

## From convergence to divergence? : The experience of the European Union

Topic: (6.7) Region/country-specific analysis (2)

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The European Union was built with the aim of creating a union, not only monetary, but also social between the European countries. The implementation of measures to reduce the existing gap between the member countries paid off. But without a doubt, the arrival of the euro as a single currency and the elimination of trade barriers meant a relevance change in the quantity and type of trade between European countries and trade between them and the rest of the world.

In the context of an international economic crisis, the discussion on the role played by the European Monetary Union has been revitalized, with open questions such as the existence of convergence or not between the Member States of the European Union.

This paper attempts to shed light on the convergence and divergence process experienced by European countries over the last few years and in particular, the role that some economic sectors, such as high technology sectors, have played as drivers of that process. Specifically, we analyze whether there has been such a social and economic integration that was intended to create between European countries, or really there are still differences between them.

Based on a multi-sectoral and multi-regional input-output model, we study  $\beta$ -convergence and  $\sigma^2$ -convergence between European countries over the period 2000-2014. We also analyze the impact that this process of convergence, or not, has had in each country, and in the EU as a whole. We discuss the role that trade (both intra-EU and extra-EU) has played in the evolution of these parameters in the context of the European Union. To do this, the new release of the World Input-Output Database (WIOD) is used.