a specific implementation schedule about The European Monetary Union (EMU). “The Treaty of Maastricht” adopted it and followed. From the above introduction, some things can be seen clearly. As a typical representative of the European multinational company’s interest group, European industry Roundtable has abundant financial resources, the organization and information resources and powerful lobbying force. It directly pressured on EU decision-making and played a direct role in promoting European economic integration. (Broscheid & Coen, 2006)

6 CONCLUSION

Multinational corporations are an important driving force of economic globalization and the internal force to promote economic globalization. Competition between multinational corporations has become an important aspect of the economic globalization competition. Powerful multinational corporations are the most active, direct and important driving force in the process of economic globalization.

Multinational corporations have many positive effects on international economics, such as promoting international economic and technological cooperation, promoting strongly the global flow of production factors, promoting the sound and perfection of trade rules and soon. Also, every coin has its two side. It has some negative effects. For example, it affects the independent development of some national economy.

Practice shows, with the development of the world economy and the progress of science and technology, multinational companies from all over the world more and more become the core and leading of the world economic development.

The thesis is based on European Union, the world's largest, highest degree of regional economic integration organization. Starting from the EU multinational companies, it analyzed the influence of political and economic behavior on EU economic integration.

At the political level, multinational companies exert their influence on EU decision-making body. Based on the analysis of the characteristics of interest groups, the conclusion is that multinational companies have an unmatched advantage and influence. The European Round Table of Industrialists (ERT) which was established in the 70s is the best proof.

At the economic level, this thesis analyzes its impact on EU trade integration through EU Intra industry trade. After World War II, the development of intra industry trade in EU is not only the product of EU integration, but also the product of development and growth of multinational corporations. Expansion of intra industry trade promoted the transformation of trade policy and enhanced trade ties among countries.

In conclusion, Multinational Corporation in EU promotes the further development of EU economic integration to some extent.

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