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UKRAINE AND INTERNATIONAL ORGANIZATIONS



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The European Union

UNIT 2

THE POLITICAL AND ECONOMIC PRINCIPLES OF THE EUROPEAN UNION

I. Before you read the text make sure that you know the meaning of the following words

<i>rivalry</i> , n	continuous competition.
<i>furthermore</i> , adv	in addition to what has already been said
<i>gap</i> , n	1 a space between two objects or two parts of an object because of something that is missing 2 a big difference between two situations, amounts, groups of people etc 3 something that is missing that stops something else from being good or complete
<i>clout</i> , n	the power or authority to influence other people's decisions.
<i>sustainable</i> , adj	an action or process that is sustainable can continue or last for a long time.
<i>precautionary</i> , adj	precautionary measures/steps etc things that you do in order to prevent something dangerous or unpleasant from happening.
<i>reject</i> , v	to refuse to accept an offer, suggestion, or request.
<i>convergence</i> , v	1 to come from different directions and meet at the same point 2 if different ideas or aims converge, they become the same — opposite diverge
<i>unfair</i> , adj	1 not right or fair 2 not giving a fair or equal opportunity to everyone.
<i>annex</i> , v	to take control of a country or area next to your own, especially by using force

<i>undermine</i> , v	to gradually make someone or something less strong or effective
<i>purchasing power</i>	1 the amount of money that a person or group has available to spend compared to other people. 2 the value of a unit of money considered in terms of how much you can buy with it.
<i>maintain</i> , v	1 to make something continue in the same way or at the same high standard as before 2 to make a level or rate of activity, movement etc stay the same 3 to keep a machine, building etc in good condition by looking after it
<i>agenda</i> , n	a list of the subjects to be discussed at a meeting
<i>appreciate</i> , v	1 to understand how good or useful someone or something is opposite depreciate 2 to thank someone or be grateful for something they have done
<i>announce</i> , v	1 to officially tell people about a decision or something that will happen 2 to say something in a loud way
<i>onwards</i> , adv	1 forwards 2 from...onwards beginning at a particular time and continuing after that time
<i>withdraw</i> (past <i>withdrew</i> , p.p. <i>withdrawn</i>), v	1 to take money out of a bank account 2 to remove something or take it away or take it back, often because of an official decision
<i>treaty</i> , n	a formal agreement between two or more countries or governments
<i>primary</i> , adj	1 most important; main 2 happening or developing before other things
<i>derive</i> , v	1 to get something, usually a pleasant feeling, from something or someone 2 to develop or come from something else
<i>uphold</i> (past <i>upheld</i> , p.p. <i>upheld</i>), v	1 to defend or support a law, system, or principle so that it is not made weaker 2 if a court upholds a decision made by another court, it states that the decision was correct
<i>preside</i> , v	1 to be in charge of a formal ceremony, meeting etc 2 to be in charge of a situation over which you do not have much control
<i>attend</i> , v	to go to an event such as a meeting or a class
<i>negotiate</i> , v	to discuss something in order to reach an agreement, especially in business or politics

<i>unanimous</i> , adj	1 a unanimous decision, statement etc is one that everyone agrees with 2 agreeing completely about something
<i>amend</i> , n	to make small changes or improvements to a law or document
<i>contentious</i> , adj	causing a lot of argument and disagreement between people
<i>suffrage</i> , n	the right to vote in national elections
<i>dismiss</i> , v	1 to refuse to consider someone's idea, opinion etc, without thinking carefully about it 2 to remove someone from their job 3 to send someone away or allow them to go
<i>oblige</i> , v	to make it necessary for someone to do something
<i>judge</i> , n	the official in control of a court who decides how criminals should be punished
<i>enact</i> , v	to make a proposal into law
<i>valid</i> , adj	1 a valid ticket, document, or agreement can be used legally or is officially acceptable, especially for a fixed period of time or according to certain conditions 2 valid reason/argument/criticism etc a reason, argument etc that is based on what is true or sensible, and so should be accepted or treated in a serious way
<i>expenditure</i> , n	1 the total amount of money that a government, organization, or person spends during a particular period of time 2 the act of spending or using time, money, energy etc

II. Read the text and do the exercises below

Why the European Union?

Peace

The idea of a united Europe was once just a dream in the minds of philosophers and visionaries. Victor Hugo, for example, imagined a peaceful ‘United States of Europe’ inspired by humanistic ideals. The dream was shattered by two terrible wars that ravaged the continent during the first half of the 20th century.

But from the rubble of World War II emerged a new kind of hope. People who had resisted totalitarianism during the war were determined to put an end to international hatred and *rivalry* in Europe and to build a lasting peace between former enemies. Between 1945 and 1950, a handful of courageous statesmen including

Konrad Adenauer, Winston Churchill, Alcide de Gasperi and Robert Schuman set about persuading their peoples to enter a new era. There would be a new order in Western Europe, based on the interests its peoples and nations shared together, and it would be founded upon treaties guaranteeing the rule of law and equality between all countries.

Robert Schuman (French Foreign Affairs Minister) took up an idea originally conceived by Jean Monnet and, on 9 May 1950, proposed setting up a European Coal and Steel Community (ECSC). In countries that had once fought each other, the production of coal and steel would be pooled under a shared authority – the ‘High Authority’. In a practical but also richly symbolic way, the raw materials of war were being turned into instruments of reconciliation and peace.

This bold and generous move was a big success. It was the start of more than half a century of peaceful cooperation between the member states of the European Communities. With the Treaty of Maastricht in 1992, the Community institutions were strengthened and given broader responsibilities, and the European Union (EU) as such was born.

The EU worked hard to help unify Germany after the fall of the Berlin Wall in 1989. When the Soviet empire fell apart in 1991, the countries of Central and Eastern Europe, having lived for decades under the authoritarian yoke of the Warsaw Pact, quite naturally decided that their future lay within the family of democratic European nations.

Safety and security

But Europe in the 21st century still has to deal with issues of safety and security. These things can never be taken for granted. Every new step in world development brings with it not only opportunities but also risks. The EU has to take effective action to ensure the safety and security of its 25 member states. It has to work constructively with the regions just beyond its borders – North Africa, the Balkans, the Caucasus, the Middle East. The tragic events of 11 September 2001 in New York and Washington made us all aware of how vulnerable we are when fanaticism and the spirit of vengeance are let loose.

The EU institutions are central to Europe's success in inventing and operating a system that has brought real and lasting peace to a large area of the planet. But the EU must also protect its military and strategic interests by working with its allies – especially its NATO allies – and by developing a genuine European Security and Defence Policy (ESDP).

Internal and external security are two sides of the same coin. In other words, the EU also has to fight terrorism and organised crime – and that means the police forces of all EU countries have to work closely together. One of Europe's new challenges is to make the EU an area of freedom, security and justice where everyone has equal access to justice and is equally protected by the law. To achieve this, EU governments need to cooperate more closely and bodies like Europol (the European Police Office) must play a more active and effective role.

Economic and social solidarity

The European Union has been built to achieve political goals, but its dynamism and success spring from its economic foundations – the 'single market' formed by all the EU member states, and the single currency (the euro) used by 12 of them.

The EU countries account for an ever smaller percentage of the world's population. They must therefore continue pulling together if they are to ensure economic growth and be able to compete on the world stage with other major economies. No individual EU country is strong enough to go it alone in world trade. To achieve economies of scale and to find new customers, European businesses need to operate in a bigger market than just their home country. That is why the EU has worked so hard to open up the single European market – removing the old obstacles to trade and cutting away the red tape that entangles economic operators.

But Europe-wide free competition must be counterbalanced by Europe-wide solidarity, expressed in practical help for ordinary people. When European citizens become the victims of floods and other natural disasters, they receive assistance from the EU budget. *Furthermore*, the continent-wide market of 450 million consumers must benefit as many people as possible. The 'structural funds', managed by the

European Commission, encourage and back up the efforts of the EU's national and regional authorities to close the *gap* between different levels of development in different parts of Europe. Both the EU budget and money raised by the European Investment Bank are used to improve Europe's transport infrastructure (for example, to extend the network of motorways and high-speed railways), thus providing better access to outlying regions and boosting trans-European trade.

Working more closely together to promote the European model of society

Europe's post-industrial societies are becoming increasingly complex. Standards of living have risen steadily, but there are still gaps between rich and poor and they may widen as former Communist countries join the EU. That is why it is important for EU member states to work more closely together on tackling social problems.

In the long run, every EU country benefits from this cooperation. Half a century of European integration has shown that the whole is greater than the sum of its parts. The EU as a unit has much more economic, social, technological, commercial and political '*clout*' than the individual efforts of its member states, even when taken together. There is added value in acting as one and speaking with a single voice as the European Union.

Why? Because the EU is the world's leading trading power and thus plays a key role in international negotiations. It brings all its trading and agricultural strength to bear within the World Trade Organisation, and in implementing the Kyoto Protocol on action to reduce air pollution and prevent climate change. It launched important initiatives at the August 2002 Johannesburg Summit on *sustainable* development. It takes a clear position on sensitive issues that concern ordinary people – issues such as the environment, renewable energy resources, the '*precautionary* principle' in food safety, the ethical aspects of biotechnology and the need to protect endangered species.

The old saying 'strength in unity' is as relevant as ever to today's Europeans. Europe's strength springs from its ability to take united action on the basis of decisions made by democratic institutions – the European Council, the European Parliament, the Council of Ministers, the European Commission, the Court of Justice, the Court of Auditors.

The EU wants to promote human values and social progress. Europeans see globalisation and technological change revolutionising the world, and they want people everywhere to be masters – not victims – of this process of change. People's needs cannot be met simply by market forces or by the unilateral action of one country.

So the EU stands for a view of humanity and a model of society that the vast majority of its citizens support. Europeans cherish their rich heritage of values that includes a belief in human rights, social solidarity, free enterprise, a fair sharing of the fruits of economic growth, the right to a protected environment, respect for cultural, linguistic and religious diversity and a harmonious yoking of tradition and progress.

The EU Charter of Fundamental Rights, proclaimed in Nice on 7 December 2000, sets out all the rights recognised today by the EU's 25 member states and their citizens. Europeans have a wealth of national and local cultures that distinguish them from one another, but they are united by their common heritage of values that distinguishes Europeans from the rest of the world.

The Treaty of Maastricht enshrined, for the first time, the 'principle of subsidiarity', which is essential to the way the European Union works. It means that the EU and its institutions act only if action is more effective at EU level than at national or local level. This principle ensures that the EU does not interfere unnecessarily in its citizens' daily lives. European identity is a valuable asset to be preserved: it must never be confused with uniformity – which is something Europeans definitely *reject*.

Economic and monetary union – and the euro

Since 1 January 2002, more than 300 million European citizens have been using the euro as a normal part of daily life. It took only 10 years to get from the Treaty of Maastricht (February 1992), enshrining the principle of a single European currency, to the point where euro notes and coins were circulating in 12 EU countries. This is a remarkably short time to carry through an operation that is unique in world history.

The euro has replaced currencies that were, for many of the countries concerned, centuries-old symbols and instruments of their national sovereignty. In

doing so, the new currency has moved Europe considerably closer to economic union. It has also given EU citizens a much clearer sense of sharing a common European identity. With euro cash in their pockets, people can travel and shop throughout most of the Union without having to change money.

How was the idea of a single European currency born? As long ago as 1970, the Werner Report, named after the then Prime Minister of Luxembourg, proposed a *convergence* between the economies and currencies of the six EEC countries. The first step in this direction was not taken until March 1979, when the European Monetary System (EMS) was set up. The EMS was designed to reduce variations in the exchange rates between the currencies of the member states. It allowed them fluctuation margins of between 2.25% and 6%. But its mechanisms were weakened by a series of crises caused by the instability of the US dollar and the weakness of some currencies that became prey to speculators, especially at times of international tension.

The need for an area of monetary stability was felt increasingly as Europe made progress in completing the single market. The Single European Act, signed in February 1986, logically implied convergence between European economies and the need to limit fluctuations in the exchange rates between their currencies. How could a single market, based on the free movement of people, goods and capital, be expected to work properly if the currencies involved could be devalued? Devaluing a currency would give it an *unfair* competitive advantage and lead to distortions in trade.

In June 1989, at the Madrid European Council, Commission President Jacques Delors put forward a plan and a timetable for bringing about economic and monetary union (EMU). This plan was later enshrined in the Treaty signed at Maastricht in February 1992. The Treaty laid down a set of criteria to be met by the member states if they were to qualify for EMU. These criteria were all about economic and financial discipline: curbing inflation, cutting interest rates, reducing budget deficits to a maximum of 3% of GDP, limiting public borrowing to a maximum of 60% of GDP and stabilising the currency's exchange rate.

In protocols *annexed* to the Treaty, Denmark and the United Kingdom reserved the right not to move to the third stage of EMU (i.e. adoption of the euro) even if they

met the criteria. This was called ‘opting out’. Following a referendum, Denmark announced that it did not intend to adopt the euro. Sweden too expressed reservations.

There would have to be some way of ensuring the stability of the single currency, because inflation makes the economy less competitive, *undermines* people’s confidence and reduces their *purchasing power*. So an independent European Central Bank (ECB) was set up, based in Frankfurt, and given the task of setting interest rates to *maintain* the value of the euro.

In Amsterdam, in June 1997, the European Council adopted two important resolutions.

The first, known as the ‘stability and growth pact’, committed the countries concerned to maintain their budgetary discipline. They would all keep a watchful eye on one another and not allow any of them to run up excessive deficits.

The second resolution was about economic growth. It announced that the member states and the Commission were firmly committed to making sure employment remained at the top of the EU’s *agenda*.

In Luxembourg, in December 1997, the European Council adopted a further resolution – on coordinating economic policies. This included the important decision that “ministers of the States participating in the euro area may meet informally among themselves to discuss issues connected with their shared specific responsibilities for the single currency”. The EU’s political leaders thus opened the way to even closer ties between countries that adopted the euro – ties that went beyond monetary union to embrace financial, budgetary, social and fiscal policies.

Progress in achieving EMU has made it easier to open up and complete the single market. In spite of the turbulent world situation (with stock market crises, terrorist attacks and the war in Iraq), the euro area has enjoyed the kind of stability and predictability that investors and consumers need. European citizens’ confidence in the euro was boosted by the successful and unexpectedly swift introduction of coins and banknotes during the first half of 2002. People *appreciate* being able to shop around more easily, now they can directly compare prices in different European countries.

The euro has become the world’s second most important currency. It is increasingly

being used for international payments and as a reserve currency, alongside the US dollar. Integration between financial markets in the euro area has speeded up, with mergers taking place not only between stockbroking firms but also between stock exchanges.

Step by step to the euro

7 February 1992: the Treaty of Maastricht is signed

The Treaty on European Union and Economic and Monetary Union (EMU) is agreed in Maastricht in December 1991. It is signed in February 1992 and comes into force in November 1993. Under this treaty, the national currencies will be replaced by a single European currency – provided the countries concerned meet a number of economic conditions. The most important of the ‘Maastricht criteria’ is that the country’s budget deficit cannot exceed 3% of its gross domestic product (GDP) for more than a short period. Public borrowing must not exceed 60% of GDP. Prices and interest rates must also remain stable over a long period, as must exchange rates between the currencies concerned.

January 1994: the European Monetary Institute is set up

The European Monetary Institute (EMI) is set up and new procedures are introduced for monitoring EU countries’ economies and encouraging convergence between them.

June 1997: the Stability and Growth Pact

The Amsterdam European Council agrees the ‘Stability and Growth Pact’ and the new exchange rate mechanism (a re-born EMS) designed to ensure stable exchange rates between the euro and the currencies of EU countries that remain outside the euro area. A design is also agreed for the ‘European’ side of euro coins.

May 1998: 11 countries qualify for the euro

Meeting in Brussels from 1 to 3 May 1998, the Union’s political leaders decide that 11 EU countries meet the requirements for membership of the euro area. They *announce* the definitive exchange rates between the participating currencies.

1 January 1999: birth of the euro.

On 1 January 1999, the 11 currencies of the participating countries disappear

and are replaced by the euro, which thus becomes the shared currency of Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands Portugal and Spain. (Greece joins them on 1 January 2001). From this point *onwards*, the European Central Bank takes over from the EMI and is responsible for monetary policy, which is defined and implemented in euro. Exchange operations in euro begin on 4 January 1999, at a rate of about €1 to 1.18 US dollars. This is the start of the transitional period that will last until 31 December 2001.

1 January 2002: euro coins and notes are introduced

On 1 January 2002, euro-denominated notes and coins are put into circulation. This is the start of the period during which national currency notes and coins are *withdrawn* from circulation. The period ends on 28 February 2002. Thereafter, only the euro is legal tender in the euro area countries.

How does the Union work?

The European Union is more than just a confederation of countries, but it is not a federal State. It is, in fact, something entirely new and historically unique. Its political system has been constantly evolving over the past 50 years and it is founded on a series of *treaties* – from those signed in Paris and Rome in the 1950s to the much more recent treaties of Maastricht, Amsterdam and Nice.

Under these treaties, the member states of the Union delegate some of their national sovereignty to institutions they share and that represent not only their national interests but also their collective interest.

The treaties constitute what is known as ‘*primary*’ legislation. From them is *derived* a large body of ‘secondary’ legislation that has a direct impact on the daily lives of European Union citizens. It consists mainly of regulations, directives and recommendations.

These laws, along with EU policies in general, are the result of decisions taken by three main institutions:

- the Council of the European Union (representing the member states);
- the European Parliament (representing the citizens); and

- the European Commission (a politically independent body that *upholds* the collective European interest).

This ‘**institutional** triangle’ can function only if the three institutions work closely together and trust one another. “In order to carry out their task and in accordance with the provisions of this Treaty, the European Parliament acting jointly with the Council and the Commission shall make regulations and issue directives, take decisions, make recommendations or deliver opinions”. (Article 249 of the Treaty of Maastricht).

The Council of the European Union is the EU’s main decision-making institution. It was formerly known as the ‘Council of Ministers’, and for short it is simply called ‘the Council’.

Each EU country in turn *presides* over the Council for a six-month period. Every Council meeting is attended by one minister from each of the member states. Which ministers *attend* a meeting depends on which topic is on the agenda. If foreign policy, it will be the Foreign Affairs Minister from each country. If agriculture, it will be the Minister for Agriculture. And so on. There are nine different Council ‘configurations’, covering all the different policy areas including industry, transport, the environment, etc. The Council’s work as a whole is planned and coordinated by the General Affairs and External Relations Council.

The preparatory work for Council meetings is done by the Permanent Representatives Committee (Coreper), made up of the member states’ ambassadors to the EU, assisted by officials from the national ministries. The Council’s administrative work is handled by its General Secretariat, based in Brussels.

The Council and European Parliament share legislative power as well as responsibility for the budget. The Council also concludes international agreements that have been *negotiated* by the Commission. According to the treaties, the Council has to take its decisions either *unanimously* or by a majority or ‘qualified majority’ vote.

On important questions such as *amending* the treaties, launching a new common policy or allowing a new country to join the Union, the Council has to agree unanimously.

In most other cases, qualified majority voting is required – in other words, a

decision cannot be taken unless a specified minimum number of votes is cast in its favour. The number of votes each EU country can cast roughly reflects the size of its population.

A minimum of 232 votes (72.3%) will be required to reach a qualified majority.

In addition,

- a majority of member states (in some cases two thirds) must approve the decision, and

- any member state can ask for confirmation that the votes cast in favour represent at least 62% of the EU's total population.

The European Council brings together the presidents and prime ministers of all the EU countries plus the President of the European Commission. The President of the European Parliament also addresses every European Council..

Its origins go back to 1974, when the EU's political leaders (the 'heads of State or government') began holding regular meetings. This practice was made official by the Single European Act (1987). The European Council now meets, in principle, four times a year. It is chaired by the President or Prime Minister of the country currently presiding over the Council of the European Union.

Given the growing importance of EU affairs in national political life, it is appropriate that the national presidents and prime ministers should have these regular opportunities to meet and discuss major European issues. With the Treaty of Maastricht, the European Council officially became the initiator of the Union's major policies and was empowered to settle difficult issues on which ministers (meeting in the Council of the European Union) fail to agree.

The European Council has become a major media event, since its members are all well-known public figures and some of the issues they debate can be highly *contentious*. It also discusses current world problems. Its aim is to speak with one voice on international issues, developing a Common Foreign and Security Policy (CFSP).

The role of 'Mr Europe' is played by the EU's High Representative for the Common Foreign and Security Policy (a post created by the Treaty of Amsterdam), who is also

Secretary-General of the Council. Javier Solana was appointed to this position in 1999.

The European Parliament is the elected body that represents the EU's citizens and takes part in the legislative process. Since 1979, members of the European Parliament (MEPs) have been directly elected, by universal *suffrage*, every five years.

The present parliament, elected in 2004, has 732 members.

Parliament normally holds its plenary session in Strasbourg and any additional sessions in Brussels. It has 17 committees that do the preparatory work for its plenary sessions, and a number of political groups that mostly meet in Brussels. The Secretariat-General is based in Luxembourg.

Parliament and the Council share legislative power, and they do so using three different procedures (in addition to simple consultation).

- First, there is the 'cooperation procedure', introduced by the Single European Act in 1986. Under this procedure, Parliament gives its opinion on draft directives and regulations proposed by the European Commission, which can amend its proposal to take account of Parliament's opinion.

- Second, there is the 'assent procedure', also introduced in 1986. Under this procedure, Parliament must give its assent to international agreements negotiated by the Commission, to any proposed enlargement of the European Union and to a number of other matters including any changes in election rules

- Third, there is the 'co-decision procedure', introduced by the Treaty of Maastricht (1992). This puts the Parliament on an equal footing with the Council when legislating on a whole series of important issues including the free movement of workers, the internal market, education, research, the environment, Trans-European Networks, health, culture and consumer protection. Parliament has the power to throw out proposed legislation in these fields if an absolute majority of MEPs vote against the Council's 'common position'. However, the matter can be put before a conciliation committee.

The Treaty of Amsterdam added another 23 and the Treaty of Nice a further seven to the number of fields in which the co-decision procedure applies.

Parliament and the Council also share equal responsibility for adopting the EU

budget. The European Commission proposes a draft budget, which is then debated by Parliament and the Council. Parliament can reject the proposed budget, and it has already done so on several occasions. When this happens, the entire budget procedure has to be re-started. Parliament has made full use of its budgetary powers to influence EU policymaking. However, most of the EU's spending on agriculture is beyond Parliament's control.

Parliament is a driving force in European politics. It is the EU's primary debating chamber, a place where the political and national viewpoints of all the member states meet and mix. So Parliament quite naturally gives birth to a good many policy initiatives.

Parliamentary debates are dominated by the political groups. The largest of these are:

- the European People's Party (Christian Democrats) and European Democrats – the EPP-ED group;
- the Party of European Socialists – PES.

Parliament played a key role in drawing up the EU Charter of Fundamental Rights (proclaimed in December 2000) and in setting up the European Convention following the Laeken (Belgium) European Council in December 2001.

Last but not least, Parliament is the body that exercises democratic control over the Union. It has the power to *dismiss* the Commission by adopting a motion of censure. (This requires a two thirds majority). It checks that EU policies are being properly managed and implemented – for example by examining the reports it receives from the Court of Auditors and by putting oral and written questions to the Commission and Council. The current President of the European Council also reports to Parliament on the decisions taken by the EU's political leaders.

The European Commission is one of the EU's key institutions.

From 1 November 2004, the new Commission has 25 members – one per country.

The Commission acts with complete political independence. Its job is to uphold the interests of the EU as a whole, so it must not take instructions from any member state government. As 'Guardian of the Treaties', it has to ensure that the regulations

and directives adopted by the Council and Parliament are being put into effect. If they are not, the Commission can take the offending party to the Court of Justice to *oblige* it to comply with EU law.

The Commission is also the only institution that has the right to propose new EU legislation, and it can take action at any stage to help bring about agreement both within the Council and between the Council and Parliament.

As the EU's executive arm, the Commission carries out the decisions taken by the Council – in relation to the Common Agricultural Policy, for example. The Commission is largely responsible for managing the EU's common policies, such as research, development aid, regional policy, etc. It also manages the budget for these policies.

The Commission is answerable to Parliament, and the entire Commission has to resign if Parliament passes a motion of censure against it. It was when faced with just such a motion of censure that President Jacques Santer tendered the collective resignation of his Commission on 16 March 1999. Romano Prodi became President of the Commission for the period 1999-2004.

The Commission is assisted by a civil service made up of 36 'Directorates-General' (DGs) and services, based mainly in Brussels and Luxembourg. Unlike the secretariats of traditional international organisations, the Commission has its own financial resources and can thus act quite independently.

The Court of Justice of the European Communities, located in Luxembourg, is made up of one *judge* from each EU country, assisted by eight advocates-general. They are appointed by joint agreement of the governments of the member states. Each is appointed for a term of six years which may be renewed. They can be relied on to show impartiality.

The Court's job is to ensure that EU law is complied with, and that the treaties are correctly interpreted and applied.

It can find any EU member state guilty of failing to fulfil its obligations under the treaties. It can check whether EU laws have been properly *enacted* and it can find the European Parliament, the Council or the Commission guilty of failing to act as required.

The Court of Justice is also the only institution that can, at the request of the

national courts, give a ruling on the interpretation of the treaties and on the *validity* and interpretation of EU law. So, when a question of this sort is brought before a court in one of the member states, that court may – and sometimes must – ask the Court of Justice for its ruling.

This system ensures that EU law is interpreted and applied in the same way throughout the European Union.

The Treaties explicitly allow the Court to check whether EU legislation respects the fundamental rights of EU citizens and to give rulings on questions of personal freedom and security.

The Court of First Instance, which was set up in 1989 and consists of one judge from each EU country, is responsible for giving rulings on certain kinds of case, particularly actions brought by firms or private individuals and cases relating to competition law.

The Court of Auditors, set up in 1975, has one member from each EU country, appointed for a term of six years by agreement between the member states, after consulting the European Parliament. The Court of Auditors checks that all the European Union's revenue has been received and all its *expenditure* incurred in a lawful and regular manner and that the EU budget has been managed soundly. It has the right to audit the accounts of any organisation that is handling EU funds and, where appropriate, to refer matters to the Court of Justice.

When taking decisions in policy areas covered by the EC and Euratom treaties, the Council and Commission consult the **European Economic and Social Committee (EESC)**. Its members represent the various interest groups that collectively make up 'organised civil society', and are appointed by the Council for a four-year term.

The EESC has to be consulted before decisions are taken in a great many fields (employment, the European Social Fund, vocational training, etc.). On its own initiative it can also give opinions on other matters it considers important.

The Committee of the Regions (CoR), set up under the Treaty on European Union, consists of representatives of regional and local government, proposed by the member states and appointed by the Council for a four-year term. Under the Treaty,

the Council and Commission must consult the CoR on matters of relevance to the regions, and the Committee may also adopt opinions on its own initiative.

The European Investment Bank (EIB), based in Luxembourg, finances projects to help the EU's less developed regions and to help make small businesses more competitive.

The European Central Bank (ECB), based in Frankfurt, is responsible for managing the euro and the EU's monetary policy. Its work is described in greater detail in Chapter 7.

The idea of an EU Constitution

The EU's decision-making machinery needs overhauling if the EU is to continue working effectively. The EU faces two main challenges.

- First, enlargement over the next decade or two will bring the total number of member states to perhaps 30 or 35. Can the Council be expected to reach unanimous agreement on anything with so many ministers around the table? Will EU decision-making not simply grind to a halt? How will the Union be governed? Who will speak for Europe on the world stage?

- Second, the EU's citizens want to have a greater say in shaping EU policies, but they find it hard to understand the EU's highly complex decision-making system and they perceive 'Brussels' as too remote from their daily lives.

That is why, in December 2001, the European Council set up a 'Convention' – 105 politicians from the EU member states and candidate countries – and gave it the job of drawing up a new and simpler treaty for the European Union. The new treaty would clearly set out the EU's aims and say who is responsible for doing what.

The document drafted by the Convention became known as the EU 'Constitution'. The text was finalised by the European Council in June 2004. However, it has to be ratified by all 25 EU-countries in order to enter into force. While more than half of them have done so, the citizens of France and the Netherlands rejected the constitution in referendums in 2005.

European leaders are therefore having to think again about the future of the

Union, and are encouraging all European citizens to join in this discussion.

The proposed European Constitution

The Constitution agreed by EU leaders in 2004 states, among other things, that:

- The President of the European Council should be elected by qualified majority for a term of two and a half years, renewable once.

- The President of the Commission should be elected by a majority of members of the European Parliament. He or she should be proposed by the European Council, taking into account the European parliamentary elections.

- An EU Minister for Foreign Affairs should be appointed. He or she should be both a Commission Vice-President and a member of the European Council.

- The Charter of Fundamental Rights should be incorporated into the Treaty.

- The European Union should be given legal personality.

- There should be more qualified majority voting in the Council.

- The European Parliament should be given greater legislative and budgetary powers.

- The powers and responsibilities of the Union and its member states should be spelt out more clearly.

- National parliaments should play a part in ensuring that the EU complies with the principle of subsidiarity.

(The text is retrieved from the official site portal of the European Union – EUROPA – http://europa.eu/abc/12lessons/index_en.htm)

EXERCISES

I. Say whether the following statements are true or false

1. On 9 May 1960 Robert Schuman proposed setting up a European Coal and Steel Community.
2. The EU wants to promote human values and social progress.
3. The EU Charter of Fundamental Rights, proclaimed in Nice on 7 December 2000,

sets out all the rights recognised today by the EU's 25 member states and their citizens.

4. In 1970 the Werner Report a convergence between the economies and currencies of the nine EEC countries.
5. The Single European Act, signed in February 1986, logically implied convergence between European economies and the need to limit fluctuations in the exchange rates between their currencies.
6. In Amsterdam, in June 1997, the European Council adopted four important resolutions.
7. The euro has become the world's third most important currency.
8. The Treaty on European Union and Economic and Monetary Union was signed in February 1995.
9. Each EU country in turn presides over the Council for a five-month period.
10. The European Council now meets four times a year.
11. Since 1979, members of the European Parliament have been directly elected, by universal suffrage, every six years.
12. The Commission is the only institution that has the right to propose new EU legislation.
13. The Court of Auditors has two members from each EU country.

II. Answer the following questions

1. What was the idea of Robert Schuman, French Foreign Affairs Minister?
2. When was the European Coal and Steel Community established?
3. Why is it important for EU member states to work more closely together on tackling social problems?
4. What does the European model of society mean?
5. How was the idea of a single European currency born?
6. When did the European Council adopt the resolution about coordination of economic policies?
7. What is the most important of "Maastricht criteria"?

8. When was the euro introduced?
9. What are the EU's main institutions?
10. How was the Council of the European Union formerly called?
11. How many times a year does the European Council meet?
12. Where does the European Parliament hold its plenary and addition sessions?
13. Do the European Parliament and the European Council share legislative power?
14. How many members does the new Commission have?
15. What is the idea of the EU Constitution?

***III. Match the following words with their definitions:**

1) <i>rivalry</i>	a) to come from different directions and meet at the same point
2) <i>clout</i>	b) to gradually make someone or something less strong or effective
3) <i>reject</i>	c) the act of spending or using time, money, energy etc
4) <i>convergence</i>	d) continuous competition
5) <i>undermine</i>	e) the power or authority to influence other people's decisions
6) <i>maintain</i>	f) to make it necessary for someone to do something
7) <i>derive</i>	g) to make small changes or improvements to a law or document
8) <i>preside</i>	h) to send someone away or allow them to go
9) <i>amend</i>	i) to get something, usually a pleasant feeling, from something or someone
10) <i>dismiss</i>	j) to be in charge of a formal ceremony, meeting etc
11) <i>oblige</i>	k) to make something continue in the same way or at the same high standard as before
12) <i>expenditure</i>	l) to refuse to accept an offer, suggestion, or request

****IV. Fill in the gaps with the words from the table**

concern	justice	security	persecution
agenda	challenges	set up	entry
became	access	amended	dimension

entitled

freedom

Freedom, security and justice

European citizens are ¹_____ to live in freedom, without fear of ²_____ or violence, anywhere in the European Union. Yet international crime and terrorism are among the things that most ³_____ Europeans today.

These ⁴_____ call for swift joint action at EU level. The European Union clearly needs a policy on ‘⁵_____ and home affairs’ – particularly now that enlargement is giving a new ⁶_____ to the issue of Europe’s internal ⁷_____.

EU action in this field was not on the ⁸_____ when the European Economic Community was ⁹_____. Article 3 of the Treaty of Rome simply states that the Community must take “measures concerning the ¹⁰_____ and movement of persons”. But, as time went by, it ¹¹_____ clear that ¹²_____ of movement must mean giving everyone, everywhere in the EU, the same protection and the same ¹³_____ to justice. So the original treaties were ¹⁴_____ – first by the Single European Act, then by the Treaties of Maastricht, Amsterdam and Nice.