

Lecture 1: European Union

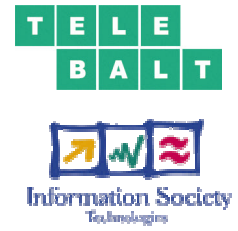


Table of contents:

History of the European Union

- 1946-1957 : first initiatives
- 1957-1972 : beginning of the european buiding
- 1973-1986 : the European Community
- 1987-1993 : foundation of European Union (EU)
- 1994-1999 : towards the single currency
- 2000... : towards the admission of new Member States

Institutions of the European Union

- **The European Parliament**
 - The three main formations in the European Parliament
 - The three fundamental powers of the European Parliament
- **The European Commission**
 - The three main functions of the European Commission
 - Expanding of the Commission functions
- **The Council of the European Union**
 - Setting-up of the Council of the European Union
 - The main functions of the Council of the European Union
- **Other EU institutions**
 - The Court of Justice
 - The European Court of Auditors
 - The European System of Central Banks (ESCB) and the European Central Bank (ECB)
 - The European Investment Bank
 - The Economical and Social Committee
 - The Committee of the Regions
 - The European Ombudsman

The main EU objectives and activities

- Objectives
- Activities

History of the European Union



1946-1957: first initiatives

The idea of United Europe appeared in the years of World War I, but it was not realized at that time. Only devastation resulted by World War II made European leaders see that cooperation and common efforts were the best way to ensure peace, stability and prosperity in Europe. Winston Churchill called for a "kind of United States of Europe" in a speech he gave at the Zurich University in September 1946, then in a month the European Federalists Union was set into place in Paris, France.

In 1947 fostered by Winston Churchill, the United Europe Movement was created; it was hostile to supranational organs and in favour of an intergovernmental cooperation. The Marshall Plan, set up for the economic revival of Europe, was announced also in 1947. The European Union Federalists Congress was held in Montreux, Switzerland and Federalist and Unionist organizations met within the International Coordination of Movements for the Unification of Europe Committee in 1947.

In the year of 1948 there were a number of significant events. The custom convention between Belgium, Luxembourg and the Netherlands entered into force. The Western Union Treaty (Brussels Treaty) was signed by Belgium, France, Luxembourg, the Netherlands and the United Kingdom. The Organization for European Economic Cooperation (OEEC) was created to coordinate the Marshall Plan. Fostered by the International Coordination of Movements for the Unification of Europe Committee, the Europe Congress met in Hague, the Netherlands. It was chaired by Winston Churchill and attended by 800 delegates. Participants recommended that a European Deliberative Assembly and European Special Council, in charge of preparing political and economic integration of European Countries, be created. They also advised the adoption of a Human Rights Charter and, to ensure the respect of such charter, the creation of a Court of Justice. France, Great Britain and the Benelux countries decided to set into place Council of Europe and ask Denmark, Ireland, Italy Norway and Switzerland to help them prepare the statute of such Council. The statute of the Council of Europe was signed in London, United Kingdom and it entered into force.

The first session of the Consultative Assembly of the Council of Europe was held in Strasbourg, France in 1949. In September 1950 the European Union of payments was created and in two months the Human Rights and Fundamental Rights Conventions in Rome was signed.

1957-1972: beginning of the European building

But only a speech made by the French Foreign Minister Robert Schuman on 9 May of 1950 is considered the beginning of the process. The speech was aimed to unite coal and steel industry of France and the Federal Republic of Germany. This concept was embodied in 1951 in Paris by the Treaty, which established the European Coal and Steel Community (ECSC) with 6 member-states: Belgium, France, Germany, Italy, Luxembourg and Netherlands. The success of the Treaty which entered into force on the 1st of January 1958 exhilarated these European countries to extend the process furthermore.

The European Economic Community (EEC) and the European Atomic Energy Community (Euratom), which were aimed at creating a customs union, breaking internal trade barriers inside the United Europe and developing the atomic energy for peaceful purposes were established in 1957 by the Treaty of Rome.

In the year of 1958 several significant events took place : the first Council regulation set up German, French, Italian and Dutch as the official languages of the Communities ; the first Official Journal of the European Communities was published, which replaced the Official Journal of the ECSC; the Governors of the European Investment Bank (EIB) Council adopted the first directives regarding the credit policy of the Bank and, finally, The European Monetary Agreement entered into force.

The European Free Trade Association (EFTA) convention, regrouping Austria, Denmark, Norway, Portugal, Sweden, Switzerland and the United Kingdom was signed in Stockholm, Sweden in 1960. The European Social Fund regulation entered into force also in 1960. The aim of the Fund was a financial support of retraining working people and youth especially in depressed areas.

In 1961 the Government of the Netherlands submitted a draft paper that adopted a convention setting up a single Council for the Communities and a European High Commission (Fusion of the Executives). This initiative presupposed a revision of the treaties of Rome and Paris. The European Parliament and the two Commissions were consulted on this draft. The merger of the executives was not proceeded with at this point because of divergences between Member States in the scope of the reform. In summer, 1961 three European countries - Ireland, United Kingdom and Denmark - formally applied to join the European Communities.

Norway formally applied to join the European Communities and the association agreement between Greece and the Community entered into force in 1962. The European Agriculture Guidance and Guarantee Fund (EAGGF) aimed to support Common Agricultural Policy EC was set into place in 1964. Also in that year the Association Treaty was signed between the EEC and Turkey and soon it entered into force.

The Treaty merging the executives of the three Communities (ECSC, EEC, Euratom) was signed in Brussels a year later. It entered into force on July 1, 1967. In 1965 France and Germany ratified the Treaty instituting the Council and the Commission of the European Communities. Next year France broke off the negotiations on financing the Common Agricultural Policy (CAP). The French Government recalled its Permanent Representative. For the time being, the French Delegation does not take part in the Council's or Permanent Representatives Committee's meetings.

In 1967 the executive bodies of the three Communities merged. As a result, a basis structure, recognized today, has been created, with the main institutions like the European Commission, the Council, the Parliament and the Court.

The Treaty of Luxembourg was signed in 1970. The Council decided the gradual introduction of a system of own-resources under which the Community would receive all customs duties on products imported from non-member countries, all levies on agricultural imports and resources deriving from value-added tax. They also decided to extend the budgetary powers of the European Parliament. In 1970 the Council also made a decision to reform the European Social Fund (ESF) in order to provide the Community with a suitable instrument for ensuring correlation between the social policy and the other common policies.

1973-1986: the European Community

In the year of 1973 Denmark, Ireland and the United Kingdom joined the European Community, which as a result counted 9 member-states (Belgium, Denmark, France, Germany, Ireland, Italy, Luxemburg, the Netherlands, the United Kingdom).

In the year of 1974, a Summit meeting was held in Paris, France. The Community's Heads of State or Government decided to hold meetings three times a year as the European Council, they gave the go-ahead for direct elections to the European Parliament, agreed to set up the

European Regional Development Fund and resolved to establish economic and monetary union.

In March 1975, the European Council meeting in Dublin, Ireland, took major decisions enabled the United Kingdom Government to recommend continued membership of the Community. In June, the outcome of the British referendum reveals that 67.2% of voters were in favour of the United Kingdom remaining a member of the Community.

In June 1975, the Council or the Representatives of the Governments of the Member States met in the Council, adopted a number of regulations enabling the African, Caribbean, Pacific (ACP) States to benefit from the trade provisions of the Lomé Convention as of July 1, before the Convention officially enters into force.

In December 1975, a European Council meeting in Rome, Italy, took decisions on the election of the European Parliament by universal suffrage, on passport union and on a single Community representation for the North-South Dialogue.

A Cooperation Agreement with three Mashreq countries (Egypt, Jordan and Syria) was signed in 1977, following the April 1976 Agreements with Maghreb countries (Algeria, Morocco, Tunisia). Portugal formally applied to join the European Communities. São Tomé and Príncipe, Cabo Verde and Papua New Guinea signed some agreements with the Community for accession to the Lomé Convention. The European Parliament, the Council and the Commission signed a joint declaration on the respect of fundamental rights also in 1977.

In 1979, the first elections to the European Parliament by direct universal suffrage was held.

In 1981, Greece became the 10th member of the European Community. 5 years later Spain and Portugal joined the Community.

The Schengen Agreement had been signed on June 14, 1985 in the village of Schengen, on the borders of Luxembourg, France and Germany. Member States signatories to the Schengen Agreement were Belgium, the Netherlands, Luxembourg, France, Germany, Portugal and Spain.

When a Member State fully applies the Schengen Convention and has removed its border controls in relation to other Schengen states, that country is an operative member. As of 25 March 2001 Sweden will be an operative member of Schengen cooperation.

Internal border controls are now entirely lifted between Sweden, Norway, Denmark, Finland, Iceland, France, Germany, Belgium, the Netherlands, Luxembourg, Spain, Portugal, Greece, and Italy. Ireland and the United Kingdom participate in certain parts of Schengen cooperation only and they will continue to carry out checks on persons at borders. Schengen agreement opened an era of genuine free travel for millions of persons without controls when crossing internal borders. The benefits to air travellers have been swiftly apparent now that they can move within "Schengenland" without customs or passport checks.

1987-1993: foundation of European Union (EU)

In 1987, the Turkish Government formally applied to join the European Community.

In 1988 a cooperation agreement was signed between the Community and the members of the Cooperation Council for the Arab States of the Gulf; a joint political declaration was published.

In 1989, A European Council held in Madrid, Spain, adopted conclusions on economic and monetary union, emphasises the need for balance to be struck between social and economic aspects of a single market .

In 1990 Cyprus and Malta applied to join the European Community.

The Maastricht Treaty signed in 1992 became the next milestone in the European integration. The Treaty has defined three principles of the European Union: the first was the European Community, and the two new ones were intergovernmental cooperation in foreign and security policy, as well as in justice and home affairs. Moreover, the Maastricht Treaty has outlined the frameworks for the single European currency and greater political integration.

In October 1993, a European Council was held in Brussels, Belgium. The Council issued a declaration to mark the entry into force of the Treaty on the European Union. It was also confirmed that the second phase of economic and monetary union will come into effect on 1 January 1994.

1st November 1993 : all ratification procedures were completed; the Treaty on the European Union could enter into force.

1994-1999: towards the single currency



In the year of 1994 agreement establishing the European Economic Area (EEA) came into force. In December 1995, a European Council held in Madrid, Spain, confirmed the introduction of the single currency ("euro") for January 1st, 1999.

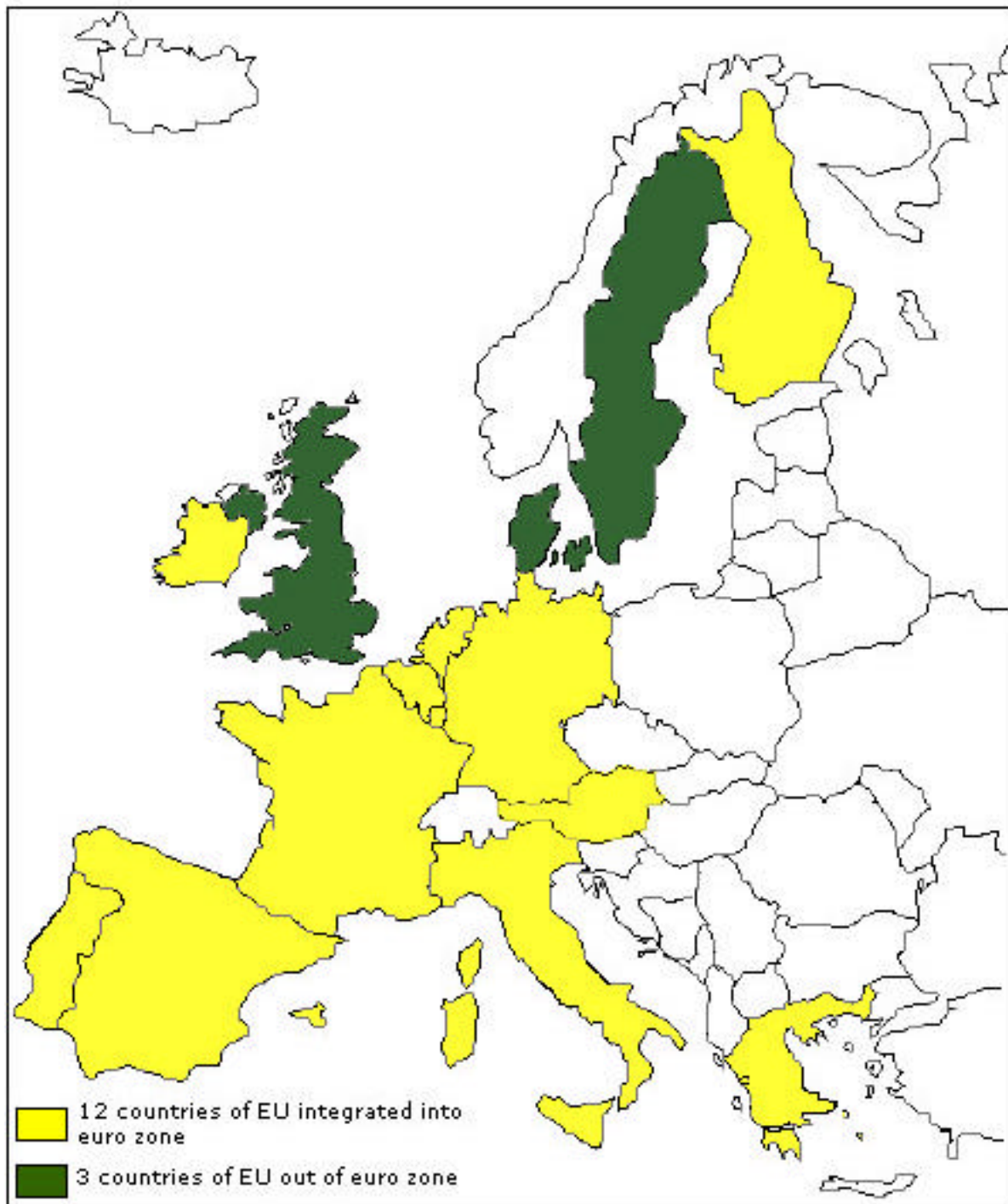
In the year of 1994 Hungary and Poland applied for membership in the European Union. In one year Austria, Finland and Sweden joined European Union and Europe association Agreements between the EU and Bulgaria, Romania, Slovakia and the Czech Republic entered into force. Moreover, six more countries (Romania, Slovakia, Latvia, Estonia, Lithuania and Bulgaria) presented applications to join the EU. In January 1996 Slovenia and the Czech Republic applied to join the European Union. Next steps were discussed at the Intergovernmental conference, which began in 1996 in Turin. The culmination of the conference was signing the Amsterdam Treaty in June 1997. In July 1997 the European Commission presented Agenda 2000 program dedicated to the enlargement of the EU.

In 1998 bilateral intergovernmental conferences were held with 6 countries-candidates to join the EU (Cyprus, Hungary, Poland, Estonia, Slovenia and the Czech Republic). In that year the Partnership and cooperation agreement with Ukraine and Euro-Mediterranean association agreement with Tunisia entered into force.

In the year of 1999 special European Council was held in Berlin, Germany. An overall agreement on Agenda 2000 was reached. France also deposited the instruments of ratification of the Treaty of Amsterdam in 1999. The European Council meeting was held in Cologne, Germany on June of 1999. It adopted the first European Union common strategy, which concerned Russia, and declarations on Kosovo and on the strengthening of European common foreign and security policy, and designated Javier Solana Madariaga High Representative for the CFSP and Secretary-General of the Council. It also adopted the European Employment Pact, set out the brief of the forthcoming intergovernmental conference and decided to lay down a EU Charter of Fundamental Rights.

At that time also, a EU-Canada summit was held in Bonn, Germany. The two sides signed an agreement on the enforcement of their competition laws and welcomed the progress made in implementing the 1996 joint action plan and the trade initiative launched by the two parties in 1998, and in particular the launching of the Canada-Europe business dialogue round table. They also discussed preparations for the next round of multilateral trade negotiations, for which they identified shared objectives.

In May 1998, a special Council decided that 11 Member States satisfy conditions for adoption of the single currency on 1st January 1999. On 1st January 1999, the euro was officially launched. Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, The Netherlands, Portugal and Spain adopt the euro as their official currency.



2000....: towards the admission of new Member States

At the European Council held in Helsinki, Finland was decided to open accession negotiations with Romania, Slovakia, Latvia, Lithuania, Bulgaria and Malta and to recognize Turkey as an applicant country. It also agreed to call an Intergovernmental Conference to revise the Treaties in February 2000. Intergovernmental Conference for accession negotiations of Malta, Romania, Slovakia, Latvia, Lithuania and Bulgaria was held in Brussels in January 2000. The candidate countries presented their strategic objectives alongside their political, cultural and socio-economic aspirations into accession.

In October 2000 First Industrial Forum on Enlargement (IFE) with participants from the EU member-states and candidate countries opened in Paris (France). In a month European

Commission published Regular Reports on Progress towards accession by each of the candidate countries.

The European Council held a meeting in Nice, France on 7 - 9 December 2000. The Council confirmed that it would like to see the Charter of Fundamental Rights, jointly proclaimed by the Council of the EU, the European Parliament and the Commission, disseminated as widely as possible amongst the Union's citizens. It welcomed the stepping up of accession negotiations with the candidate countries and the progress made in implementing the pre-accession strategy for Turkey. The Council also discussed about the European security and defense policy, it approved the European Social Agenda, it discussed innovation and knowledge in Europe, coordination of economic policies, consumer health and safety, maritime safety, the environment, services of general interest, security of supplies of certain products, freedom, security and justice, culture, outermost regions and external relations.

Following the December 2000 European Council meeting hold in Nice, France, a new Treaty amending the Treaty on European Union and the Treaties establishing the European Communities, was signed (Treaty of Nice).

In the beginning of 2001 Greece became the 12th member of the euro zone. In June 2001 the EU and Egypt signed an Association Agreement.

Special European Council was held in Brussels, Belgium, to assess the international situation in the wake of the terrorist attacks on 11 September in New York and Washington, USA, and to set the guidelines for the response of the EU. In November the Commission adopted a White Paper on Youth and the EU signed a cooperation agreement with Pakistan.

As it was declared the European Union enlargement and admission of new member-states, especially from Central and Eastern Europe, are the main goals for the new century.

You may find all additional and detailed information concerning the history of the European Union on its site: <http://europa.eu.int/abc/history/>.

Institutions of the European Union



There are five institutions involved in the running the European Union. They are the European Parliament, the Council of the EU, the Commission, the Court of Justice and the Court of Auditors. These institutions are supported by other bodies, such as the Economic and Social Committee and the Committee of the Regions, the European Ombudsman, the European Investment Bank (EU financial institution) and the European Central Bank. Let us now consider the main EU institutions more in detail.

The European Parliament

The Parliament represents a democratic principle in the European Union. With a series of agreements concluded between EU Member States (such as Maastricht Treaty (1992), Amsterdam Treaty (1997) the Parliament became not only an advisory assembly but also acquired authorities of a legislative body. The Parliament comprises 626 representatives of the EU Member States elected every five years by direct universal suffrage. The direct universal suffrage was granted to the citizens of EU Member States in 1979. Thus, nowadays the Parliament serves as an expression of a democratic will of the Union's 374 million citizens. The major political parties operating in the Member States are represented in the EU Parliament. At the present there are 8 groups and a certain amount of unregistered deputies in the Parliament.

The three main formations in the European Parliament

The President represents the EP at official ceremonies and international meetings. He chairs the plenary sittings of Parliament, the Conference of the Presidents of Political Groups (eight in number) and the Bureau of Parliament.

The Bureau of Parliament is the regulatory body that is responsible for the Parliament's budget and solves administrative, organizational and personnel questions. The Bureau with the President at the head comprises fourteen vice-presidents and five quaestors. The quaestors are responsible for dealing with administrative and financial matters. All Bureau members are elected every two and a half years.

The Conference of the Presidents of political Groups is the political governing body of Parliament. It comprises the President and the political group chairs. It draws up the agenda for plenary sessions, fixes the timetable for the work of parliamentary bodies and establishes the terms of reference and size of parliamentary committees and delegations. Besides there are several parliamentary committees and the secretariat that assist the Parliament in its work. Deputies participate in the committees in order to prepare the work of Parliament's plenary sessions. The secretariat organizes the Parliament's functioning. It is headed by a Secretary-General. Parliament's 11 working languages mean that one third of the secretariat staff work in the language service (translation and interpretation).

The three fundamental powers of the European Parliament

The European Parliament has three fundamental powers. They are:

- the power to legislate
- the power of the purse
- the power to supervise the executive

The power to legislate. The Parliament executes this authority according to the procedure of codecision. This procedure was brought by the Maastricht Treaty. It presupposes cooperative work of the European Parliament and the Council of Ministers on the adoption of European Union legislation. No document or law can now be passed without the formal approval of the European Parliament and the Council of the EU. The procedure of codecision is applied in the

majority of domains that are under the Parliament's jurisdiction, such as creation of the internal market, research and technological development, the environment, etc. In the other areas only the Parliament's opinion and consultations are required.

The power of the purse. This power is of a great importance because it allows the Parliament to assert its political priorities. The Parliament and the Council are the main budgetary authorities, they share this power. But the Parliament has a conclusive word in budget adoption. The budget comes into force only after it has been signed by the President of the European Parliament. After adoption of the budget it is the Parliament who controls its execution. The Parliament monitors spending and proper use of funds through its Committee on Budgetary Control.

The power to supervise the executive. The European Parliament exercises control over activity presented in the European Union. It supervises such institutions as Commission, the Council of Ministers, the European Council and the political cooperation bodies, which are accountable to the Parliament. As regards the *European Commission* Parliament plays an important role in appointing its members and the president. Another Parliament right that allows it to influence the Commission activity is the right to express a vote of censure that would force the Commission to resign. Parliament's expanded budgetary and legislative powers have increased its influence over the *Council*. The Parliament routinely expresses its opinion regarding of *common foreign and security policy* (CFSP) matters. Besides Parliament can put questions or make recommendations to the Council concerning these issues. *The justice and home affairs authorities* are consulted by the Parliament and are obliged to inform the deputies about their cooperation and performance. The European Parliament also plays an important role in relation to the *European Central Bank* (ECB). The bank is absolutely independent in its monetary policy decisions. But at the same time it is accountable to the Parliament. This is the way Parliament exercise its control over economic and monetary union in EU.

The European Parliament is the only EU institution that meets and deliberates in public. All parliamentary and committee debates are provided with a simultaneous interpretation into eleven Union's official languages: Danish, Dutch, English, Finnish, French, German, Greek, Italian, Portuguese, Spanish and Swedish. The Parliament holds its plenary sessions during one week per month in Strasbourg. The other three weeks of month are filled with other Parliament's activities.

You may find all additional and detailed information concerning the European Parliament on its site <http://www.europarl.eu.int/>.

The European Commission

The European Commission is the central and the biggest European institution. The Commission comprises 36 directorates-general and specialised services. A director-general, who is equivalent in rank to the top civil servant in a governmental ministry, heads them each. The directors-general are accountable to a Commissioner, each of whom is in charge of one or more DG.

There are 20 Commissioners (or the members of the Commission) at the head of the Commission as a political body. Commissioners are men and women from the 15 Member States who have generally sat in national parliaments or the European Parliament or who have held high office in their home countries, often at ministerial level, before being appointed to the Commission. They are appointed for a five-year term. In addition to the staff of directorates-general each Commissioner has his or her own private office (or 'cabinet'), which consists of six officials and serves for providing a connection between a Commissioner and a DG.

The number of Commissioners recruited from each Member State depends on the size of this or that State. In the Commission there are two Members from each «big» EU State

(Germany, Spain, France, Italy and the United Kingdom) and one Member from each of the «smaller» EU States (Belgium, Denmark, Greece, Ireland, Luxembourg, the Netherlands, Austria, Portugal, Finland and Sweden).

The President of the Commission is chosen by EU Heads of State or Government meeting in the European Council. This choice has to be approved by the European Parliament. The other 19 members of the Commission are nominated by the governments of the 15 Member States in agreement with the new Commission President. The President and the other members-designate are subject to a collective vote of approval by the European Parliament.

The three main functions of the European Commission

The European Commission has three main functions. They are :

- Initiation of new EU legislation
 - The Commission as the guardian of the EU treaties
 - The Commission as an executive body of the Union
-
- The Commission is in charge of making proposals for all new legislation due to its right of initiative. This is a unique right within the EU. But the Commission can not execute the legislation alone. It only initiates the process: in co-operation with the other European institutes and governments of the Member States it makes proposals concerning the legislation. All major decisions on legislation are taken by the Council of the EU and the European Parliament.
 - The Commission as the guardian of the EU treaties exercises control over all participants acting in the single market to ensure that the Union's legislation is applied correctly and the treaty obligations are respected by all members. In case of revelation any serious violations the Commission can impose fines on the public authorities or business concerned.
 - The Commission as an executive body of the Union is responsible for implementing and managing policy. Thus one of its main objectives is to manage the Union's annual budget and to run the Structural Funds. Besides acting as an executive body the Commission may take decisions independently from the Council and the Parliament in such areas as competition, agriculture, trade policy. The Commission also negotiates trade and co-operation agreements with outside countries and groups of countries on behalf of the Union.

The expanding of Commission functions

With the European integration development over the years the Commission has expanded its functions. It obtained responsibilities in such additional areas as the environment, education, health, consumer affairs, the development of trans-European networks (TENs), R&D policy, culture and economic and monetary union.

The Commission is to represent the common interest of the Union's citizens and it embodies the personality of the Union. It serves to defend the Union's members interests and to support the Union in attainment of its goals. One of the principal tasks here is to secure the free movement of goods, services, capital and persons throughout the territory of the Union and to provide an equal distribution of benefits between all regions of the Union. Thanks to its right of initiative the Commission has acted as the driving force in European integration. Due to its wide responsibilities and a central position in the Union the Commission often acts as a mediator between conflicting interests.

Commission meetings where Commissioners adopt proposals and take other decisions take place once a week. If necessary additional sessions may be held. Decision is taken by a majority of votes. After being adopted the decision becomes a part of the Commission's policy and gets the support of all Commissioners.

The Council of the European Union

The Council of the European Union is a Community in exercising the powers conferred upon it by the Treaties. It should not be confused with such institutions as *Council of Europe* (it is an international organization) or with the **European Council**. The latter consists of the heads of State or Government of the Member States and the President of the European Commission. The Council meets twice a year, and its main role is to provide the EU development and to guide and define common foreign and security policy. You may have more information on this institution on the web-site: <http://ue.eu.int/en/summ.htm>

Setting-up of the Council of the European Union

The Council of the European Union comprises one representative at ministerial level from each Member State, who is empowered to commit his Government. The ministers are gathered together at the Council meeting. Each meeting is attended by different ministers depending on the subject of the meeting, although the institutional unity remains intact. For example, Ministers for Foreign Affairs attend in the General Affairs Council to deal with external relations and general policy questions. The frequency of the meetings depends on the urgency of the subjects dealt with. The Council is presided over for a period of six months by each Member State in turn, in accordance with a pre-established rota. In preparing the meetings the Council is assisted by a General Secretariat headed by the Secretary-General. The main responsibility of the General Secretariat is to prepare of the European Council, and of the Council of the European Union and its preparatory bodies. The Council may adopt a decision by a simple majority of votes, by a qualified majority or unanimously.

The main functions of the Council of the European Union

The functions of the Council of the European Union are defined by the Treaties (the Treaty establishing the European Community, the Treaty on European Union). Participating in a *legislative* process the Council examines the proposal submitted by the Commission and adopts it with or without any amendments. In the most cases the Community's new legislation is adopted jointly by the Council and the Parliament in the process of co-decision. The Council and the European Parliament are also to approve the European Community's *budget*. Besides the Council coordinated the general economic policies of the Member States, concludes international agreements on behalf of the Community, takes decisions necessary for defining and implementing the common foreign and security policy, adopts measures in the areas of police judicial cooperation in criminal matters.

For detailed information on the Council of the European Union you may as well consult to the web-site: <http://ue.eu.int/en/Info/index.htm>.

Other EU institutions

The Court of Justice

The Union, like the European Communities on which it is founded, is governed by the rule of law. Its very existence is conditional on recognition by the Member States, by the institutions and by individuals of the binding nature of its rules.

The role of the Court is to provide the judicial safeguards necessary to ensure that the law is observed in the interpretation and application of the Treaties and, generally in all of the activities of the Community.

The success of Community law in embedding itself so thoroughly in the legal life of the Member States is due to its having been perceived, interpreted and applied by the citizens, the administrative authorities and the courts of all of the Member States as a uniform body of rules upon which individuals may rely in their national courts. The decisions of the Court have made Community law a reality for the citizens of Europe and often have important constitutional and economic consequences.

The European Court of Auditors

The European Court of Auditors is the taxpayers' representative, responsible for checking that the European Union spends its money according to its budgetary rules and regulations and for the purposes for which it is intended.

Some see the Court as the 'financial conscience' of the Union, others as a 'watchdog' over its money. In either case, it is a guarantor that certain moral, administrative and accounting principles will be respected. The Court's reports are a rich source of information on the management of the Union's finances, and a source of pressure on the institutions and others with administrative responsibility to manage them soundly.

The Court's function, performed with complete independence, is a vital contribution to transparency in the Union. Objective scrutiny reassures the taxpayer that the Union's money is being managed responsibly — a reassurance which is all the more necessary given the growth of expenditure in recent years over a widening range of policies.

The European System of Central Banks (ESCB) and the European Central Bank (ECB)

The ESCB is composed of the ECB and the EU national central banks (NCBs). However, the NCBs of those Member States not participating in EMU have a special status within the ESCB: they are allowed to continue to pursue their respective national monetary policies and hence do not take part in either the decision-making process regarding the single monetary policy for the euro area or the implementation of the corresponding policy decisions. The basic tasks to be carried out by the ESCB are: to define and implement the monetary policy of the Community; to conduct foreign exchange operations; to hold and manage the official foreign reserves of the Member States; and to promote the smooth operation of payment systems. The ESCB is governed by the decision-making bodies of the ECB: the Governing Council, the Executive Board and the General Council. The ESCB is an independent system. When performing ESCB-related tasks, neither the ECB, nor an NCB, nor any member of their decision-making bodies may seek or take instructions from any external body. The Community institutions and bodies and the governments of the Member States may not seek to influence the members of the decision-making bodies of the ECB or of the NCBs in the performance of their tasks. The ESCB Statute contains specific rules with regard to the calculation of those amounts, which will ultimately determine the profit distributed to the ECB's shareholders.

The European Investment Bank

The European Investment Bank (EIB), the European Union's financing institution, provides long-term loans for capital investment promoting the Union's balanced economic development and integration. The EIB is a flexible and cost-effective source of finance whose ECU 26 billion volume of annual lending makes it the largest of the international financing institutions in the world. The EIB is not a bank in which people deposit their money, but it is a bank, which pays a quality of life dividend for millions of citizens. Underpinning regional development is the Bank's priority task and two thirds of its total lending is advanced for productive investment in regions, which are lagging behind or facing industrial decline.

The Economical and Social Committee

The role of Economical And Social Committee, founded by the Treaty of Rome in 1958, is consultative; its membership is drawn from a broad cross-section of society and the economy.

No European law of any significance has been adopted without the Committee's voice being heard. Since it was set up, the Committee has adopted more than 3 000 opinions, all of which have been published in the Official Journal of the European Communities. Given the involvement of its members in the Union's daily economic life, the Committee is well-qualified to contribute directly to the growth and development of the single market. At the request of the European Parliament, the Commission and the Council, it keeps the single market under review and draws attention to malfunctions. Twice a year, it holds a single market forum, which brings together correspondents from the Member States to review developments. The

forum enables the Committee to act as a permanent monitoring unit. It points out things that have been left undone and draws attention to misinterpretations and foot-dragging likely to prevent the free circulation of goods, capital, services and people. It also recommends remedies to Community decision-makers.

The Committee of the Regions

The Committee of the Regions is the European Union's youngest institution whose creation reflects Member States' strong desire not only to respect regional and local identities and prerogatives but also to involve them in the development and implementation of EU policies. For the first time in the history of the EU, there is now a legal obligation to consult the representatives of local and regional authorities on a variety of matters that concern them directly. Created as a consultative body by the Treaty on European Union, the Committee has emerged as a strong guardian of the principle of subsidiarity since its first session in March 1994. Subsidiarity is enshrined in the Treaty and means that decisions should be taken by those public authorities, which stand as close to the citizen as possible. It is a principle, which resists unnecessarily remote, centralized decision-taking. As regional presidents, mayors of cities or chairpersons of city and county councils, the 222 members of the Committee are elected officials from the levels of government closest to the citizen.

The European Ombudsman

The European Ombudsman investigates complaints about poor or failed administration by institutions and bodies of the European Community. The Ombudsman cannot deal with complaints concerning national, regional or local administrations of the Member States. The European Ombudsman is elected by the European Parliament for the duration of its term of office.

The main EU objectives and activities



The European Union's mission is to unite the Member States and their people on the basis of common legal, economic, political and cultural foundations, and thus to create and maintain a new level of relations between them.

Objectives

The main **objectives** of the European Union are*:

- *to promote economic and social progress* (the single market was established in 1993; the single currency was launched in 1999);
- - *to assert the identity of the European Union on the international scene* (through European humanitarian aid to non-EU countries, common foreign and security policy, action in international crises; common positions within international organizations);
- - *to introduce European citizenship* (which does not replace national citizenship but complements it and confers a number of civil and political rights on European citizens);
- - *to develop an area of freedom, security and justice* (linked to the operation of the internal market and more particularly the freedom of movement of persons);
- - *to maintain and build on established EU law* (all the legislation adopted by the European institutions, together with the founding treaties).

Activities

Pursuing the named objectives the European Union performs its **activities** and solves problems in a great number of fields: agriculture, audiovisual policy, budget, competition, consumers, culture, development, economic and monetary affairs, education, employment and social affairs, energy, enlargement, environment, enterprise, equal opportunities, external relations, fisheries, foreign and security policy, humanitarian aid, information society, internal market, justice and home affairs, public health, regional policy, research and technology (research and technological development (RTD)), trade, trans-European networks, transport.

In the framework of its activities the European Union adopts acts and regulations, establishes new organizations and institutions, initiates various programs and projects. Managing the policy in each of these fields at the level of the Union (not of a separate Member State) contributes to unification, opening up of new opportunities, solving problems fully, and brings other advantages. Thus it is both rational and efficient to exercise administration at a European level in some fields (named above).

In this respect the Fifth and the Sixth Framework Programs (which are going to be discussed in detail in Lectures 3 and 4) are instruments of the EU activity in the field of *research and technological development* (RTD). The role and importance of RTD in Europe is significant. This scope of activity is of a particular attention since it has a crucial influence on European economy as a whole, standard of life in the EU, etc. Since the year of 1984 EU-level research and their financing activities are realized under five-year framework programs.

On each of EU scopes of activity (special programs, their implementation and financing in the frameworks of these scopes) you are welcome to consult the European Union web-site: <http://europa.eu.int/>.

* According to the web-site <http://europa.eu.int/abc-en.htm>