

### **Accession criteria (Copenhagen criteria)**

In June 1993, the Copenhagen European Council recognised the right of the countries of central and eastern Europe to join the European Union when they have fulfilled three criteria:

- political: stable institutions guaranteeing democracy, the rule of law, human rights and respect for minorities;
- economic: a functioning market economy;
- incorporation of the Community acquis: adherence to the various political, economic and monetary aims of the European Union.

Eight Central and Eastern European countries will join the EU in 2004 together with Cyprus and Malta; Bulgaria and Romania have not yet fulfilled the Copenhagen criteria.

### **Accession negotiations**

In 1995, at the Luxembourg European Council (December 1997), the applications of 10 Central and Eastern European countries were given a favourable reception. The official accession negotiations proceeded in two phases. On 30 March 1998, negotiations began with six 'first wave' countries (Cyprus, the Czech Republic, Estonia, Hungary, Poland, and Slovenia). The 'second wave' candidate countries of central and Eastern Europe (Bulgaria, Latvia, Lithuania, Malta, Romania and Slovakia), began negotiations in February 2000 when it was felt that their reforms had made rapid enough progress. Eight of the ten will join the EU in 2004 (Poland, Hungary, the Slovak Republic, the Czech Republic, Slovenia, Estonia, Latvia and Lithuania); negotiations continue with Bulgaria and Romania. Turkey has also applied to join the EU but accession negotiations had not begun as of 2003.

The accession negotiations examine the applicants' capacity to fulfil the requirements of a Member State and to apply the body of Community laws (the 'acquis') at the time of their accession, in particular the measures required to extend the single market, which will have to be implemented immediately.

### **ACP (African, Caribbean and Pacific States)**

The group of developing countries which belong to the Lomé Convention (an agreement first signed in 1975 on the reciprocal trade arrangements and the provision of developmental aid). The membership currently includes 70 countries and most of their exports are allowed into the EC on a preferential basis. These countries are also eligible to grants from the European Development Fund (EDF) and loans from the European Investment Bank (EIB).

### **Acquis Communautaire**

The *acquis communautaire* (or community acquis) is the body of common rights and obligations which bind all the Member States together within the European Union. It is constantly evolving and comprises:

- the content, principles and political objectives of the Treaties;
- the legislation adopted in application of the treaties and the case law of the Court of Justice;
- the declarations and resolutions adopted by the Union;
- measures relating to the common foreign and security policy;
- measures relating to justice and home affairs;
- international agreements concluded by the Community and those concluded by the Member States between themselves in the field of the Union's activities.

Thus the Community acquis comprises not only Community law in the strict sense, but also all acts adopted under the second and third pillars of the European Union and the common objectives laid down in the Treaties. The Union has committed itself to maintaining the Community *acquis* in its entirety and developing it further.

Applicant countries have to accept the Community acquis before they can join the European Union. Exemptions and derogations from the acquis are granted only in exceptional circumstances and are limited in scope. In preparation for the next enlargement, the applicant countries now need to transpose the acquis into their national legislation and will have to implement it from the moment of their accession.

### **Additionality**

The additionality principle means that funding from the European Regional Development Fund (ERDF) is additional to that provided by national and local authorities.

### **Agenda 2000**

An action programme adopted by the Commission on 15 July 1997 as an official response to requests by the Madrid European Council in December 1995 that it present by 31 December 1999 a) a general document on enlargement, b) the reform of the common policies and c) a communication on the Union's future financial framework. Agenda 2000 tackles all the questions facing the Union at the beginning of the 21st century. Attached to it are the Commission's opinions on the countries that have applied for Union membership.

Agenda 2000 is in three parts:

- the first addresses the question of the European Union's internal operation, particularly the reform of the common agricultural policy and of the policy of economic and social cohesion. It also contains recommendations on how to face the challenge of enlargement in the best possible conditions and proposes putting in place a new financial framework for the period 2000-06;
- the second proposes a reinforced pre-accession strategy, incorporating two new elements: the partnership for accession and extended participation of the applicant countries in Community programmes and the mechanisms for applying the Community acquis;
- the third consists of a study on the impact of the effects of enlargement on European Union policies.

### **Amsterdam Treaty**

The Treaty signed at the 1997 summit of the European Council in Amsterdam. Its main aim was to begin preparing the European Union for enlargement.

### **Approximation of laws**

The process of harmonising member states' laws affecting the internal market (the 'four freedoms', free movement of goods, people, capital and services) with the aim of eliminating differences that hinder the four freedoms.

### **Assent procedure**

The assent procedure requires the Council of Ministers to obtain the European Parliament's assent before certain important decisions can be taken. It was introduced by the 1986 Single European Act. Under this procedure, the Parliament may accept or reject a proposal but cannot amend it. If the European Parliament does not give its assent, the act in question cannot be adopted.

The assent procedure mainly concerns the accession of new Member States, association agreements and other fundamental agreements with third countries, and the appointment of the President of the Commission. It is also required with regard to citizenship issues, the specific tasks of the European Central Bank (ECB), amendments to the Statutes of the European System of Central Banks and the ECB, the Structural and Cohesion Funds, and the uniform procedure for elections to the European Parliament.

Following the entry into force of the Treaty of Amsterdam, Parliament's assent is also required in the event of sanctions being imposed on a Member State for a serious and persistent breach of fundamental rights under the new Article 7 of the EU Treaty. The Treaty of Nice has made the Parliament's assent mandatory where reinforced cooperation between certain Member States is envisaged in an area which is subject to the codecision procedure.

### **Association Agreements**

Agreements between the EU and other nations imply a level of integration that is short of membership but more extensive than a simple free trade agreement. They are often stepping stones to full membership. The Association Agreements with Central and Eastern European countries that the EU signed after 1991 are known as Europe Agreements.

**Bank for International Settlement**

This can be thought of as the Central Bank of Central Banks. Established in 1930 as an association of European national banks, it now has a worldwide membership. Based in Basle Switzerland, it has provided a headquarters for the Committee of the Governors of the Central Banks. It is well known for harmonising capital requirements for banks across the global.

**Basket of Currencies**

Before the euro was introduced in 2001, the EU used a synthetic currency – called the ECU, short for European Currency Unit – in its accounts and as the reference point in Exchange Rate Mechanism (ERM) that was part of the European Monetary System (EMS). The value of the ECU could be thought of as consisting of the value of a basket containing various amounts of the EU national currencies, e.g. 0.8 DM, 3 FF, etc. The amount of each national currency in the basket was determined by the relative size of the country's gross national product (GNP), trade, and short-term credit quotas.

**Block Exemptions**

Agreements between the EC and other countries which include exemptions from the general prohibition by the EC of restrictive trade agreements. This term is also used to describe the general exception that the EU auto industry obtained from the pro-competitive aspects of the Single Market Programme that was introduced by the 1986 Single European Act.

**Brussels Treaty**

1948 Agreement that was the first move towards European co-operation after the war; signed by the Benelux countries, France and the UK it established agreement on the principle of a defensive pact for the North Atlantic Area.

**Budget**

The EU's budget comprises about 1% of the total EU GDP. The Community budget is based on several principles, including:

- unity (all the revenue and expenditure is brought together in a single document);
- annuality (budget operations relate to a given budget year);
- equilibrium (expenditure must not exceed revenue)
- Multi-year indicative planning (the broad outlines of annual spending for a 7 year period are agreed in advance); this plan is called the 'financial perspective'; the current one covers the 2000 to 2006 period.

The Commission is responsible for submitting a preliminary draft budget to the Council, which shares budgetary authority with the European Parliament. The nature of the expenditure determines which of the two institutions has the final say, depending on whether the expenditure is compulsory or not. It is the European Parliament that finally adopts or rejects the budget in its entirety.

See Chapter 2 for more details.

**CAP, see Common agricultural policy**

### **Charter of Fundamental Rights**

The drafting of a charter of fundamental rights was initiated by the Cologne European Council (3 and 4 June 1999) following the 50th anniversary of the Universal Declaration of Human Rights in December 1948. The objective was to raise awareness of the fundamental rights applicable at Union level by documenting these in a single document. The Charter is based on the Community Treaties, international conventions such as the 1950 European Convention on Human Rights and the 1989 European Social Charter, constitutional traditions common to the Member States and various European Parliament declarations. The Charter defines fundamental rights relating to dignity, liberty, equality, solidarity, citizenship and justice. It was solemnly proclaimed by the Nice European Council (7-10 December 2000). The Intergovernmental Conference (IGC) which agreed the Treaty of Nice at the same European Council was unable to reach agreement on incorporating the Charter in the treaties and thus making it legally binding.

The draft Constitutional Treaty incorporates the Charter into fundamental EU law.

### **Citizenship of the Union**

The 1997 Amsterdam Treaty established this: "Citizenship of the Union is hereby established. Every person holding the nationality of a Member State shall be a citizen of the Union. Citizenship of the Union shall complement and not replace national citizenship."

This is associated with citizenship of a member state in that anyone who is a national of a Member State is considered to be a Citizen of the Union. Union citizenship confers, for example, the right to:

- freedom to move and take up residence anywhere in the Union;
- vote and stand in local government and European Parliament elections in the country of residence;
- diplomatic and consular protection from the authorities of any Member State where the country of which a person is a national is not represented in a non-Union country;
- the right of petition and appeal to the European Ombudsman.

The introduction of the notion of Union citizenship does not replace national citizenship; it is in addition to it.

### **Closer cooperation**

The term 'closer cooperation' was introduced in the Amsterdam Treaty. It was replaced by the term 'enhanced cooperation' by the Treaty of Nice (this is also the term used in the draft Constitutional Treaty). The idea is to allow sub-groups of members to proceed with closer cooperation (e.g. tighter economic integration). Such cooperation is impossible at the EU level due to the objections of some members.

Under the Amsterdam Treaty, authorisation for this sort of cooperation was difficult since it had to be proposed by the Commission and authorised by the Council of Ministers (on a QMV basis) after consulting the Parliament. Any member state could – for "important reasons of national policy" – veto an arrangement by requiring unanimous approval by the European Council. The Treaty of Nice relaxed some of these activation constraints and these are included in the draft Constitutional Treaty; see Chapter 2 for more detail.

### **Codecision procedure**

Introduced by the Treaty of Maastricht, the codecision procedure (Article 251 of the EC Treaty, formerly Article 189b) is one of several law-making procedures in the EU. Co-decision is now the main form of law making in the EU (approximately 80% of EU laws are made under this procedure). Proposals for new laws made by the Commission must be approved by both the Council of Ministers and the European Parliament (these bodies can modify the Commission's proposal but this triggers a more complex sequence of events; see Chapter 2 for details and analysis).

The draft Constitutional Treaty renames this as the 'ordinary legislative procedure' and requires its use for almost all new laws.

### **Cohesion**

The term cohesion refers to a financial redistribution policy for reducing national and regional socioeconomic disparities, especially through a new structural fund, the Cohesion Fund. 'Cohesion spending' refers to all of the programmes (Structural Funds, Cohesion Fund, etc.) that aim to redress inequalities in the EU. See Chapter 2's budget section for details, and Chapter 9 for analysis.

### **Commission (see European Commission)**

#### **Comitology**

Under EU law, the Commission is charged with implementing legislation at the EU level. Since this often involves a large measure of discretion, EU law dictates that the Commission consult widely with EU members before adopting the precise form of the implementation. The term comitology refers to a complex sequence of consultations that precedes the implementation decision. The committees that undertake this consist of representatives from Member States and are chaired by the Commission; they act as forums for discussion that enable the Commission to establish a dialogue with national administrations.

#### **Committee of Permanent Representatives (COREPER)**

COREPER is a committee that prepares the work of the Council of Ministers (also called the Council of the European Union). Since the Council of Ministers has different members for different decisions (ministers of finance on financial issues, farm ministers on agricultural issues, etc.), COREPER is essential to ensuring the continuity and harmony of the Council's work. The committee consists of the Member States' Permanent Representatives (Ambassadors) to the EU. It is responsible, at a stage involving preliminary negotiations, for assisting the Council in dealing with the items on its agenda (proposals and drafts of instruments put forward by the Commission). It occupies a pivotal position in the Community decision-making system by a) providing a forum for dialogue (among the Permanent Representatives and between them and their respective national capitals) and b) exercising political control (by laying down guidelines for, and supervising, the work of the expert groups). It is maintained by each Member State in Brussels and acts as the service agent and gatekeeper for the Council of Ministers. The Committee of Permanent Representatives reviews and negotiates on impending proposals and prepares the agenda for Council meetings. Its existence was formally recognized only in the Treaty on European Union. COREPER is the French acronym by which the Permanent Representatives Committee is known (short for Comité des représentants permanents des Etats Membres auprès de l'Union européenne).

#### **Committee of the Regions (CoR)**

The Committee of the Regions was created by the Maastricht Treaty in 1992. It consists of 222 representatives of local and regional authorities appointed by the Council for four years on the basis of unanimous proposals from the Member States. It is consulted by the Council, Parliament and the Commission in areas affecting local and regional interests, such as education, youth, culture, health and social and economic cohesion. It may also issue opinions on its own initiative. Following the entry into force of the Treaty of Amsterdam (May 1999), the Committee has to be consulted on an even wider range of fields – the environment, the Social Fund, vocational training, cross-border cooperation and transport.

#### **Common agricultural policy (CAP)**

The common agricultural policy refers to a complex set of very expensive and very distortionary policies aimed at helping the EU farm sector. See Chapter 8 for details and analysis.

#### **Common commercial policy**

Right from the beginning in 1958, the EU has always had exclusive responsibility for the EU's trade policy vis-à-vis third nations. This includes, for instance, the Common External Tariff, and EU-wide application of anti-dumping duties and trade embargoes. Decisions concerning this policy are taken by qualified majority in the Council of Ministers.

#### **Common foreign and security policy (CFSP)**

This is the so-called second pillar of the EU. Title V of the Treaty on European Union established and governs the common foreign and security policy (CFSP) which replaced European Political Cooperation (EPC). The CFSP provides for the eventual framing of a common defence policy and might in time lead to a common defence.

### **Common market**

The Common Market, a name frequently used before the 1990s as an alternative name for the European Economic Community (EEC) and, later, for the EC. More generally, it refers to a group of nations that have removed tariffs and quotas on all intra-group trade as well as allowing free movement of capital and labour among members. In the EU, the term was used extensively up until the 1986 Single European Act after which the term Single Market or Internal Market are more frequent. Although the usage is imprecise, the Single Market is generally considered a deeper form of integration than a Common Market since it included extensive harmonisation of members' laws affecting the movement of goods, services, people and capital (this is called approximation in EU parlance).

### **Common organisations of the agricultural markets (COM)**

The common organisations of the market (COM) are provisions which govern the production and trade in agricultural products within all the Member States of the European Union. In particular, these organisations arrange for the interventions that support the agreed price floors and arrange for the 'disposal' or storage of 'excess' food that must be bought to support the prices. They are laid down at Community level and since the introduction of the common agricultural policy (CAP) have gradually replaced national market organisations in the sectors where that was necessary. See Chapter 8 for details on the CAP.

### **Common strategy (as related to the CFSP)**

The common strategy is a new instrument introduced under the common foreign and security policy by the Treaty of Amsterdam. Under the new Article 13 of the EU Treaty, the European Council defines the principles and general guidelines for the CFSP and decides on common strategies to be implemented by the Union in fields where the Member States have important interests in common. Common strategies are implemented by the Council, in particular by adopting joint actions and common positions.

### **Common transport policy**

The aim of the common transport policy is to lay down common rules applicable to international transport to or from the territory of the Member States or passing across the territory of one or more of them (Articles 70 to 80 of the EC Treaty). It is also concerned with laying down the conditions under which non-resident carriers may operate services within a Member State; and lastly, it covers measures to improve transport safety.

### **Communitisation**

Within the institutional framework of the Union, communitisation refers to transferring a matter from the intergovernmental method (second and third pillars), to the Community method (first pillar).

### **Community acquis (see *acquis communautaire*)**

#### **Community law**

Strictly speaking, Community law consists of the founding Treaties (primary legislation) and the provisions of instruments enacted by the Community institutions by virtue of them (secondary legislation).

In a broader sense, Community law encompasses all the rules of the Community legal order, including general principles of law, the case law of the Court of Justice, law flowing from the Community's external relations and supplementary law contained in conventions and similar agreements concluded between the Member States to give effect to Treaty provisions. All these rules of law form part of what is known as the Community acquis. See Chapter 2 for more on Community law and EU law.

#### **Community legal instruments**

This term refers to the instruments available to the Community institutions to carry out their tasks under the Treaty establishing the European Community with due respect for the subsidiarity principle. They are:

- regulations: these are binding in their entirety and directly applicable in all Member States;
- directives: these bind the Member States as to the results to be achieved; they have to be transposed into the national legal framework and thus leave a margin for manoeuvre as to the form and means of implementation;
- decisions: these are fully binding on those to whom they are addressed;
- recommendations and opinions: these are non-binding, declaratory instruments.

## **Competition Policy**

The rules on competition are intended to ensure that a European economic area based on market forces can function effectively. The objective is to achieve a balance between imposing necessary restrictions upon unrestrained economic competition, and the removal of damaging restrictive economic practices by enterprises and governments that prevent a coherent integration of the EC market.

The European Community's competition policy (Articles 81 to 89 of the EC Treaty, formerly 85 to 94) is based on five main principles:

- the prohibition of concerted practices, agreements and associations between undertakings which may affect trade between Member States and prevent, restrict or distort competition within the common market;
- the prohibition of abuse of a dominant position within the common market, in so far as it may affect trade between Member States;
- supervision of aid granted by the Member States, or through State resources in whatever form whatsoever, which threatens to distort competition by favouring certain undertakings or the production of certain goods;
- preventive supervision of mergers with a European dimension, by approving or prohibiting the envisaged alliances;
- liberalization of certain sectors where public or private enterprises have hitherto evolved monopolistically, such as telecommunications, transport or energy.

Competition policy is underwritten by the EC treaties, which give the Commission substantial investigatory and punitive powers. See Chapter 6 for more detail and analysis.

## **Composition of the European Commission**

The European Commission currently comprises at least one national of each Member State (two for the large States: France, Germany, Italy, Spain and the United Kingdom). The composition of the Commission in the light of enlargement is central to all the current debates. It is a key issue, since it involves deciding on the optimum number of Commissioners needed to guarantee the legitimacy, collective responsibility and efficiency of an institution whose purpose is to represent the general interest in complete independence. With the prospect of future enlargements, there are fears that a large increase in the number of Commissioners will lead to nationalisation of their function to the detriment of collective responsibility. Conversely, should the number be limited, the fear is that some nationalities will not be represented within the Commission as such.

The Treaty of Nice, a product of the 2000 Intergovernmental Conference, offers a provisional solution to this question by providing for:

- a limit on the number of members from the date on which the next Commission takes up its duties (1 November 2004) to one per Member State;
- a ceiling on the number of members once membership of the Union reaches 27; at that point the Council will have to decide, acting unanimously, the exact number of members the Commission will have.

The Copenhagen European Council (12-13 December 2002) decided that the Commissioners from the new Member States should take their place on the current Commission from the date of their country's accession, scheduled for 1 May 2004. See Chapter 2 for more details.

## **Conciliation Committee and Procedures**

Alternatively known as the co-decision procedure, this mechanism, outlined in the Treaty of the European Union, aims to resolve disputes between EC institutions over proposed legislation in the decision-making process.

A Conciliation Committee may be set up under the co-decision procedure between Council and Parliament, to deal with any disagreement between these two institutions. The aim is to reach agreement on a text acceptable to both sides. The Committee comprises the members of the Council or their representatives and an equal number of representatives of Parliament. See Chapter 2 for more details.

## **Confirmation of the European Commission**

The Treaties of Maastricht and Amsterdam completely overhauled the procedure for appointing the Commission, introducing a confirmation procedure. The procedure is in two stages. For the President of the Commission the governments of the Member States – by common accord – nominate him. Their nominee is thereafter approved by the European Parliament. For the Commission, members are nominated by Member States in consultation with the President-designate, and the entire Commission is then subject to a vote of approval by the European

Parliament after individual hearings by the appropriate Parliamentary committees. Finally Commission members are appointed by the representatives of Member State governments meeting in the Council. The Treaty of Nice, which entered into force on 1 February 2003, introduced further changes to the procedure for appointing the Commission, further enhancing the role of the European Council. Responsibility for nominating the President now rests with the European Council, acting by qualified majority and after approval by Parliament. The Council then adopts the list of individuals it intends to appoint as Members of the Commission. The list is drawn up in accordance with the proposals made by the Member States. Finally, the President and the Members of the Commission are appointed by the Council, acting by qualified majority, after the entire body has been approved by Parliament.

### **Congress of Europe at The Hague**

A congress at The Hague from 7-10 May 1948. It was attended by some 750 people of almost every European nationality. The Congress resolution declared the need for a united and democratic Europe. These demands found wide agreement and triggered the move towards negotiations, which were to culminate in the establishment of the Council of Europe in 1949. The Congress of Europe at The Hague, then, was the birth place of the European movement. The Council of Europe, which has nothing to do with the EU, should not be confused with the European Council. See Chapter 1 for a historical perspective on the Council of Europe and the Hague Congress.

The Council of Europe is an intergovernmental organisation that does not require member states to surrender sovereignty. The Council's work is mainly concerned with encouraging the development of Europe's cultural identity, as well as upholding human rights and democracy. It adopts agreements and resolutions. The most important of these was the Convention for the Protection of Human Rights and Fundamental Freedoms (ECHR). After operating in the shadow for many years, the importance of this organisation as a forum for Europe grew following the end of the Cold War between East and West.

### **Compulsory Expenditure**

Compulsory Expenditure refers to the element of the budget spent on policies arising directly from EC treaties. The major cost is the Common Agricultural Policy CAP. The European Parliament has a more restricted role in this area of expenditure.

### **Consultation procedure**

The consultation procedure enables the European Parliament to give its opinion on a proposal from the Commission. In the cases laid down by the Treaty, the Council of Ministers must also consult the European Parliament before voting on the Commission proposal. However, it is not bound by the Parliament's position but only by the obligation to consult it. The Parliament should be consulted again if the Council deviates too far from the initial proposal. The powers of the Parliament are fairly limited under this procedure, in so far as it can only hope that the Commission takes its amendments into account in an amended proposal.

### **Convergence**

Convergence is generally used to refer to the process of bringing national economies into line with each other prior to their entry into the Economic and Monetary Union (EMU). Convergence is usually judged by the so-called Maastricht criteria; see Chapter 14 for details and analysis. The term 'real convergence' is quite different; it refers to the convergence of member states' per capita incomes.

### **Convergence criteria**

Convergence criteria refers to the conditions which will make a Member State eligible for incorporation into Economic and Monetary Union (EMU). To ensure that sustainable convergence comes about, the Treaty sets five convergence criteria which must be met by each Member State before it can take part in the third stage of EMU. The Commission and the European Central Bank (ECB) draw up reports to check whether the criteria are being met. The criteria are:

- the ratio of government deficit to gross domestic product must not exceed 3%;
- the ratio of government debt to gross domestic product must not exceed 60%;
- there must be a sustainable degree of price stability and an average inflation rate, observed over a period of one year before the examination, which does not exceed by more than one and a half percentage points that of the three best performing Member States in terms of price stability;

- there must be a long-term nominal interest rate which does not exceed by more than two percentage points that of the three best performing Member States in terms of price stability;
- the normal fluctuation margins provided for by the exchange-rate mechanism on the European Monetary system must have been respected without severe tensions for at least the last two years before the examination.

### **Cooperation procedure**

The cooperation procedure is one of several legislative procedures in the EU. It was introduced by the Single European Act and gives the European Parliament greater influence than under the 'assent procedure' but less influence than under the co-decision procedure. It is not frequently used since it now applies exclusively to the economic and monetary fields. The cooperation procedure is always initiated by a proposal from the Commission forwarded to the Council and the European Parliament. In the context of a first reading, Parliament issues an opinion on the Commission proposal. The Council, acting by a qualified majority, then draws up a common position, which is forwarded to Parliament together with all the necessary information and the reasons which led the Council to adopt this common position. Parliament examines this common position at second reading, and within three months may adopt, amend or reject the common position. In the latter two cases, it must do so by an absolute majority of its members. If it rejects the proposal, unanimity is required for the Council to act on a second reading.

The Commission then re-examines, within one month, the proposal and forwards its proposal to the Council. Within three months, the Council may adopt the re-examined proposal by qualified majority, amend it unanimously or adopt the amendments not taken into consideration by the Commission, also unanimously. In the cooperation procedure, the Council may still exercise a veto by refusing to express its opinion on the amendments proposed by the European Parliament or on the amended proposal from the Commission, thereby blocking the legislative procedure. See Chapter 2 for details.

### **COREPER, see Committee of Permanent Representatives**

### **Council of Europe (see Congress of Europe at the Hague)**

### **Council of Ministers (see Council of European Union)**

### **Council of the European Union**

The Council of the European Union (often referred to as the Council of Ministers, or simply 'the Council') is the Union's main decision-making institution. It consists of the ministers from all Member States who are responsible for the area of activity on the agenda: foreign affairs, agriculture, industry, transport, etc. Despite the existence of different configurations depending on the area of activity – and different names for these configurations – the Council is a single institution. For example, since the beginning of 2001 the following 16 Council formations have been convened: General Affairs, Agriculture, Budget, Culture, Development, Economy/Finance, Education/Youth, Environment, Fisheries, Health, Industry and Energy, Internal Market, Consumer Affairs and Tourism, Justice, Home Affairs and Civil Protection, Labour and Social Affairs, Research, Transport/Telecommunications. The most well-known configurations are General Affairs (called the General Affairs Council, a meeting of foreign ministers), and the Economy/Finance configuration commonly known as EcoFin (meeting of economy and finance ministers).

The chair of the Council is held in turn by the Member State who has the EU Presidency (the Presidency rotates on a six monthly basis). Decisions are prepared by the Committee of Permanent Representatives of the Member States (COREPER), assisted by working parties of national government officials. The Council is also assisted by its General Secretariat. Council decisions under the first pillar are adopted on the basis of Commission proposals either by 'qualified majority voting' (QMV) for most issues, or by unanimity for the most sensitive issues. See Chapter 2 for more detail and analysis.

### **Court of First Instance of the European Communities (CFI)**

The Court of First Instance was established by the Single European Act (SEA), and came into operation in 1989. It aimed to strengthen the protection of individuals' interests by introducing a second tier of judicial authority, allowing the Court of Justice of the European Communities (CJEC) to concentrate on its basic task of ensuring the uniform interpretation and application of Community law. In 2003, the CFI was made up of fifteen judges appointed by common accord of the Governments of the Member States to hold office for a renewable term of

six years. It should be noted that in response to a request submitted by the Court of Justice, outside the framework of the Intergovernmental Conference, the Permanent Representatives' Committee agreed to increase the number of judges for the CFI to twenty-one. The arrangement regarding the system of rotation for appointments has still to be decided.

### **Court of Justice of the European Communities (CoJEC), or EU Court**

The Court of Justice of the European Communities is composed of as many judges as there are Member States. At present it has fifteen judges assisted by eight advocates-general appointed for six years by agreement among the Member States. It may sit in chambers, or in plenary session for cases that are particularly important or complex and at the request of a Member State.

It has two principal functions:

- to check whether instruments of the European institutions and of governments are compatible with the Treaties;
- to pronounce, at the request of a national court, on the interpretation or the validity of provisions contained in Community law.

The Court is assisted by the Court of First Instance of the European Communities (CFI), which was set up in 1989. See Chapter 2 for details.

### **Creeping competence**

Creeping Competence refers to the spread of the role and powers of the supranational institutions at the expense of those of the Member States through interpretation of EC treaties.

### **CSCE (Conference on Security and Cooperation in Europe)**

The CSCE is unrelated to the EU. At the Conference on Security and Cooperation in Europe (CSCE), 55 European nations (including USSR), the USA and Canada met in Helsinki in 1972 on an initiative instigated by Finland. The objective of this conference was to improve European relationships between East and West. The Final Act of Helsinki (1975) and the Charta 77 (1977) represent the major milestones in the CSCE's history. In 1995, the CSCE became the OSCE (Organization for Security and Co-operation in Europe). As a Europe-wide organisation, the OSCE plays a unique role in Europe's security structure.

### **Customs union**

A customs union is an agreement between several states to form a joint customs area. Internal tariffs are abolished and uniform external tariffs established. The Union completed its customs union in 1968, ahead of the schedule provided for by the EEC treaty. With the entry into force of the single market in 1993, all routine checks of goods at internal borders were abolished, as were customs formalities. Thus, the customs services of the Member States lost their responsibility for collecting excise duties, VAT and statistical data. The Community has concluded special agreements to facilitate trade, for example the agreement with the European Economic Area (EEA), and to encourage development by providing preferential access to European markets, for example the Lomé Convention, signed with the African, Caribbean and Pacific countries (ACP).

**Declaration (CFSP)**

The Declaration is an instrument for which there is no provision in Title V of the Treaty on European Union but which was a feature of European political cooperation (EPC). It is not a mandatory instrument and is still frequently used under the CFSP.

**Decree**

A decree is the strongest form of Community law. A decree is universally valid. It is valid in all its parts and becomes law in every member state after it has been passed. See Chapter 2 for a comparison of various instruments.

**Deepening**

Deepening refers to an increase in the extent to which EU nations are integrated economically. For example, the Single Market Programme (1986-1992) deepened the integration of EU goods markets by harmonising member States laws concerning product standards; this implied a deeper integration than the customs unions since it eliminated many non-tariff trade barriers that arose from differing product standards. Deepening is often contrasted with 'widening' – a term that can mean both a broader application of EU integration among existing members (for example, harmonising external immigration policies would be considered widening rather than deepening since it is, in essence, applying something like the Common external trade policy to the area of immigration), and enlargement of EU membership.

Historically, deepening has been a process that proceeded parallel to, and was often viewed as a necessary step prior to, enlargement.

**Delimitation of competences**

The delimitation of competences between the European Union and its Member States (i.e. deciding who should be in charge of what) is a topic that came to the forefront in the 1980s and early 1990s with the implementation of the Single Market Programme. The EU embraced the notion of 'subsidiarity' (i.e. decisions should be taken as close to voters as is practical) and, with the Maastricht Treaty, implemented the three-pillars architecture that served to limit the EU's range of competencies (i.e. areas of responsibility). Title II of the draft Constitutional Treaty explicitly proposes a list of EU competencies and explicitly states that competencies not granted to the EU are for the Member States.

**Democratic deficit**

The democratic deficit is a concept invoked principally in the argument that the European Union suffers from a lack of democracy and seems inaccessible to the ordinary citizen because its method of operating is so complex. The view is that the Community institutional set-up is dominated by an institution combining legislative and government powers (the Council) and an institution that lacks democratic legitimacy (the Commission – even though its Members are appointed by the Member States and are collectively accountable to Parliament). As European integration has progressed, the question of democratic legitimacy has become increasingly sensitive. The Maastricht, Amsterdam and Nice Treaties have triggered the inclusion of the principle of democratic legitimacy within the institutional system by reinforcing the powers of Parliament with regard to the appointment and control of the Commission and successively extending the scope of the co-decision procedure. In the meantime, two wider initiatives designed to bring Europe closer to its citizens have been launched.

**Derogation**

The term derogation refers to the exemption of one or more Member States from the provisions of EU legislation.

**Development aid**

The beginnings of the European Community's development policy coincided with the signature of the Treaty of Rome in 1957. The Member States' overseas countries and territories were its first beneficiaries. However, it is only since the entry into force of the Treaty on European Union that this policy has enjoyed a specific legal basis

(Articles 177 to 181 of the EC Treaty). With the successive enlargements of the Union, cooperation has gradually extended to other countries, such as the African, Caribbean and Pacific countries (ACP) which have a particularly close and long-standing relationship with certain Member States. The Cotonou Agreement, signed in June 2000, has strengthened this partnership, which is to a large extent based on the various Lomé Conventions, the first of which was signed in 1975. In addition to these initial agreements, other countries also benefit from the Community's development policy, such as the countries of Latin America and Asia. The main objective of the European Community's development policy is to eradicate poverty. This policy is implemented not only through bilateral and regional agreements but also through specific programmes in certain sectors such as health, particularly with a view to combating communicable diseases, and education. The development policy also entails cooperation with international institutions and the participation of the Community and Member States in initiatives implemented at global level such as the Initiative for Highly Indebted Poor Countries. Today, the Union is the main partner of developing countries. The European Community and its Member States together provide 55% of international development assistance.

### **Directives**

One of the forms of EU legislation (see Chapter 2 for a comparison of the various forms). Directives are EU decisions which are binding upon EU institutions and the Member States. They are, however, only general instructions on the goal to be achieved; the way in which the goal is to be attained is left to the discretion of each Member State, typically via the passing of new legislation by the national parliament.

### **Directorates-General (DGs)**

Directorates General are like ministers in national governments. They are the principal administrative agencies of the Commission. They report to the Commission and carry out, or ensure that the Member States implement, EC policy, and administer allocations from the budget to various policy areas. For example, DG Trade deals with external trade policy issues, while DG agriculture deals with agricultural issues.

### **Double majority**

A decision making procedure under which a proposal is adopted only when the 'yes voters' meet two criteria. For example, under the draft Constitutional Treaty, the Council of Ministers adopts a proposal under majority voting only when the nations voting 'yes' represent at least 60% of the EU population (first majority criteria) and represent at least a simple majority of the member states (second majority criteria). See Chapter 3 for more detail and analysis.

**EAGGF (European Agricultural Guidance and Guarantee Fund)**

See European Agricultural Guidance and Guarantee Fund

**EBRD (European Bank for Reconstruction and Development)**

See European Bank for Reconstruction and Development

**Economic and Monetary Union (EMU)**

EMU is an acronym for Economic and Monetary Union (not European Monetary Union as is often mistakenly asserted). Rather than being a single, well-defined thing, EMU is best thought of as an EU programme of cooperation that aims at coordinating the economic policies of the member states, including all policies affecting the Single Market (this is the economic union part), but also macroeconomic policies such as fiscal policy and, and most importantly, monetary policy. No explicit, specific goals have been started for the EMU in the Treaties that implemented it (the Maastricht Treaty introduced it and it was modified by the Amsterdam and Nice Treaties). However, it is generally viewed as important to realising the EU's general goal of a fully integrated internal market, with free movement of persons, goods, services and capital between member states. Such integration is viewed as providing economic gains to all members, but also furthering the political goal of strengthening European integration at all levels. The most important element of EMU is, of course, the single currency, the euro.

Formally, all EU member states are part of the EMU, but Denmark, Sweden and the UK have, for various reasons, not adopted the common currency, the euro. It is common, however, for writers to use EMU mistakenly as the name for the group of countries that adopted the single currency.

The EMU was introduced in three stages.

- 1st stage (1 July 1990 to 31 December 1993): free movement of capital between Member States, closer coordination of economic policies and closer cooperation between central banks;
- 2nd stage (1 January 1994 to 31 December 1998): convergence of the economic and monetary policies of the Member States (to ensure stability of prices and sound public finances) and the creation of the European Monetary Institute (EMI) and, in 1998, of the European Central Bank (ECB);
- 3rd stage (from 1 January 1999): irrevocable fixing of exchange rates and introduction of the single currency on the foreign-exchange markets and for electronic payments, followed by the introduction of euro notes and coins from 1 January 2002.

See Chapter 14 for much more detail and analysis; see Chapter 10 for historical precedents and antecedents.

**Economic and social cohesion (see also cohesion)**

With the adoption of the Single European Act in 1986, economic and social cohesion was made an objective alongside completing the single market. Economic and social cohesion is an expression of solidarity between the Member States and regions of the European Union. The aim is balanced development throughout the EU, reducing structural disparities between regions and promoting equal opportunities for all individuals. In practical terms this is achieved by means of a variety of financing operations, principally through the Structural Funds and the Cohesion Fund.

**Economic and Social Committee**

The Economic and Social Committee was set up in 1957 by the Treaty establishing the European Economic Community. Its aim is to represent the interests of the various economic and social groups of the Community. It consists of 222 members falling into three categories: employers, workers and representatives of particular types of activity (such as farmers, craftsmen, the professions, consumer representatives, scientists and teachers, cooperatives, families, environmental movements). Members are appointed for four years by unanimous Council decision and this term may be renewed.

The Committee is consulted before a great many acts concerning the internal market, education, consumer protection, environment, regional development and social affairs are adopted, and it may also issue opinions on its own initiative. Since the entry into force of the Treaty of Amsterdam, the Committee has to be consulted on

an even wider range of issues (the new employment policy, the new social affairs legislation, public health and equal opportunities) and it may also be consulted by the European Parliament

### **ECSC**

See European Coal and Steel Community

### **ECU**

See European Currency Unit

### **EDC**

See European Defence Community

### **EFTA**

The European Free Trade Association (EFTA) is a free trade area that now comprises Iceland, Norway, Liechtenstein and Switzerland. It was founded in 1960, under UK leadership, in response to the formation of the EEC. As different EFTA member countries joined the EU (1973 UK, Ireland, Denmark; 1986 Portugal, Austria, Finland; 1995 Sweden), the relevance of EFTA suffered. The EU signed bilateral free-trade agreements with all of the EFTA countries in 1973 so that Britain and Denmark would not have to impose the EU's Common External Tariff on their old EFTA partners when they switched from EFTA to the EU (it was known as the EEC at the time). The European Economic Area has been in force between the EU and three of the EFTA nations since 1994 (Switzerland negotiated a separate set of agreements much later).

### **Enlargement**

Increasing the number of members of the European Union. See Chapter 1 for a history of EU enlargements.

### **Environment Policy**

The aim of the Community's environment policy is to preserve, protect and improve the quality of the environment and to protect people's health. It also sets great store by the prudent and rational use of natural resources. Lastly, it seeks to promote measures at international level to deal with regional or worldwide environmental problems (Article 174, formerly Article 130r of the EC Treaty).

Policy formulation is subject to different decision-making procedures depending on the area concerned.

### **EPC**

See European Political Community, or European Political Cooperation

### **ERM**

See Exchange Rate Mechanism

### **EURATOM**

See European Atomic Energy Community

### **Eurocorps**

Eurocorps comprises 50,000 men and has been operational since 30 November 1995. It forms part of the Forces Answerable to Western European Union and as such can operate within the Western European Union (WEU) or NATO. It can be mobilised for humanitarian missions, missions to evacuate Member State nationals and peace-restoring or peace-keeping operations, under the aegis of the United Nations or the OSCE.

### **Europe agreement**

A Europe agreement is a specific type of Association Agreement between the European Union and certain Central and Eastern European states. The objective of these agreements was to prepare for these nations' accession to the European Union. A Europe Agreement is based on respect of human rights, democracy, the rule of law and the market economy. They were concluded with ten countries: Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia (after 2004, the only nations with Europe Agreements will be Bulgaria and Romania since the others will be EU members).

A Europe agreement is concluded for an indefinite period and is made up of a number of elements:

- a political aspect, providing for bilateral and multilateral consultations on any questions of common interest;
- a trade aspect, in order to set up a free trade area;
- economic, cultural and financial cooperation;
- alignment of legislation, particularly on intellectual property and competition rules.

### **Europe "à la carte"**

In the general discussion of how European integration should proceed, this term refers to the idea that Member States would be allowed to select which policies they wished to adhere to, as if from a menu.

### **European Agricultural Guidance and Guarantee Funds (EAGGF)**

The EAGGF (or FEOGA in French) are the funds that pay for the bulk of the Common Agricultural Policy (CAP). The Guidance Section helps pay for agricultural restructuring and modernization. The much larger Guarantee Section pays for the cost of maintaining high food prices in the EU; part of this is spent on purchase and storage of food and part is spent on subsidising the exports of 'excess' food to developing world nations.

### **European Atomic Energy Community**

European Atomic Energy Community (EURATOM) was established in 1957 with the Treaty of Rome. Its aim is to promote nuclear research and development for peaceful purposes within uniform safety standards, and to develop wide commercial outlets for nuclear fuel and energy. It has never played an important role in European integration except in very narrow fields.

### **European Bank for Reconstruction and Development (EBRD)**

The European Bank for Reconstruction and Development, headquartered in London and established in 1991 (when communism was crumbling in Central and Eastern Europe and ex-soviet countries needed support to nurture a new private sector in a democratic environment), the EBRD now helps to finance projects aimed at building market economies and democracies in countries in Europe and central Asia.

### **European Central Bank (ECB)**

Since 1 January 1999 the ECB has set monetary policy for the Eurozone, primarily by setting the basic interest rates. The ECB's decision-making bodies (the Governing Council and the Executive Board) run the European System of Central Banks, whose tasks are to manage the volume of money in circulation, conduct foreign-exchange operations, hold and manage the Member States' official foreign-exchange reserves, and promote the smooth operation of payment systems. The ECB's predecessor was the European Monetary Institute (EMI).

### **European Coal and Steel Community (ECSC)**

The European Coal and Steel Community was established in 1951 by the Treaty of Paris to develop a common market in coal and steel. It was the first supranational organisation on the road to European integration. By signing up to the ECSC treaty, Belgium, the Federal Republic of Germany, France, Italy, Luxemburg and Holland agreed to bring their coal and steel industries together into a single market. The idea behind this community was originally initiated by the French Foreign Minister, Robert Schuman, one of the founding fathers of European integration. His Schuman Plan, announced in 1950, aimed to make another war between Germany and France impossible. By integrating an important element of each country's ability to wage war – heavy industry – Schuman strived to reconcile Germany and France through increasing European integration, with the ultimate goal of a European federation. See Chapter 1 for a historical view point and the ECSC's importance in European integration.

### **European Commission (see Commission)**

The Commission is one of the 'big 5' institutions of the EU (see chapter 2 for details). It is the supranational and administrative arm of the EU executive, referring to both the collective of the individual Commissioners and the administrative apparatus that serves them. Its major concerns focus on the initiation, supervision and implementation of EC activities and legislation. Commissioners take an oath of loyalty to the EU, swearing to totally serve the EU and not seek or take instructions from a national government or other body.

The European Commission is the 'guardian of the Treaties' and is meant to embody the interests of the European Union as a whole. The current Commission took office on 23 January 2000 under EU Commission President, Romano Prodi; its term ends in 2004.

## **European Community**

As with much of EU jargon, the European Community (EC) is used loosely to refer to several things. Most frequently it was used to refer to the European Union as a whole before that name was introduced by the 1992 Maastricht Treaty. Formally, however, EC meant the European Communities since it covered the European Economic Community, Euratom and the ECSC (the EC was formed as an umbrella organisation for the three Communities as part of the 1967 Merger Treaty). Since the European Economic Community was by far the most important of these three, the term EC was frequently used by writers even when they meant only the EEC, especially after the Single European Act. The usage became somewhat clearer when the Maastricht Treaty (formally called the Treaty on European Union) made 'European Community' the official title for the European Economic Community (EEC). Thus formally, the EC now means the first pillar of the EU, and the EU means all three pillars. However, most writers prefer the term EU even when referring only the first pillar. In short, the distinction between the EU and the EC, while legally clear, is often blurred in common usage.

## **European Convention**

The European Convention on institutional reform was created by the 2001 Laeken Declaration; it produced the draft Constitutional Treaty in 2003. This draft is being considered by an Inter-Governmental Conference (IGC) as the basis of a new Treaty that will have to be ratified by all member states. Chaired by former French President Valéry Giscard d'Estaing, its membership included representatives from current and future Member States, representatives from national parliaments and the European Parliament, and representatives from the European Commission.

## **European Convention on Human Rights (ECHR)**

A European Convention on Human Rights signed in Rome on 4 November 1950, under the aegis of the Council of Europe. It established an unprecedented system of international protection for human rights, offering individuals the possibility of applying to the courts for the enforcement of their rights. The Convention, which has been ratified by all the Member States of the Union, established a number of supervisory bodies based in Strasbourg. These were:

- a Commission responsible for advance examination of applications from states or from individuals;
- a European Court of Human Rights, to which cases were referred by the Commission or by a Member State following a report by the Commission (in the case of a judicial settlement);
- a Committee of Ministers of the Council of Europe which acted as the guardian of the ECHR and to which reference was made, where a case was not brought before the Court, to secure political settlement of a dispute.

The growing number of cases made it necessary to reform the supervisory arrangements established by the Convention. The supervisory bodies were thus replaced on 1 November 1998, by a single European Court of Human Rights. The simplified structure shortened the length of procedures and enhanced the judicial character of the system.

## **European Council**

The European Council is one of the 'big 5' EU institutions (see Chapter 2). It is the regular meetings (at least twice a year) of the Heads of State or Government of the European Union Member States and the President of the European Commission. It provides high level political guidance and impetus to European integration and it's the ultimate problem solver for the most delicate questions (e.g. the most sensitive trade-offs in new Treaties). See Chapter 2 for its history.

## **European Court of Auditors**

The European Court of Auditors, based in Luxembourg, is composed of fifteen members. They are appointed for six years by unanimous decision of the Council of the European Union after consulting the European Parliament. It checks European Union revenue and expenditure for legality and regularity and ensures that financial management is sound. It was set up in 1977 and raised to full institution status by the 1992 Treaty on European Union. Under the 1997 Treaty of Amsterdam, the Court of Auditors also has the power to report any irregularities to the European Parliament and the Council; its responsibilities have been extended to Community funds managed by outside bodies and by the European Investment Bank.

## **European Court of Justice**

The Court (known variously as the EU Court, the Court of Justice of the European Communities and the Court of Justice of the European Union) was in 2003 made up of 15 judges and nine advocate generals, who are appointed by the member states in mutual agreement. Since its creation in 1952, the Court has considered thousands of cases. To cope with this influx and improve the legal protection offered to citizens, a Court of First Instance was created in 1989. This Court is responsible for ruling on certain categories of case in the first instance, particularly those relating to competition rules and actions brought by private individuals.

### **European Currency Unit (ECU)**

See Basket of Currencies

### **European Defence Community (EDC)**

This term refers to a 1952 plan to establish a European Defence Community. The original scheme was called the Pleven Plan. It aimed at setting up a European army and was based on French concerns about German rearming. According to the Pleven Plan, a joint European army would replace national armies. The six members of the ECSC signed an agreement to set up the EDC in 1952, but the French Parliament refused to ratify the treaty in 1954 and as a result it collapsed. This refusal to ratify the treaty also meant the end to the closely linked plan for a European Political Community (EPC).

### **European Development Fund**

The European Development Fund (EDF) was established in 1963 under the Yaoundé Convention, and retained under the subsequent Lomé Convention to provide grants to the African, Caribbean and Pacific (ACP) States for development programmes and projects.

### **European Economic and Social Committee (EESC)**

The European Economic and Social Committee was set up in 1957 to represent the various economic and social interests within the Member countries. It consists of 222 members falling into three categories: employers, workers and representatives of particular types of activity (such as farmers, craftsmen, small businesses and industry, the professions, consumer representatives, scientists and teachers, cooperatives, families, environmental movements). Members are appointed by unanimous Council decision for four years and this term may be renewed. The EESC is consulted before a great many instruments concerning the internal market, education, consumer protection, environment, regional development and social affairs are adopted. It may also issue opinions on its own initiative. Since the entry into force of the Treaty of Amsterdam (May 1999), the EESC has to be consulted on an even wider range of issues (the new employment policy, the new social affairs legislation, public health and equal opportunities) and it may also be consulted by the European Parliament.

### **European Economic Area**

An agreement in 1991 between the EC and the European Free Trade Association (EFTA) to extend the Single Market (in all but agriculture) to include EFTA members. In 2003, it comprised the EU on one hand and three of the four EFTA members (Iceland, Liechtenstein and Norway) on the other; Switzerland participates in the Single Market via a separate set of agreements with the EU.

### **European Economic Community**

An organization established in 1958 between Belgium, France, Italy, Luxembourg, the Netherlands, and West Germany (now Germany) by the Treaty of Rome; it was known informally as the Common Market. The EEC was the most significant of the three treaty organizations that were consolidated in 1967 to form the European Communities (The EEC is commonly known since the 1992 Maastricht treaty as the European Union). The EEC had as its aim the eventual economic union of its member nations, ultimately leading to political union. It worked for the free movement of labour and capital, the abolition of trusts and cartels, and the development of joint and reciprocal policies on labour, social welfare, agriculture, transport, and foreign trade. See Chapter 1 for historical perspectives and antecedents; see Chapters 4-7 for economic analysis.

### **European Investment Bank (EIB)**

Set up by the Treaty of Rome, the European Investment Bank's task is to contribute to the balanced development of the Community by way of economic integration and social cohesion. The EIB's shareholders are the Member States of the European Union. It has legal personality and is financially independent. It provides long-term financing for practical projects the economic, technical, environmental and financial viability of which

is guaranteed. It grants loans essentially from resources borrowed on capital markets, to which is added shareholders' equity. Between 1994 and 1999 the transport, telecommunications, energy, water, education and training sectors were the main beneficiaries. In March 2000 the conclusions of the Lisbon European Council called for a strengthening of support for small and medium-sized enterprises (SMEs). The EIB Group, which comprises the EIB and the European Investment Fund (EIF), was thus created with a view to boosting European competitiveness. Via the Innovation 2000 initiative, it fosters entrepreneurship, innovation and the optimal utilisation of human resources by granting medium-term loans and bank guarantees and by financing venture capital activities.

### **European Monetary policy**

European Monetary policy is the single monetary policy set by the European Central Bank for the Eurozone. See Chapter 14 for details and analysis.

### **European Monetary System (EMS)**

An arrangement by which most nations of the European Union (EU) linked their currencies to prevent large fluctuations relative to one another. It was organized in 1979 to stabilize foreign exchange and counter inflation among members. Periodic adjustments raised the values of strong currencies and lowered those of weaker ones, but after 1986 changes in national interest rates were used to keep the currencies within a narrow range. The success of the EMS paved the way for new initiatives aimed at introducing a single currency at the end of the 80s. Indeed, this was achieved on 1 January 1999 with the establishment of the European Single Currency. See Chapter 13 for details and analysis; see Chapter 10 for a historical perspective.

### **European Parliament**

The European Parliament is one the 'big 5' EU institutions. It is an assembly of representatives of EU citizens, since the Members of the European Parliament (MEPs) are directly elected on the basis of nation-by-nation elections (since 1979; before that MEPs were appointed by national Parliaments). In 2003, there were 626 MEPs distributed among Member States roughly in proportion their population (small members, however, have more MEPs than strict population-proportionality would suggest). The European Parliament's main functions are as follows:

- it considers the Commission's proposals and is associated with the Council in the legislative process, in some cases as co-legislator, by means of various procedures (codecision procedure, cooperation procedure, assent, advisory opinion, etc.);
- it has the power of control over the Union's activities through its confirmation of the appointment of the Commission (and the right to censure it) and through the written and oral questions it can put to the Commission and the Council;
- it shares budgetary powers with the Council in voting on the annual budget, rendering it enforceable through the President of Parliament's signature, and overseeing its implementation.

It also appoints an Ombudsman empowered to receive complaints from Union citizens concerning maladministration in the activities of the Community institutions or bodies. Finally, it can set up temporary committees of inquiry, whose powers are not confined to examining the actions of the Community institutions but may also relate to actions by Member States in implementing Community policies. See Chapter 2 and 3 for more detail and analysis.

### **European Political Community (EPC)**

This term refers to a 1952 proposal for a body that would incorporate the European Coal and Steel Community (ECSC) and the proposed European Defence Community (EDC). Its establishment was dependent upon ratification of the EDC, and was abandoned when the EDC was rejected, without ever being thoroughly discussed. See Chapter 1 for a historical perspective.

### **European Political Cooperation (EPC)**

European political cooperation (EPC) was introduced informally in 1970 and formalised by the Single European Act with effect from 1987. The object is consultations between the Member States in foreign policy matters. The Member States have regard for the views of the European Parliament and wherever possible take common positions in international organisations. EPC was superseded by the Common Foreign and Security Policy (CFSP) when the Maastricht Treaty came into force.

### **European Regional Development Fund (ERDF)**

The European Regional Development Fund (ERDF) was established in 1975 as one of the structural funds and the central element of regional policy, with the remit to provide partial funding for regional infrastructural developments within the Member States.

### **European Research Area (ERA)**

The European Research Area brings together all of the Community's resources to better coordinate research and innovation activities at the level of both the Member States and the European Union. This concept was launched by the Commission in 2000 with the idea of developing truly attractive opportunities for researchers. Previously research at European level had suffered from many shortcomings: fragmentation of activities, isolation of national research systems, disparity of regulatory and administrative frameworks, and low levels of investment in knowledge. Through the resources made available, the ERA should make it possible to share data, compare results, carry out multi-disciplinary studies, transfer and protect new scientific knowledge and gain access to centres of excellence and state-of-the-art equipment.

### **European Security and Defence Policy (ESDP)**

The European Union's European Security and Defence Policy (ESDP) includes the eventual framing of a common defence policy which might in time lead to a common defence. Established in 1999 at the Cologne European Council, the ESDP aims to allow the Union to develop its civilian and military capacities for crisis management and conflict prevention at international level thus helping to maintain peace and international security. The ESDP, which does not involve the creation of a European army, is developing in a manner that is compatible and coordinated with NATO. The Political and Security Committee (PSC), the EU Military Committee (EUMC) and EU Military Staff (EUMS) are the permanent political and military structures responsible for an autonomous, operational EU defence policy. The Helsinki European Council established the 'global objective', in other words that the Union must be able to deploy up to 60,000 people within 60 days and for at least one year.

### **European Social Fund (ESF)**

The European Social Fund (ESF) was established in 1960, as one of the structural funds, to provide financial assistance for the development of employment opportunities. Since 1973 it has focused primarily upon retraining, redeployment and the provision of vocational training for young people.

### **European Union (EU)**

The term European Union was first coined at the Paris Summit in 1972. It became a model for possible reforms to shape the future of the Community. The European Union Treaty, popularly known as the Maastricht Treaty, was signed on the 7 February 1992, making the European Union the collective term for the European Communities (EEC, ECSC and Euratom), plus the Common Foreign and Security Policy (CRSP), and cooperation in the areas of justice and home affairs; these three elements of the EU are known as the three pillars (economics is the first, justice is the last and security comes in-between). As is true with much of EU jargon, the usage of EU is quite loose. Many writers use it even when they are referring only to the first pillar since the first pillar is by far the most important of the three in terms of activity and impact.

### **European Union agencies**

These are public authorities set up under European law and enjoying legal personality. They have been set up to carry out a specific technical, scientific or administrative task. The first agencies were set up in the 1970s but most of them started work in 1994 or 1995, following the decision of the Brussels European Council (October 1993) on the site of the headquarters of seven of them. The most recent agencies are the European Food Safety Authority (January 2002), the European Maritime Safety Agency (August 2002) and the European Aviation Safety Agency (September 2002). 15 bodies currently meet the definition of Community agency, even though a variety of terms are used to describe them (centre, foundation, agency, office, etc.).

Depending on their mandates and their partners or clients, the agencies can be divided into four sub-groups based on their activities:

*The agencies facilitating the operation of the internal market:*

- OHIM (Office for Harmonisation in the Internal Market (Trade Marks and Designs))
- CPVO (Community Plant Variety Office)
- EMEA (European Agency for the Evaluation of Medicinal Products)

- EFSA (European Food Safety Authority)
- EMSA (European Maritime Safety Agency)
- EASA (European Aviation Safety Agency)

*Monitoring Centres:*

- EEA (European Environment Agency)
- EMCDDA (European Monitoring Centre for Drugs and Drug Addiction)
- EUMC (European Monitoring Centre on Racism and Xenophobia)

*Agencies promoting social dialogue at European level:*

- CEDEFOP (European Centre for the development of vocational training)
- European Foundation for the Improvement of Living and Working Conditions
- European Agency for Safety and Health at Work

*Agencies carrying out programmes and tasks on behalf of the European Union in their respective areas of expertise:*

- ETF (European Training Foundation)
- CdT (Translation Centre for Bodies in the European Union)
- ERA (European Reconstruction Agency)

### **Europol (European Police Office)**

Europol is referred to in the Treaty of Amsterdam as a means of providing citizens with a high level of safety within an area of freedom, security and justice. Originally the aim was to set up a new body which would provide a structure for developing police cooperation between Member States in preventing and combating serious forms of international organised crime. Europol began its activities on 3 January 1994 as the Europol Drugs Unit (EDU). This initially confined its efforts to the fight against drugs, but its terms of reference were gradually extended to other serious crimes. In 1999 Europol took over the activities of the EDU, for example in the areas of drug trafficking, clandestine immigration networks, trafficking in stolen vehicles, trafficking in human beings (including child pornography), counterfeiting currency and falsification of other means of payment, trafficking in radioactive and nuclear substances, terrorism and money-laundering. Europol's role was enhanced in December 2001 when its remit was extended to all forms of international crime as defined in the annex to the Europol Convention.

### **Exchange Rate Mechanism (ERM)**

The Exchange Rate Mechanism (ERM) is a core component of the European Monetary System (EMS), and the central element by which the European Monetary System seeks to stabilize and limit currency fluctuations. See Chapter 13 for details and analysis; see Chapter 10 for historical perspective.

**FEOGA**, see EAGGF

**Freedom of Movement**

Freedom of movement of people, goods, services and capital is a fundamental objective of the EU since its inception in 1958 (it was known as the EEC in 1958).

**General Affairs Council**

This is one of the configurations of the Council of Ministers; it consists of the foreign ministers from all member states. One confusing aspect of EU jargon is the fact that the Council of Ministers has different names when it is meeting on different topics. The term General Affairs Council refers to the regular meetings of the national foreign ministers; this is usually considered the most important sessions of the Council of Ministers. Note that the formal name of the Council of Ministers in 2003 is the Council of the European Union, but the draft Constitutional Treaty proposes changes the name back to Council of Ministers; no wonder it is commonly referred to as just 'the Council' even though this risks confusing it with the European Council.

**Generalized System of Preferences (GSP)**

As part of the GATT/WTO's charter, rich nations can charge systematically lower tariffs on imports from poor nations. Under this system, the EU provides preferential tariff treatment to some exports from countries not otherwise associated with them in a formal trading agreement. See Chapter 4 for an economic analysis of preferential tariffs.

**Governance**

The debate on European governance concerns all the rules, procedures and practices affecting how powers are exercised within the European Union. It was launched by the Commission in its White Paper of July 2001 with the aim of adopting new forms of governance that bring the Union closer to European citizens, make it more effective, reinforce democracy and consolidate the legitimacy of the institutions. In order to fill the democratic deficit of its institutions the Union must reform itself and work towards better framing and implementation of policies and improve the quality of European legislation – making it clearer and more effective.

**Green Paper**

Commission Green Papers are documents intended to stimulate debate and launch a process of consultation at European level on a particular topic (such as social policy, the single currency, telecommunications). These consultations may then lead to the publication of a White Paper, translating the conclusions of the debate into practical proposals for Community action. These practical proposals typically have to be implemented by new EU laws, either in the form of a new Treaty, or in the form of secondary EU law (Decisions, Directives, Regulations, etc.; see Chapter 2 for details).

**Hard core**

In the debate on the architecture of Europe, this refers to a small group of countries (typically the original Six members plus a few more) able and willing to enter into closer cooperation with one another.

**Harmonization**

In a European Union context, the term harmonization refers to the coordination of the legal and administrative regulations of the Member States to tackle anomalies in the internal market. The principle of harmonization is very time consuming, standing in contrast to the principle of mutual recognition. Indeed, the principle of mutual recognition has been accepted by the European Court of Justice, forming a major building block for achieving the internal market project.

**Hierarchy of Community acts (hierarchy of norms)**

In 1991, during the negotiations on the Treaty of Maastricht, the Commission proposed introducing a hierarchy of norms and a new system for classifying Community instruments (treaties, laws, secondary or implementing acts). The Maastricht Treaty, however, failed to overcome the problems posed by the different national legal traditions. The main purpose of a hierarchy would be to enable the lawmaking authority to concentrate on policy aspects of particular issues rather than on questions of detail. It would dictate the shape of the Community decision-making process by ensuring that instruments of constitutional status were subject to more restrictive procedures (such as adoption by unanimous vote, augmented qualified majority, and assent) than legislative instruments, which are themselves subject to less flexible procedures (for example, the co-decision procedure) than implementing instruments (for instance, the institutionalised delegation of powers to the Commission).

**High Representative for the CFSP (Mr/Ms CFSP)**

The position of High Representative for the Common Foreign and Security Policy (CFSP) was created by the Treaty of Amsterdam and is held by the Secretary-General of the Council. The holder of the post is also known as 'Mr/Ms CFSP'. His or her task is to assist the presidency of the Union in matters relating to the common foreign and security policy. The objective is to allow the Union to express itself with greater visibility and coherence on the international stage by giving it a more recognisable face and voice.

### **Institutional balance**

The principle of Community institutional balance means that each of the major EU institutions has to act in accordance with the powers conferred on it by the Treaties. The principle derives from a judgment by the Court of Justice of the European Communities thus proscribing any encroachment by one institution on the powers conferred on another. It is the Court's responsibility to ensure that this principle is respected.

The relationship between the Commission, the Council and the European Parliament is governed by the idea of the 'institutional triangle'. Their relationship and the powers conferred on them by the Treaties have changed radically over the years, particularly in the case of Parliament, whose influence has increased considerably.

### **Intergovernmental Conference (IGC)**

The term Inter-Governmental Conference describes the process of negotiations between the Member States' governments over proposing a new Treaty. Inter-Governmental Conferences play a major part in European integration. These conferences are convened at the initiative of a Member State or the Commission and by the Council of Ministers acting by a simple majority. The preparatory work is entrusted to a group consisting of a representative of each of the Member States' governments and, as a matter of custom, a representative of the Commission. The European Parliament is closely involved throughout by means of observers and discussions with the President of the Parliament. This group regularly reports to the General Affairs Council. The final decisions are taken by the heads of state and government at a European Council.

The most important IGCs in recent years have resulted in the following treaties:

- The Single European Act (1986): this introduced the changes needed to complete the internal market on 1 January 1993.
- The Treaty of Maastricht (1992): the Treaty on European Union was negotiated at two separate IGCs, one on economic and monetary union (EMU) and the other on political union, instituting the common foreign and security policy (CFSP) and cooperation on justice and home affairs (JHA).
- The Treaty of Amsterdam (1997): this is the result of the IGC launched at the Turin European Council in March 1996. The task of the Conference was to revise those provisions of the Maastricht Treaty which gave rise to problems of implementation and to prepare for future enlargement.
- The Treaty of Nice (2000)

The draft Constitutional Treaty will be considered by an IGC that should start its work in 2003.

### **Internal market**

The internal market is an economic area without internal restrictions in which there is free movement of goods, persons, services and capital. The Community's internal market project (variously known as the Single Market Programme, the 1992 programme, EC92, or 'Europe 1992') was initiated during the 80s and took centre stage during the first large treaty revision (1986 Single European Act). It is the main reason for the end of stagnation and the huge movement towards integration at the end of the 80s and beginning of the 90s. Indeed, these changes also led to two other large treaty changes in the form of Maastricht (1991) and Amsterdam (1997). See Chapters 4-7 for an economic analysis, especially chapter 6.

### **Ioannina compromise**

An informal meeting of foreign ministers in the Greek city of Ioannina on 29 March 1994 coined the name Ioannina compromise. Among the decisions taken at the meeting was a Council decision concerning qualified majority voting within an enlarged 16-member Community (at the time Norway had signed an Accession Treaty, but subsequently the Norwegians rejected it in a referendum; the decision was later adjusted in the light of Norway's 'no'). The compromise, which was mainly pushed by Spain, determined that if members of the Council representing between 23 votes (the old blocking minority threshold) and 26 votes (the new threshold) express their intention of opposing the taking of a decision by the Council by qualified majority, the Council will do all within its power, within a reasonable space of time, to reach a satisfactory solution that can be adopted by at least 65 votes out of 87. Following the re-weighting of votes in the Council of Ministers, the Treaty of Nice puts an end to the Ioannina compromise.

**Joint action (CFSP)**

Joint action refers to a legal instrument under Title V of the Treaty on European Union. Under joint action Member States coordinate the use of resources of all kinds (human resources, know-how, financing, equipment and so on) in order to achieve specific objectives fixed by the Council on the base of general guidelines from the European Council.

**Justice and home affairs (JHA)**

Cooperation on justice and home affairs was institutionalised under Title VI of the EU Treaty (Maastricht Treaty); such cooperation is also known as the 'third pillar' of the EU. The aim of this cooperation was to give practical effect to the principle of the free movement of persons. It covered the following:

- asylum policy;
- rules governing the crossing of the external borders of the Member States;
- immigration policy;
- combating drugs;
- combating international fraud;
- judicial cooperation in civil and criminal matters;
- customs cooperation;
- police cooperation.

Various instruments were created as a means of taking action in this sphere: the joint action, the joint position and the convention. Although significant progress has been made, the overall record of cooperation in this field has been criticised. Consensus has been reached on the need to introduce more effective provisions in order to strengthen the cooperation structures and incorporate into the Community framework the areas mentioned above which are linked to controls on persons (asylum, immigration and crossing of external borders).

**Kyoto Protocol**

This Protocol to the United Nations Framework Convention on Climate Change was adopted in December 1997 and highlights the international community's new attitude towards the phenomenon of climate change. Under the Protocol, the industrialised countries have undertaken to reduce their emissions of six greenhouse gases (carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride) by at least 5% during the period 2008-2012 compared with 1990 levels. EU Member States have agreed to reduce their emissions over the same period by 8%.

To meet the Kyoto objective, the Commission has launched a European programme on climate change and put forward a proposal for a directive on a system for trading in carbon dioxide emission quotas.

The Kyoto Protocol has been in force since September 2002.

### **Laeken Declaration**

Given that the impending enlargement of the EU from 15 to 25 members required a deep reform of EU institutions. Since the Amsterdam Treaty and Nice Treaty failed to present adequate reforms, EU leaders decided to try a different forum for crafting the necessary changes. In pursuit of this, the European Council met in Laeken and on 15 December 2001 adopted the Declaration on the Future of the European Union – what came to be known as the Laeken Declaration. This committed the Union to becoming more democratic, transparent and effective. The Laeken Declaration, which posed 60 targeted questions on the future of the Union, led to the creation of the 2002-2003 European Convention and produced the draft Constitutional Treaty that is schedule to be considered by an Inter-Governmental Conference start in the end of 2003.

### **Legal personality of the Union**

The question of the Union's legal status has arisen primarily in connection with its capacity to conclude treaties or accede to agreements or conventions. This is because the Union, which comprises three separate Communities, each with legal personality (European Community, ECSC and Euratom) and two areas of intergovernmental cooperation, does not have what is known in international law as 'treaty-making powers', that is, the international right to conclude agreements with third countries.

The Treaty of Amsterdam contains no new provisions on the subject, as the Member States failed to reach agreement at the Intergovernmental Conference. Some observers argue that the problem is non-existent and there is nothing to prevent the Union from concluding agreements and asserting its position on the international scene. The draft Constitutional Treaty proposes to give the EU a legal personality.

### **Lomé convention**

The Lomé Convention is at the centre of the EU's development policy. It sets out multilateral trade and development agreements between the EU and 71 developing countries – most of them former colonies of EU member states. These nations are located in Africa, the Caribbean and the Pacific, so they are called the ACP nations. Under the Lomé Convention, ACP nations receive substantial financial assistance and their exports, especially agricultural exports, received preferential access to the EU market. See Chapter 8 for more detail on some aspects of these trade preferences.

### **Luxembourg compromise**

The Treaty of Rome committed members of the European Economic Community (EEC) to a very high level of supranationality, although not as high as that contained in the EEC's forerunner, the European Coal and Steel Community (ECSC). Some members came to regret this and the Luxembourg Compromise was the result. The Treaty came into force in 1958, the year that Charles de Gaulle became the French President. De Gaulle opposed most forms of supranationality including that in the ECSC and the EEC, but he did not attempt to withdraw France from the EEC. According to the Treaty, a critical increase in supranationality was scheduled for 1966 when the unanimity principle, which had governed decision making in the first 2 stages of the EEC's formation, was to switch to majority voting in the Council of Ministers. This meant that members might be bound by policies that they voted against since several forms of EU legislation have the force of law in all Member States. This was too much for de Gaulle and he challenged it in 1965 via the so-called 'empty chair' policy, whereby France refused to take its seat in the Council of Ministers and suggested that it might withdraw from the EEC if he did not get his way. The January 1966 compromise – which never had any legal status, but was always respected – allowed any member state to veto any measure that it felt critically affected its national interest. This had the effect of minimising the importance of majority voting in the Council right up until the Single European Act. Although France took the lead on this, other Member States also resorted to the Luxembourg Compromise on occasion. The draft Constitutional Treaty proposes to eliminate the Compromise. See Chapter 1 for a historical perspective.

**Maastricht**

See Treaty of Maastricht

**Marshall Plan**

The Marshall Plan was a program aimed at rebuilding the economy of Europe following the Second World War. It was proposed by the US Secretary of State (i.e. foreign minister) George C. Marshall. The Marshall Plan was decisive in rebuilding the West European economy – especially in West Germany. By 1952 a total of 18 European nations had received around 14 billion USD in the form of credits, non-repayable grants, as well as technical and food aid. The Marshall Plan also complemented US policy on containing communist influence (containment strategy). See Chapter 1 for more detail, analysis and historical perspective.

**Monetary committee**

The monetary committee is an advisory body of senior officials from the national Finance Ministries and Central Banks. The Treaty on European Union gave this body the responsibility of supervising the coordination of national monetary policies in the first stage of Economic and Monetary Union (EMU). In the final stage of EMU it was replaced by an Economic and Financial Committee.

**Monetary policy**

See European Monetary Policy

**Monitoring the application of Community law**

As the guardian of the Treaties, the European Commission has the task of monitoring the application of Community law. In exercising its monitoring function the Commission takes care to safeguard the role which is also assigned to national authorities, particularly the courts, in this area.

Monitoring the application of the law may take the following forms:

- instituting infringement proceedings following complaints or where cases are discovered in the ordinary course of events;
- court action against the other institutions;
- checking whether aid given by the Member States is lawful;
- checking that the principles prohibiting certain types of agreements, decisions and concerted practices and the abuse of a dominant position are observed.

The Commission issues annual reports on the application of Community law in an effort to bring out transparency in dealings not only with complainants but also with citizens and members of parliament.

**Mutual Recognition**

Mutual recognition means that EU members de facto accept regulations or qualifications of other Member States. In practical purpose, it means that if a product is legally manufactured and marketed in one Member State, it may be freely offered for sale in other Member States, irrespective of whether it complies with the specifics of the latter's national legislation. The acceptance of this principle set against that of harmonization paved the way for the establishment of the Internal Market. Mutual recognition provides a flexible alternative to the huge task of harmonizing regulations across the Union. The origin of the principle is traced to a series of critical EU Court decisions in the 1970s. See Chapter 1 for details and historical perspective. See Chapter 4 for details of the legal decisions and economic analysis.

**'Multi-speed' Europe**

In the debate over the EU's architecture, the term 'multi-speed' Europe is used to describe the method of integration whereby common objectives are pursued by a group of Member States that are both able and willing to advance, while leaving other members to follow later.

**NATO (North Atlantic Treaty Organisation)**

Founded in 1949, the North Atlantic Treaty Organisation (NATO, or the Atlantic Alliance) is headquartered in Brussels. It has 19 members: the EU15 Member States (with the exception of Austria, Finland, Ireland and Sweden), Canada, the United States, Iceland, Norway and Turkey. Since 1999, Poland, Hungary and the Czech Republic have also joined and NATO is set to expand even further. The policy of the EU respects the obligations arising out of NATO membership and is compatible with the common security and defence policy agreed in NATO. Future relations between NATO and the WEU (which serves as the defence arm of the Union) are stated in the Declaration on the Western European Union and are annexed to the EU Treaty.

**Nice**

See Treaty of Nice

**Non-discrimination principle**

The aim of this principle is to ensure equality of treatment for individuals irrespective of nationality, sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation. Any discrimination on the grounds of nationality are outlawed in Article 12 of the EC Treaty. Under the Treaty of Amsterdam a new Article 13 has been written to reinforce the guarantee of non-discrimination laid down in the Treaties and extend it to other cases.

**Non-tariff trade restrictions**

Non-tariff trade restrictions are, as the name suggests, measures other than tariffs that restriction trade. These include technical trade restrictions such as differing quality standards in member states. See Chapter 4 for an economic categorisation of trade barriers.

### **Objectives 1, 2 and 3**

These are the main objectives of the various structural funds run by the EU (see Chapter 9 for details and analysis).

- Objective 1 promotes the catching-up of regions whose development is lagging behind. The main eligibility criterion is that the region's average per capita GDP is less than 75% of the EU average. The seven outermost regions, the areas in Sweden and Finland with very low population density, and Northern Ireland also receive assistance. Most of the money is spent on basic infrastructure and production subsidies. In the EU15, 'objective 1 regions' account for about 20% of the EU population and 70% of all structural fund spending.
- Objective 2 aims to facilitate the economic and social conversion of regions with structural difficulties (mainly those specialised in coal mining, fishing and steel production). Since all their territory is eligible under Objective 1, Greece, Ireland and Portugal do not qualify for assistance under Objective 2. About 18% of the Union's population lives in 'Objective 2' regions; total Objective 2 spending accounts for about 10% of all structural funds.
- Objective 3 supports the adaptation and modernisation of educational, training and employment policies and systems. It serves as the reference framework for all measures taken on the basis of the new employment title in the Treaty of Amsterdam and for the resulting European strategy. It is not regionalised: all regions falling outside Objective 1 are eligible.

The allocation of structural funds to the 2004 newcomers is already decided (see Chapter 9), but important reforms will surely come when the next long-term budget plan ('financial perspective') is drawn up for the post 2006 period. How Objectives 1, 2 and 3 develop beyond 2006 will depend on the forthcoming assessments of their impact on economic and social cohesion and on the outcome of the debate on the future of regional policy after 2006 and ahead of the Union's enlargement to take in the Central and Eastern European countries.

### **OECD**

The Organization for Economic Cooperation and Development was founded in 1961 as the successor to the Organisation for European Economic Cooperation (OEEC), which was established in conjunction with the Marshall Plan. It helps coordinate trade, commerce and development policy and it provides excellent statistics and reports on various policies, especially on agricultural policy. All member states of the EU15 belong to the OECD.

### **OEEC**

See OECD

### **OLAF (European Anti-fraud Office)**

The European Anti-fraud Office has been responsible for combating fraud against the European Union budget since 1 June 1999. The Office, which was set up under the European Commission Decision of 28 April 1999, replaces the Coordination of Fraud Prevention Unit (UCLAF) in the Commission. The OLAF can look into the management and financing of all the Union's institutions and bodies with total operational independence guaranteed by the Director of OLAF (appointed by agreement between Parliament, the Commission and the Council); he is entitled to bring cases before the Court of Justice in order to protect his independence. Also important is OLAF's Supervisory Committee, which is responsible for monitoring investigations. It is made up of five well-known independent external figures appointed jointly by Parliament, the Commission and the Council.

### **Ombudsman**

The European Ombudsman is empowered to receive complaints from any citizen of the Union or any natural or legal person residing in a Member State concerning instances of maladministration in the activities of the EU. The Ombudsman is appointed by the European Parliament after each election for the duration of Parliament's term of office.

### **Opting out**

Opting out is an exemption granted to a country that does not wish to join the other Member States in a particular area of EU cooperation. It is a way of avoiding a general stalemate. The United Kingdom, for instance, asked to be allowed not to take part in the third stage of economic and monetary union (i.e. adoption of the euro) and similar clauses were agreed with Denmark as regards EMU, defence and European citizenship.

## **OSCE**

The Organization for Security and Co-operation in Europe (OSCE) is the largest regional security organization in the world with 55 participating States from Europe, Central Asia and North America. It is active in early warning, conflict prevention, crisis management and post-conflict rehabilitation. It is unrelated to the EU institutionally.

## **Own resources**

The EU budget, like that of other international organisations, originally depended on the Member States' financial contributions. However, under a decision adopted on 21 April 1970, the Member States' contributions were replaced by a system of financing that entitled the EU to certain revenue, i.e. to its 'own resources'. These are transfers paid by the Member States to the EU budget to cover the financing of expenditure by the European Union. The combined total of all own resources may not exceed 1.27% of the aggregate gross national product (GNP) of the Member States. See Chapter 2 for more detail, historical perspective and analysis.

With the introduction of this system, financial autonomy was established, and since 1 January 1978, the Community budget has been entirely financed by own resources. These are currently made up of four elements:

- agricultural duties and the sugar and isoglucose levies (see Chapter 8 for details)
- customs duties
- the VAT resource
- the 'fourth resource', introduced in 1988, is a so-called additional resource. It is set according to the other 3 sources of budget revenue and is based on GNP as well as the application of a rate to the total GNP of all the Member States.

In the 2002 budget, the revenue of the European Union amounted to 95.6 billion euros, of which 43% came from the GNP resource, 38.3% from the VAT resource, 14.8% from customs duties and 1.8% from agricultural duties.

### **Paris Summit Conference**

Heads of states and governments of the EC meeting at the Paris Summit Conference in October 1972 decided to realize plans to create a European Union by 1980. Agreement was also reached on a timetable for the second stage of economic and monetary union (EMU) within the scope of the first stage to create European Monetary Union with the Werner Plan for 1974. These plans, however, proved to be too ambitious and were not implemented. See Chapters 1 and 10 for historical perspective.

### **Parliamentary committees**

Various committees have been set up within the European Parliament to organise its work. The members of each committee are elected according to their political affiliation and their expertise. Their election takes place at the beginning of and halfway through each parliamentary term. Parliament's Rules of Procedure specify that the Members of Parliament set the number of committees and determine their powers. At present there are 17 specialised permanent committees in which the Commission's proposals are discussed. Parliament can also set up sub-committees, temporary committees and committees of inquiry. The main task of the permanent committees is to debate proposals for new legislation put forward by the European Commission and to draw up own-initiative reports. For any proposal for legislation or other initiative, a rapporteur is nominated according to an agreement between the political groups which make up Parliament. His or her report is discussed, amended and voted on within the parliamentary committee and then transmitted to the plenary assembly, which meets once a month in Strasbourg, and which debates and votes on the basis of this report.

### **Permanent Representatives**

Permanent Representatives are the delegates maintained by each Member State in Brussels, consisting of diplomats and administrative officials from national ministries. See COREPER.

### **Petersburg tasks**

The Petersburg tasks were established in June 1992 at the Ministerial Council of the Western European Union (WEU) held at the Petersburg Hotel, not far from Bonn. On this occasion, the WEU Member States declared their readiness to make available military units from the whole spectrum of their conventional armed forces for military tasks conducted under the authority of the WEU. The different types of military tasks which the WEU can undertake were defined: apart from contributing to collective they may be employed for:

- humanitarian and rescue tasks;
- peace-keeping tasks;
- tasks of combat forces in crisis management, including peacemaking.

### **Petitions**

Every citizen of the European Union enjoys the right of petition in that they – individually or in association with others – can submit a request to the European Parliament or can table a grievance before it on any subject which falls within the spheres of activity of the Community and concerns him or her directly (Articles 21 and 194 of the EC Treaty, formerly Articles 8d and 138d). One famous example was a million-signature petition to the European Parliament calling in 1991 for animals to be given a new status in the Treaty of Rome as sentient beings. Parliament's Committee on Petitions considers whether such requests are admissible. When drawing up an opinion on a petition deemed to be admissible, it may ask the European Commission to provide it with documents or information.

### **Pillars of the European Union**

One important accomplishment of the 1992 Maastricht Treaty was to establish the so-called 3-pillar architecture of the EU. These are:

- First Pillar: the Community dimension, comprising the arrangements set out in the EC, ECSC and Euratom Treaties, i.e. Union citizenship, Community policies, Economic and Monetary Union, etc.
- Second Pillar: the common foreign and security policy
- Third pillar: police and judicial cooperation in criminal matters

The main difference between the pillars is the degree of supranationality. The highly supranational elements of the EU apply only to first pillar issues (e.g. the EU Court's decision on these matters has the force of law in all member states and these decisions cannot be appealed). EU policy on second and third pillar issues must follow procedure on a much more inter-governmental basis. See Chapter 2 and 3 for more detail and analysis. See Chapter 1 for historical perspective.

### **Police and judicial cooperation in criminal matters**

Some of the policy areas previously covered by Title VI of the Treaty on European Union (Justice and Home Affairs, or the 'third pillar') were transferred to the first pillar by the Treaty of Amsterdam. For those remaining in the third pillar, especially police and judicial cooperation in criminal matters, the Treaty of Amsterdam establishes one of the Union's most important objectives: the creation of an area of freedom, security and justice. The aim is to provide the public with a high level of protection by preventing and combating the phenomena of racism and xenophobia and other cross-border crime, including:

- terrorism;
- trafficking in human beings and crimes against children;
- drug trafficking;
- arms trafficking;
- corruption and fraud.

This is to be achieved by:

- closer cooperation between police forces and customs authorities through the European Police Office (Europol);
- closer cooperation between the judicial authorities, including cooperation through the European Judicial Cooperation Unit (Eurojust), established by the Treaty of Nice;
- approximation, where necessary, of rules on criminal matters in the Member States.

### **Presidency of the Union (rotation of the Presidency)**

As of 2003, each Member State holds the Presidency of the Union on a six-monthly basis. As part of this, the nation with the Presidency chairs all the Council of Ministers meetings and arranges for high-level political meetings where necessary. In the context of the institutional aspect of the accession negotiations, it has been established that the order of rotation between the 15 current Member States will be maintained until 2006, in order to give new members a minimum period in which to adapt and prepare for taking on the Presidency of the Council themselves.

### **President of the European Commission**

The President of the European Commission is currently designated by common accord by all the governments of the Member States. Their choice then has to be approved by the European Parliament.

The Members of the Commission are also designated by the Member States, in agreement with the new President. The President lays down the broad policy lines to be followed by the Commission in its work. He also decides on the allocation of portfolios among the Commissioners and any reshuffling of portfolios during the Commission's term of office. The Treaty of Nice, which entered into force on 1 February 2003, has altered the procedure for appointing the President. Beginning with the next Commission (to take office in 2005), the European Council meeting at the level of the heads of state and government will designate the person that they intend to appoint by a qualified majority. The European Parliament then approves this appointment. The new Article 217 of the EC Treaty also extends the President's powers. The President decides on the Commission's internal organisation, the allocation of portfolios and any reshuffling of portfolios during the Commission's term of office. Subject to the collective approval of the Commission, he also appoints the Vice-Presidents, the number of which is not specified in the Treaty. He may further, again subject to the approval of the College, require a Member of the Commission to resign. The draft Constitutional Convention generally confirms the Nice Treaty changes.

### **Programme of Community aid to the countries of Central and Eastern Europe (Phare)**

Launched in 1989 following the collapse of the communist regimes in Central and Eastern Europe, the Phare programme was intended to help these countries rebuild their economies. Originally, it concerned only Poland and Hungary but it was gradually extended to cover ten Central and Eastern European countries (Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia).

**Qualified majority voting (QMV)**

The Council of the European Union (known as the Council of Ministers, or simply the Council) makes most of its decisions based on a complex system of voting called qualified majority voting. As of 2003, the basic idea is that each member state has a number of votes (with more population members having more votes, but less than pure population-proportionality would suggest) and a decision is adopted if it received support from members that together have at least 71% of the votes. This system was widely expected to be overburdened by the 2004 enlargement, so the Inter-Governmental Conference in 2000 was tasked with reforming the system. The result, which was included in the Nice Treaty, was a massively complex system (see Chapter 3 for details). The Nice Treaty reforms however were widely viewed as unworkable, so the draft Constitutional Treaty proposes a so-called 'double majority' system whereby a qualified majority would be formed by a group of nations that together accounted for at least 60% of the EU population and a 50% of members.

As of 2003, the threshold for qualified majority is set at 62 votes out of 87 (71%). The votes of Member States are France, Germany, Italy and United Kingdom 10 votes each; Spain 8 votes; Belgium, Greece, the Netherlands and Portugal 5 votes each; Austria and Sweden 4 votes each; Denmark, Ireland and Finland 3 votes each; Luxembourg 2 votes. The Accession Treaty for the 2004 enlargement will change the allocation of votes as of 1 November 2004 in favour of large member states.

There has been a general tendency, since the 1986 Single European Act, to increase the range of decisions that are made by QMV. In parallel with this, the role of the European Parliament (EP) has expanded so that as of 2003, most decisions that the Council makes by QMV are also subject to approval by the EP under the so-called co-decision procedure. See Chapter 2 and 3 for details and analysis.

**Ratification**

Ratification refers to the process of the formal constitutional approval of a EC treaty, or changes to a treaty, by the Member States. Amendments to treaties only come into force in the EU after they have been ratified by all member states. Each Member State ratifies the Treaties according to their own national procedures. Some nations (e.g. Denmark and Ireland) tend to put most Treaties to a referendum, but most members ratify Treaties by act of their national Parliaments. Typically, the ratification procedure takes about 18 months.

**Recasting of legislation**

The recasting of legislation means the adoption of a new legal instrument, when an amendment is made to a basic instrument. With recasting, the amendment is incorporated into the basic instrument and repeals/replaces the latter. Unlike formal consolidation, it involves changes of substance. It also gives a comprehensive overview of an area of legislation.

**Referendum**

A referendum is a vote by the entire electorate on a specific issue. The referendum is set forth by a government or similar body. Some Member States are required to hold a referendum on changes to a treaty before its ratification can take place. Celebrated examples include the Treaty of Maastricht by the electorate of Denmark and the rejection of the Nice Treaty by the Irish. In both cases, a second referendum approved the Treaties after additional political commitments were made.

**Revision of the Treaties**

Under Article 48 (former Article N) of the EU Treaty, a conference of representatives of the Member States' governments – an IGC – can be convened for the purpose of amending Treaties. Article 48 stipulates that any Member State, or the Commission, may submit to the Council proposals for such amendments. If the Council (after consulting Parliament and the Commission) delivers an opinion in favour of calling a conference, it is convened by the President of the Council. Any subsequent amendments enter into force two months after being ratified by all the Member States, in accordance with their respective constitutional requirements.

**Right of initiative**

The European Commission has been given a right of initiative which empowers and requires it to make proposals on matters contained in a Treaty. The right of initiative allows the Commission to play its role as guardian of the Treaties and defender of the general interest. It is regarded as a basic element in the institutional balance of the Community. The right of initiative is exclusive with respect to Community matters (i.e. first pillar issues), the principle being that the Council takes decisions only "on a proposal from the Commission", so that there is a coherent framework for all initiatives. Under the common foreign and security policy the Commission may make proposals, as may the Member States. On the other hand it has no such right in certain matters relating to justice and home affairs. The Treaty of Amsterdam has extended the Commission's right of initiative to the new policies (health and employment), to matters relating to the free movement of persons, and to the third pillar. In the case of the third pillar, the Commission shares the right of initiative with the Member States. See Chapter 3 for analysis of this right and its implications for the balance of power among EU institutions.

**Rome**

See Treaty of Rome

### **Schengen (Agreement and Convention)**

By the Agreement signed at Schengen on 14 June 1985, Belgium, France, Germany, Luxembourg and the Netherlands agreed that they would gradually remove their common frontier controls and introduce freedom of movement for all individuals who were nationals of the signatory Member States, other Member States or third countries. The Schengen Convention was signed by the same five States on 19 June 1990. It lays down the arrangements and guarantees for implementing freedom of movement. It amends the relevant national laws and is subject to parliamentary ratification. Italy (1990), Spain and Portugal (1991), Greece (1992), Austria (1995), Sweden, Finland and Denmark (1996) have since joined the list of signatories, while Iceland and Norway are also parties to the Convention. The Agreement and the Convention, together with the declarations and decisions adopted by the Schengen Executive Committee, make up what is known as the Schengen acquis. When the Treaty of Amsterdam was being drafted, it was decided to incorporate this acquis into the European Union from 1 May 1999 onwards, since it relates to one of the main objectives of the single market, i.e. the free movement of persons. The legal incorporation of Schengen into the European Union was accompanied by integration of the institutions. The Council took over the Schengen Executive Committee and the Council's General Secretariat took over the Schengen Secretariat.

### **Schuman Plan**

A 1950 proposal made by the French Foreign Minister, Robert Schuman (but drafted by Jean Monnet), for achieving integration of the French and Germany coal and steel sectors as a means of making future Franco-German wars "not only unthinkable, but also materially impossible". It provided the trigger for the birth of the European Coal and Steel Community (ECSC). The main objective of the plan was reconciliation between France and Germany, but Schuman invited other European nations to join and Italy and the Benelux nations did, forming a group that was called the Six. The plan however also catered to many differing interests: France wanted to ensure that a re-industrialised Germany would be an economic partner rather than an opponent; West Germany, which at that time was not a sovereign country, used this opportunity to be recognized as an equal partner among the six founding nations. Schuman also saw the European Coal and Steel Community as a first step toward achieving a European federation. See Chapter 1 for historical perspective.

### **Single European Act**

The Single European Act, signed in Luxembourg and The Hague in 1986, came into force on 1 July 1987. It was the first amendment to the founding treaties of the European Communities, namely the Treaty of Paris (1951) and the Treaty of Rome (1957). At its core, was the achievement of an internal market. The SEA also expanded the EU's scope to several new areas (research and technology, environment), and improved decision-making procedures by making most Single Market issues subject to majority voting, thus ending the Luxembourg Compromise's roadblock to deeper integration. To this end, the role of the European Parliament was strengthened (association agreements and accessions, co-decision procedure) and qualified majority voting was introduced into the decision-making process.

### **Single institutional framework**

The single institutional framework means the Union acts through shared institutions (mainly the 'big 5', the European Council, the Council of Ministers, the European Parliament, the European Commission and the EU Court; see Chapter 2), whatever its area of action, so as to ensure the consistency and continuity of that action. This applies equally to differentiated integration operations which do not involve all Member States.

### **Single Market**

This is the term used to describe the significant deepening of the Common Market that was implemented by the Single European Act and the accompanying Single Market Programme. The programme started in 1986 and formally ended in 1992, but in fact the drive to deeper integration continues today under a variety of names, such as the 2003-2006 'Internal Market Strategy'.

### **Social Charter**

The Social Charter (also known as the Charter of the Fundamental Social Rights of Workers) is a political instrument containing 'moral obligations'. Its objective is to guarantee that certain social rights are respected in the countries concerned. These primarily relate to the labour market, vocational training, equal opportunities and the working environment. The Social Charter also contains an explicit request to the Commission to put forward proposals for translating the content of the Social Charter into legislation. All the Member States except the United Kingdom adopted the Social Charter in 1989 in the form of a declaration. The Social Charter has been followed up by social action programmes.

### **Social partners**

When the Commission wants to submit proposals in areas relating to social policy, it is required to consult various social partners. This social dialogue occurs via the three main organisations representing the social partners at European level:

- the European Trade Union Confederation (ETUC),
- the Union of Industries of the European Community (UNICE),
- the European Centre for Public Enterprise (CEEP).

The Commission's job is to take all necessary steps to encourage and facilitate consultation with the social partners on the future development of Community action and on the content of any proposals on the European Union's social policy, which is essentially concerned with the labour market.

### **Social Policy Agreement**

The Social Policy Agreement signed by fourteen Member States has been incorporated into the EC Treaty by the Treaty of Amsterdam. It put an end to a complex situation whereby two distinct legal instruments provided the basis for social policy measures: the EC Treaty itself and a separate agreement (the Social Policy Agreement) from which the United Kingdom had opted out. With the Social Policy Agreement, all social policy measures can be adopted on the basis of Title XI of the EC Treaty. The objectives set by the Treaty draw on the 1961 European Social Charter and the 1989 Community Charter of the Fundamental Social Rights of Workers. They were already incorporated in the Social Policy Agreement and cover employment promotion, proper social protection, dialogue between management and labour, the development of human resources, and combating exclusion (Article 136).

### **Stability and Growth Pact**

The Stability and Growth Pact is set against the background of the third stage of economic and monetary union (which began on 1 January 1999) and aims to ensure that Member States continue budgetary discipline efforts once the single currency has been introduced. See Chapter 15 for details and analysis.

In practical terms the Pact comprises a European Council resolution (adopted at Amsterdam on 17 June 1997) and two Council Regulations of 7 July 1997 laying detailed technical arrangements. One concerns the surveillance of budgetary positions and coordination of economic policies, and the other implementing the excessive deficit procedure. In the medium term the Member States undertook to pursue the objective of a balanced or nearly balanced budget and to present the Council and the Commission with a stability programme by 1 March 1999 (the programme is updated annually). Along the same lines, States not taking part in the third stage of EMU were required to submit a convergence programme. The Stability and Growth Pact opened the way for the Council to penalise any participating Member State which fails to take appropriate measures to end an excessive deficit. Initially, the penalty would take the form of a non-interest-bearing deposit with the Community, but it could be converted into a fine if the excessive deficit is not corrected within two years.

### **Structural Funds and Cohesion Fund**

The Structural Funds and the Cohesion Fund are part of the Community's structural policy, which is intended to narrow the gaps in development among the regions and Member States of the European Union. The Funds are therefore central to fostering the goal of economic and social cohesion. The budget allocated to the Community's regional policy for the period 2000-06 is EUR 213 billion, comprising EUR 195 billion for the Structural Funds and EUR 18 billion for the Cohesion Fund. It is the second largest item of the Community budget, accounting for 35% of the total. There are four Structural Funds:

- The European Regional Development Fund (ERDF). It provides support for the creation of infrastructure, productive job-creating investment, mainly for businesses, and local development projects.

- The European Social Fund (ESF) contributes to the integration into working life of the unemployed and disadvantaged sections of the population, mainly by funding training measures.
- The European Agricultural Guidance and Guarantee Fund (EAGGF) has two sections: a Guidance section providing support for rural development and aid for farmers established in areas lagging behind in their development; and a Guarantee section financing common market organisations along with rural development measures in other parts of the Community
- The Financial Instrument for Fisheries Guidance Fund (FIFG) seeks to adjust and modernise equipment and material in the sector and to diversify the economies of areas dependent on fishing.

In order to improve the effectiveness of Community action during the period 2000-06, the Agenda 2000 put forth by the Commission proposed an extensive reform of the structural policy. This reform increased the concentration of assistance and simplified the procedures for its allocation and management by reducing the number of priority objectives to three:

- Objective 1 contributes to the development and structural adjustment of the regions whose development is lagging behind and which have a per capita GNP of less than 75% of the Community average;
- Objective 2 supports the economic and social conversion of areas with structural difficulties such as those undergoing economic change, declining rural areas and areas dependent on fishing, problem urban areas, and geographical areas with serious natural or demographic handicaps;
- Objective 3 supports the adjustment and modernisation of policies and systems of education, training and employment for regions outside the regions eligible for Objective 1.

A Cohesion Fund was set up in 1993 to further strengthen the structural policy. It is intended for countries with a per capita GNP of less than 90% of the Community average, that is to say, Greece, Spain, Ireland and Portugal. The purpose of the Cohesion Fund is to grant financing to environment and transport infrastructure projects.

### **Subsidiarity**

The subsidiarity principle is intended to ensure that decisions are taken as closely as possible to the citizen and that constant checks are made as to whether action at Community level is justified in the light of the possibilities available at national, regional or local level. See Chapter 3 for details and analysis.

Specifically, subsidiarity dictates that the Union should take action only in areas where it is more effective than national, regional or local institutions (with the exception of areas which fall within its exclusive competence). It is closely bound up with the principles of proportionality and necessity, which require that any action by the Union should not go beyond what is necessary to achieve the objectives of the Treaty. Each year the European Commission produces a report ('Better lawmaking') for the European Council and the European Parliament, which is devoted mainly to the application of the subsidiarity principle.

**Title V of the EU Treaty (CFSP)**

Title V of the EU Treaty, also known as the 'second pillar', contains the provisions establishing a common foreign and security policy

**Title VI of the EU Treaty**

Introduced by the Treaty of Maastricht, Title VI of the EU Treaty – or the 'third pillar' – contained provisions establishing cooperation on justice and home affairs.

**Trans-European Networks (TEN)**

Since the Single European Act (1986), the smooth functioning of the single market has been closely linked to the objective of economic and social cohesion. The free movement of persons, goods and capital has however failed to smooth out regional and national disparities within the European Union. Accordingly, interconnection and interoperability of national infrastructure networks have emerged as key factors for the coherent planning of Community territory. Title XV of the Treaty of Amsterdam provides the legal basis for Trans-European Networks (TEN). For the period 2000-2006 a total of 4.6 billion has been earmarked on the budget for TENs, to which must be added contributions from FEDER, the Cohesion Fund, the European Investment Bank (EIB) and the European Investment Fund (EIF).

Trans-European Networks exist in three sectors of activity:

- Transport TENs (TEN-T) with major priority projects covering road and combined transport, waterways and sea ports, as well as the European high-speed railway network. Intelligent transport management systems also fall in this category such as the Galileo satellite-based geographic positioning project.
- Energy TENs (TEN-E) concern the electricity and natural gas sectors. Their objectives are to establish a single energy market and achieve security of supply.
- Telecommunication TENs (eTEN) seek to deploy electronic services based on telecommunication networks.

Strongly focused on public services, they are at the very heart of the eEurope 'An Information Society for All' initiative.

**Transparency (access to documents)**

The term 'transparency' is frequently used in Community language to mean openness in the working of the Community institutions. It is linked to a variety of demands for broader public access to information and EU documents, greater involvement in the decision-making process and more easily readable texts (simplification of the Treaties, consolidation and better drafting of legislation).

**Treaty of Amsterdam**

The Treaty of Amsterdam is the result of the Intergovernmental Conference launched at the Turin European Council on 29 March 1996. It was adopted at the Amsterdam European Council on 16 and 17 June 1997 and signed on 2 October 1997 by the Foreign Ministers of the fifteen Member States. It entered into force on 1 May 1999 after ratification by all the Member States. From the legal point of view, the Treaty amends certain provisions of the EU Treaty, the Treaties establishing the European Communities and certain related acts. It does not replace the other Treaties; rather, it stands alongside them. The Treaty of Amsterdam was not one of the more important Treaties in the history of the EU. See Chapter 1 for historical perspective.

**Treaty establishing the European Community**

See Treaty of Rome

**Treaty on European Union**

See Maastricht Treaty

**Treaty of Maastricht (Treaty Establishing the European Union)**

This is one of the two main Treaties on which the EU is founded (the other is the Treaty of Rome); it is often called the EU Treaty.

Following two parallel government conferences on political union and on economic and monetary union, the Council of Europe reached agreement on the Treaty of the European Union in December 1991 in Maastricht; the Treaty was signed in February 1992. Following considerable difficulties in ratifying the Treaty in many Member States (rejection by referendum in Denmark, agreement by referendum with only a slight majority in France and the so-called Maastricht Judgement by Germany's Constitutional Court), it eventually came into force in November 1993.

Along with the Single European Act, the EU Treaty represented the largest reform in the history of European integration. It implemented two very important changes. The most important of these was adoption of the plan that eventually led to the creation of the euro. The other part concerned the organisation of the EU activities. Up until the early 1990s, the EC as it was known at the time, was really three communities (European Economic Community, EEC, European Coal and Steel Community, ECSC, and Euratom). Member States, however, were also engaged in a wide range of cooperation outside, or alongside the formal EC structure. The EU Treaty put order to all this by creating the 3-pillar architecture in which the EC was the first pillar and the EU was the encompassing 'roof'; common usage, however, does not distinguish between the EC and the EU.

### **Treaty of Nice**

The Treaty of Nice was adopted in December 2000 at the conclusion of the Nice European Council, but only signed on 26 February 2001 after extensive post-summit negotiations and legal drafting. This Treaty was the product of the 2000 Intergovernmental Conference (IGC) whose objective was to gear the working of the European institutions to the arrival of new Member States. The main changes concerned the size and composition of the Commission, reform of the qualified majority voting mechanism, and reform that made it easier to start so-called enhanced cooperation arrangements whereby sub-groups of members could proceed with deeper integration.

The Treaty of Nice has been ratified by all the Member States, in accordance with their respective constitutional rules, and came into force on 1 February 2003. The main institutional reforms in the Treaty were quickly viewed as unworkable even before they were implemented; the draft Constitutional Treaty proposes new reforms.

### **Treaty of Rome**

The Treaty of Rome refers to the 1957 document formally called the Treaty Establishing the European Economic Community, also known as the EC Treaty. In fact another Treaty was also signed in Rome at the same time, the Treaty establishing the European Atomic Energy Community (which came to be called Euratom), yet because the EEC is so much more important than Euratom, the term Treaty of Rome is used to refer only to the EEC Treaty.

### **Troika**

The troika consists of the Member State which currently holds the Presidency of the Council as well as the Member State which held it for the preceding six months and the Member State which will hold it for the next six months.

## U

### **Unanimity**

The term 'unanimity' refers to the requirement that all Member States meeting in the Council be in agreement before a proposal can be adopted. Since the Single European Act, the unanimity requirement has applied in a much more limited area than before. In the context of the first pillar, voting by qualified majority is now the rule. The second and third pillars, however, still operate largely according to the intergovernmental method and the unanimity requirement.

**'Variable-geometry' Europe**

'Variable-geometry' Europe is the term used to describe the idea of a method of differentiated integration which acknowledges that there are irreconcilable differences within the integration structure. It therefore allows for a permanent separation between a group of Member States and a number of less developed integration units.

**Weighting of votes in the Council**

When the Council takes a decision by qualified majority, votes are weighted to take into account various factors. One factor determining the number of votes a Member State has is the size of its population, with an adjustment which leads to relative over-representation of the countries with a small population.

**Western European Union (WEU)**

The WEU is a European organisation devoted to cooperation on defence and security. It was set up in 1948 by the Treaty of Brussels and consists of 28 countries with four different statuses: Member States, Associate Members, Observers and Associate Partners. All EU15 countries are full Member States except Denmark, Ireland, Austria, Finland and Sweden, which have observer status. The six Associate Members are the Czech Republic, Hungary, Iceland, Norway, Poland and Turkey, and there are seven Associate Partners: Bulgaria, Estonia, Latvia, Lithuania, Romania, Slovakia and Slovenia. The Treaty of Amsterdam made the WEU an "integral part of the development of the Union" by giving it an operational capability in the field of defence. However, it now seems to have abandoned that role in favour of developing the Union's own structures and capabilities in the sphere of the common foreign and security policy (CFSP). The transfer of the WEU's operational capabilities to the Union attest to this. The WEU's subsidiary bodies, the Security Studies Institute and the Satellite Centre, were hived off to the Union on 1 January 2002. The Treaty of Nice also deleted from the Treaty on European Union a number of provisions concerning relations between the WEU and the Union. The WEU's main remaining area of responsibility is Article V, collective defence. The transfer of that responsibility to the Union seems to have been deferred.

**White Paper**

Commission White Papers are documents containing proposals for Community action in a specific area. In some cases they follow a Green Paper published to launch a consultation process at European level. When a White Paper has been favourably received by the Council, it can become the action programme for the Union in the area concerned.

**WTO**

The World Trade Organisation was founded in 1995 as the successor to GATT.