

UK IN A  
CHANGING  
EUROPE

# A BEGINNER'S GUIDE TO THE EUROPEAN UNION

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# WHAT IS THE EU?

The European Union (EU) is an economic and political partnership between 27 European countries representing around 450 million people.



**The flag associated with the European Union dates back to 1955, when it was originally used by the Council of Europe – a separate organization. In 1985, it was adopted by the EU institutions, the then-European Communities. Mission is integrated into the wider EU policymaking process.**

Countries belonging to the EU are called member states. The member states of the EU cooperate on issues ranging from the single market (the free movement of goods, services, labour and capital) to defence and foreign policy. On some issues—such as trade and other areas of economic policy—the national governments of member states work together on joint decision making, and the adoption of EU-wide laws. Some member states also share a single currency.

## THE HISTORY OF THE EU

Following World War Two (WW2), European countries attempted to work together more closely, not least to avoid the danger of further wars. Consequently, the post-war period witnessed the emergence of a number of intergovernmental organisations aimed at fostering cooperation between European states.

Since 1950, what has come to be called the European Union went through various iterations, under several different names, and with varying responsibilities and member states.

### *1950-1958: The European Coal and Steel Community (ECSC)*

In the aftermath of WW2, French Foreign Minister Robert Schuman proposed the creation of a coal and steel community which would boost economic output and encourage interdependence between its member countries. It was hoped that, by pooling coal and steel resources (which lay at the heart of military production), this organisation would reduce the likelihood of another war, between traditional enemies. The original members of The European Coal and Steel Community were France, Belgium, Germany, the Netherlands, Luxembourg, and Italy.

### *1958 to 1992: The European Communities*

The ECSC was followed in 1958 by the creation of two other new European structures- The European Atomic Energy Community ([Euratom](#)) and the European Economic Community (EEC). The initial membership comprised the same six countries which had formed the ECSC.

Euratom, the EEC and the ECSC were brought together in 1967 to form one organisation, known as the European Communities.

Britain, Ireland and Denmark joined the EEC in 1973; Greece in 1981; and Spain and Portugal in 1986.

### *1992 to the Present: The European Union (EU)*

The twelve members of the European Communities signed the Maastricht Treaty in 1992 and became the ‘EU’.

Maastricht brought into being three ‘pillars’ of policy that made up the EU- the European Community, Common Foreign and Security Policy, and Justice and Home Affairs. In other words, along with the business of the EC, the Treaty created structures designed to enable EU member states to coordinate their foreign policy and cooperate on matters of border controls and police issues.

Sweden, Finland and Austria joined in the EU in 1995. Poland, Hungary, the Czech Republic, Slovakia, Slovenia, Lithuania, Latvia, Estonia, Malta and Cyprus (the ‘EU 10’) joined in 2004. Bulgaria and Romania joined in 2007 (the EU 2), and Croatia joined in 2013, bringing the total to 28 Member States.

The United Kingdom voted to leave the European Union in 2016 in a national referendum, and left in 2020, meaning there are currently 27 member states. These are referred to as the ‘EU27’.

### **KEY TREATIES**

The EU is founded on two Treaties, the Treaty on European Union (TEU) and the Treaty on the Functioning of the European Union (TFEU). The TEU broadly outlines the principles and core aspects of the EU, including accession and withdrawal to and from the Union. The TFEU provides more functional detail on the powers, competences, and areas of regulation which come under the remit of the EU. For example, it provides for how the Customs Union and the Single market is regulated. These Treaties evolved from a series of earlier legal Treaties agreed between member states:].

The EU is founded upon a series of legal treaties between its member states.

*The Treaty of Rome (1957):* Established the [European Economic Community](#) and Euratom, and was the founding treaty of what was to later become the EU.

The Treaty of Rome aimed to create a common market for the movement of goods, services, people and capital, and led to the creation of a [customs union](#) (no customs duties on goods moving between Member States and a single trading policy with non-members), the [Common Agricultural Policy](#), and the key institutions including the [European Court of Justice](#) and the [European Commission](#).

***The Single European Act (1986):*** Amended the Treaty of Rome to help deliver the common market (now called the [single or internal market](#)). The SEA also made it easier to pass laws, by replacing unanimous decision-making in some areas with a system called [Qualified Majority Voting](#) (QMV), where not all member states had to agree for a policy to be passed.

***The Treaty of Maastricht (1992):*** Established the EU as we know it, absorbing the European Community. It brought together a series of collaborative undertakings that had previously been exercised by member states outside of the European Community, such as foreign policy coordination, and cooperation on police and judicial matters. Maastricht also established a timetable and rules for the introduction of a [single currency](#), and increased the powers of the [European Parliament](#).

***The Treaty of Amsterdam (1997):*** Increased the powers of the European Parliament to amend and block legislation. It also split the Justice and Home Affairs ‘pillar’ of the EU into two areas:

- The Area of Freedom Security and Justice (covering asylum, immigration and judicial cooperation in civil matters), where the EU could adopt legislation
- Police and Judicial Cooperation in Criminal Matters, where policies would be made by cooperation between member states

***The Treaty of Nice (2001):*** Reformed EU institutions in preparation for the EU enlargement that had become a priority following the end of the Cold War. The Treaty also referred to defence co-operation between member states for the first time.

***The Treaty of Lisbon (2007):*** Restructured the earlier treaties. There are now two key EU treaties:

- The Treaty on European Union, which sets out the aims and objectives of the EU and its values, identifies the EU institutions, and covers Common Foreign and Security Policy
- The Treaty on the Functioning of the EU, which sets out all the other policies of the EU, such as the single market, the legislative procedures to be adopted, and the powers of the different institutions

Lisbon also gave the European Parliament significant new powers. It also made the [Charter of Fundamental Rights](#) legally binding. The Charter listed fundamental rights which would apply to the EU institutions and to the Member States in certain circumstances.

**The Lisbon Treaty was introduced following the failure of an earlier treaty, the Constitutional Treaty, originally proposed in 2004, which was designed to replace all existing EU treaties and act as a sole document for the basis of the functioning of the EU. This draft was compared to a constitution.**

**The Treaty was rejected by France and the Netherlands in 2005 in national referendums, leading to the creation of the Lisbon Treaty a few years later.**

## THE EU'S COMPETENCES

The EU can only act where it has the power ([competence](#)) to do so. In the jargon, the EU has ‘attributed powers’, or in other words, powers given to it by EU member states through the Treaties. The EU has three different kinds of competences, as defined in the Treaty on the Functioning of the EU (TFEU):

***Exclusive competences:*** These are policy areas in which only the EU can act to regulate through law. Examples include the customs union, and competition rules of the Single Market. This means that individual member states cannot create national law which affects the customs union.

***Shared competences:*** These are policy areas which are shared between the EU and its member states. The member states can only act (or regulate) if the EU has not already. Examples include consumer protection policy, transport policy, energy, and some aspects of social policy.

***Supporting competences:*** The EU can't adopt legal acts that would mean member states have to change national law or regulations in these areas. It can only support the legislation of member state countries. Examples include culture, education and health policy. For example, during the pandemic, the EU could coordinate and publish data on Covid rates which had been collected by national governments, but it could not mandate that governments collect this data in the first place.

If the EU acts outside of the competences given to it, the Member States can challenge the legality of any resulting legislation before the [European Court of Justice](#).

# THE MEMBER STATES

## WHICH COUNTRIES ARE MEMBER STATES?

The EU has 27 member states, which all joined in different phases:

MEMBER STATE	DATE JOINED	MEMBER STATE	DATE JOINED
	Belgium 1958		Sweden 1995
	France 1958		Cyprus 2004
	Germany 1958		Czech Republic 2004
	Italy 1958		Estonia 2004
	Luxembourg 1958		Hungary 2004
	The Netherlands 1958		Latvia 2004
	Ireland 1973		Lithuania 2004
	Denmark 1973		Malta 2004
	Greece 1981		Poland 2004
	Spain 1983		Slovakia 2004
	Portugal 1983		Slovenia 2004
	Austria 1995		Bulgaria 2007
	Finland 1995		Romania 2007
			Croatia 2013

The United Kingdom joined the EU in 1973 but left in 2020, following its [2016 referendum](#) on EU membership.

## HOW DO MEMBER STATES PARTICIPATE IN EU DECISION MAKING?

Member state governments and parliaments interact with EU institutions in a number of ways:

- Representatives of national Governments attend both the European Council and Council of the European Union. The former brings together the political leaders (presidents and Prime Ministers, generally referred to as Heads of State and Government) of member states, while Ministers generally attend the latter (see discussion of the Council of the EU [here](#)).
- National administrations and agencies enforce EU policy at national level, and jointly manage the [EU budget](#) with the [Commission](#).
- National parliaments are consulted during the decision-making process and scrutinise the positions national governments take in EU negotiations. Under ‘yellow card’ procedure, if a third of national parliaments in EU states voice concerns about a Commission proposal, the Commission must reconsider its initiative.
- National courts monitor and enforce EU law in member states and can refer questions concerning EU law to the [Court of Justice](#).

## NATIONAL LAW VS EU LAW

When a member state joins the EU, it agrees to devolve its power to legislate on some issues to the European Union. This takes us back to the earlier distinction made between exclusive, shared and supported, coordinated or supplemented [competences](#).

Some competences - or areas of policy - are managed exclusively by the European Union. Examples include [monetary policy](#) for Eurozone members, and regulation of the single market.

Some competences are shared between the member states and the EU - such as fisheries policy, or environmental protection. Some remain completely within the remit of member states, such as education policy or public health policy.

In an important ruling in 1964, the European Court of Justice said that member states had agreed to limit [their sovereign rights](#) to make legislation in areas covered by EU treaties when they joined the European Union. Therefore, member states cannot adopt national laws which are incompatible with European law. If they do, any conflicting national law in areas covered by EU treaties must be ‘set aside’. This is known as the principle of ‘primacy’ of EU law.

# JOINING (AND LEAVING) THE EU

Accession is the name given to the process by which new countries join the EU. For many and varied reasons, the EU has undergone multiple rounds on enlargements- as you can see [here](#).

## THE PROCESS

Accession to the EU is completed under the terms set out in [Article 49](#) of the [Treaty on European Union](#). Applicant countries must achieve certain standards to join the EU, known as the Copenhagen Criteria. Once a state applies for EU membership, the European Commission assesses the country on these criteria, which include respect for the EU's fundamental values. These include democracy, rule of law, and the protection of minorities and human rights, and the presence of stable, functioning democratic institutions.

Applicant states must also have functioning market economies, and the resources to cope with the administrative demands of EU membership. Any European country which complies with these criteria can apply to be an EU member.

Article 49 also outlines the EU's internal procedure for accession. There are four basic steps:

- 1. Application:** [The Commission](#) receives an application from a candidate country and is asked by the EU general affairs council (GAC, mainly made up of Europe ministers from EU member states) to assess whether the country meets the criteria for accession. Should the applicant not meet the criteria, steps are recommended to enable them to do so in the future. Once a country meets the criteria, the Commission recommends that the GAC grant it candidate status. If the GAC and European Council approve the award of candidate status unanimously, the process moves to stage two.
- 2. Candidate Status:** The Commission draws up a negotiating framework/mandate for the EU side, and the candidate country does the same. Negotiations cannot start until this mandate is unanimously agreed by EU member states, with European Council endorsement.

- 3. Negotiations:** There are 35 ‘chapters’ of EU law, together making up the [‘Acquis Communautaire’](#), which includes treaties, legislation and international agreements. The candidate cannot change any of the Acquis and must accept it all to join the EU. However, it can negotiate with the Commission on how quickly it must adopt the complete Acquis, and over possible ‘opt-outs’ in the future between the Commission and the candidate country. Discussions often begin with the opening of chapters on ‘fundamentals’ (e.g., the judiciary and fundamental rights).
- 4. Accession:** Once negotiations are complete, the Commission recommends a candidate country for membership. The accession treaty- the outcome of the negotiation in treaty form- must be approved by a majority in the European Parliament, and unanimously in Council. This treaty must also be approved by [each member state](#), according to its national law- as a result, in some member states, only the national Parliament may need to ratify the treaty. In others, a referendum on the treaty may need to be held.

### HOW LONG DOES IT TAKE?

There is no set timeframe for accession negotiations. Austria, Finland and Sweden closed negotiations within two years, whereas it took Croatia nearly eight years to become a member state. The average timeframe is around five years from the beginning of negotiations.

There are currently ten countries in the process of trying to join the EU:

COUNTRY	STATUS
	Albania Was awarded candidate status in 2009, began negotiations in 2022
	Bosnia and Herzegovina Considered a potential candidate for membership in the future
	Georgia Submitted an application for membership in 2022
	Kosovo Has signed a Stabilisation and Association agreement with the European Union, which aims to stabilise regions and establish free trade areas, with the aim of eventual EU membership
	Moldova Was awarded candidate status in June 2022
	Montenegro Was awarded candidate status in 2008, began negotiations in 2012
	North Macedonia Was awarded candidate status in 2004, began negotiations in 2022
	Serbia Was awarded candidate status in 2009, began negotiations in 2014
	Turkey Began negotiations in 2005, but talks have been frozen since 2018 as a result of concerns over rule of law and democratic backsliding
	Ukraine Awarded candidate status in 2022.

Only European countries can join the EU. This was tested in 1987, when [Morocco's application](#) was rejected on the grounds that it wasn't a European country.

There is ambiguity as to where the boundaries of Europe end, however, with Turkey considered eligible for accession in 1997.

## THE EUROPEAN ECONOMIC AREA (EEA)

The EEA brings together EU member states and members of the European Free Trade Association (Iceland, Liechtenstein and Norway) in the single market. However, EEA members do not have voting or representation rights in the EU, are not in the customs union, and do not follow EU rules on agriculture and fisheries. However, they must still contribute financially to the EU, and abide by rulings of the European Court of Justice. Switzerland is not a part of either the EU or the EEA, but it does have access to the Single Market through a series of bilateral Treaties

## LEAVING THE EU

The process for leaving the EU is set out [in Article 50](#) of the Treaty on European Union. Again, there are a few steps involved in this process

1. **Notification:** The head of state or government of a withdrawing member state notifies the European Council of the state's decision to leave the EU.
2. **Negotiation:** The European Commission and the departing member state negotiate, and agree, a withdrawal deal. On the EU side, this means support from a [qualified majority](#) of remaining member states, and a majority of the European Parliament. The treaty provides two years for this process.
3. **Extension:** After two years, the negotiating period may be extended with the unanimous agreement of the remaining member states. Otherwise, the member state leaves automatically at the end of this period with no agreement.

# THE COMMISSION



## WHAT IS THE COMMISSION, AND WHAT DOES IT DO?

The European Commission has a combination of political and administrative responsibilities. It is based in Brussels, in a building known as Berlaymont, and employs around 33,000 people - a similar number to the UK Home Office.

The key roles of the Commission include:

- Bringing forward proposals for EU laws (the only EU institution able to do so)
- Overseeing the implementation and enforcement of EU laws and rules by governments, businesses, and other actors
- Managing the [EU budget](#)
- Taking decisions on competition policy and enforcing rules to prevent anti-competitive action by governments and firms (this is the only policy area where the Commission has final decision-making authority).
- Negotiating trade agreements on behalf of the EU with third countries, or in the World Trade Organization

The Commission is often lobbied by governments, businesses, trade unions and NGOs from both inside and outside the EU.

## PERSONNEL

The head of the Commission is its president, currently Ursula von der Leyen. Its leadership is made up of the College of Commissioners, with each member state

nominating one member who then serves as the ‘Commissioner’ responsible for a certain department.

The Commission sits for five-year terms, which coincide with European Parliament elections, and is usually referred to by the name of its president (e.g., the ‘von der Leyen Commission’, the ‘Juncker Commission’).



There are two levels to the Commission

### 1. *Political Leadership*

The Commission President heads the College of Commissioners, and is chosen by national political leaders in the [European Council](#). The Council is obliged to consider the results of elections to the [European Parliament](#) when making their decision.

The requirement for the Council to consider the results of [European Parliamentary elections](#) when selecting the Commission President came into force with the [Lisbon Treaty in 2009](#). It was believed this would enhance the Commission’s legitimacy, with a number of [European Parliamentary Parties](#) arguing the Council should appoint the candidate proposed by the EU party securing the highest number of votes in elections. This became known as the [Spitzenkandidaten process](#).

When the European People’s Party topped the polls, the Council nominated that party’s chosen candidate, Jean-Claude Juncker. However, the Council bypassed the Spitzenkandidaten system in 2019 to select Ursula von der Leyen, despite the Socialists and Democrats Parliamentary Party (that year’s biggest party) proposing [Frans Timmermans](#), as a result of disagreements between member states on Timmermans’ suitability as a candidate.

A candidate must be approved by a [reinforced qualified majority of members states](#) (at least 72% of European Council members, representing at least 65% of the EU population). The Parliament then hosts a hearing with this candidate - the nominee needs the support of a majority of MEPs to be approved.

27 Commissioners, one from each member state, are chosen by the new President from a list of nominees proposed by each national government. Members of the College swear an oath that they will act in the general interests of the EU, and will not take national or political instructions. Commissioners are each given responsibility for a particular policy area by the Commission President.

## *Administration*

The College is supported by a staff of around 33,000. This administrative support is organised into ‘Directorates General’ (departments), each headed by a Commissioner, with responsibilities for particular policy areas. The senior civil servant in a DG is known as a ‘Director-General’. DGs include Agriculture, Climate Action, Health and Food Safety, and Research and Innovation, amongst others.

Most services staff are recruited via a competitive examination process and must speak at least two of the EU’s 24 official languages. They are recruited from all 27 member states.

## **HOW POWERFUL IS THE COMMISSION?**

The Commission is essentially the EU’s executive. Much of its power comes from its responsibilities- it is the only EU body with the ability to initiate and draft legislation, though their legislative proposals must be approved by the Council of the European Union and the European Parliament to [become law](#). The DGs and College are often the source of policy proposals which shape the course of European integration, such as the development of the [single market](#).

The President and College are also relatively free from political control. Furthermore, the Commission is the face of the EU on the international stage, with the power to negotiate trade agreements with third countries and entities.

However, the Commission’s resources are small. Its administrative capacity is relatively low (33,000 staff compared to the 500,000 that make up the UK Civil Service). The Commission therefore depends on public administrations and agencies within member states to implement policy, and national courts to enforce it.

The remit of the Commission is also monitored by member states. The European Council determines the basis on which the Commission can negotiate trade agreements and gives final agreement to any terms. On most issues, the European Commission can only offer advice to the Council and cannot command it to act.

## **HOW IS THE COMMISSION SCRUTINISED?**

The Commission is accountable to the Council and Parliament, which appoint and confirm members of the Commission including the President. The Parliament also has the power to force the Commission’s resignation (as it did in [1999](#)). Action can also be taken by the [Court of Justice](#) if the Commission is deemed to violate EU law.

The Council and Parliament also set the financial and audit processes the Commission must follow, with the Parliament deciding whether to approve the Commission's handling of the budget each year. The Council and Parliament also determine the EU budget and salary levels for civil service staff.

### *Comitology*

The 'comitology' system is a series of committees composed of representatives from member states, whether civil servants or technical experts, who scrutinize how the Commission implements EU legislation.

# THE EUROPEAN COUNCIL



## WHAT IS THE EUROPEAN COUNCIL, AND WHAT DOES IT DO?

The European Council is made up of the elected heads of EU member states. It has no legislative power, but its role is to set the EU's general political direction and long term agenda and handle political issues which may be sensitive with national electorates, particularly during crises. It has specific responsibilities in certain policy areas, including economic and fiscal coordination and freedom, security and justice.

The European Council was not mentioned in any EU treaty until 1987, and it only became an official EU institution with the amendments made by the [Lisbon Treaty](#) in 2009.

European Council decisions have helped shape the European Union: treaty change, [enlargement](#), and the development of [common foreign policy](#) and the [monetary union](#) have all stemmed from its meetings.

The European Council meets a minimum of four times a year, though more frequently when there are political crises or urgent matters to be discussed. The 'family picture', where EU leaders gather before meetings, has become well known.

**Confusingly, there are two other important European institutions whose names are very similar to the European Council's. These are:**

- **The Council of the European Union:** This is another EU institution, also called 'the Council' or the 'Council of Ministers', which brings together ministers and officials from member states. More information on this body can be found [below](#).
- **The Council of Europe:** This body is completely independent of the EU, and focuses on promoting human rights, democracy and the rule of law. Its main instrument is the European Convention on Human Rights.

### *Leadership and membership*

The head of the European Council is its President, currently [Charles Michel](#).

This position is often referred to as the 'permanent presidency'. The post was introduced by the [Lisbon Treaty](#), which states that members of the Council elect the President by [qualified majority](#) for a two-and-a-half-year term (they can only serve twice). Before this, the member state holding the rotating presidency of the Council of the European Union (see below) provided the chair.

The President is responsible for convening meetings of the European Council and for chairing them. The President can also call extraordinary sessions of the Council to discuss crises.

The Lisbon Treaty limited membership of the European Council to Heads of State and Government (though the [High Representative for Foreign Affairs](#), [President of the European Central Bank](#) and [President of the European Parliament](#) may attend meetings, depending on the agenda). Up until 2009, foreign ministers also had membership, but with enlargement, it was thought that meetings would become too large.

### *Decision Making*

The European Council sets out the results of its deliberations in 'Conclusions', which are adopted formally at the end of its meetings. These are agreed by all participants and frequently lay out specific issues for the EU to address, and particular actions or objectives to achieve. Thus, despite its lack of formal legislative power, the European Council plays an important agenda setting role.

## **THE COUNCIL OF THE EUROPEAN UNION: 'THE COUNCIL OF MINISTERS'**

The Council of the European Union is where national ministers meet to negotiate and agree on legislation. They are supported by national Ambassadors to the EU – known as 'Permanent Representatives' – who form the Committee of the Permanent Representatives of the Government of the Member States to the European Union (COREPER).

Decisions are taken by ministers in their area of responsibility. For example, when agriculture is discussed, national farming ministers will meet. Consequently, the Council can meet in ten different formations:

Agriculture and Fisheries	Environment
Competitiveness	Foreign Affairs
Economic and Financial Affairs	General Affairs
Education, Youth, Culture and Sport	Justice and Home Affairs
Employment, Social Policy, Health and Consumer Affairs	Transport, Telecommunications and Energy

Unlike the European Council, the Council of the European Union is a law-making body - though it may respond to the Commission and European Council's requests and act according to guidelines the European Council has set down.

The Council of the European Union has five key responsibilities:

1. **Negotiating EU laws:** Member states negotiate with each other and with the Commission in the Council of the European Union, and collectively decide whether to approve, amend or reject proposals from the Commission. In most policy areas, the approval of both the Council and the European Parliament is required for a proposal to become law.
2. **Coordinating policies:** The Council monitors the economic and fiscal policies of member states,
3. **Implementing the EU's Common Foreign and Security Policy:** This includes the EU's development and humanitarian aid and defence and trade policies. The Council is key to ensuring the EU's external action is coherent and effective.
4. **Concluding trade agreements:** The Council mandates the Commission to negotiate with non-EU countries and organizations on its behalf, monitors negotiations, and decides whether to adopt the resulting text.
5. **Adopting the EU budget:** Alongside the Parliament, the Council adopts the EU's annual budget.

When Council votes via qualified majority voting, an agreement can only pass if 55% of member states vote in favour of the proposal (i.e. 15) and if the proposal is supported by member states representing at least 65% of the EU population. If a reinforced majority is needed (e.g. when a policy proposal is not from the Commission) then at least 72% of European Council members, representing at least 65% of the EU population is needed.

## **QUALIFIED MAJORITY VOTING**

When voting on an issue, the Council takes its decisions by either simple majority, unanimous vote, or qualified majority, depending on the issue at hand. However, most decisions are made by consensus.

### *The Presidency*

The Council of the European Union also has a presidency that is held by a national government. The presidency rotates amongst member states every six months. The presidency chairs every meeting in the Council, is responsible for preparing the agenda. It is expected to be a neutral chair.

The country currently holding the Council Presidency is expected to work closely with the country its predecessor and successor. Together, this ‘trio’ outlines an 18-month agenda that lays out the topics and issues the Council will address. The Council of the European Union is represented in negotiations with other EU institutions by the presidency.

### *COREPER*

COREPER is made up of senior civil servants from member states. This body prepares the work of the Council of the European Union and is chaired by an official from the member state holding the Council Presidency. Most countries organize their input to EU decision making around the body’s weekly meetings. There are two formations of COREPER:

**COREPER II:** brings together the heads of national missions, known as Permanent Representations, that all member states have in Brussels.

**COREPER I:** brings together Deputy Permanent Representatives.

# THE PARLIAMENT



## WHAT IS THE PARLIAMENT, AND WHAT DOES IT DO?

The European Parliament is a legislative body, whose members are directly elected by EU citizens every five years. There are currently 705 Members of European Parliament.

The Parliament officially sits in [Strasbourg](#), where its plenary sessions – where Parliament formally votes on EU legislation and adopts its position on political issues – take place. However, all parliamentary committees meet in Brussels, and additional voting sessions take place in Brussels six times a year.

Until 1979, when the first elections to the European Parliament took place, Parliament was composed of national parliamentarians.

Until the mid-1980s, Parliament was mostly a consultative body, able to propose amendments to legislation that governments could ignore. However, due to a series of treaty changes, the Parliament has increased its powers. Amongst these are:

**Law-making:** In almost all areas of policy the Parliament has the same law-making power as the Council of the European Union. Once the Council and the Parliament have agreed a text it becomes law.

**Ratification of international agreements:** International agreements between the EU and third countries must be ratified by the Parliament. The Parliament cannot propose amendments to agreements but has the power to veto them. Consequently, the Commission often consults with members of the European Parliament's International Trade Committee (see below on parliamentary committees) when negotiating agreements.

**Budgetary powers:** The EU's [seven-year budget](#) framework is negotiated by member states and subject to an approval vote in the European Parliament. The Parliament can propose minor changes to each annual budget.

**Oversight:** The [Commission President](#) attends the Parliament's plenary sessions every month, and Parliament's committees can call on Commission and Council officials to give evidence. The President of the [European Central Bank](#) also regularly gives evidence to Parliament's Economic and Monetary Affairs Committee.

**Election and removal of the Commission:** Parliament must approve nominations for [Commission President](#), [individual commissioners](#), and the [High Representative for Foreign Affairs](#). If the Parliament rejects the candidate, the European Council must propose alternate candidates. The Parliament also takes an investiture vote on the Commission as a whole, following hearings with candidates before a parliamentary committee. Parliament can also censure the Commission with a two-thirds vote- in other words, force its resignation.

## WHO ARE MEPS AND HOW DO EUROPEAN ELECTIONS WORK?

Members of European Parliament (MEPs) are elected by citizens of EU member states. MEPs have similar roles to national politicians, with power over EU legislation and the ability to scrutinise EU law, activity and officials.

There is no common electoral system used for European Parliamentary elections, with each member state allowed to [choose its own system](#) (as long as this is a form of proportional representation). Some member states split their country into multiple constituencies, whereas others treat the country as one large, single constituency.

In these elections, MEPs usually stand for election under the banner of a national party- for example, as a Labour or a Conservative MEP in the UK, or the Partido Popular or Ciudadanos in Spain.

There are currently 705 MEPs. These 705 seats are distributed amongst member states according to a 'degressive proportionality' system, which means that smaller member states are over-represented based on their populations relative to larger member states, to ensure that very small member states (such as Malta and Luxembourg) are still represented in discussions.

Member State	Population (pprox.)	Number of MEPs	Member State	Population (pprox.)	Number of MEPs
Germany	83m	96	Austria	8.9m	19
France	67m	79	Bulgaria	7m	17
Italy	60.4m	76	Denmark	5.8m	14
Spain	46.9m	59	Finland	5.5m	14
Poland	38m	52	Slovakia	5.5m	14
Romania	19.4m	33	Ireland	4.9m	13
Netherlands	17.3m	29	Croatia	4.1m	12
Belgium	11.5m	21	Lithuania	2.8m	11
Greece	10.7m	21	Slovenia	2.1m	8
Czech Republic	10.7m	21	Latvia	1.9m	8
Portugal	10.3m	21	Estonia	1.3m	7
Sweden	10.2m	21	Cyprus	1m	6
Hungary	9.8m	21	Luxembourg	0.6m	6
			Malta	0.5m	6

**Note:** all figures correct as of October 2022

## PARTY GROUPINGS

Though MEPs stand for election under the banners of national parties, once they are in European Parliament, parliamentarians sit in cross-national political groups. These are gatherings of 25 or more MEPs from across the EU, all belonging to national political parties who share similar political beliefs and ideologies. For example, the Spanish Labour Party and the British Labour Party would sit together in the Socialists and Democrats Group when the UK was a member state, alongside other centre-left MEPs from across Europe.

There are currently seven party groups in the European Parliament:

**The European People's Party (EPP):** Brings together most mainstream centre-right parties, such as the German Christian Democrats and the Spanish Partido Popular. From 1999 to 2019, the EPP remained the largest grouping in every European election. The group's current leader is Manfred Weber.

**The Socialists and Democrats (Se-D):** A centre-left group bringing together socialist, social democratic and labour parties. The group's current leader is Iratxe Garcia.

**Renew (RE):** A liberal, centrist grouping, based on Emmanuel Macron's Renaissance Coalition in France. It was previously known as the Alliance of Liberals and Democrats for Europe (ALDE). The group's current leader is Stéphane Séjourné.

**Identity and Democracy: (ID):** A far-right political grouping, the bulk of whom currently come from the Italian Lega party and the French Rassemblement National. The group's current leader is Marco Zanni.

**Greens/European Free Alliance (G/EFA):** The main environmentalist grouping in the Parliament. The group's current leaders are Ska Keller and Philippe Lamberts.

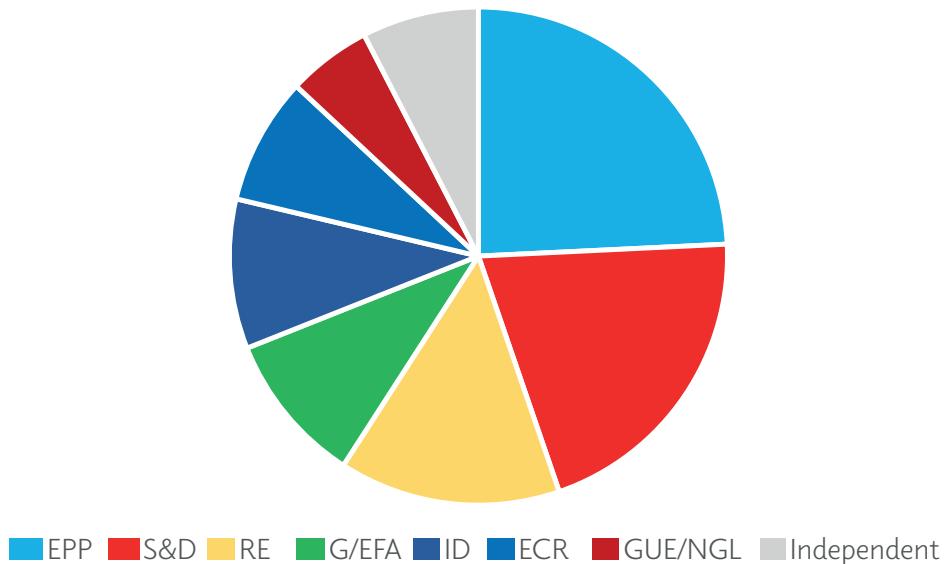
**Conservative and Reformist Group (ECR):** A right-wing grouping, which is currently dominated by the Law and Justice party from Poland. The group's current leaders are Raffaele Fitto and Ryszard Legutko.

**European United Left/Nordic Green Left (GUE/NGL):** A left-wing grouping in the European Parliament. The group's current leaders are Manon Aubry and Martin Schirdewan.

There is also a group of independent MEPs, who are not affiliated to any party group see figure 1 below.

**Figure 1: Share of seats in the 2019 European Parliament Elections**

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Some have argued that having MEPs fight European Elections as representatives of transnational parties, based on the party groupings they sit in- instead of as members of national parties- would help to create genuinely European politics. This is because these seven political groups dominate the work of the European Parliament they control the political agenda, decide which MEPs hold key parliamentary positions, form alliances before votes, and enforce party discipline on votes. However, true pan-European parties have still not come to fruition.

When it comes to voting in the European Parliament, sometimes the two largest groups in the Parliament form a 'grand coalition'. However, often there is a centre-left versus centre-right split.

## PARLIAMENTARY LEADERSHIP

**President:** The European Parliament elects a president, currently Roberta Metsola. Each political group proposes a candidate for the presidency. A candidate needs an absolute majority of MEP's votes in the first round to be elected, otherwise two further rounds take place. If necessary, a fourth round can be held between the two candidates with the highest number of votes. The President serves a two-and-a-half-year term, chairs plenary sessions and oversees the activities of Parliament, as well as representing Parliament before other EU institutions.

**Committee chairs:** Committee chairs chair committees on which they sit, as well as speaking for them in plenary sessions of Parliament. There may be a formal vote within each committee to elect its chair, but very few nominations actually reach a vote as a result of the allocation process in parliament, which aims to ensure fair representation across committees (i.e. across parties. There also cannot be an all-male or female bureau, and not all vice chairs can come from the same member state)

**Rapporteurs:** When committees are assigned topics and legislation for consideration, they usually nominate a member of that committee to lead its work on the preparation of a report which will be presented to Parliament, setting out the committee's recommendations. This a rapporteur- they speak for their committee throughout the legislative process

**Group leaders:** The leaders of each political group speak on behalf of their groups at the beginning of debates and are the spokespeople for their groups in public forums. Each leader represents their group in the bi-weekly meeting of the Conference of Presidents too. Leaders are elected amongst each political group.

The Conference of Presidents is the top political body within the European Parliament, where its president and the chairs of each of the political groupings meet. It determines the legislative and business timetable of Parliament, decides on the membership and responsibilities of committees, and represents the Parliament with other EU institutions and national parliaments. The Conference meets privately twice a month, and decisions are taken by consensus where possible, and by a weighted majority (based on the number of MEPs their group holds in Parliament) if not.

## DEMOCRATIC DEFICIT

Direct elections to the European Parliament, introduced in 1979, were intended to provide a strengthened democratic mandate for MEPs, improving the democratic legitimacy of the European Union in the process. However, this has not panned out as expected for several reasons.

1. **Low turnout:** Turnout in European Parliamentary elections has been about 20% lower than national elections in member states and has declined since 1979 in most member states.
2. **Lack of attention to European issues:** Campaigns in European Parliamentary elections are fought by national parties on national platforms and on the performance of national leaders. There is little sign of the emergence of European party platforms or of elections being used to judge the performance of MEPs. Indeed, many voters have used European elections to protest against their governments and mainstream parties.
3. **The Spitzenkandidaten saga:** before the 2014 elections, the main European parties put forward lead candidates (Spitzenkandidaten) for Commission president, with the idea that the lead candidate of the ‘winning’ party would be awarded the role. There were live TV debates between the candidates, and the lead candidate of the winning group was then elected as Commission President ([Jean Claude Juncker](#)). However, there was still minimal media coverage of the process, and there was another decline in turnout. The process was then abandoned after the 2019 Parliamentary elections.

# HOW IS EU LAW MADE?

The EU legislative process generally begins with a proposal by the [Commission](#), which is then sent to the [Parliament](#) and the [Council](#) for their consideration. The Parliament and the Council can then decide to amend, approve or reject a proposal. In most cases, for any proposal to become law, it has to be agreed by both institutions. In some cases, it only has to be agreed by one of them, depending on the procedure used:

**Ordinary Legislative Procedure:** This is the decision-making procedure for most EU policy areas. It is also known as '[co-decision](#)' because it involves joint adoption by the European Parliament and the Council of the European Union. Neither institution can adopt the legislative act alone (see figure 2).

**Special Legislative Procedure:** This only applies in specific cases explicitly mentioned in the Treaties - such as member states joining or leaving the EU, international agreements, or EU long term budgets. This is also known as '[Consent procedure](#)', as the European Parliament can only accept or reject proposals- it cannot amend them.

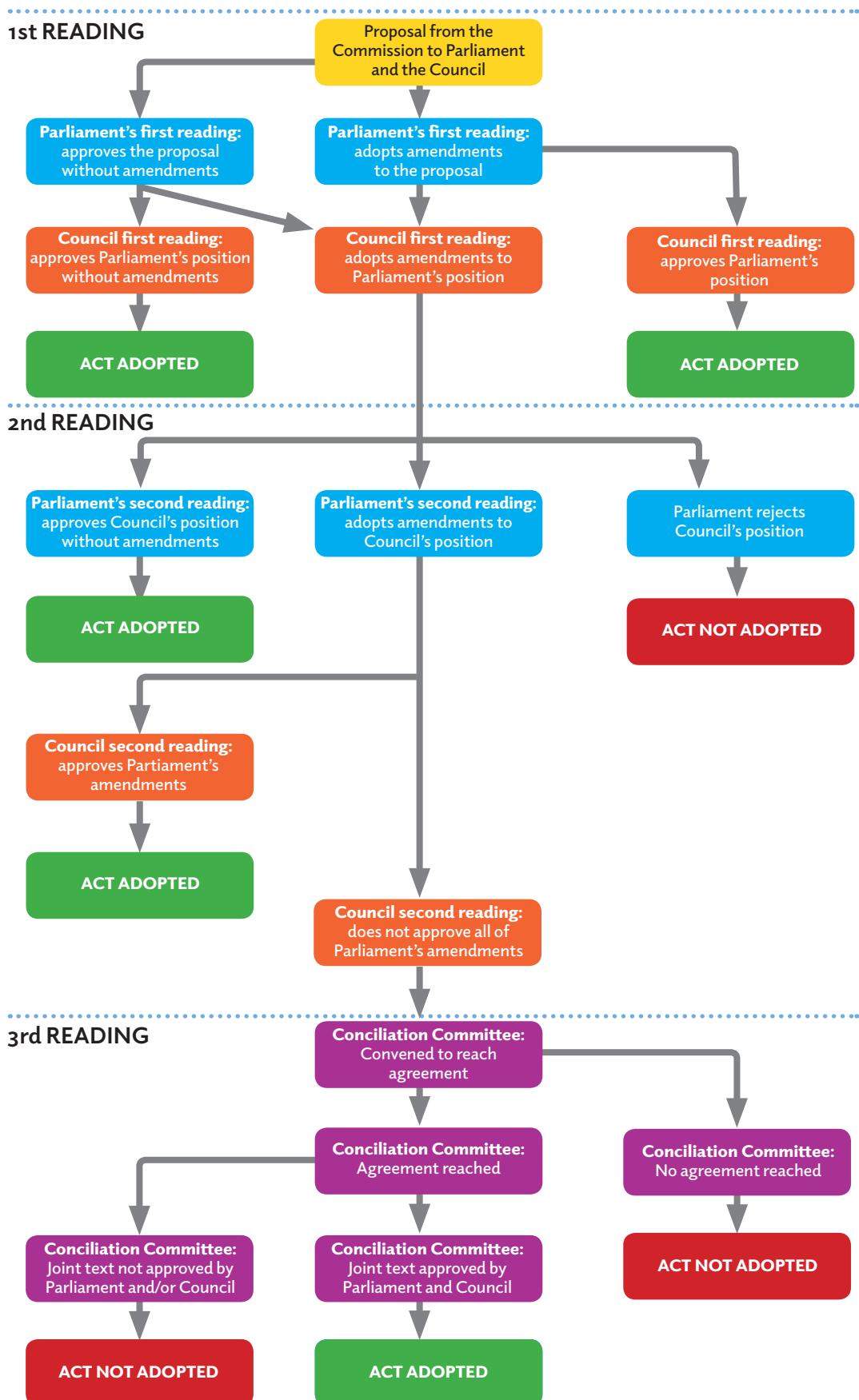
Once the Council and Parliament have both agreed a text, it becomes law, and passes to national governments to implement, overseen by the Commission and the [Court of Justice](#).

## EU Laws can take two forms:

**Directives:** These are the most common form of EU law, and the 'softer' version: they specify what should be done but leave the method of implementation to the member states. This means member states have to pass national legislation to bring a directive into effect (known as 'transposition'). Consequently, the ways in which member states choose to achieve the objective specified can vary widely. Each directive has a deadline for transposition.

**Regulations:** These apply directly. There is no additional process at the national level, and no room for national interpretation- when an EU regulation enters into force, it becomes directly and immediately applicable within EU countries.

**Figure 2: The decision-making procedure for most EU policy areas.**



# THE EUROPEAN COURT OF JUSTICE



## WHAT IS THE EUROPEAN COURT OF JUSTICE, AND WHAT DOES IT DO?

The European Court of Justice is the EU's court. It was formally known as the Court of Justice of the European Union (CJEU). The Court sits in Luxembourg, and is made up of two courts:

**Court of Justice (ECJ):** This deals with cases referred to it by national courts, and cases where an EU act is believed to breach EU treaties or fundamental rights. Its decision-making process of this court is outlined in the figure 3.

**General Court:** The main focus of this court is competition law, state aid, trade, agriculture and trademarks and challenges to the validity of EU legislation in actions brought by individuals and companies.

The ECJ (in Luxembourg) is not the same as the European Court of Human Rights. The latter is part of the Council of Europe. It ensures member countries comply with their obligations under the European Convention of Human Rights.

The Court consists of one judge from each Member State and eleven advocates general. AGs give advisory legal opinions on important cases, which are not binding on the court. The general court has two judges from each member state.

Each judge and AG serve a six year term and is appointed jointly by national governments. The judges in each court jointly select a president, who serves a three-year term. This is currently Koen Lenaerts.

The ECJ's key responsibilities are:

**Settling disputes between EU institutions:** For example, if the European Commission or the European Parliament or one of the Member States believe the Council has acted contrary to EU law, that challenge will be heard by the ECJ.

**Sanctioning member states:** If the Commission believes a member state is not following EU law, it can take it before the Court in '[enforcement proceedings](#)'. If the Court declares the state has not complied with EU law, and the member state still fails to comply, the Commission can bring further enforcement proceedings against the defaulting Member States . The member state can then be fined. However, most cases are resolved before this stage is reached.

**Dealing with cases referred to it by national courts:** National courts can send questions to the Court about the meaning of EU law. These are known as 'preliminary references'. Here, the ECJ makes a judgment on the point of EU law, sends it back to the national court, and the national court then resolves the dispute, applying the ECJ's judgment.

The ECJ not only makes rulings based on EU law, but also interprets what are known as the 'fundamental principles' of EU law, as drawn from EU treaties and the [Charter of fundamental rights](#). These include traditional legal principles like proportionality and procedural fairness, subsidiarity (that the EU can only act in policy areas not outlined by the treaties if policy goals cannot be achieved at national level), and fundamental rights.

**Figure 3: Decision-making process of The European Court of Justice**

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**WRITTEN STAGE**

Case is assigned a judge (the 'judge.rapporteur') and an advocate general

Parties give written statements to the court, observations submitted by national authorities, EU institutions and private individuals where necessary

This summarised by the judge rapporteur and discussed at the Court's general meeting, which then decides how many cases will deal with the case (depending on its complexity) and whether an oral hearing needs to be held.

**ORAL STAGE**

Lawyers from both sides put their case to the judges and AG, and are questioned by them

If the Court decides to hear the Opinion of the AG, this is given a few weeks after the hearing

The Judge(s) deliberate and give their verdict

**NB:** General Court procedure is similar, except that most cases are heard by 3 judges and there are no advocates general.

## THE ENFORCEMENT OF EU LAW

Decisions made by the ECJ have affected how EU law is made and enforced, resulting in two important principles:

**Direct Effect:** Direct effect means that EU law can be enforced by citizens and organisations in national courts. This makes EU law distinct, as usually international law is enforceable only by states, not private parties.

**Primacy:** In a ruling in 1964, the ECJ ruled that member states had agreed to limit their sovereign rights in areas covered by EU treaties, and therefore could not adopt national laws which are incompatible with EU law. Conflicting national law in areas covered by EU treaties therefore cannot be enforced. However, the ECJ does not have the power to strike down national law, or force a member state to remove the offending national provision,

## THE RULE OF LAW

The rule of law is one of the EU's core values, as set out in Article 2 of the [Treaty on European Union](#) (TEU). Upholding it is a prerequisite of accession as an EU member state. If the Commission feels a member state is failing to comply with EU law, it can activate its 'rule of law framework'. This was introduced in 2014 to strengthen the rule of law across the EU and highlight issues with compliance in certain member states.

This framework has three stages: assessment, recommendations, and monitoring of the member state's response to the recommendation.

As a final resort, [Article 7](#) of the Treaty of the European Union can be triggered. This article outlines a process to be followed when an EU member state breaches EU values or EU law, or is at risk of doing so. There are two limbs to this process:

**'Clear risk of a serious breach':** In this situation, where a breach of EU law is anticipated, the European Parliament, Commission or a third of EU member states can propose that Article 7 be triggered. Two thirds of the [European Parliament](#) must then approve this proposal. Four-fifths of the [Council of Ministers](#) must then vote to agree there has been a breach. The Council then issues a formal warning and recommendations for the Country to address the issue.

**'Serious and persistent breach':** Here, once a breach of EU law has occurred, following a proposal by the Commission or a third of EU member states (and the approval of two thirds of Parliament), the European Council invites a response from the member states. The other member states in European Council must then vote unanimously that there has been a breach. The Council then votes by [qualified majority](#) to determine punitive measures, such as sanctions or even the

suspension of voting rights, meaning that member states would have to accept and implement laws they did not vote for.

Because of the high threshold for action in the Article 7 process, sanctions via this route are often stymied. Therefore, the Commission has also tried other legal routes against member states, such as starting an infringement or ‘enforcement’ proceedings against EU countries.

The process for this is as follows:

1. **Letter of formal notice:** Commission sends a letter of notice to the member state, which must send a detailed reply within a specified period.
2. **Reasoned Opinion:** If the Commission concludes that a country is failing to meet EU law, it can send a reasoned opinion - this is a formal request for the member state to comply with EU law, explaining why the Commission considers the country to be in breach. It also requests that the member state informs the Commission of the action it plans to take in response.
3. **Referral to the ECJ:** If the member state still does not comply, the Commission can refer the matter to the ECJ.
4. **Penalties:** If the member state fails to communicate measures to implement EU law in time, the Commission may ask the ECJ to impose penalties.
5. **Court ruling:** If the court finds that a country has indeed breached EU law, national authorities must take action to comply with the Court’s judgement.

**If a member state still does not comply:**

6. **Referral to ECJ:** The Commission can refer the member state to the ECJ again.
7. **Penalties:** When referring the member state for the second time, the Commission proposes that the ECJ either imposes financial penalties, or a daily payment for the period EU law has not been applied.

The EU initiated this process most recently against [Hungary](#) (with the Commission initiating proceedings in 2018) and [Poland](#) (in 2017), though no rights have yet been suspended.

In December 2020, an EU regulation on ‘a general regime of conditionality for the EU budget’ was passed. This introduces punitive measures for EU states which breach the rule of law. In 2022, the ECJ ruled in favour of this regulation, known as the ‘conditionality mechanism’, and said that funds can be withheld from member states if they violate EU values and the rule of law.

# THE SINGLE MARKET AND THE CUSTOMS UNION

## THE SINGLE MARKET

All member states (and members of the European Economic Area) are part of the Single Market. This is the trading area in the EU in which most trade barriers (such as internal borders and regulatory obstacles) are removed. Removal of internal barriers is thought to increase economic activity, and make producers more competitive by allowing them to operate within a larger market.

The Single Market is based on the ‘four freedoms’: the free movement of goods, people, capital and services between member states. It is underpinned by EU law, and principles including mutual recognition.. The European Court of Justice developed this principle, which means that any product which meets the standard for sale in one member state can be lawfully sold in another.

As a result, there is harmonization of minimum standards for foods and services across member states. The EU can legislate to set these common standards, ensuring that there is regulatory alignment between EU members, and non-member states who wish to trade in the Single Market must comply with EU regulations.

## THE CUSTOMS UNION

A Customs Union is a group of countries between which customs ([tariffs](#) and duties) have been removed from goods. It also ensures that member states charge the same import duties to countries outside the single market, to avoid trade being diverted through member states with low duties. Goods moving between states in the customs Union are not subject to a tariff, or any other charge.

The Customs Union also requires its members to join together to negotiate trade deals with countries outside of the bloc involving customs. As a member of the Customs Union, a member state cannot sign an independent free trade deals with a third country as they would affect customs duties.

Like the Single Market, non-EU members can also be part of the Customs Union, with agreement from member states. These include Andorra, Monaco, and San Marino. The [EEA countries](#) are not members of the Customs Union.

# EU SOCIAL POLICY

The [Treaty of Rome](#) set out the aim for the Union to improve living and working conditions. It introduced the principle of free movement of people and ensured that men and women in EU states would receive equal pay.

Though progress on this issue was slow in the early days of the EU, through the Social Policy Action Programme, the Delors Commission raised the profile of European social integration as well as economic integration.

Under the Delors Commission, most member states also signed up to a Charter on the Fundamental Rights of Workers, (not to be confused with the Social Chapter of the [Maastricht Treaty](#) which gave the EU broader powers to legislate in the field of social policy and made it mandatory for the Commission to discuss social policy with trade unions and employers). The [Amsterdam Treaty](#) provided a framework for member states to work together to tackle unemployment

Since then, the EU has introduced [directives and regulations](#) on health and safety at work, parental leave, how long an individual can work in a week, equal pay, and discrimination at work, amongst other things. These policies aim to correct market failures across the EU.

# THE EU BUDGET

In 2019, the EU spent around €160 billion. This has grown even more in recent years, with the Council agreeing to add a further €6.2 billion in the aftermath of the first wave of the Coronavirus crisis in September 2020.

This money comes from three key sources, which are fixed and can only be changed by the unanimous decision of the member states and parliamentary ratification in each member state:

1. **Member state contributions:** Member states contribute to the EU budget according to their Gross National Income. This typically means that richer states pay more into than they get out of ('net contributors') the EU budget. On the other hand, poorer states tend to receive more than they pay in ('net recipients'). In other words, the EU budget is generally redistributive between member states.
2. **VAT based contributions:** In the past, there were hopes that the EU member states could harmonise rules on VAT, and the EU could use this as a source of revenue. However, as this didn't happen, this element of the EU budget is based on a hypothetical VAT base that no EU member state actually applies.
3. **Tariffs:** [Tariffs](#) on goods entering the EU contribute to the budget, though countries which collect the tariffs get to keep 20% of the amount raised by the tariff.

Since 1988, the EU has planned its spending in 'financial frameworks', that usually span around seven years. These frameworks set out the maximum the EU can spend in that period, and the amount to be spent in each policy area. The total maximum and the amounts to be spent in each EU policy area are decided unanimously by the 27-member state governments, along with the European Parliament.

These financial frameworks set out the EU's long-term budget and aim to ensure that the EU's spending plans match its policy focuses. The most recent financial framework was agreed in December 2020, and covers 2021-2027, permitting the EU to spend €1.1 trillion. This is an increase of EU spending of around two thirds based on the previous financial framework (largely because of the pandemic).

Each year, an annual budget, covering the EU's revenue and spends for that year, is also prepared by the [Budget DG](#) in the Commission, and is negotiated by the Budget Committees in the European Parliament and COREPER, as well as finance ministers from member states. The process goes as follows:

1. The Commission proposes a budget within the boundaries of the current [multiannual financial framework](#)
2. The Council of the European Union adopts or amends this budget by [using Qualified Majority Voting](#), and sends to the Parliament
3. Unless an absolute majority of MEPs vote to amend the budget, the Council's text is adopted. Otherwise, the budget is sent back to Council with amendments, where a qualified majority must agree to them.
4. If there is no agreement in Council, the budget goes to a committee made up of member state representatives and European Parliament representatives, which negotiate and tries to come to an agreement.
5. Otherwise, the budget fails.

**When it was a member state, the UK used to receive a rebate on its net contribution to the EU- the only state which did so. This was introduced in 1985, as it was thought that the UK's contribution was high compared to what it took from the EU budget. The rebate could only be changed via unanimity in the Council- so the UK had to agree. As the EU grew, there was considerable pressure for the rebate to be dropped, given the expense incurred by the accession of poorer countries from Central and Eastern Europe.**

## THE EU'S REDISTRIBUTIVE POLICY

The spending side of the EU's budget is dominated by two areas which together make up around 75% of spending- structural and cohesion funds, and rural development funds.

### *Structural Funds and Cohesion Funds*

The objective of strengthening economic and social cohesion is mentioned in the [Treaty of the European Union](#). This means that EU policies have tried to reduce economic disparities between member states and have tried to promote economic growth by giving poorer states increased resources.

Structural funds date back to 1960, when the European Social Fund (ESF) was first created. The European Regional Development Fund (ERDF) was then created in 1975. These funds go to regions within countries according to how poor they are relative to the EU average, but also according to levels of employment and population sparsity. A number of member states, such as Germany, have also negotiated special deals for regions that would not usually qualify for funds under standard rules.

The ESF focuses more on the provision of education and skills, whereas the ERDF focuses more on economic structures, research and infrastructure.

Structural Funds were reformed in 1999 so that their objectives (and the kinds of funding available to member states) were clarified. This led to three categories of structural funds:

**Objective 1 Funding:** Promotes development in EU regions which are lagging behind the per capita GDP of other EU countries (the threshold is below 75% of the EU average)

**Objective 2 Funding:** Provides structural adjustments in regions with industrial or service sectors facing major change, to deprived urban areas, or to rural areas in decline.

**Objective 3 Funding:** Focuses on human resources such as education and training  
Cohesion Policy recognises that the benefits and costs of the single market are not distributed equally and have in some cases widened regional disparities. They aim to ensure that the benefits of EU membership are felt by all member states.

The Cohesion Fund was established in 1994 as part of the EU's preparation for [Economic Monetary Union](#) and aimed to increase the growth capacity of poorer member states. As a result, cohesion funds go to poorer EU nations, generally those with a Gross National Income per capita below 90% of the EU average.

### **Agriculture and rural development funds**

Agricultural funding forms a large part of the EU budget, though it has been shrinking as a fraction of the total budget in recent years. Since 1992, agricultural funds have been reformed so that they no longer directly subsidise production. However, the precise basis for their allocation is quite vague, making it easier for agreement on allocation to be reached by member states.

The most well-known fund is the [Common Agricultural Policy](#) (CAP), which can be traced back to the [Treaty of Rome](#). This policy was designed to provide income support for farmers in the European Union, given that agriculture was thought to be a volatile industry. Many European farmers are still dependent on the fund for survival.

CAP aims to increase agricultural productivity, ensure a fair standard of living for farmers, stabilise markets and ensure reasonable prices for consumers. However, some of these objectives are contradictory: for instance, protecting farmers' incomes by imposing high [tariff barriers](#) against goods imported from outside the EU raises prices for consumers.

Although these funds have acted as a welfare fund to smaller farmers in remote areas, as agricultural production has stabilized across Europe, CAP has been criticized. Fixed prices have led to overproduction, not only leading to huge waste, but to the EU having to purchase farmers' reserves. Environmentalists have argued they have encouraged more intensive forms of farming with greater reliance on fertilisers and agrochemicals across the EU. The subsidies have also forced up land prices, blocking new entrants to the industry.

# ECONOMIC MONETARY UNION AND THE EUROPEAN CENTRAL BANK

## ECONOMIC MONETARY UNION

The [Single European Act](#) proposed that economic and monetary union (EMU) should be an eventual goal of the European Union, but never set out how this should actually be achieved. After a push by the Delors Commission, member states gathered in 1990 to discuss the treaty reform that was needed to bring about EMU.

Economic and Monetary Union was introduced by the [Maastricht Treaty](#) of 1992, with the aim of furthering economic integration of EU member states. Member states who are part of the EMU have a currency - the euro - and also coordinate their economic and fiscal policies, share a common monetary policy, and share rules on the supervision of financial institutions.

Maastricht set out some key criteria for membership of EMU, including price stability, interest rates of no more than 2% above the best performing member states, and a deficit no larger than 3% of a country's GDP. The subsequent Stability and Growth Pact established that the Council of Economic and Finance Ministers could sanction any government which ran an excessive deficit and threatened the stability of the Euro.

Maastricht also set out how monetary policy would operate in the EU:

- An independent central bank would be created ([see below](#))
- Price stability would be the ultimate goal of EMU
- The Council of Economic and Finance Ministers would have final say on interventions in foreign exchange markets, could conclude monetary arrangements with third countries by [QMV](#), and could decide the position of the EU in international affairs relating to EMU via QMV.

All member states are part of the economic union, but not all are part of the monetary union. Instead there are 19 'euro-ins' - member states who use the euro as their currency - and eight 'euro-outs', who do not. Some of these may

join the euro in the future, whereas others- such as Denmark- have permanent exemptions.

### **Leadership on economic policy**

Decision-making on economic policy is split between member states and the EU's institutions. The [European Council and Council of the EU](#) coordinate economic policy making and decide whether a member state can join the eurozone. Member states also set their national budgets within agreed European-wide limits for deficit and debt.

Meanwhile, the [Commission](#) monitors performance and compliance with EU economic policy, and the European Central Bank deals with monetary policy.

Finally, the [Eurogroup](#) - the committee of finance ministers of Euro Zone member states - has political control over the single currency, whereas more technocratic decisions- such as setting interest rates- are handled by the European Central Bank.

**In the years following the creation of EMU by the Maastricht treaty, many countries which were members of the Eurozone were taking on large amounts of debt, above the deficit limit outlined by the treaty. This was largely because, at the time, there was little action the EU could take to punish member states who ignored the Maastricht guidelines. This eventually led to the Eurozone debt crisis, in which many member states found themselves unable to repay this debt without assistance from other member states. This meant that EU leaders and the IMF had to contribute around €720 billion to avoid a potential European recession.**

**In response, EU member states signed the Stability and Growth pact in 2012, which introduced stricter limits on government deficits, and introduced financial penalties for member states who went above this ceiling. A permanent bailout fund, known as the European Stability Mechanism, was also introduced. Eurozone countries were also forced to give some budgetary oversight powers to the European Central Bank.**

## **THE EUROPEAN CENTRAL BANK**

The European Central Bank (ECB) is the central bank for those EU member states that use the Euro. Its role is similar to those of national central banks, with its key function to maintain price stability within the Eurozone.



Other roles of the ECB, as outlined in the [Maastricht Treaty](#), are to define and implement monetary policy, conduct foreign exchange operations, and promote the operation of payment systems between member states.

The ECB is an independent body- it has sole responsibility for implementing monetary policy, free from interference from member state governments, and is free to set inflation targets.

The ECB is managed by a six-person executive board, all of whom are elected by the European Council.

Part of this executive board is the ECB's president, currently [Christine Lagarde](#). The President serves an eight-year term. The European Council takes the final decision on who to select for this role, but this is done on the basis of a recommendation from the Council of the EU, specifically the Economic and Financial Affairs Council.

It also consults with the Parliament and the Governing Council of the ECB. The President must have recognised standing and professional experience in banking or monetary matters, and must be a citizen of a eurozone country.

This board is overseen by a Governing Council, which is made up of the governors of each of the central banks of the 19 Eurozone member states. Member state governments cannot instruct their central bank governor.

# THE AREA OF FREEDOM, SECURITY AND JUSTICE

The EU has a series of policies which fall under the area of Freedom, Security and Justice. These aim to set out certain rights and protections for EU citizens and date back to the [Treaty of Rome](#), which first established that EU citizens had the right to travel and work in other member states. Other treaties built on this principle, by removing internal barriers to doing so.

The [Maastricht Treaty](#) established the pillar of Justice and Home Affairs, covering immigration and police and judicial cooperation as issues of common European interest. [The Lisbon Treaty](#) then brought together these issues under a single decision-making process.

## FREE MOVEMENT

The principle of free movement, first outlined in the Treaty of Rome, would later become a foundation of the [single market](#), with the Council gradually working to remove restrictions on the free movement of people.

In the meantime, a number of member states signed the [Schengen Agreement](#), which aimed to eliminate border controls between its cosignatories. The [Amsterdam Treaty](#) later brought the Schengen Acquis into the legal framework of the EU, though some member states (Croatia, Ireland, Cyprus, Romania and the UK, when it was a member state) opted out of its provisions.

Citizens of states which have joined the EU in the years following the Amsterdam Treaty haven't necessarily had freedom of movement straight away. There has often been a transition period in which free movement of new EU citizens [is restricted](#), and member states could apply their own rules for entry for a number of years after accession. For example, some countries imposed restrictions on Romanian and Bulgarian citizens up until 2014.

## FUNDAMENTAL RIGHTS

The idea of establishing a set of civil rights for EU citizens was first floated in 1974, given that citizens of member states already had some economic rights stemming from the Treaty of Rome and the Single European Act. However, in discussions for the Maastricht Treaty, the principle of 'EU citizenship' was

agreed to. EU citizens (anyone holding the nationality of a Member State) enjoy the following rights:

- The right to move and reside freely within EU territory
- The right to protection of diplomatic and consular authorities in EU member states
- The ability to petition the European Parliament
- The ability to address any EU institution and receive a response in the same language
- The right to vote for, and stand as, European parliamentary candidates

However, there are still differences between Member States, and the rights which they afford to citizens and people from third countries. For example, citizens of EU member states cannot automatically vote in another member states' national elections. Third country nationals (TCNs), non-EU nationals residing in the EU, also do not have access to these rights because they are not EU citizens. However, EU law does offer some protection to TCNs.

The [Charter of Fundamental Rights](#) of the EU was unanimously approved by member state governments, the [Parliament](#) and the [Commission](#) in 2000, and acquired legal force in the Lisbon Treaty. The Charter brought together rights previously recognised by the [ECJ](#), the main political and civil rights from treaties, and individual rights from member states. However, its application has been limited to EU law and institutions, and it has not been implemented at the national level.

## IMMIGRATION AND ASYLUM

The [Maastricht Treaty](#) first brought immigration and asylum policy into the EU as an ‘area of common interest’; in other words, as an area in which member states felt they had an interest in working together. Justice and home affairs ministers started to meet on a more regular basis and signed non-binding resolutions or recommendations on immigration and asylum.

The Amsterdam Treaty went one step further, bringing immigration and asylum policies into a ‘shared common framework’. This meant that EU states began to share common procedures for people crossing the EU’s external borders, visa rules, standards and procedures for assigning or withdrawing asylum, and minimum protections for asylum seekers. Under the Lisbon Treaty, all decisions on EU asylum and immigration policy are now taken under the [ordinary legislative procedure](#).

As a result of these changes, the EU has taken steps towards:

**A common asylum system:** the [Dublin Regulation](#) and a series of directives stipulate that the member state where an asylum seeker first arrives must process that individual's asylum application. EU law also lays down minimum standards for housing, education and healthcare for asylum seekers in the Member States and sets common standards for who is classed as a refugee, and how asylum applications should be processed. The European Refugee Fund provides support to member states to achieve these shared standards.

**A common immigration policy:** Member states share rules on family reunification, granting third country citizens long-term resident status and employment rights. It also makes provision to deal with illegal immigration, with the EU signing readmission agreements with many third countries. FRONTEX, an EU agency, helps member states enforce border controls and trains national border guards.

However, member states still control most aspects of immigration and asylum policy, such as the award of citizenship, and priority access to the labour market for non-EU nationals.

## POLICE AND JUDICIAL COOPERATION

[The Maastricht Treaty](#) formalised cooperation on police and judicial matters for the first time, putting in place provisions to cover judicial cooperation on civil and criminal matters, terrorism, drug trafficking and other serious crime. The Treaty also saw the creation of EUROPOL (as described below).

[The Lisbon Treaty](#) absorbed this issue into the Treaty on European Union, and introduced unanimous Council decision making on police and judicial matters, with the Commission sharing the right of policy initiation with the Council.

Since the early 2000s, there have been a number of institutions created under the umbrella of police and judicial cooperation:

**The European Police Office (EUROPOL):** Was created in response to the increase in transnational activity by criminal and terrorist networks. It is an international organization, based in the Hague, and is the EU's law enforcement body. Each member state has a representative on EUROPOL's Management Board, which reports annually to the [European Council](#), and takes its decisions by two-thirds vote. Member states also second national police officers; around 800 police officers currently work at EUROPOL, some of whom act as liaison officers with member state police forces. EUROPOL not only supports national authorities to tackle transnational crime, but gathers, collects and distributes huge masses of information to member states.

**The European Police College (CEPOL):** A transnational police training college, ran by the EU

**European Justice Office (EUROJUST):** This office aims to improve cooperation between member states to investigate and prosecute people accused of serious cross-border crimes

**European Arrest Warrant (EAW):** A European Arrest Warrant is valid throughout the EU, and can be issued for a crime which carries a sentence of twelve months or more. Once a member state issues an EAW, the receiving state has three months to arrest and transfer a suspect for trial or detention- they cannot be transferred for investigation only.

There is also a European-wide network to capture people accused of genocide and war crimes, as well as institutions which evaluate the ability of member states to tackle terrorism and provide them with the resources and training to do so.

# THE EU IN THE WORLD

## TRADE

The EU is a powerful market actor; it is the world's largest [single market](#), with strong trading relationships with China, the US, and other third countries such as Norway, Switzerland and the UK.

In developing its internal market, the EU has also had to consider how it pursues economic and trade relationships with the outside world. The EU has a single external trade policy, known as the Common Commercial Policy (CCP). Under this, all EU states apply the same tariff on goods entering from outside of the EU, and they have replaced national quotas with common EU restrictions on the import of some goods, such as agricultural products.

The [Commission](#) also can raise import prices or impose minimum price levels if exporters to the EU attempt to undercut the prices of domestic producers, and EU member states coordinate on trade sanctions for third party countries.

The Commission administers the CCP, and negotiates all the EU's external trade agreements, though the [Council](#) and [European Parliament](#) must approve these.

## COMMON FOREIGN AND SECURITY POLICY

The Common Foreign and Security Policy (CFSP) is the EU's joint foreign policy, first established under the Maastricht Treaty. CFSP aims to strengthen the security of member states, preserve peace in Europe, promote EU values across the world, and promote international cooperation.

The creation of CFSP led to foreign policy becoming a regular part of Council business. The General Affairs Council has been dominated by meetings of foreign ministers discussing foreign and security issues, and the External Relations DG was established in the Commission.

From 1992 onwards, several EU-wide policy instruments have been introduced:

**Common Positions:** These are adopted in the Council by unanimity and require member states to implement national policies which promote and comply with this EU position (though states face no penalty or sanction if they don't).

**Joint Actions:** Following instruction from the European Council, the Council of the European Union can adopt a joint action unanimously. Joint actions are more binding than a common position, as member states must inform and consult the Council on how they are implementing the joint action at national level. Joint

actions are usually agreed when specific action is required in response to a foreign or security issue.

**Common strategies:** The European Council uses common strategies to outline an issue, objective, the duration of a potential international mission, and the means made available by the EU and member states to tackle this issue. The goals of the common strategy are then implemented using common positions, or joint actions.

The Lisbon Treaty created the role of High Representative for Foreign Affairs and Security Policy, which combined the prior positions of the High Representative for CFSP in the Council, and External Relations Commissioner into a single office. The High Representative chairs meetings of the Foreign Affairs Council, where EU foreign ministers meet, and is Vice President of the Commission. The High Representative is currently [Josep Borrell](#).

### **European External Action Service**

The European External Action Service (EEAS) is the EU's diplomatic service, established in 2011. Via the EEAS, the EU has over 140 delegations to countries, territories and international organisations worldwide. The EEAS has deployed military and civilian mission across Eastern Europe, Middle East and Africa. The EEAS doesn't replace member states' diplomatic efforts but aims to complement them.



The head of the EEAS is the EU's High Representative of the Union for Foreign Affairs and Security Policy. The High Representative - currently Josep Borrell - is the representative of the CFSP, chair of the Foreign Affairs Council, and leads the Commission's role in external relations.

They are elected with the support of a [reinforced qualified majority](#) of member states in European Council, with the agreement of the Commission President, and serves for five years.

### **COMMON SECURITY AND DEFENCE POLICY**

The Common Security and Defence Policy (CSDP) is part of the EU's CFSP, and sets out the framework for defence cooperation and crisis management between countries who are members of the EU. It was launched in 1999 and allows member states to collaborate on an EU framework on defence policy.

CSDP allows member states to collaborate on peace-keeping missions, the provision of humanitarian aid, and conflict prevention. EU member states are not obligated to commit military forces or other personnel to the military and civilian missions which operate under the CSDP. Denmark had originally maintained

an opt-out from CSDP, and did not collaborate with the EU on defence issues. However, in the aftermath of the war in Ukraine, the Danish voted in a referendum to abolish this opt out in June 2022

There are no permanent EU forces. However, some EU member states have formed what are known as '[EU battlegroups](#)'. These are forces of around 1500, available to the EU for CSDP missions (with the approval of participating member states). An EU mission is launched by unanimous agreement between foreign ministers of EU states in the [Foreign Affairs Council](#).

### ***The Strategic Compass***

In 2020, the EU began to develop the Strategic Compass for Security and Defence. This was an attempt to better align member state policies and ambitions on defence and security. In this process, the EU attempted to identify the biggest threats to European security and stability, with the input of member states.

It has since been announced that the Strategic Compass will be a regular process, with a new threat analysis conducted at least every three years.

The European Council finally approved the SC in March 2022, just weeks after the outbreak of the war in Ukraine. It outlines defence and security goals for the EU, and a schedule for these to be achieved.

For example, the SC states that, by 2025, the EU should have a standby of 5000 troops ready to deploy immediately. It also increases spending on protecting the Union against cyber attacks, and calls for better NATO-EU military cooperation, as well as greater bilateral cooperation with countries such as the UK on defence and security.

UK in a Changing Europe promotes rigorous, high-quality and independent research into the complex and ever changing relationship between the UK and the EU. It is funded by the Economic and Social Research Council and based at King's College London.

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