

DOING BUSINESS IN EUROPEAN UNION LEVERAGE ON SKYMINDER SOLUTIONS

JULY 2021 SKYMINDER NEWSLETTER

European Union overview



European Countries started to cooperate economically in 1951, but only with Belgium, Germany, France, Italy, Luxembourg and the Netherlands.

Over time, more and more countries decided to join. The Union currently counts 27 EU countries (Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden).

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The United Kingdom withdrew from the European Union on 31 January 2020.

Currently, the euro (€) is the official currency of 19 out of 27 EU member countries which together constitute the Eurozone, officially called the euro area.

7 countries members are not currently using €, but it will be adopted once they have met the necessary conditions. Mostly, it consists of countries of member states which acceded to the Union in 2004, 2007 and 2013, after the euro was launched in 2002 (Bulgaria, Croatia, Czechia, Hungary, Poland, Romania, Sweden). In addition, Denmark decided to do not adopt €.

Joining EU

Becoming a member of the EU is a complex procedure which does not happen overnight. Once an applicant country meets the conditions for membership, it must implement EU rules and regulations in all areas.

Any country that satisfies the conditions for membership can apply. These conditions are known as the 'Copenhagen criteria' and include a free-market economy, a stable democracy and the rule of law, and the acceptance of all EU legislation, including of the euro.

A country wishing to join the EU submits a membership application to the Council, which asks the Commission to assess the applicant's ability to meet the Copenhagen criteria. If the Commission's opinion is positive, the Council must then agree upon a negotiating mandate. Negotiations are then formally opened on a subject-by-subject basis.

Due to the huge volume of EU rules and regulations each candidate country must adopt as national law, the negotiations take time to complete. The candidates are supported financially, administratively and technically during this pre-accession period.

These countries are in the process of 'transposing' (or integrating) EU legislation into national law: Albania, Montenegro, North Macedonia, Serbia, Turkey

Potential candidate countries do not yet fulfil the requirements for EU membership are Bosnia and Herzegovina and Kosovo.

Source: European Commission

Institutions of European Union



European Council

The European Council gives political direction to the EU. It convenes at least four times a year and comprises the president of the European Council, the president of the European Commission and one representative per member state (either its head of state or head of government).

The European Council uses its leadership role to sort out disputes between member states and the institutions, and to resolve political crises and disagreements over controversial issues and policies. It acts externally as a "collective head of state" and ratifies important documents (for example, international agreements and treaties).

Tasks for the president of the European Council are ensuring the external representation of the EU, driving consensus and resolving divergences among member states, both during meetings of the European Council and over the periods between them.

European Commission

The European Commission acts both as the EU's executive arm, responsible for the day-to-day running of the EU, and also the legislative initiator, with the sole power to propose laws for debate. The commission is 'guardian of the Treaties' and is responsible for their efficient operation and policing. It operates de facto as a cabinet government,[citation needed] with 27 European commissioners for different areas of policy, one from each member state, though commissioners are bound to represent the interests of the EU as a whole rather than their home state.

Council of the European Union

The Council of the European Union (also called the Council and the "Council of Ministers", its former title) forms one half of the EU's legislature. It consists of a representative from each member state's government and meets in different compositions depending on the policy area being addressed. Notwithstanding its different configurations, it is considered to be one single body. In addition to its legislative functions, the council also exercises executive functions in relations to the Common Foreign and Security Policy.

European Parliament

The European Parliament is one of three legislative institutions of the EU, which together with the Council of the European Union is tasked with amending and approving the European Commission's proposals. 705 members of the European Parliament (MEPs) are directly elected by EU citizens every five years on the basis of proportional representation. MEPs are elected on a national basis and they sit according to political groups rather than their nationality. Each country has a set number of seats and is divided into sub-national constituencies where this does not affect the proportional nature of the voting system.

Source: European Commission

Strategies and Trends



A new strategic agenda for the EU 2019-2024

- Protecting citizens and freedoms
- Developing a strong and vibrant economic base
- Building a climate-neutral, green, fair and social Europe
- Promoting European interests and values on the global stage

European Commission's priorities for 2019-2024 (Political Guidelines)

- A European Green Deal
- A Europe fit for the digital age
- An economy that works for people
- A stronger Europe in the world
- Promoting European way of life
- A new push for European democracy

Source: European Commission

European Union Economy

Operating as a single market with 27 countries, the EU is a major world trading power.

EU economic policy focuses on creating jobs and boosting growth by making smarter use of financial resources, removing obstacles to investment and providing visibility and technical assistance to investment projects.

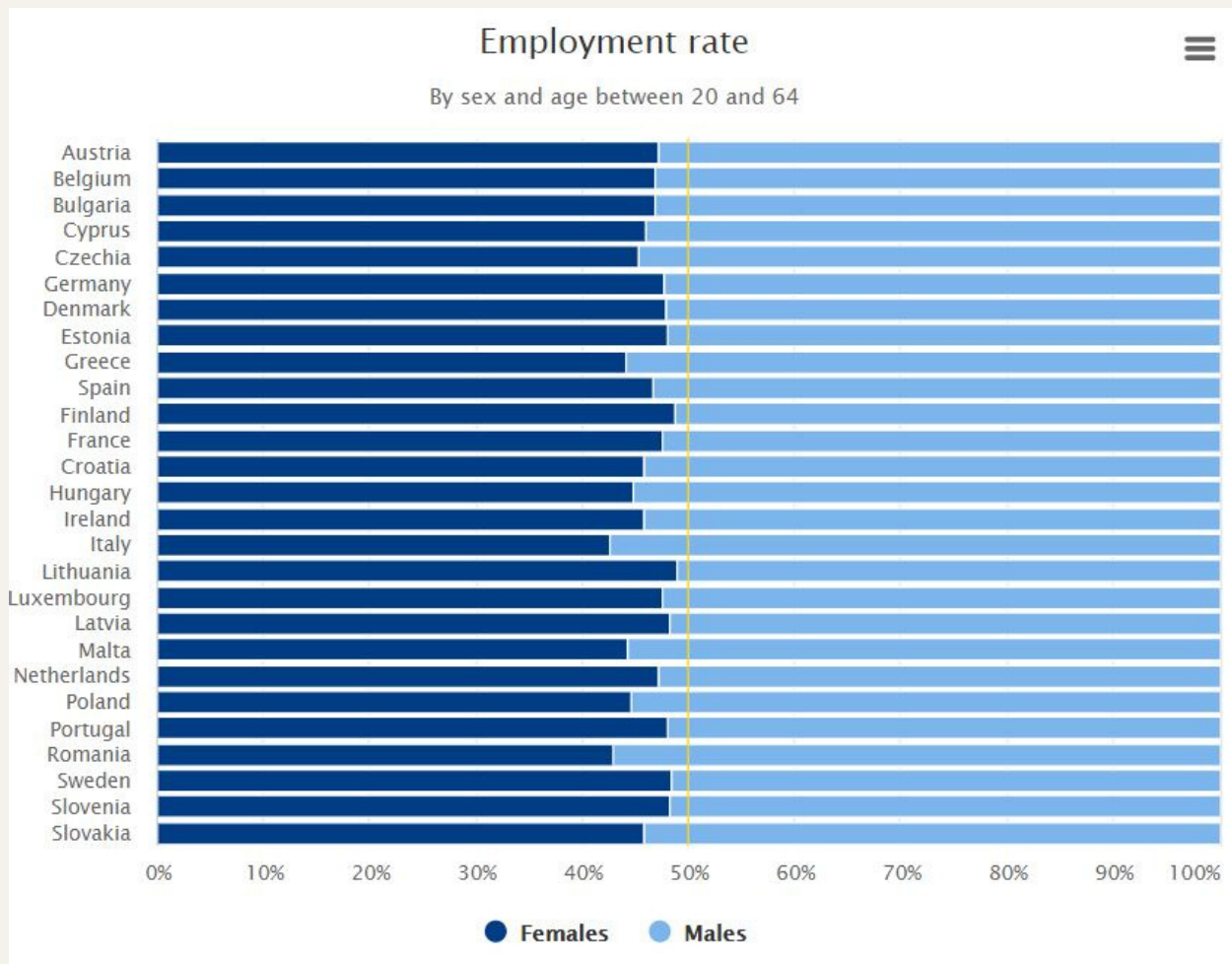
GDP (PPP) 2021 estimate: \$20.918 trillion

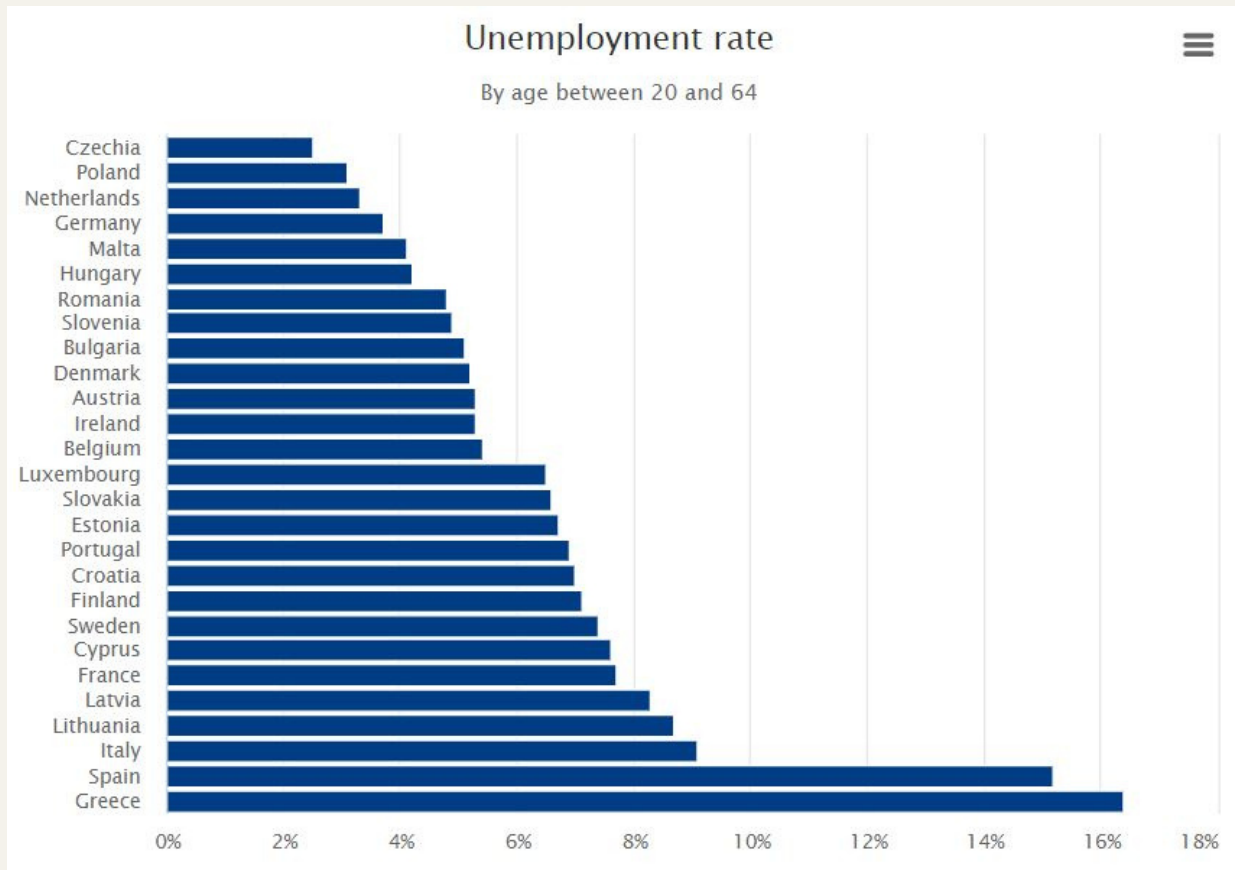
- Per capita: \$46,888

GDP (nominal) 2021 estimate: \$17.128 trillion

- Per capita: \$38,256

Source: International Monetary Fund.

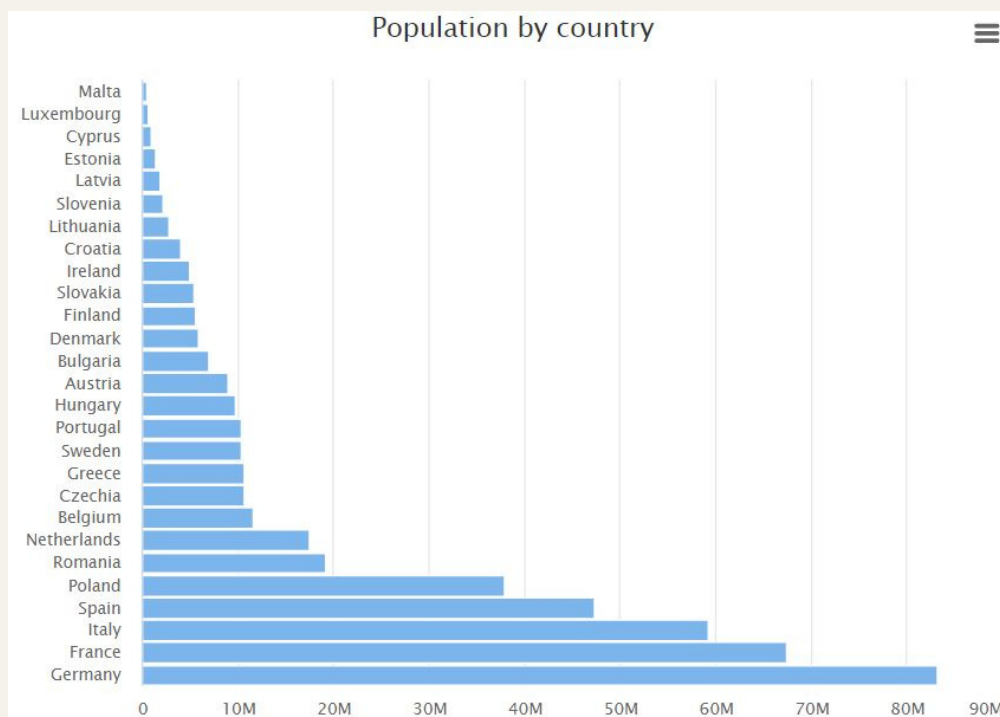
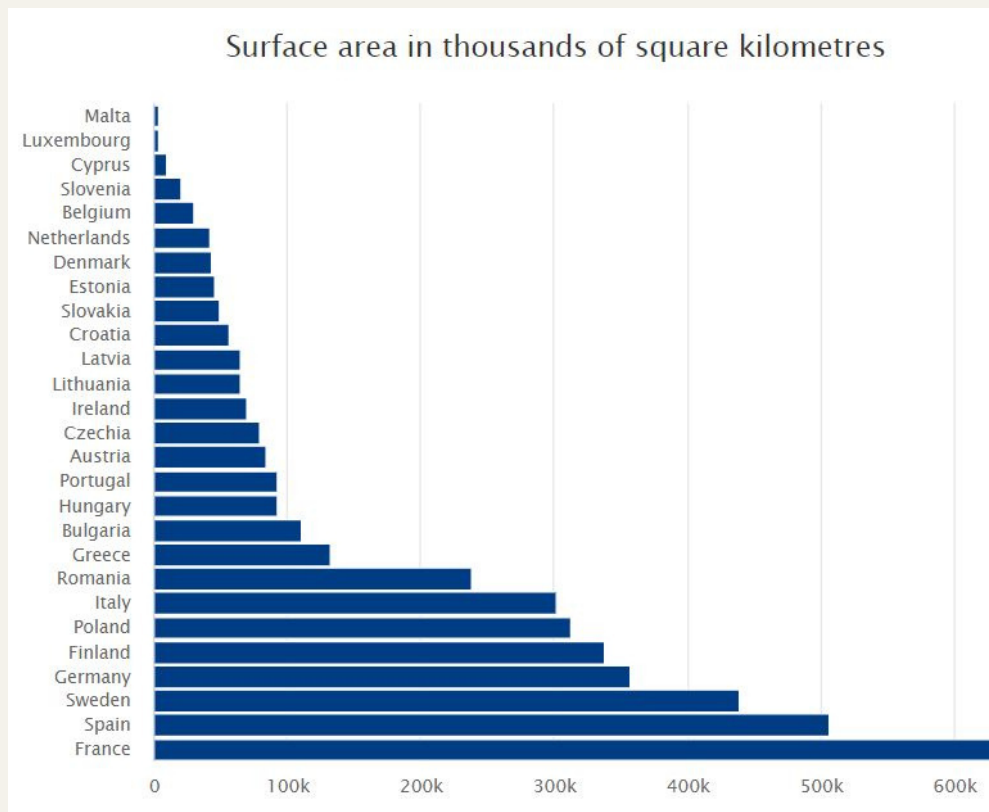




Source: European Commission

Size and population

The EU covers over 4 million km² and has 446 million inhabitants - the world's third largest population after China and India. By surface area, France is the biggest EU country and Malta the smallest.

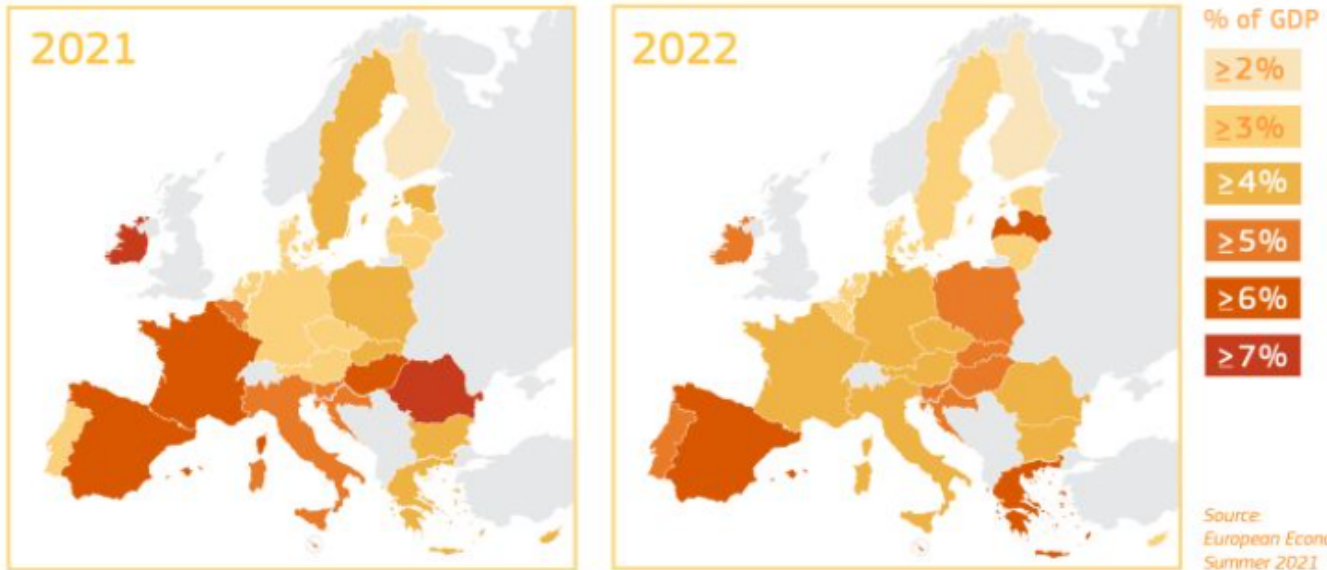


Source: European Commission

Perspectives



Growth map



Economic and Financial Affairs



The European economy is making a strong comeback.

Our Economic Forecast for 2021 and 2022:

Economic Growth

2021 -> 4.8%

2022 -> 4,5%

Inflation

2021 -> 2.2%

2022 -> 1,6%

Real GDP is projected to return to its pre-crisis level in the last quarter of 2021 in both the EU and the euro area and employment is expected to grow in line with economic activity.

The European economy is forecast to rebound faster than previously expected, as activity in the first quarter of the year exceeded expectations and the improved health situation prompted a swifter easing of pandemic control restrictions in the second quarter.

Faster economic growth as economies reopen and sentiment indicators brighten

According to the Summer 2021 interim Economic Forecast, the economy in the EU and the euro area is set to expand by 4.8% this year and 4.5% in 2022.

Compared to the previous forecast in the spring, the growth rate for 2021 is significantly higher in the EU (+0.6 pps.) and the euro area (+0.5 pps.), while for 2022 it is slightly higher in both areas (+0.1 pp.). Real GDP is projected to return to its pre-crisis level in the last quarter of 2021 in both the EU and the euro area. For the euro area, this is one quarter earlier than expected in the Spring Forecast.

Growth is expected to strengthen due to several factors. First, activity in the first quarter of the year exceeded expectations. Second, an effective virus containment strategy and progress with vaccinations led to falling numbers of new infections and hospitalisations, which in turn allowed EU Member States to reopen their economies in subsequent quarter. This reopening benefited service sector businesses in particular. Upbeat survey results among consumers and businesses as well as data tracking mobility suggest that a strong rebound in private consumption is already underway. In addition, there is evidence of a revival in intra-EU tourist activity, which should further benefit from the entry into application of the new EU Digital COVID Certificate as of 1 July. Together, these factors are expected to outweigh the adverse impact of the temporary input shortages and rising costs hitting parts of the manufacturing sector. Private consumption and investment are expected to be the main drivers of growth, supported by employment that is expected to move in tandem with economic activity. Strong growth in the EU's main trading partners should benefit EU goods exports, whereas service exports are set to suffer from remaining constraints to international tourism.

The Recovery and Resilience Facility (RRF) is expected to make a significant growth contribution. The total wealth generated by the RRF over the forecast horizon is expected to be approximately 1.2% of the EU's 2019 real GDP. The expected size of its growth impulse remains roughly unchanged from the previous forecast, as information from the Recovery and Resilience Plans officially submitted in recent months broadly confirms the assessment made in the spring.

Inflation rates slightly higher, but moderating in 2022

The forecast for inflation this year and next has also been revised higher. Rising energy and commodity prices, production bottlenecks due to capacity constraints and the shortage of some input components and raw materials, as well as strong demand both at home and abroad are expected to put upward pressure on consumer prices this year. In 2022, these pressures should moderate gradually as production constraints are resolved and supply and demand converge.

Accordingly, inflation in the EU is now forecast to average 2.2% this year (+0.3 pps. compared to the Spring Forecast) and 1.6% in 2022 (+0.1 pps). In the euro area, inflation is forecast to average 1.9% in 2021 (+ 0.2 pps.) and 1.4% in 2022 (+0.1 pps.).

Substantial risks

Uncertainty and risks surrounding the growth outlook are high, but remain overall balanced.

The risks posed by the emergence and spread of COVID-19 virus variants underscore the importance of further picking up the pace up of vaccination campaigns. Economic risks relate in particular to the response of households and firms to changes in restrictions.

Inflation may turn out higher than forecast, if supply constraints are more persistent and price pressures are passed on to consumer prices more strongly.

Source: European Commission

European Union import-export overview



Over 64 % of EU countries' total trade is done with other countries in the bloc. With just 6.9 % of the world's population, EU trade with the rest of the world accounts for some 15.6 % of global imports and exports.

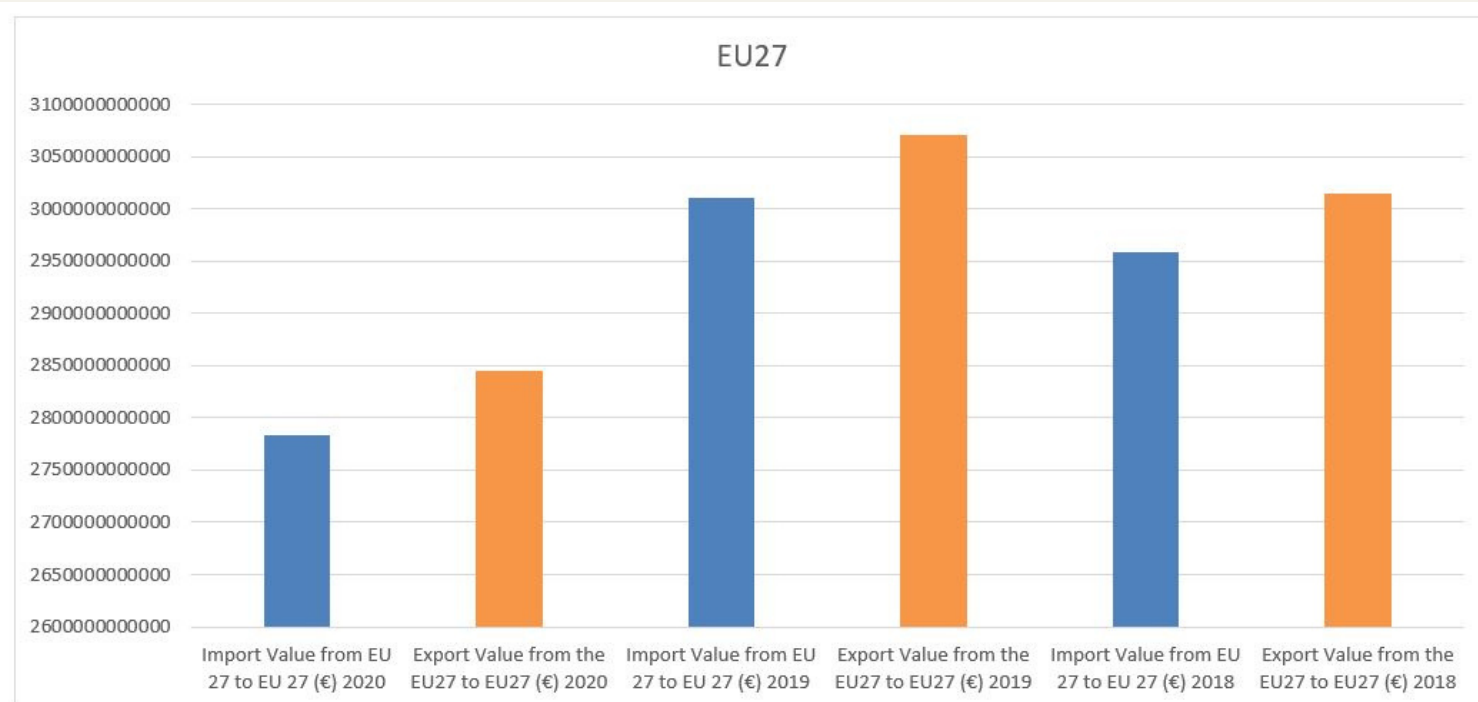
Together with the United States and China, the EU is one of the 3 largest global players in international trade.

Their exports amounted to 15.6 % of the world's total, though in 2014 these were surpassed for the first time in the EU's existence by those of China (16.1 % in 2014, rising to 17.0 % in 2016). However, they remained ahead of the US (11.8 %).

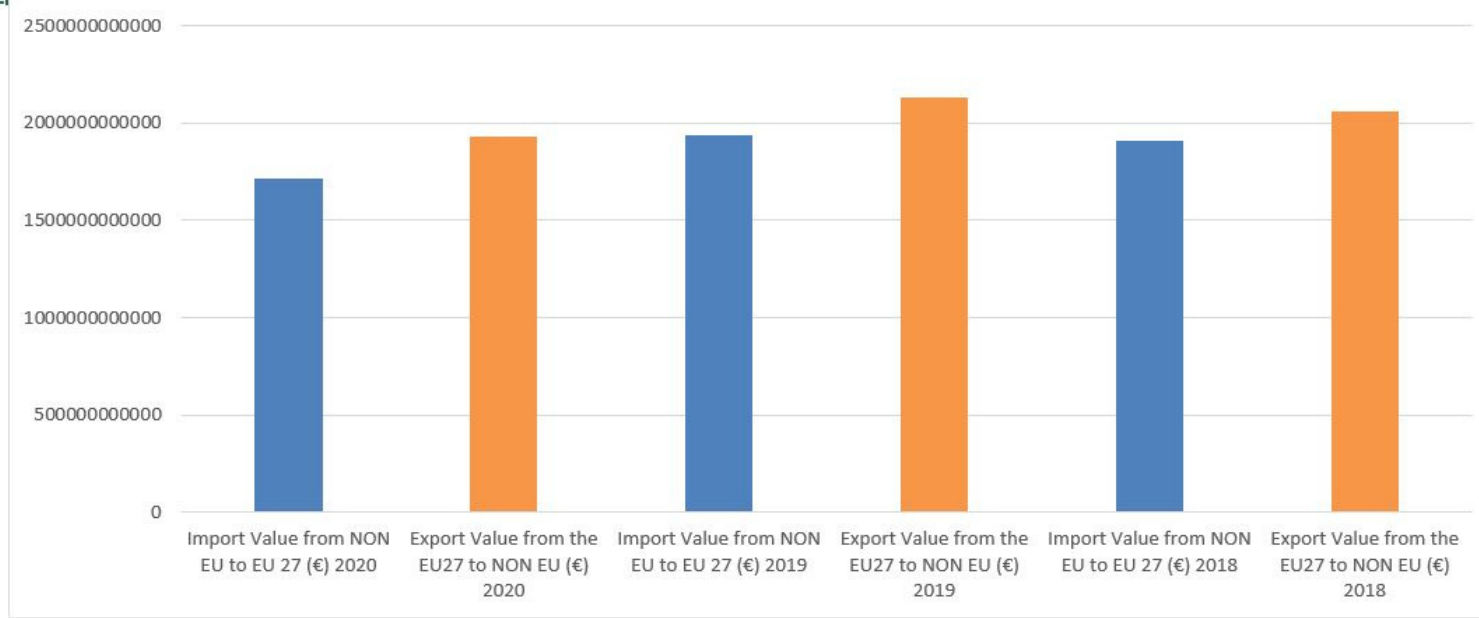
The US had a larger share of world imports (17.6 %) than either the EU countries (14.8 %) or China (12.4 %).

Import and Export are considered inside European Union 27

Source: European Commission



Total non-EU





SKYMINDER FOR EUROPEAN UNION AT A GLANCE

All **27** European Union members available

Best in class information thanks to **7** CRIF
companies located in European Union and **11**
local providers

23 countries always online

11 available products and solutions

Web and **API** integration



SKYMINDER SOLUTIONS

Requirement	SkyMinder Solution	Description
Know business partners and risk level <ul style="list-style-type: none"> - have on board new suppliers - understand in depth customers creditworthiness 	Full Report and Slim Report	Information, with different level of details, related to all companies in the world, including firmographics, credit limit, risk indicator, management, shareholders, negative events etc.
Receive immediate notification with related details if a change affect a company	Full Monitoring	Detailed information about changes affecting a company as soon as happened. Combined possibility to request for free updated report.
Be alerted if there is change in company's information	Alert	Information related to the area involved by a change as soon as an event happened.
Periodically checks if there are changes involving companies	Planned Revision	Scheduled revision with updated report including company's changes if applicable
Understand overall risk	SkyMinder Dashboard	Analyze Business Partners by risk level, identifying critical situations at a glance.
Company ownership overview	KYC Report	List of shareholders to understand company's structure
Compliance requirements and fraud checks	Compliance Report and Extended Check Report	Anti Bribery and Money Laundering lists checks related to financial crimes.
Risk of Cyber attack	Cyber Risk Report	Assess the level of risk related to a business partner in being involved in a cyber attack
Understand overall value of intangible assets of a company	Patent Due Diligence Report	Patent Asset Overview with geographical coverage, remaining life of active patent assets, high-value patent assets, technology and patent deployment, technology timeline, peer comparison, key inventors.