

Essentials of European Integration

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- 1. Baldwin, R. – Wyplosz, Ch.: The Economics of European Integration.
Part I. History, Facts and Institutions (pp. 1-94)
- 2. Molle, W.: The Economics of European Integration.
Part I. General Issues (pp. 3-47)
- Other interesting and entertaining sources:
Changing the Map of Europe Back to 1815: <https://www.youtube.com/watch?v=66rycNCY-xM>
History of the European Union: <https://www.youtube.com/watch?v=XqASWETE7TA>

Europe during last 1000 years



- <https://www.youtube.com/watch?v=gzXoc8y2G0k>



- The 2012 Nobel Peace Prize was awarded to the European Union (EU) "for over six decades having contributed to the advancement of peace and reconciliation, democracy and human rights in Europe" by a unanimous decision of the Norwegian Nobel Committee.

OUTLINE: some basic facts...

- I. Definition of economic integration
- II. Methods of integration
- III. Forms of international cooperation
- IV. Stages of economic integration
- V. Dimensions of European integration

- **APPENDIX 1:** Milestones in European economic integration
 - 1.M Beginnings (GATT, OEEC, Benelux, ECSC)
 - 2.M European Economic Community
 - 3.M Single Market Programme
 - 4.M EMU – Economic and Monetary Union
 - 5.M Eastern enlargement
 - 6.M Lisbon strategy and Strategy Europe 2020
 - 7.M Strengthened economic governance in the wake of economic and financial crisis

- **APPENDIX 2:** Institutions of the EU

I. Definition of economic integration

- **Economic (regional) integration** consists in removing **economic frontiers** between two or more economies
- **Economic frontier** is any geographical border over which actual or potential mobility of goods, services and production factors is impaired (need not necessarily coincide with political frontiers)



- **Different forms of economic integration** can be found around the globe:
 - **NAFTA** (North American Free Trade Agreement): concluded in 1992 between USA, Canada and Mexico
 - **Mercosur**: integration grouping (customs union) among South American countries
 - **ANZCERTA**: Australia New Zealand Closer Economic Relations Trade
 - **West Monetary Union** and **Central African Monetary Union**



I. Definition of economic integration



■ European economic integration

- Unique in much higher ambitions and practical achievements in comparison with other examples of integration efforts („an ever closer union among the people of Europe“)
- Close relationship with political integration due to historical reasons (bloody wars, threat of communism, challenges of globalization)

II. Methods of integration

- **Negative integration versus positive integration**
 - **Negative Integration:** denotes the removal of discrimination in national economic rules and policies (liberalization, elimination of trade barriers)
 - **Positive Integration:** refers to the transfer of some powers to supranational authorities (common policies, common institutions)

- **Examples of linkages between NI and PI**
 - **Effective elimination of trade barriers**
 - **Abolition of frontier controls**
 - **Liberalization of capital flows**

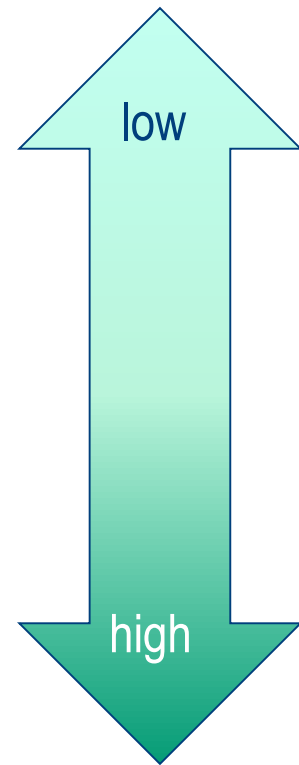
- **Integration versus cooperation**
 - Integration: is transfer of sovereignty to a higher entity based on the proposed objectives.
 - Cooperation: it is more a case of basing commonly agreed policies on a set of specific agreements.

III. Forms of international cooperation

- **Intergovernmentalism**
 - Practical manifestation of negative integration
 - Deepening of integration is conditional on unanimous agreement among all participants
 - All decision-making authority stays in hands of national governments
 - Management of common policies is based on voluntary coordination
- **Supranationalism (federalism)**
 - Practical manifestation of positive integration
 - Setting-up supranational institutions with authority superior in selected areas to that of national states
 - Wider application of decision-making rules using voting by qualified majority
 - Management of common policies delegated to supranational institutions

IV. Stages of economic integration

- **Free Trade Area (FTA)**
 - Tariffs and quotas abolished for imports from members
 - Members retain national tariffs and quotas against third countries
- **Customs Union (CU)**
 - **FTA** + equalization of tariffs (possibly quotas) in trade with non-members
- **Common Market (CM)**
 - **CU** + free movement of production factors (capital, labour) and services (four fundamental freedoms in EU)
- **Economic Union**
 - **CM** + harmonization of selected economic policies (fiscal, regional, industrial, competition, energy, transport, social, etc.)
- **Total economic integration (Political Union)**
 - Centralization of key policies (monetary, fiscal, social, etc.)
 - Setting up of a supranational authority binding for the members



V. Dimensions of European integration

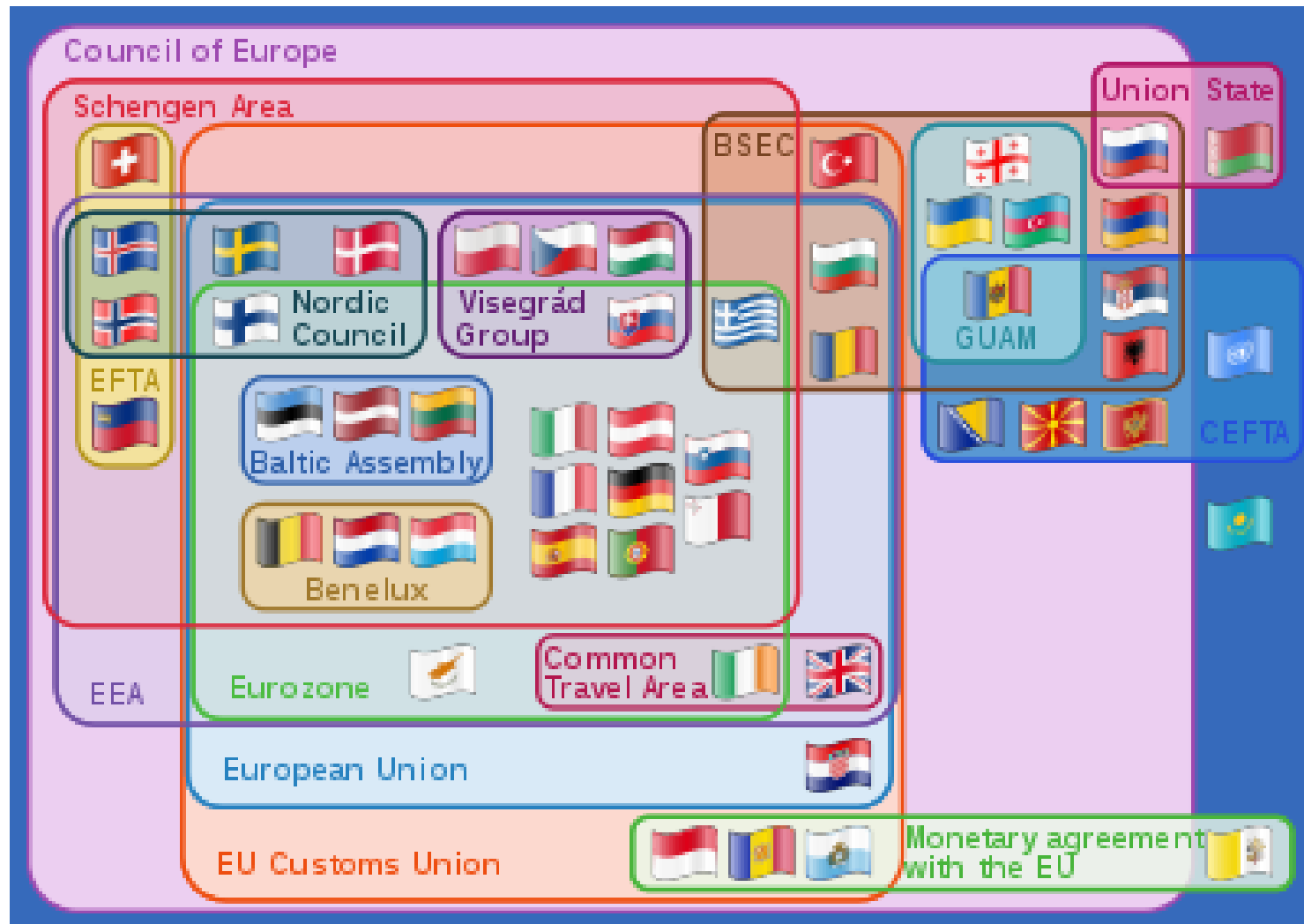
- **Deepening:** implementation of closer forms of integration into already existing areas
- **Widening:** application of methods of integration into new areas
 - Original common policies: agriculture, commerce, competition
 - Current common policies: regional, energy, environment, fishery, Schengen convention, common currency etc.
- **Enlargement:** growing number of members of integration group
 - **1st enlargement** (January 1974): Denmark, Ireland, UK
 - **2nd enlargement** (January 1981): Greece
 - **3rd enlargement** (January 1986): Portugal, Spain (*Iberian enlargement*)
 - Reunification of Germany (October 1990): East Germany entered EU via West Germany
 - **4th enlargement** (January 1995): Austria, Finland, Sweden (*Nordic enlargement*)
 - **5th enlargement:: 1st wave** (May 2004): Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia (*Eastern enlargement*)
 - **5th enlargement, 2nd wave** (January 2007): Bulgaria, Rumania
 - **5th enlargement, 3rd wave** (July 2013): Croatia
- **Withdrawals from EEC/EU:** Algeria (1962, part of France until then), Greenland (1985, part of Denmark), Saint Barthélemy (2012)
- **Brexit** (June 2016)



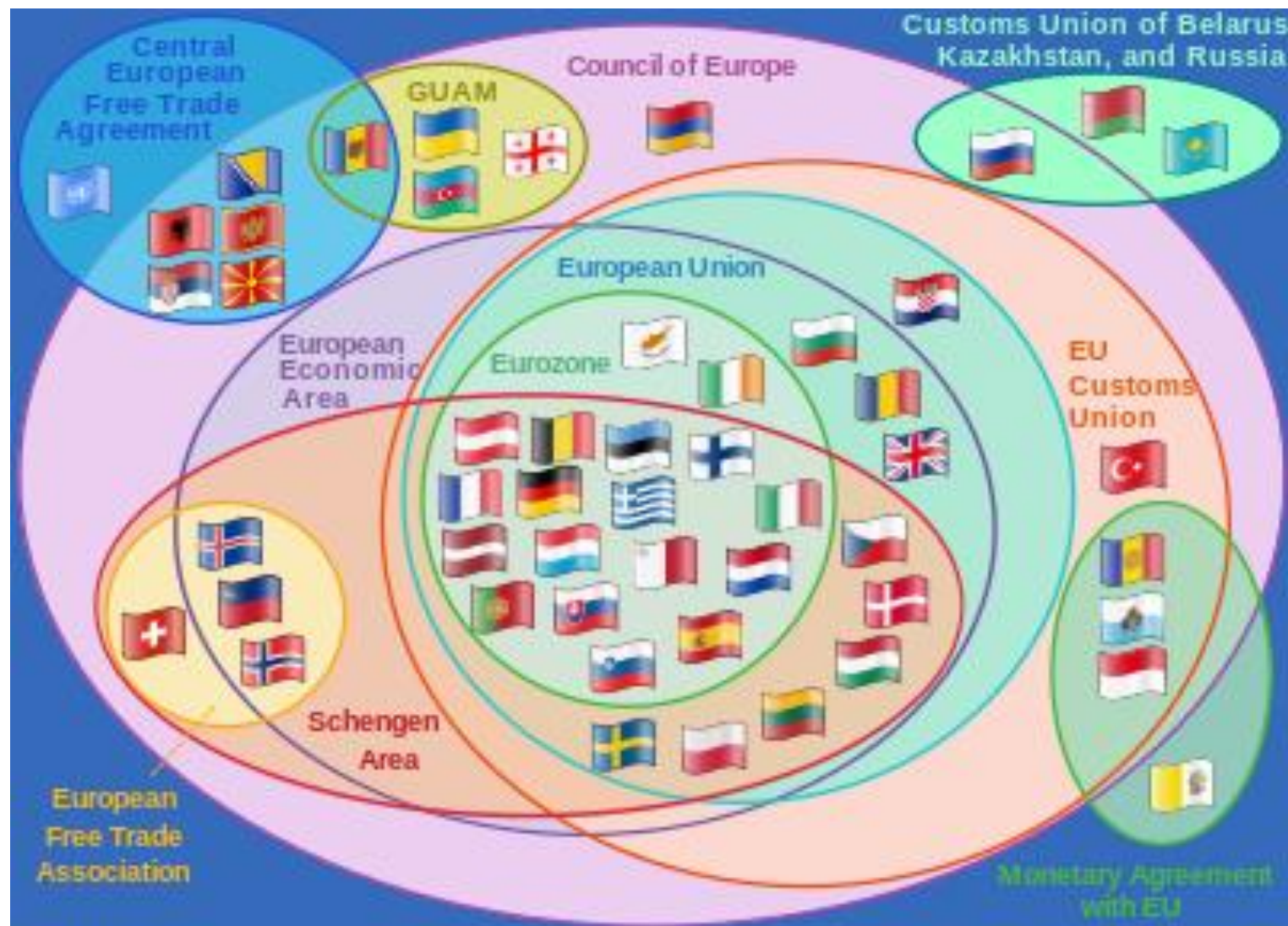
V. Dimensions of European integration



V. Dimensions of European integration



V. Dimensions of European Integration



Candidate countries

- **Candidate country** is a country which submitted application for EU membership and is on the road to EU membership. Each European country is in principle entitled to apply for EU membership but the application must be endorsed by all EU member states
- **Copenhagen criteria:** Requirements that candidate countries must fulfil to join the EU (adopted in 1993)
 - 1) **Political:** stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities
 - 2) **Economic:** existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union
 - 3) **Institutional:** adherence to aims of political, economic and monetary union which includes administrative capacity to transpose the European legislation, to implement it and to effectively enforce it
- **Current candidate countries (dates of application):**
Turkey (1987), Macedonia (2004), Montenegro (2008), Albania (2009), Serbia (2009)
- **Withdrawn or frozen applications**
Norway (1963, 1967, 1972, 1994), Switzerland (1992), Iceland (2009)

APPENDIX 1: Milestones in EEI

General
Agreement on
Tariffs and
Trade

Organisation
for European
Economic Co-
operation

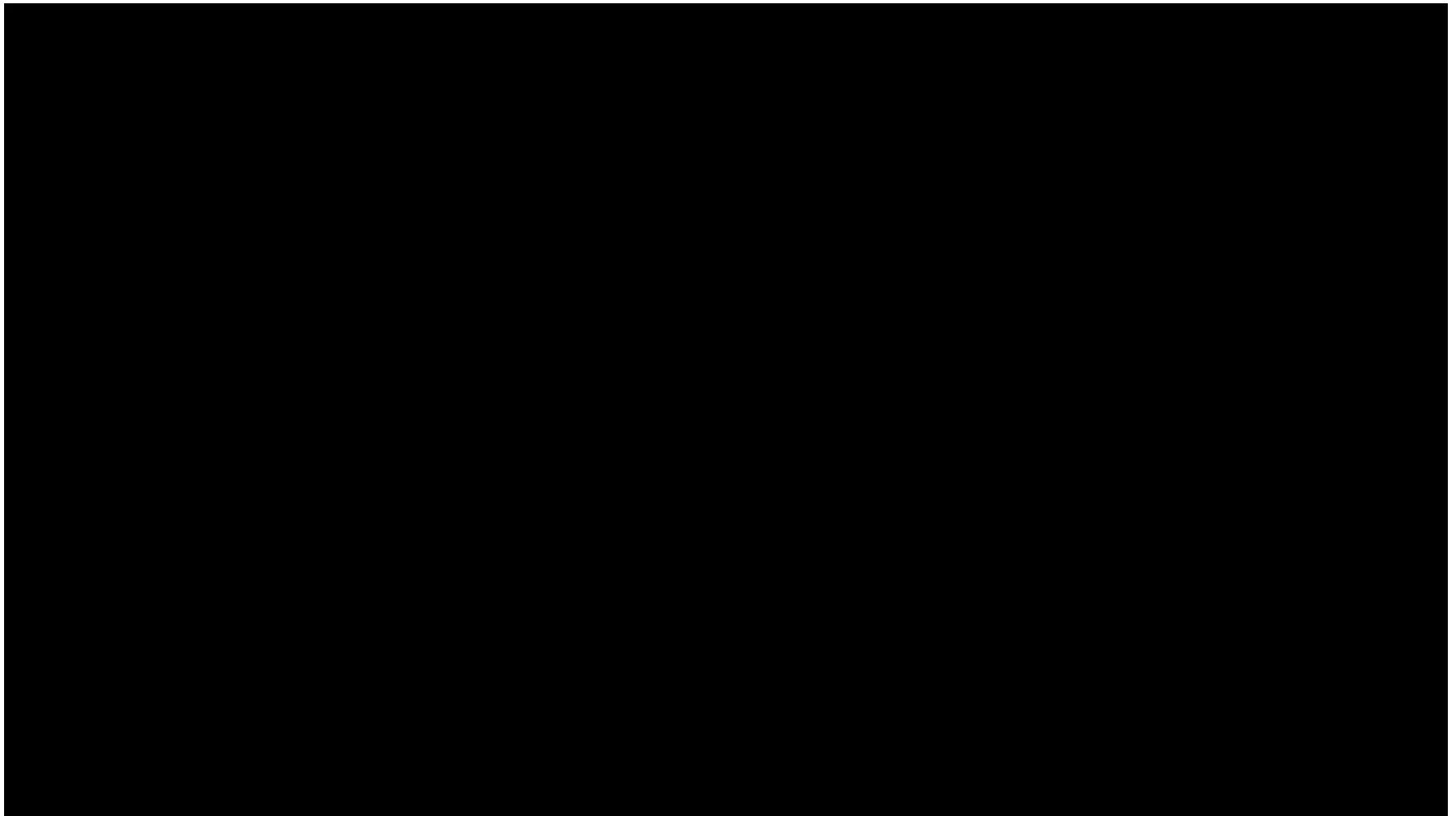
European
Coal and Steel
Community

- **1.M** Beginnings (GATT, OEEC \cong OECD, Benelux, ECSC)
- **2.M** European Economic Community (EEC)
- **3.M** Single Market Programme
- **4.M** EMU – Economic and Monetary Union
- **5.M** Eastern enlargement
- **6.M** Lisbon strategy and Strategy Europe 2020
- **7.M** Strengthened economic governance in the wake of economic and financial crisis

1.M – After-war integration achievements

- General Agreement on Trade and Tariffs (**GATT**) \Rightarrow **WTO**
 - *Signed in October 1947 (23 countries representing approx. 80% of world trade)*
 - *Reciprocity: concessions made by the parties should be more or less balanced*
 - *Non-discrimination (most favoured nation): concession made by the parties should be provided to all other countries*
 - *In January 1995 succeeded by World Trade Organisation*

- Organisation for European Economic Co-operation (**OEEC**) $\Rightarrow \cong$ **OECD**
 - *OEEC founded in 1948 (17 European countries)*
 - *Objectives: fostering economic integration through liberalisation of mutual trade, distribution of US aid to Europe (Marshall plan)*
 - *Integration method: intergovernmental cooperation (British versus France view)*
 - *By 1950 approx. 60% of private trade liberalised, by 1959 90% (excluding state-controlled companies)*
 - *In 1961 OEEC was transformed into Organisation for Economic Co-operation and Development (OECD)*



1.M – European early efforts



■ Benelux

- Customs union created between Belgium, Luxemburg and Netherlands (January 1948)
- Now politico-economic union



■ European Coal and Steel Community (ECSC)

- **Schuman plan:** merging governance competencies in key industrial sectors (backbones of modern industrial economy at the time) within supranational institution in order to make war in Europe materially impossible
- *High Authority endowed with key decision-making powers (pricing, production, trade), majority voting, limited control by member states*
- *Community established in 1952 for period of 50 years*
- *Founding members: France, West Germany, Italy and Benelux (the Six), other invited countries refused membership due to supranational character of ECSC*

2.M – Founding Rome Treaty

- **Historical context (1950s and 1960s)**
 - **Golden Age:** extraordinary economic performance (high growth rates, low unemployment, price stability)
 - Success of ECSC (European Coal and Steel Community) – spring board to broader and deeper economic integration (ability to cooperate in a federal structure)
- **Basic facts**
 - *Key dates: 25 March 1957; 1 January 1958*
 - *Official name: Treaty Establishing the European Economic Community (TEEC)*
 - *Signed together with The Euratom Treaty (Treaty Establishing the European Atomic Energy Community)*
- **Objectives**
 - *Harmonised development – Continuous and balanced expansion – Increased stability – Accelerated growth of living standards – Closer links between MS*
- **Methods for achieving objectives**
 - Common market with four fundamental freedoms (free movement of goods, people, services and capital)
 - *Selected common policies*
- **Principles**
 - *Community loyalty – Non-discrimination on national basis – Deepening and widening of integration*



M2 – Content of Rome Treaty

- Detailed plans to form customs union
- Appeal to eliminate obstacles to free movement of people, capital and services
 - Only basic principle laid down
- Common policies financed from common budget
 - Agricultural, transport, trade and competition policies
- Macroeconomic coordination
 - Only general appeal to create effective coordination mechanisms
 - Exchange rate policies as a common interest
 - Present Bretton-wood system made less urgent a special regional system in Europe
 - Prevailing activism of government policies meant that states were reluctant to sacrifice policy-making autonomy (large differences among MS)
- *Creation of European Investment Bank*
- *Creation of European Social Fund*
- *Special trade and development arrangements for existing and former colonies*
- *Economic rivalry with EFTA (intergovernmental method of integration)*
 - *Since May 1960 (dominant position of UK)*
 - *In 1961 UK applied for EEC membership*

Structure of economic governance

European Council
political leadership

European Commission
general interests of EU

Council of the EU
general interest of MS

European Parliament
legislative functions

European Court of Justice
supreme legal authority

- Intergovernmental elements of European law
 - **Primary legislation:** Treaties
 - *Unanimous agreements among sovereign member states*
 - *A sort of “EU constitution” laying down basic rights, duties and behavioural patterns for citizens, firms and member states)*
- Supranational elements of European law
 - **Secondary legislation:** regulations, directives, decisions, recommendations and opinions
 - *Direct effect: obligation of member states to enforce European law as if it was passed by national Parliament*
 - *Superiority: in case of conflict between European and national laws the European one takes precedence (the highest authority in interpreting European law is the European Court of Justice)*
 - *Autonomy: European legal procedures are independent of legal procedures in member states*

3.M – Single Market Programme

■ Historical context (1970s and the first half of 1980s)

- Poorer macroeconomic performance in 1970s and 1980s in sharp contrast to previous Golden Age (slower growth, high inflation, declining world export shares, failing competitiveness vis-à-vis USA and Japan)
- *Euro-sclerosis: frustrating impression from European cooperation (mushrooming non-tariff barriers, disputes over agricultural subsidies, shelved monetary integration)*
- *Way out: removal of fragmentation of EC market by revived integration efforts*
- *Bright spots: first enlargement 1973, creation of European Regional Development Fund in 1975, establishment of EMS in 1979, direct elections to EP in 1979, entry of Greece in 1981*

■ Single Market Programme (Internal Market, Programme 1993)

- Prominent role of Jacques Delors (President of Commission)
- *Cockfield report (Commission, June 1985): 282 measures needed for achieving single market – strategy to raise EC competitiveness*
- *SM: area without internal frontiers in which the free movement of goods, persons, services and capital is ensured*
- Emphasis on deregulation coincided with liberalization doctrine (Thatcher and Reagan)
- *Spillovers: institutional reform, EMU, reinforced social and regional policies*

M3 – Main elements of SEA

- Single European Act (SEA)
 - Legal framework for implementing Single market programme
 - *First major revision of Rome Treaty*
 - Key dates: 17 + 28 February 1986; 1 July 1987
- Qualified majority voting as a rule in Single Market issues
 - Major exceptions: questions relating to fiscal policies, free movement of persons, rights and interests of employees
- New approach to bilateral trade
 - Minimum technical standards (harmonisation should be limited to essential objectives and requirements)
- Removal of frontier controls
 - Abolition of customs formalities and many safety checks at frontiers
 - *Schengen Agreement (1985)*
- Attempts at fiscal harmonisation
- Liberalisation Directives aimed at abolishing capital controls by the end of 1992

M3 – Main elements of SEA

- **Economic and social cohesion**
 - Fears of weaker MS that they would not withstand increased competition implied by SM
 - Appeal for effective coordination and rationalization of structural funds to reduce regional disparities
- Codification of already existing European Monetary System (existed since 1979)
- Confirmation of leadership role of European Council (informally functioned since the middle of 1970s)
- **Liberalisation of government procurements**
 - Equal treatment for foreign companies in bidding for tenders
 - Simplification of national rules and standardisation of practices
- **Liberalisation of service industries**
 - The right to provide service (without having to set up an office)
 - The right to establish (at the same conditions as nationals)

M4 – Economic and Monetary Union

- Historical context (the end of 1980s)
 - Success with the Single Market and European Monetary System
 - Extending the single market to EFTA economies (*creation of European Economic Area*)
 - *Growing tensions in Soviet-block and prospects for German reunification (idea to harness more powerful Germany by tighter integration)*
 - *Momentum for radical leap and the most profound deepening and widening in economic integration since Rome Treaty*
- Influential reports
 - *Delors Report (April 1989) - prominent role of Jacques Delors (President of Commission)*
 - *Report One Market, One Money (Commission, 1989): detailed cost-benefit analysis of European monetary union*
- Maastricht Treaty
 - *Key dates: 7 February 1992; 1 November 1993*
 - *Official name: Treaty on European Union*
 - *Major theme: Economic and Monetary Union – legal basis for single monetary policy and single currency*
 - *Difficult process of ratification (constitutional grievances in France and Germany, repeated referendum in Denmark, strong opposition in UK)*

4.M – Content of Maastricht Treaty

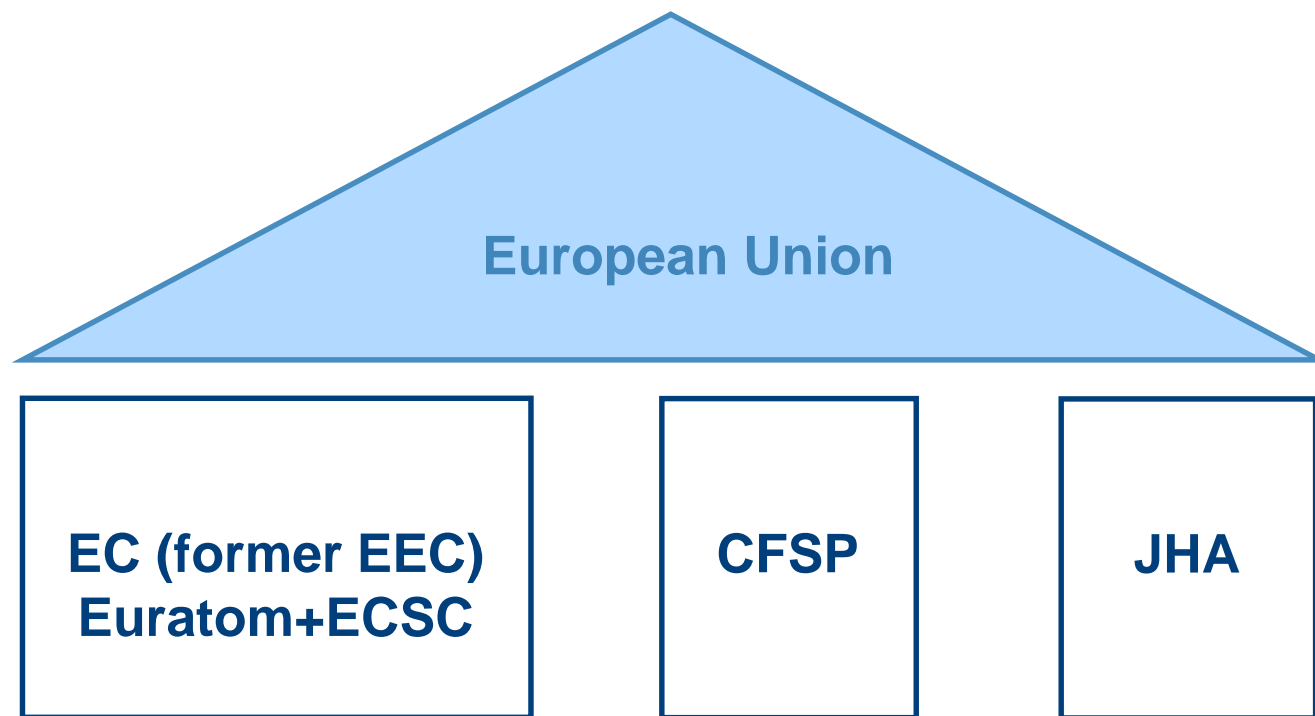
■ Monetary Union

- *Three stages in implementing EMU*
- *Fixed dates for Stage 3: 1 January 1999 at the latest*
- *Entry criteria for participating countries (Maastricht convergence criteria)*
- *Establishment of European Central Bank*
- *Ban on excessive deficits*
- *Strengthened economic coordination*

■ Political Union

- *Codification of European Union as legal entity*
- *Three-pillar structure of EU (new areas of EU competences)*
- *Strengthened powers of EP (co-decision procedure) and more qualified majority voting in Council*
- *Greater economic and social cohesion (establishment of Cohesion Fund and increased transfers through structural funds)*
- *Formulation of subsidiarity principle*
- *Concept of rights of EU citizens*
- *Social Charter covering employment and social issues annexed as a protocol (UK acceded in 1997 under Blair government)*

Three-pillar structure of EU



- 1st pillar (economic): *European Communities* (former *European Economic Community* renamed as *Economic Community*)
- 2nd pillar: *Common Foreign and Security Policy* (CFSP)
- 3rd pillar: *Justice and Home Affairs* (JHA)

Principle of subsidiarity

- **Question:** *Which is the appropriate level of government to take decisions in various policy areas?*
- **Answer:** Decisions should be taken at the lowest level that permits effective actions
 - Principle *as close to the people as possible*
 - Maastricht Treaty: Community shall take action if the objectives of the proposed action cannot be sufficiently achieved by the member states
 - Defence against so called competence creep (tendency towards increasing the sphere of activities of the EU)
- Very complex and general principle which allows very broad spectrum of interpretations and practical arrangements

Economic arguments of subsidiarity

■ Externalities (spillovers)

- *Execution of activity in one member state has positive or negative fallout in other member states*
- *Non-coordinated decision-making at lower-than-Community level may result in sub-optimal outcomes (detrimental “beggar-thy-neighbour policies”)*

■ Economies of scale

- *Positive effects resulting from executing activity on very large scale*

■ Diversity of national preferences

- *Diverse national preferences tend to decrease decision-making efficiency at centralised level (costly “one-size-fits-all” policy)*

■ Information asymmetry

- *Decision should be taken at level which is best informed about problem*

■ Democratic control

- *Decision-making at national level is exposed to more efficient control by voters*
- *Decision-making at Community level is shielded from pressures of national political cycles and lobbying*
- *Economic benefits of centralisation should be weighed against political cost of centralisation (danger of overdosing loss of national sovereignty)*

5.M – Preparations for Eastern enlargement

■ Historical context

- *Collapse of Soviet Block in 1989 marked the end of political division in Europe*
- *Many of Central and Eastern Europe countries anxious for tighter links with European Community*
- *Much higher diversity in competitiveness and living standards between West and East*
- *Challenge for many of contemporary EC arrangements to operate smoothly with a wider number of MS*

■ Amsterdam Treaty (2 October 1997; 1 May 1999)

- *Major theme: Preparation of European institutions for Eastern enlargement (voting rights in Council of EU, size of Commission, composition of EP and others); solution of many key problems postponed*
- *Other themes: enhanced cooperation, strengthening of EU social policy, concept of closer cooperation, animal rights and others*

■ Nice Treaty (26 February 2001; 1 February 2003)

- *Major theme: Removing leftovers of Amsterdam Treaty in order to open way to Eastern enlargement*
- *Compromise on institutional issues unsatisfactory*

5.M – Lisbon Treaty

- **Constitutional Treaty (18 Jun 2004; reflection period)**
 - Major themes: institutional design for enlarged Union (approx. 50 issues for discussion)
 - *Ambition to replace all existing treaties by one legal text (making EU more understandable to general public)*
 - *Treaty rejected in referendums in France and Netherlands*
- **Basic facts about Lisbon Treaty**
 - *Key dates: 13 December 2007; 1 December 2009*
 - *Treaty Establishing the EC renamed as Treaty on Functioning of the EU*
 - *Main theme: making EU decisions more democratic, transparent and efficient*
- **Main changes**
 - *Single legal personality for the EU replacing the pillar structure*
 - *New EU persons: President of European Council (2.5 years renewable once), High Representative for Foreign Affairs and Security Policy („EU Foreign Minister“)*
 - *Double-majority voting in the Council of Europe*
 - *Extending qualified majority voting to over forty more policy areas*
 - *Maximum 751 EP members (min. 6 and max. 96 per country)*
 - *Strengthened national parliaments by giving them right to raise objections to proposed EU legislation*
 - *Legal possibility of withdrawal of a member state from the EU*

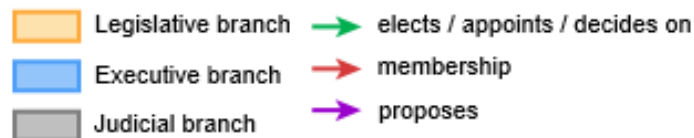
6.M – Lisbon Agenda

- Challenges of the new millennium
 - EU continues to lag behind the USA in terms of competitiveness and productivity, market fragmentation is not the only reason
 - *Ongoing process of globalization - growing competitive pressures coming from less developed emerging markets (BRICs - Brazil, Russia, India, China)*
 - *Preservation of European social model (combination of economic, social and environmental objectives)*
 - *Demographic ageing, labour market rigidities, growing income disparities)*
- Key dates
 - *March 2000: Lisbon European Council adopted Lisbon Strategy – comprehensive action plan for the following ten years*
 - *Strategic goal: making the EU the most competitive and dynamic knowledge-based economy in the world, capable of sustainable growth and better jobs and greater social cohesion*

- Historical background
 - New 10-year strategy building on expired Lisbon Strategy
 - Adopted in June 2010 amid growing tensions of economic and financial crisis
- Key objectives
 - *Smart growth: fostering knowledge, innovation, education and the digital society*
 - *Sustainable growth: boosting competitiveness while making production greener and resource efficient*
 - *Inclusive growth: enhancing labour market participation, skills acquisitions and the fight against poverty*
- Headline targets
 - *75 % of the population aged 20-64 should be employed*
 - *3 % of the GDP of the EU should be invested in R&D*
 - *20-20-20 target: reduction of greenhouse gas emissions, renewable energy production, energy efficiency*
 - *Share of school dropouts under 10 % and at least 40 % of the population between 30 and 34 should have a degree or a diploma*
 - *20 million fewer people should be living below the poverty line*

7.M – Strengthened economic governance

- Reform of EU financial regulation and supervision
 - New regulatory bodies: European Banking Authority (EBA), European Insurance and Occupational Pensions Authority (EIOPA), European Securities and Markets Authority (ESMA)
 - Banking union
- Strengthened fiscal surveillance
 - Stricter rules of Stability and Growth Pact (SGP)
 - Directive on minimum requirements for national fiscal frameworks
- Macroeconomic surveillance
 - European Systemic Risk Board (ECB)
 - System for prevention and correction of macroeconomic imbalances
- European Semester
- Crisis resolution tools
 - EFSM – European Financial Stabilisation Mechanism
 - EFSF – European Financial Stability Facility
 - ESM – European Stability Mechanism
- Euro Plus Pact
- Fiscal Compact (Treaty on Stability, Coordination and Governance in the Economic and Monetary Union)



- 1: Elections are every 5 years. The right to vote may be different depending on the country
- 2: State chamber. Convenes in varying composition depending on the policy area.
Each country is represented by one member per department
- 3: Each country is represented by one member
- 4: The European Central Bank is composed of representatives of the national central banks.
Its Board is elected by the European Council on the proposal of the Council of Ministers

European Commission (1)

- **Organisation**

- Former name: Commission of the European Communities
- Collective decision-making body headed by President and Commissioners
- One commissioner from each member state, chosen for five-year period, proposed by national governments, vote of approval by EP
- Commissioners required to act independently of national interests
- Simple majority voting but preferred method is taking decisions by consensus (delicious process of allocating responsibilities among policy areas)
- EC is divided into DGs (Directorates General) that cover main policy areas (DG ECFIN, DG COMP, DG AGRO, ...)

- **Other information**

- Unsuccessful attempt by Lisbon Treaty to reduce the number of commissioners to less than the number of member states
- Envisaged system since 2014: commissioners sent from only two-thirds of the member state on the rotation basis

European Commission (2)

- **Tasks and responsibilities**
 - Obligation to promote general interests of the EU
 - Right to initiate: exclusive power to propose secondary legislation (usually after lengthy process of consultations involving various interest groups, national civil servants, politicians, etc.)
 - Right to act (guardian of Treaties): starting some actions if a member state, firm or institution violates community legislation (issuance of opinion, imposition of a fine, action before ECJ)
 - Management functions in running some common policies (agricultural, competition, commerce)
 - Representation of EU in international organisations (UN, WTO)
 - European budget activities: prepares budget draft, executes the approved budget, supervises spending of EU funds in MS, submits accounts in the end of the financial year, supervision by Court of Justice
 - Publicising formal presentations on specific issues to obtain reactions before the start of legislation process (Green Paper presents broader and initial ideas, White Paper sets more detailed guidelines)

- **Organisation**
 - Former name: Council of Ministers
 - Composed of ministers whose presence varies according to the question considered (specialized councils)
 - Wide application of qualified majority voting (approx. 80% of all decisions); unanimity is required in taxes, cohesion policy, foreign and security, asylum and immigration
 - Presidency of the Council rotates among member states in six-month terms
- **Tasks and responsibilities**
 - Platform for promoting and defending interests of member states that are related to Community issues
 - Right to approve and reject legislative proposals (increasingly jointly with EP)
 - Approval of EU budget (jointly with EP)
 - Coordination of economic policies among member states
 - Approval of international agreements between EU and other parties

History of voting procedures

- **Early years**
 - Unanimity voting as a general principle, Rome Treaty envisaged a larger role for qualified majority voting (QMV)
 - Strong opposition of France in 1960s to the use of QMV culminated in “empty chair policy” (non-participation of France in Council meetings, threats to withdraw from the EEC)
- **Luxembourg compromise (1966)**
 - Whenever any MS declared that a measure affected “very important national interests” it had to be adopted by unanimity
 - Unanimity became the general rule that paralysed decision-making in the Council
- **Single European Act**
 - QMV extended on all measures relating to the completion of the Single Market
 - Some sensitive areas remained under unanimity voting (taxes, social security, asylum policy)
- **Nice Treaty**
 - Special key related to population: 29 (GE=FR=UK=IT), 27 (ES=PL)
- **Lisbon Treaty**
 - Double majority voting rule

European Council

- **Organisation**
 - Composed of heads of state and government, plus President of Commission
 - Permanent President of the European Council (2,5 year office)
 - Formal recognition as Community Body in SEA and as separate Council in LT
 - Meetings at least twice every six months (before LT twice a year)
- **Tasks and responsibilities**
 - Leadership role in determining political direction of the EU (definition of priorities and strategies, setting broad economic guidelines)
 - Place for reaching key compromises (amendments of Treaties, financial perspectives, conditions for enlargement)
 - Principle of consensus in taking decisions
 - Contentious issue of EU versus Eurozone summits



European Parliament

- **Organisation**
 - 766 MPs, seats roughly proportional to population, EP elects its president from among its MPs
 - Elections every five years, direct elections from 1979 (previously nominated members of national parliaments)
 - Traditional division between ruling and opposition parties is absent (natural consequence of no European government), prevails division according to political orientation (established political groupings), national alliances on declining trend
 - Location: Strasbourg (plenary sessions), Luxembourg (Secretariat), Brussels (Parliamentary committees)
- **Tasks and responsibilities**
 - Involvement in the legislation process: originally consultation body, since MT co-decision procedures jointly with Council
 - Budgetary powers: Adopts or rejects the whole EU budget (budgetary powers over non-compulsory expenditures)
 - Assent necessary for agreements with third countries or international organisations
 - Supervisory power over the work of Commission (in 1999 EP enforced the resignation of the Santer's Commission)
 - Important forum for discussion



European Court of Justice

- **Organisation**
 - Location: Luxembourg
 - One judge from each member state ,
8 *advocates-generale* (six year term),
six-year renewable terms
- **Tasks and responsibilities**
 - Highest authority for interpreting EU law (Treaties and secondary legislation)
 - Highest court for solving disputes on EU law, national courts must abide by its judgements
 - Law-making function through precedent decisions (key influence on shape of integration) \Rightarrow accusations of being “unguarded back door for carrying away national sovereignty”
- **General Court (former Court of First Instance)**
 - Established in 1988 to alleviate ECJ’s case overload
 - Power to hear direct actions brought by individuals, companies and certain organisations
 - Less formal procedures, narrower specialisation



European Central Bank

- Organisation
 - Location: Frankfurt
 - Established 1998 / European Monetary Institute => ECB
- Tasks and responsibilities
 - The European Central Bank (ECB) is the central bank for the euro and administers monetary policy within the Eurozone, which comprises 19 member states of the European Union and is one of the largest monetary areas in the world.
 - The primary objective of the ECB is to maintain price stability within the Eurozone. Its basic tasks are to set and implement the monetary policy for the Eurozone, to conduct foreign exchange operations, to take care of the foreign reserves of the European System of Central Banks and operation of the financial market infrastructure. The ECB has the exclusive right to authorise the issuance of euro banknotes. Member states can issue euro coins, but the amount must be authorised by the ECB beforehand.



- European Central Bank (since 1998)
- European Court of Auditors (since 1977)
 - Responsible for controlling budget expenditure management by Commission, observes compliance with correct accounting practices, checks proper use of funds
- Economic and Social Committee (since RT)
 - Platform for the social dialogue, consultations with social partners (trade unions, employers, etc.) on proposed legislation
- Committee of Regions (since MT)
 - Advising role on regional problems and policies
- European Investment Bank

Appendix - MERCOSUR

Member states

Argentina (1991)

Brazil (1991)

Paraguay (1991)

Uruguay (1991)

Suspended members

Venezuela

Associate states

Chile (1996)

Bolivia (1996, Protocol of Accession, 2012)

Colombia (2004)

Ecuador (2004)

Peru (2003)

Observer states

New Zealand

Mexico



Appendix - ANZCERTA

Member states

Australia (1983)

New Zealand (1983)



Appendix - UEMOA

Member states (West African Economic and Monetary Union)

