

Europe in 12 lessons

by Pascal Fontaine



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Why the European Union?

Peace

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

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

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

Robert Schuman (French Foreign Affairs Minister) took up an idea originally conceived by Jean Monnet and, on 9 May 1950, proposed setting up a European Coal and Steel Community (ECSC). In countries that had once fought each other, the production of coal and steel would be pooled under a shared authority – the 'High Authority'. In a



practical but also richly symbolic way, the raw materials of war were being turned into instruments of reconciliation and peace.

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

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

Safety and security

But Europe in the 21st century still has to deal with issues of safety and security. These things can never be taken for granted. Every new step in world development brings with it not only opportunities but also risks. The EU has to take effective action to ensure the safety and security of its 15 (and soon 25) member states. It has to work constructively with the regions just beyond its borders – North Africa, the Balkans, the Caucasus, the Middle East. The tragic events of 11 September 2001 in New York and Washington made us all aware of how vulnerable we are when fanaticism and the spirit of vengeance are let loose.

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

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

Economic and social solidarity

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

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

But Europe-wide free competition must be counterbalanced by Europe-wide solidarity, expressed in practical help for ordinary people. When European citizens become the victims of floods and other natural disasters, they receive assistance from the EU budget. Furthermore, the continent-wide market of 380 million consumers must benefit as many people as possible. The 'Structural Funds', managed by the European Commission, encourage and back up the efforts of the EU's national and regional authorities to close the gap between different levels of development in different parts of Europe. Both the EU budget and money raised by the European Investment Bank are used to improve Europe's transport infrastructure

(for example, to extend the network of motorways and high-speed railways), thus providing better access to outlying regions and boosting trans-European trade.

Working more closely together to promote the European model of society

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

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

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

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

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

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

The EU Charter of Fundamental Rights, proclaimed in Nice on 7 December 2000, sets out all the rights recognised today by the EU's 15 member states and their citizens. Europeans have a wealth of national and local cultures that distinguish them from one another, but they are united by their common heritage of values that distinguishes Europeans from the rest of the world.

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



Historic steps

Today's European Union is the result of the hard work put in by men and women working for a united Europe. The EU is built on their concrete achievements. In no other region of the world have sovereign countries pooled their sovereignty to this extent and in so many areas of crucial importance to their citizens. The EU has created a single currency and a dynamic single market in which people, services, goods and capital move around freely. It strives to ensure that, through social progress and fair competition, as many people as possible enjoy the benefits of this single market.

The ground rules of the European Union are set out in a series of treaties:

- the Treaty of Paris, which set up the European Coal and Steel Community (ECSC) in 1951;
- the Treaties of Rome, which set up the European Economic Community (EEC) and the European Atomic Energy Community (Euratom) in 1957.



These founding treaties were subsequently amended by

- the Single European Act (1986),
- the Treaty on European Union (Maastricht, 1992)
- the Treaty of Amsterdam (1997) and
- the Treaty of Nice (2001).

These treaties have forged very strong legal ties between the EU's member states. European Union laws directly affect EU citizens and give them very specific rights.

The first step in European integration was taken when six countries (Belgium, the Federal Republic of Germany, France, Italy, Luxembourg and the Netherlands) set up a common market in coal and steel. The aim, in the aftermath of the Second World War, was to secure peace between Europe's victorious and vanquished nations. It brought them together as equals, cooperating within shared institutions.

The six member states then decided to build a European Economic Community (EEC) based on a common market in a wide range of goods and services. Customs duties between the six countries were completely removed on 1 July 1968 and common policies – notably on trade and agriculture – were also set up during the 1960s.

So successful was this venture that Denmark, Ireland and the United Kingdom decided to join the Communities. This first enlargement, from six to nine members, took place in 1973. At the same time, the Communities took on new tasks and introduced new social, regional and environmental policies. To implement the regional policy, the European Regional Development Fund (ERDF) was set up in 1975.

In the early 1970s, Community leaders realised that they had to bring their economies into line with one another and that, in the end, what was needed was mon-

etary union. At about the same time, however, the United States decided to suspend the dollar's convertibility into gold. This ushered in a period of great instability on the world's money markets, made worse by the oil crises of 1973 and 1979. The introduction of the European Monetary System (EMS) in 1979 helped stabilise exchange rates and encouraged the Community member states to implement strict policies that allowed them to maintain their mutual solidarity and to discipline their economies.

In 1981 Greece joined the Communities, followed by Spain and Portugal in 1986. This made it all the more urgent to introduce 'structural' programmes such as the first Integrated Mediterranean Programmes (IMP), aimed at reducing the economic development gap between the 12 member states.

At the same time, the EEC was beginning to play a more prominent international role. With the countries of Africa, the Caribbean and the Pacific (the 'ACP' countries) it signed a series of conventions on aid and trade (Lomé I, II, III and IV, 1975-1989) that led to the Cotonou Agreement of June 2000. Instruments such as these enable Europe, the world's leading trading power, to act – and be seen to act – on the international stage. The European Union aims, ultimately, to implement a common foreign and security policy.

A worldwide economic recession in the early 1980s brought with it a wave of 'euro-pessimism'. But hope sprang anew in 1985 when the European Commission, under its President **Jacques Delors**, published a 'White Paper' setting out a timetable for completing the European single market by 1 January 1993. The Communities adopted this ambitious goal and enshrined it in the Single European Act, which was signed in February 1986 and came into force on 1 July 1987.

The political shape of Europe was dramatically changed by the fall of the Berlin wall in 1989. This led to the reunification of Germany on 3 October 1990 and the coming of democracy to the countries of central and eastern Europe as they broke away from Soviet control. The Soviet Union itself ceased to exist in December 1991.

Meanwhile, the European Communities were changing too. The member states were negotiating a new treaty that was adopted by the European Council (i.e. their presidents and/or prime ministers) at Maastricht in December 1991. This 'Treaty on European Union' came into force on 1 November 1993. The EEC was renamed simply 'the European Community' (EC). Moreover, by adding areas of intergovernmental cooperation to the existing Community system, the Treaty created the European Union (EU). It also set new ambitious goals for the member states: monetary union by 1999, European citizenship, new common policies – including a common foreign and security policy (CFSP) – and arrangements for internal security.

The new European dynamism and the continent's changing geopolitics led three more countries – Austria, Finland and Sweden – to join the EU on 1 January 1995. The Union now had 15 member states and was on course for its most spectacular achievement yet – replacing its national currencies with a single European currency, the euro. On 1 January 2002, euro notes and coins came into circulation in 12 EU countries (the 'euro

area'). The euro is now a major world currency, having a similar status to the US dollar.

As the world moves forward into the 21st century, Europeans must together face the challenges of globalisation. Revolutionary new technologies and the Internet explosion are transforming the world economy. But these profound economic changes bring with them social disruption and culture shock.

Meeting in Lisbon in March 2000, the European Council adopted a comprehensive strategy for modernising the EU's economy and enabling it to compete on the world market with other major players such as the United States and the newly industrialised countries. The 'Lisbon strategy' includes opening up all sectors of the economy to competition, encouraging innovation and business investment, and modernising Europe's education systems to meet the needs of the information society.

At the same time, unemployment and the rising cost of pensions are both putting pressure on the member states' economies, and this makes reform all the more necessary. Voters are increasingly calling on their governments to find practical solutions to these issues.

Scarcely had the European Union grown to encompass 15 member states when another 12 began knocking at its door. In the mid 1990s, it received membership applications from the former Soviet bloc countries (Bulgaria, the Czech Republic, Hungary, Poland, Romania and Slovakia), the three Baltic States that had once been part of the Soviet Union (Estonia, Latvia and Lithuania), one of the republics of the former Yugoslavia (Slovenia) and two Mediterranean countries (Cyprus and Malta).

The EU welcomed this opportunity to help stabilise the European continent and to extend the benefits of European unification to these young democracies. Accession negotiations with the candidate countries were launched in Luxembourg in December 1997 and in Helsinki in December 1999. The Union was on the way to its biggest enlargement ever. For 10 of the candidate countries, negotiations were completed on 13 December 2002 in Copenhagen. The European Union will have 25 member states in 2004, and will continue growing as more countries join in the years ahead.

More than half a century of integration has had an enormous impact on the history of Europe and on the mentality of Europeans. The member state governments, whatever their political colour, know that the age of absolute national sovereignty is over and that only by joining forces and pursuing 'a destiny henceforward shared' (to quote the ECSC Treaty) can their ancient nations continue to make economic and social progress and maintain their influence in the world.

Integration has succeeded in overcoming age-old enmity between European countries. Attitudes of superiority and the use of force to resolve international differences have been replaced by the 'Community method' of working together. This method, which balances national interests with the common interest and respects national diversity while creating a Union identity, is as valuable today as ever. Throughout the Cold War period it enabled Europe's democratic and freedom-loving countries to stick together. The end of east-west antagonism and the political and economic reunification of the continent are a victory for the spirit of Europe – a spirit that European peoples need more than ever today.

The European Union offers a response to the huge challenge of globalisation – a response that expresses the values Europeans believe in. The EU offers, above all, the best possible 'insurance policy' for a free and peaceful future.



3 Enlargement

Copenhagen – a historic summit

In Copenhagen on 13 December 2002, the European Council took one of the most momentous steps in the entire history of European unification. It decided to welcome 10 more countries to join the EU on 1 May 2004.

In taking this decision, the European Union was not simply increasing its surface area and its population. It was putting an end to the split in our continent – the rift that, from 1945 onwards, separated the free world from the communist world. So this fifth enlargement of the EU has a political and moral dimension.

Not only geographically but also in terms of their culture, their history and their aspirations, the countries concerned – Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia – are decidedly European. In joining the European Union they are joining the democratic European family and taking their full part in the great project conceived by the EU's founding fathers. The accession treaties, signed in Athens on 16 April 2003, allow the people of the new member states to vote and to stand for election, on the same terms as all other EU citizens, in the European Parliamentary elections in June 2004.



The long road to EU membership

The road to this particular enlargement starts in 1989, with the fall of the Berlin wall and the Iron Curtain. The EU moved swiftly to set up the 'Phare' programme of financial assistance, designed to help the young democracies rebuild their economies and to encourage political reform. In Copenhagen on 22 June 1993, the European Council stated for the first time that *'the associated countries in central and eastern Europe that so desire shall become members of the European Union.'*

At the same time, the European Council laid down three major criteria that candidate countries must meet before they can join the EU.

- First, a political criterion: candidate countries must have stable institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities.
- Second, an economic criterion: candidate countries must have a functioning market economy and be able to cope with competitive pressure and market forces within the Union.
- Third, the criterion of being able to take on the obligations of EU membership, including adherence to the aims of political, economic and monetary union. This means candidate countries must adopt the entire body of EU law – known as the *acquis communautaire*.

The Commission made recommendations and Parliament gave its opinions. On this basis, the European Council in Luxembourg (December 1997) and Helsinki (December 1999) gave the go-ahead for negotiations with 10 central and eastern European countries plus Cyprus and Malta.

The treaties of Amsterdam (signed on 2 October 1997) and Nice (signed on 26

February 2001) are designed to consolidate the Union and streamline its decision-making system before enlargement.

Negotiations with 10 of the candidate countries were completed in Copenhagen on 13 December 2002. The agreements reached give these new member states the mechanisms and transitional periods they need in order to meet all their obligations. Before accession, each of them must pass its own national laws incorporating the whole *acquis communautaire* – which amounts to 26 000 pieces of legislation and runs to around 80 000 pages. This legislation must not only be adopted but also applied in practice.

Clearly, this means a huge amount of work for the national parliaments and other bodies in these countries whose institutions have only recently been rebuilt. But this is what it takes to ensure that the EU's policies and the single European market continue operating smoothly. The 15 existing member states are, of course, doing all they can to help.

The European Union is concerned to ensure that enlargement on this scale will not turn it into a mere free trade area. So the EU wants to strengthen its internal cohesion and make sure that this continent-wide family of nations can work together efficiently and effectively. That is why it set up a Convention, chaired by **Valéry Giscard d'Estaing**, to discuss Europe's future and to draft a Constitution for the new EU of 25 countries. The Convention completed this task in June 2003 and – on 20 June, in Thessaloniki – the European Council announced that it considered the draft constitutional treaty a good basis for starting the next intergovernmental conference.

The new member states played a full part in the Convention. They will each appoint a commissioner who will take up his or her duties on 1 May 2004, when the accession treaties come into force. Once a new

European Parliament is elected in June 2004 it will vote on the proposed members of the new Commission, which will take up its duties on 1 November 2004.

As Commission President **Romano Prodi** has pointed out, by sticking to its commitment to the candidate countries the Union has put an end to the injustice and brutality of the 20th century, with its totalitarianisms and the Cold War. But the EU is also showing it can put into practice a new philosophy of international relations – one that reflects Europe's unity yet diversity, its national differences yet its shared values. *The European integration process and Europe's recent history are an acknowledgement of the points we share and those that set us apart. Enlargement will mark the first attempt to create a new type of citizenship on a continental scale. And it will bring a huge increase in citizens' rights and power for the states.* (From President Prodi's speech to the European Parliament in Strasbourg, on 6 November 2002.)

On average, the EU's 75 million new citizens earn only 40% of the income enjoyed by people in the rest of the Union. That is why the accession arrangements include financial assistance worth €10 billion in 2004, €12.5 billion in 2005 and €15 billion in 2006. This will help the economies of the 10 new EU countries to catch up with the other 15. Some are growing strongly, and integration between the 10 and the 15 is already largely complete, thanks to the removal of trade barriers in the 1990s and the domestic reforms being carried through by the governments of the 10.

The €40 billion or so to be paid from the EU budget to the new member states in 2004–2006 will be spent mainly on structural and regional projects, support for farming, rural development, domestic policies and administrative costs. The deal was agreed by the EU and the 10 new member states at Copenhagen in December 2002. It keeps to

the rules laid down by the Berlin European Council (in March 1999) for EU spending until 2006.

How large can the EU become?

The enlarged EU of 25 countries and 454 million people will expand even further in 2007, when Bulgaria and Romania join – if all goes according to the plans agreed at Copenhagen. At that meeting the European Council also agreed that it could decide, in December 2004, to begin formal accession negotiations with Turkey if the European Commission's report recommends it. Negotiations with a candidate country can begin once it has met the EU's political and economic criteria.

Already in 1999 the Helsinki European Council had decided that *'Turkey is a candidate State destined to join the Union on the basis of the same criteria as applied to the other candidate States.'* Turkey is a member of NATO and the Council of Europe. It has had an association agreement with the EU since 1964 and has been an applicant for EU membership since 1987.

But Turkey lies on the very edge of the European continent, and the prospect of its joining the EU raises questions about where to draw the ultimate boundaries of the European Union. Can any country anywhere apply for EU membership and start negotiations provided it meets the political and economic criteria laid down in Copenhagen? Certainly, the countries of the western Balkans such as Albania, Bosnia-Herzegovina, Croatia, the Former Yugoslav Republic of Macedonia, and Serbia and Montenegro could apply once they have achieved political stability and meet the Copenhagen criteria.

Indeed, it is in the EU's interests to promote stability in the regions that lie on its doorstep. Enlargement pushes back and lengthens the Union's borders. In 2004 it will have Belarus, Russia and Ukraine as its next-

door neighbours. It will have to step up cross-border cooperation with them on transport and environmental policy as well as on issues such as internal security and the fight against people smuggling and other forms of international crime.

If it is a success, could this same strategy be applied to the EU's relations with countries

on the southern shore of the Mediterranean? Questions like these open up the whole debate about what it means to be European, what is the ultimate purpose of European integration and what are the EU's interests in the world at large. It is time to redefine and reinforce the EU's preferential agreements with its near neighbours, and to do so in the most wide-ranging terms possible.

The main stages of the EU's fifth enlargement

19 December 1989: the EU sets up a programme known as **Phare**, for providing financial and technical assistance to the countries of central and eastern Europe.

3 and 16 July 1990: Cyprus and Malta apply for EU membership.

22 June 1993: the Copenhagen European Council lays down the criteria for joining the European Union.

31 March and 5 April 1994: Hungary and Poland apply for EU membership.

1995: applications received from Slovakia (21 June), Romania (22 June), Latvia (13 October), Estonia (24 November), Lithuania (8 December) and Bulgaria (14 December).

1996: applications received from the Czech Republic (17 January) and Slovenia (10 June).

12-13 December 1997: the Luxembourg European Council decides to launch the enlargement process.

10-11 December 1999: the Helsinki European Council confirms that accession talks will be held with 12 candidate countries. Turkey is considered to be a candidate country 'destined to join the Union'.

13 December 2002: the EU reaches agreement with 10 candidate countries that they can join on 1 May 2004.

16 April 2003: the 10 accession treaties are signed in Athens.

1 May 2004: the 10 new member states join the EU.

December 2004: decision on whether to start accession talks with Turkey.

2007: the year set by the Copenhagen European Council for Bulgaria and Romania to become EU members.



How does the Union work?

The European Union is more than just a confederation of countries, but it is not a federal State. It is, in fact, something entirely new and historically unique. Its political system has been constantly evolving over the past 50 years and it is founded on a series of treaties – from those signed in Paris and Rome in the 1950s to the treaties of Maastricht, Amsterdam and Nice, agreed in the 1990s.

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

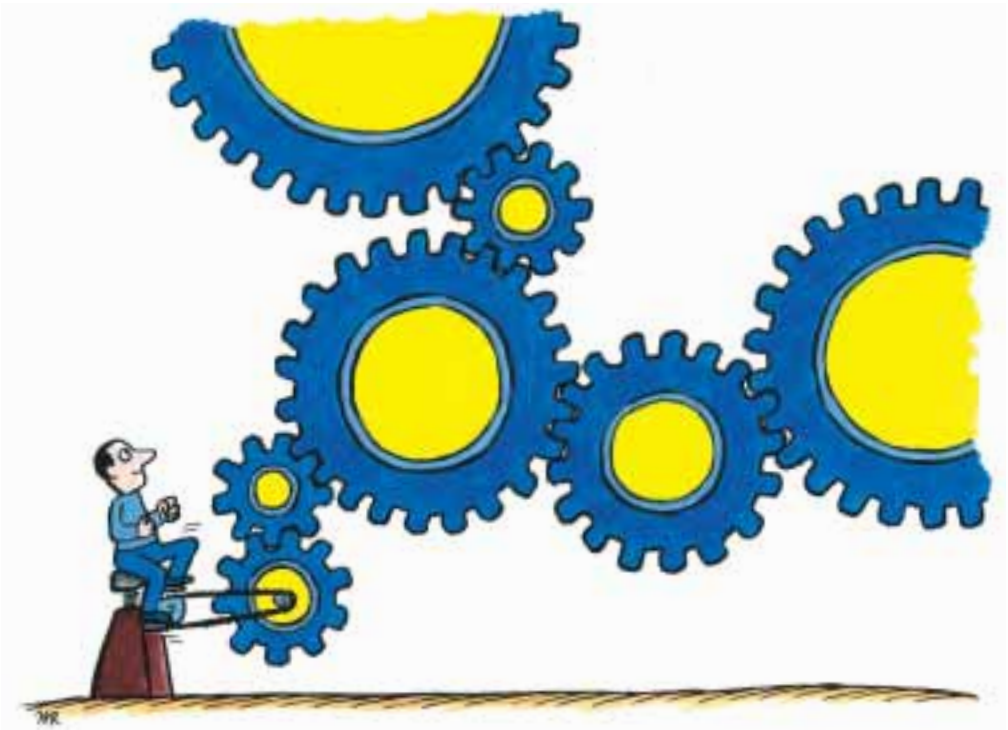
The treaties constitute what is known as 'primary' legislation. From them is derived a

large body of 'secondary' legislation that has a direct impact on the daily lives of European Union citizens. It consists mainly of regulations, directives and recommendations.

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

- the Council of the European Union (representing the member states),
- the European Parliament (representing the citizens) and
- the European Commission (a politically independent body that upholds the collective European interest).

This '**institutional triangle**' can function only if the three institutions work closely together and trust one another. *'In order to*



carry out their task and in accordance with the provisions of this Treaty, the European Parliament acting jointly with the Council and the Commission shall make regulations and issue directives, take decisions, make recommendations or deliver opinions! (Article 249 of the Treaty of Maastricht).

The Council of the European Union

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

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

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

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

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

In most other cases, qualified majority voting is required – in other words, a decision cannot be taken unless a specified minimum number of votes is cast in its favour. The number of votes each EU country can cast roughly reflects the size of its population. Until 1 May 2004, the numbers are as follows:

• Germany, France, Italy, the UK	10
• Spain	8
• Belgium, Greece, the Netherlands, Portugal	5
• Austria, Sweden	4
• Denmark, Ireland, Finland	3
• Luxembourg	2
Total	87

The minimum number of votes required to reach a qualified majority is 62 out of the total of 87 (i.e. 71.3%).

For six months from 1 May 2004, when new member states join the EU, transitional arrangements apply. From 1 November 2004, the number of votes each country can cast is as follows:

• Germany, France, Italy and the United Kingdom	29
• Spain and Poland	27
• Netherlands	13
• Belgium, Czech Republic, Greece, Hungary and Portugal	12
• Austria and Sweden	10
• Denmark, Ireland, Lithuania, Slovakia and Finland	7
• Cyprus, Estonia, Latvia, Luxembourg and Slovenia	4
• Malta	3
Total	321

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

- a majority of member states (in some cases two thirds) must approve the decision, and
- any member state can ask for confirmation that the votes cast in favour represent at least 62% of the EU's total population.

The European Council

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

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

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

The European Council has become a major media event, since its members are all well-known public figures and some of the issues they debate can be highly contentious. It also discusses current world problems. Its

aim is to speak with one voice on international issues, developing a common foreign and security policy (CFSP).

The European Council is thus the EU's highest-level policymaking body. Some member states would like it to become the government of Europe, and want one of its members to represent the Union on the world stage. Would this person be chosen by the European Council or would it automatically be the President of the European Commission? There is disagreement over this question.

In the mean time, the role of 'Mr Europe' is played by the EU's High Representative for the common foreign and security policy (a post created by the Treaty of Amsterdam), who is also Secretary-General of the Council. Javier Solana was appointed to this position in 1999.

The European Parliament

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

Until the 2004 elections there are 626 MEPs. Thereafter, enlargements of the EU will increase that number. The number of MEPs from each country is as follows (in alphabetical order according to the country's name in its own language):

	1999-2004	2004-2007	2007-2009
Bulgaria	–	–	18
Belgium	25	24	24
Czech Republic	–	24	24
Denmark	16	14	14
Germany	99	99	99
Estonia	–	6	6
Greece	25	24	24
Spain	64	54	54
France	87	78	78
Ireland	15	13	13
Italy	87	78	78
Cyprus	–	6	6
Latvia	–	9	9
Lithuania	–	13	13
Luxembourg	6	6	6
Hungary	–	24	24
Malta	–	5	5
Netherlands	31	27	27
Austria	21	18	18
Poland	–	54	54
Portugal	25	24	24
Romania	–	–	36
Slovenia	–	7	7
Slovakia	–	14	14
Finland	16	14	14
Sweden	22	19	19
United Kingdom	87	78	78
(Max.) total	626	732	786

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

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

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

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

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

position'. However, the matter can be put before a conciliation committee.

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

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

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

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

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

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

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

Pat Cox was elected President of the European Parliament in 2002.

The European Commission

The Commission is one of the EU's key institutions. Until 1 May 2004 it has 20 members (two each from France, Germany, Italy, Spain and the United Kingdom, one from each of the other countries), appointed for a five-year period by agreement between the member states, subject to approval by Parliament.

From 1 May 2004, when new member states join the EU, there will be one commissioner per country.

The Commission acts with complete political independence. Its job is to uphold the interest of the EU as a whole, so it must not take instructions from any member state government. As 'Guardian of the Treaties', it has to ensure that the regulations and directives adopted by the Council and Parliament are being put into effect. If they are not, the Commission can take the offending party to the Court of Justice to oblige it to comply with EU law.

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

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

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

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

The Court of Justice

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

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

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

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

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

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

The Court of First Instance, which was set up in 1989 and consists of one judge from each EU country, is responsible for giving rulings

on certain kinds of case, particularly actions brought by firms or private individuals against EU institutions, and disputes between the institutions and their employees.

The Court of Auditors

The Court of Auditors, set up in 1977, has one member from each EU country, appointed for a term of six years by agreement between the member states, after consulting the European Parliament. The Court of Auditors checks that all the European Union's revenue has been received and all its expenditure incurred in a lawful and regular manner and that the EU budget has been managed soundly. It has the right to audit the accounts of any organisation that is handling EU funds and, where appropriate, to refer matters to the Court of Justice.

The European Economic and Social Committee

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

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

The Committee of the Regions

The Committee of the regions (CoR), set up under the Treaty on European Union, consists of representatives of regional and local government, proposed by the member states and appointed by the Council for a four-year term. Under the Treaty, the Council and Commission must consult the CoR on matters of relevance to the regions, and the Committee may also adopt opinions on its own initiative.

The European Investment Bank

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

The European Central Bank

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

The European Convention

The institutions and other bodies described above are the main cogs in the EU's decision-making machinery. But the system needs overhauling if the EU is to continue working effectively. That is why the European Convention was set up by the European Council at Laeken in December 2001. Its 105 members represented the governments of the member states and candidate countries, the national parliaments, the European Parliament and the European Commission, under the chairmanship of former French President **Valéry Giscard d'Estaing**. Its job was to propose a new way of running the European Union after enlargement.

The EU faces two main challenges. First, enlargement over the next decade or two will bring the total number of member states to perhaps 30 or 35. Can the Council be expected to reach unanimous agreement on anything with so many ministers around the table? Will EU decision-making not simply grind to a halt? How will the Union be governed? Who will speak for Europe on the world stage? Where will the final frontiers of the European Union be drawn? After all, the Council of Europe (not an EU institution) already has 45 member states including Russia, Ukraine, Turkey and the Caucasus countries.

Second, the EU's citizens want to have a greater say in shaping EU policies, but they find it hard to understand the EU's highly complex decision-making system and they perceive 'Brussels' as too remote from their daily lives. Hence the need for a Constitution that clearly sets out who is responsible for doing what in the European Union. A Constitution that specifies the powers and responsibilities of each EU institution and what should be left to the authorities at regional and national level.

The EU needs to invent a new form of 'governance' that is simpler, more democratic and brings Europe closer to its citizens. So the Convention drafted a Constitution designed to meet these needs, and presented it to the European Council in June 2003.

The Constitution will be of huge importance for the future of the Union. It was the main subject of discussion at the intergovernmental conference (IGC) that began on 4 October 2003, and it will be a major topic of debate in the run-up to the European Parliamentary elections in June 2004.

Towards a European Constitution

At its meeting in Thessaloniki on 19 and 20 June 2003, the European Council welcomed the draft constitutional treaty presented by Mr Valéry Giscard d'Estaing, President of the Convention. The EU's political leaders described the draft as 'a good basis for starting the intergovernmental conference' in October 2003.

The draft proposes, among other things:

- The President of the European Council should be elected by qualified majority for a term of two and a half years, renewable once.
- The President of the Commission should be elected by a majority of members of the European Parliament. He or she should be proposed by the European Council, taking into account the European Parliamentary elections.
- An EU Minister for Foreign Affairs should be appointed. He or she should be both a Commission Vice-President and a member of the European Council.
- The Charter of Fundamental Rights should be incorporated into the Treaty.
- The European Union should be given legal personality.
- There should be more qualified majority voting in the Council.
- The European Parliament should be given greater legislative and budgetary powers.
- The powers and responsibilities of the Union and its member states should be spelt out more clearly.
- National parliaments should play a part in ensuring that the EU complies with the principle of subsidiarity.

5 What does the Union do?

The people who drafted the Treaty of Rome set the following task for the European Economic Community: *'by establishing a common market and progressively approximating the economic policies of member states, to promote throughout the Community a harmonious development of economic activities, a continuous and balanced expansion, an increase in stability, an accelerated raising of the standard of living and closer relations between the States belonging to it.'*

These goals have been largely achieved, thanks to the free movement of goods, people, services and capital and to the EU's policy of ensuring fair competition between businesses and protecting consumer interests. The single market was completed in

1993 and the euro came into circulation in 2002.

But, to enable all sectors of the economy and all regions of Europe to benefit from these achievements, they had to be backed up by 'structural' policies financed and pursued with commitment and determination by the EU itself.

Europe's political leaders realised early on that European solidarity would mean taking action to strengthen 'economic and social cohesion' – in other words, to narrow the gap between richer and poorer regions. In practice, this meant introducing regional and social policies, and these policies have become more important with each successive enlargement of the EU.



Regional action

The EU's regional policy consists essentially of making payments from the EU budget to disadvantaged regions and sections of the population. The total amount allocated in 2000–2006 is €213 billion. The payments are used to boost development in backward regions, to convert old industrial zones, to help young people and the long-term unemployed find work, to modernise farming and to help less-favoured rural areas.

The money is paid through specific funds – the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Financial Instrument for Fisheries Guidance (FIFG) and the European Agricultural Guidance and Guarantee Fund (EAGGF, also commonly known by its French acronym FEOGA).

These payments top up or stimulate investment by the private sector and by national and regional government. To target the payments where they will have the greatest effect, the EU has set itself three priority objectives:

- Objective 1 is to help develop regions where the wealth produced divided by the number of inhabitants – technically known as 'gross domestic product (GDP) per capita' – is less than 75% of the EU average. This aid, amounting to €135 billion, is two thirds of all the money allocated to regional policy in 2000–2006. It goes to benefit about 50 regions, representing 22% of the EU's population. It is used to get the economy moving in these regions by creating the infrastructure they lack, providing better training for local people and stimulating investment in local businesses.
- Objective 2 is to help other regions in difficulty. They may be areas where the economy is being restructured, declining rural areas, fishing communities in crisis or urban areas with serious problems.

- Objective 3 is to combat unemployment by modernising training systems and helping to create jobs.

Specific programmes aimed at these objectives include **Interreg**, which promotes co-operation across borders and between regions, and **Urban** – which supports the sustainable development of cities and urban areas in crisis.

In addition to these 'structural' funds there is a 'Cohesion Fund'. This is used to finance transport infrastructure and environmental projects in EU countries whose per capita GDP is less than 90% of the EU average. The countries concerned until now have been Greece, Ireland, Portugal and Spain.

Thanks to structural schemes such as these, financed by the European Union, EU countries have been better able to bring their economies into line with one another. This economic 'convergence' is also the result of action by EU governments to meet the requirements for economic and monetary union.

Extending structural policy to embrace the new member states

Enlarging the Union to take in 10 new member states will pose a major challenge for economic and social cohesion, because development in some regions of these countries lags well behind the rest of the EU. Enlargement will, in fact, make the Union more diverse and require further efforts at sectoral and regional adjustment.

A number of 'instruments' are already being used to help the candidate countries. First there is the **Phare** programme, which channels aid to the candidate countries in central and eastern Europe. Over the period 2000 to 2006 they will receive a total of €10.9 billion in 'pre-accession' aid.

Then there is **ISPA** (Instrument for Structural Policies for Pre-Accession), which finances

environmental and transport projects and has a budget of €7.2 billion.

Thirdly, **Sapard** (an instrument for financing agriculture) has a budget of €3.6 billion.

After accession (i.e. after the new member states join), the Structural Fund programmes and Cohesion Fund projects will take over from pre-accession aid.

The social dimension

The aim of the EU's social policy is to correct the most glaring inequalities in European society. The European Social Fund (ESF) was set up in 1961 to promote job creation and help workers move from one type of work and one geographical area to another. For 2003, the ESF was allocated €4.8 billion from the EU budget.

Financial aid is not the only way in which the EU seeks to improve social conditions in Europe. Aid alone could never solve all the problems caused by economic recession or by regional under-development. Social progress springs, first and foremost, from economic growth and is nurtured by both national and EU policies.

Social progress is also supported by legislation that guarantees all EU citizens a solid set of basic rights. Some of these rights are enshrined in the Treaties – for example, the right of men and women to equal pay for equal work. Others are set out in directives about the protection of workers (health and safety at work) and essential safety standards.

In December 1991, the Maastricht European Council adopted the Community Charter of basic social rights, setting out the rights all workers in the EU should enjoy: free movement; fair pay; improved working conditions; social protection; the right to form associations and to undertake collective bargaining; the right to vocational training;

equal treatment of women and men; worker information, consultation and participation; health protection and safety at the workplace; protection for children, the elderly and the disabled. At Amsterdam in June 1997, this Charter became an integral part of the Treaty and is applicable in all the member states.

Employment policy

During the final decade of the 20th century, EU citizens were increasingly calling on their governments to take more vigorous action to create jobs. How could Europeans believe in the benefits of European integration and have confidence in its future while more than 10% of the EU's workforce (until 1997) were unemployed? So a new chapter on employment was inserted into the Treaty of Amsterdam, making job creation a priority for the EU's economic policy.

At the European Council in Luxembourg on 20 and 21 November 1997, the leaders of the 15 member states agreed a coordinated strategy for making their individual national policies more effective. It was a strategy for better vocational training, for helping start up new businesses and for improving 'social dialogue' – i.e. relations between employers and employees. It laid down guidelines for boosting employment. Progress on implementing these guidelines is regularly reviewed by the member states and the EU institutions, using a jointly agreed assessment procedure.

The 'Luxembourg strategy' was beefed up and given a broader scope by the European Council in Lisbon in March 2000. It became the 'Lisbon strategy', and it was directed towards a new and very ambitious goal: to make the EU, within a decade, *'the most competitive and dynamic knowledge-based economy in the world, capable of sustainable growth with more and better jobs and greater social cohesion'* (see Chapter 8: Towards a knowledge-based society).

Financing the common policies

In March 1999, the Berlin European Council agreed the overall size and shape of EU finances for the period 2000-2006. This agreement was called 'Agenda 2000', and its purpose was to ensure that the EU had enough money to implement its policies and, at the same time, to prepare for enlargement.

It was also aimed at tightening the EU's purse strings and showing the European taxpayer that EU funds would be used properly and efficiently. The EU's 'own resources' – chiefly made up of the money it raises from VAT and of contributions from the member states, based on their gross national product (GNP) – would not be allowed to exceed 1.27% of the Union's GNP in 2000-2006.

This budgetary discipline should enable the EU to cover the costs of enlargement until the end of 2006 without calling into question the solidarity policies already being implemented or preventing the Union from undertaking new activities. The EU's total budget for 2003 is less than €100 billion – well below the ceiling agreed in Berlin.

Reforming the common agricultural policy

At the Berlin summit, when agreeing the 'Agenda 2000' arrangements, the European Council decided to reform the common agricultural policy (CAP) so as to cut the costs involved and keep European farming competitive.

The aims of the CAP, as set out in the Treaty of Rome, have largely been achieved: a fair standard of living has been ensured for the farming community; markets have been stabilised; supplies reach consumers at reasonable prices; structures have been modernised. Other principles that were adopted in the course of time have also worked well.

Consumers enjoy security of supplies, and the prices of agricultural products are kept stable, protected from fluctuations on the world market.

But the CAP has been a victim of its own success. As farming methods were modernised and agriculture in Europe became increasingly competitive, more and more people left the countryside and the farming community as a proportion of the EU workforce shrank from 20% to less than 5%. Production grew far faster than consumption, and the EU budget had to bear the heavy cost of disposing of the surpluses. Moreover, production was subsidised. In 2002, farm subsidies under the CAP still amounted to €45.4 billion – which is 40% of the entire European Union budget.

Steps had to be taken to reform this policy, which is why Agenda 2000 changed the CAP's aims and methods. The main objective was now to encourage farmers to produce high-quality products, in quantities more in line with demand, and to move away from intensive farming methods that damage the environment. Aid to farmers would no longer be related to the volume of goods they produce.

This reform is beginning to bear fruit: production has been curbed. The European Union is one of the world's leading exporters and importers of agri-foodstuffs. Farmers are being encouraged to use sustainable farming practices that safeguard the environment and preserve the countryside. The new role of the farming community is to ensure a certain amount of economic activity in every rural area and to maintain the diversity of Europe's landscapes. This diversity and the recognition given to the 'rural way of life' – people living in harmony with the land – are an important part of Europe's identity.

The European Commission, which is responsible for managing the CAP, believes that farmers' and consumers' interests need to

converge even further. The consumer has the right to high-quality food that fully meets public health requirements. It was the failure of EU food safety and animal health policies in the 1990s and early 2000s that allowed foot-and-mouth disease and 'mad cow disease' (bovine spongiform encephalopathy – BSE) to spread across Europe. To stop this happening, sale and trade embargoes had to be introduced.

In 2002, the Commission proposed further reforms that would enable Europe to influence the way the World Trade Organisation (WTO) draws up its rules. The Commission wants the emphasis to be on food quality, the precautionary principle and animal welfare.

Similarly, the European Union has begun reforming its fisheries policy. The aim here is to reduce the overcapacity in fishing fleets, to preserve fish stocks and to provide financial assistance to people who leave the fishing industry.

Sustainable development

EU policies were originally focused on supporting the single market, but they have gradually come to embrace many other aspects of daily life and to address the challenges facing European society: environmental protection; public health; consumer rights; competition and safety in transport; education and access to culture.

Issues that transcend national boundaries call for concerted international action if they are to be tackled effectively. Most cross-border issues cannot be resolved without EU-wide legislation and funding on a scale that only the EU can provide. To meet ordinary people's concerns, the Treaty of Amsterdam gave the European Union much greater powers and responsibilities in fields such as health and consumer protection.

The most striking example of the way European institutions respond to public opinion is surely in the field of **environmental protection**. People have come to realise that pollution knows no boundaries, that our natural heritage needs to be protected and that the individual citizen has a right to safe and healthy products and living conditions. So the European Union has had to take very specific action on a whole range of issues: adopting EU-wide standards on air pollution; protecting the ozone layer by reducing emissions of chlorofluorocarbons (CFCs); improving waste water treatment and waste management in general; monitoring the use of chemicals; reducing the level of noise from vehicles, and so on.

Protecting the environment is not just a matter of making tougher laws. The European Union has also funded environmental projects and provided financial assistance to help business and industry comply with European environmental legislation.

In Johannesburg in August 2002, the United Nations held its 'World Summit on Sustainable Development'. To prepare for the summit, the European Council met in Barcelona in March that year. It set a clear priority for the EU: to make its own sustainable development policy an example for the whole world to follow. The policy must include conserving and sustainably managing natural resources; an international system for managing the environment; action to boost Europe's technological capacity and greater efforts to share that technology with the developing world. The Barcelona European Council made it the EU's aim to increase official development aid to 0.7% of GNP.

There are major challenges here. How can economic growth – which is vital to developing countries – be encouraged without damaging the environment? How should water resources be managed? How can we access sustainable sources of energy? How can Africa be saved from famine and disease? Here again are issues that can be tackled more effectively by concerted action at EU level than by individual European nations doing their own thing.

Technological innovation

The founders of the European Union rightly saw that Europe's future prosperity would depend on its ability to remain a world leader in technology. They saw the advantages to be gained from doing joint European research. So, in 1958, alongside the EEC, they set up Euratom – the European Atomic Energy Community. Its aim was to enable the member states to jointly exploit nuclear energy for peaceful purposes. It was given its own Joint Research Centre (JRC) consisting of nine research institutes spread among four sites: Ispra (Italy), Karlsruhe (Germany), Petten (the Netherlands) and Geel (Belgium).

But as scientific and technological innovation gathered pace, European research had to diversify, bringing together as wide a variety of scientists and research workers as possible. The EU had to find new ways of funding their work and new industrial applications for their discoveries.

Joint research at EU level is designed to complement national research programmes. It focuses on projects that bring together a number of laboratories in different EU countries. It supports fundamental research in fields such as controlled thermonuclear fusion (a potentially inexhaustible source of energy for the 21st century) through the Joint European Torus (JET) programme. It also encourages research and technological development (RTD) in key industries such as electronics and computers, which face stiff competition from outside Europe.

In June 2002, the EU adopted its sixth RTD framework programme, covering the period 2002-2006. With a budget of €17.5 billion, this programme finances a whole series of projects that bring together thousands of researchers from all over the EU.

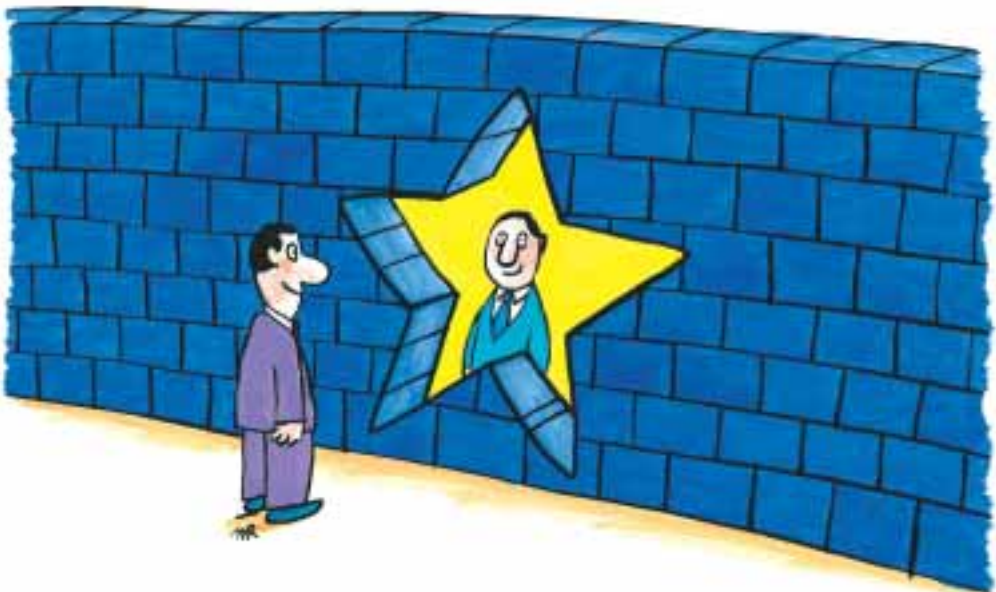
It is also designed to stimulate RTD in the individual member states and to increase the amount they spend on it from 1.9% to 3% of their GDP. Its priorities include the life sciences (genetics and biotechnologies), the treatment of serious illnesses, nanotechnologies, aeronautics and space research, sustainable energy systems, global environmental change and the ecosystem.

6 The single market

Article 2 of the Treaty of Rome set the following aim for the European Economic Community (EEC): *'to promote throughout the Community a harmonious development of economic activities, a continuous and balanced expansion, an increase in stability, an accelerated raising of the standard of living and closer relations between the States belonging to it.'*

There were two complementary ways of achieving this. One was to open up the borders, allowing people, goods and services to move around freely within the EEC. The other was to organise solidarity among the member states by setting up common policies and financial instruments.

The single market was finally declared 'complete' on 1 January 1993 - and even then the project was not quite finished. Why did it take more than 40 years to get this far? After all, customs duties and tariffs were abolished within the EEC as long ago as July 1968 - 18 months ahead of schedule. So why the subsequent delays? Because it is much easier to harmonise customs tariffs than to harmonise taxation. Because the rules governing professions differ from one country to another. And because, at the start of the 1980s, a combination of concealed protectionism and a plethora of new technical standards drove Europe's national markets even further apart.



This is not quite as paradoxical as it may seem. Some of the member states were particularly hard hit by economic recession in the wake of the two oil crises in 1973 and 1980. These countries resorted to protectionist measures to shield their markets from the painful pressure of increasing world competition.

Then, in 1985, the Commission – under President **Jacques Delors** – published a startling White Paper. It pointed out that the expanding Community had the potential to become a single market serving more than 300 million consumers. But it also showed very clearly that this tremendous potential was being thwarted by many obstacles: queues at border crossings; technical barriers to trade; closed markets for public contracts.... The cost of this inefficiency – the ‘cost of non-Europe’ as it was famously called – was put at around €200 billion.

The White Paper spurred the 12 member states into action. In February 1986, they signed the Single European Act, setting out a timetable for taking the 270 or so steps necessary for completing the single market by 1993. Progress thereafter was rapid. Businesses, professions and trade unions all moved ahead swiftly, adapting their strategies to the new rules of the game. The benefits were soon felt in everyone’s daily life, as a wider range of goods and services became available and people were able to move around freely in Europe, whether for work or leisure.

This ‘virtuous circle’ of increasing freedom of movement, competitiveness and economic growth has become irreversible. Physical, fiscal and technical barriers are falling one after another, although there is still disagreement over some particularly sensitive subjects such as harmonising taxes on savings.

If goods, services, people and money are to move around freely within the single market, there must be rules to ensure fair competition. These rules are laid down in the EC Treaty. For example, the Treaty prohibits any business agreements ‘*which have as their object or effect the prevention, restriction or distortion of competition within the common market*’ (Article 81). The Treaty also prohibits ‘*any abuse by one or more undertakings of a dominant position within the common market*’ (Article 82).

The European Commission plays a key role in making sure that these rules are obeyed. It can impose penalties on any firm or EU country that breaks them. Such is the Commission’s power in this area that it can actually ban an operation agreed between companies outside the EU if that operation could affect the single market. The Commission also monitors ‘State aid’ (i.e. help given to companies by EU governments).

The state of play

Overall, the achievements so far have been very satisfactory:

- the national public contract markets have been opened up, thanks to tougher rules requiring transparent procedures and proper checks for public supply and works contracts;
- disparities between national tax systems have been ironed out by certain common rules on indirect taxation, value added tax (VAT) and excise duties;
- the money markets and financial services markets have been liberalised;
- steps have been taken to harmonise national laws on safety and pollution, and more generally EU countries have agreed to recognise the equivalence of each other's laws and certification systems;
- obstacles hindering the free movement of persons have been removed: passport checks at most of the EU's internal borders have been abolished, and professional qualifications are mutually recognised by the EU countries. For example, it is now easier for lawyers to practice their profession throughout the European Union, thanks to the directive adopted in November 1997;
- company law has been harmonised in the EU, and the member states have brought their national laws on intellectual and industrial property rights (trade marks and patents) into line with one another. This has created a much better environment for industrial cooperation.

However, freedom of movement is far from complete. There are still plenty of obstacles to hinder people from moving to another EU country or doing certain types of work there. The Commission has taken steps to improve worker mobility – to ensure, for example,

that educational diplomas and job qualifications obtained in one EU country are recognised in all the others.

The single market is certainly up and running, but it is still very much a 'work in progress' with constant room for improvement. The coming of the euro has been good for market transparency and competition: since 1 January 2002, consumers with euro in their pockets have been able to shop around, directly comparing prices in a dozen different EU countries.

Work in progress

Most of the European Union's wealth comes from its service industries, and these are being liberalised – though some sectors are opening up faster than others.

Liberalisation of the **telecommunications** sector has already cut prices considerably. At the end of 2001, long-distance telephone calls were, on average, 11% cheaper than in 2000, and 45% cheaper than in 1998.

Steps are being taken to create a genuine single market for **natural gas and electricity**, but the whole subject of energy sales is a delicate one. The market must ensure that all consumers have access to dependable supplies of energy at affordable prices.

In November 2000, the Commission published a discussion document (a 'Green Paper') setting out guidelines for a Europe-wide energy policy that uses a range of energy sources and ensures safety of supply. Unless the EU takes action on this, in 20 to 30 years' time it will find itself having to import 70% of its energy resources, as against 50% at present. It is already dependent on the Middle East for 45% of its oil imports and on Russia for 40% of its imports of natural gas.

Furthermore, EU countries depend on one another for energy supplies and are jointly

committed to cutting their greenhouse gas emissions to combat climate change. One of the EU's objectives is to develop new and renewable energy resources (including bio-fuels) so that, by 2010, the contribution made by these 'clean' resources to the EU's overall energy supplies will have doubled – from 6% to 12%.

One major way to save energy in the EU – and to improve the environment – is through **transport policy**. At present, some 50% of all goods transported in Europe, and 80% of all passengers, go by road. Not only does this consume a lot of energy, it also causes congestion and harms the environment. In some urban areas, traffic is virtually gridlocked and air pollution has reached alarming levels. To help deal with this problem, the EU aims to take as much freight as possible off the roads and put it onto the railways and inland waterways.

The EU needs a transport policy that will ensure the greatest possible mobility for both people and goods throughout its frontier-free single market. That is why rail transport in Europe must be fully liberalised – which means harmonising the technical standards that govern the use of Europe's railways and giving competing operators access to the national rail networks.

Air transport too needs improving. Every day, 25 000 planes fly across Europe's skies and

are handled by a whole series of national air traffic control (ATC) systems. This leads to congestion, delayed flights and frustration for passengers. The Commission proposes merging the separate ATC systems to create a 'single European sky'.

Under pressure from the Commission and Parliament, the EU's **postal services** are also being opened up to competition. This raises the whole issue of 'services of general interest'. The European Union Treaty recognises the importance of providing public services that the market alone cannot supply. Everyone must have access to basic services (such as water, electricity, health and postal services, etc.) at affordable prices. Indeed, this access is essential for the EU's economic and social cohesion. So the EU institutions are drawing up legislation to ensure there is no conflict between the Treaty rules on competition within the single market and the need to maintain services of general interest at a high level of provision. This is all part of the European Union's efforts to provide its citizens with a distinctively European 'model' of society.

Work to complete the single market now focuses on service sectors that, in some countries, have long been the preserve of national service providers. Opening them up to competition should help create jobs and strengthen Europe's economy.



Economic and monetary union and the euro

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

The euro has replaced currencies that were, for many of the countries concerned, centuries-old symbols and instruments of their national sovereignty. In doing so, the new currency has moved Europe considerably

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

How was the idea of a single European currency born? As long ago as 1970, the Werner Report, named after the then Prime Minister of Luxembourg, proposed a convergence between the economies and currencies of the six EEC countries. The first step in this direction was not taken until March 1979, when the European Monetary System (EMS) was set up. The EMS was designed to reduce



variations in the exchange rates between the currencies of the member states. It allowed them fluctuation margins of between 2.25% and 6%. But its mechanisms were weakened by a series of crises caused by the instability of the US dollar and the weakness of some currencies that became prey to speculators, especially at times of international tension.

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

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

In protocols annexed to the Treaty, Denmark and the United Kingdom reserved the right not to move to the third stage of EMU (i.e. adoption of the euro) even if they met the criteria. This was called 'opting out'. Following a referendum, Denmark announced that it did not intend to adopt the euro. Sweden too expressed reservations.

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

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

- The first, known as the 'stability and growth pact', committed the countries concerned to maintain their budgetary discipline. They would all keep a watchful eye on one another and not allow any of them to run up excessive deficits.
- The second resolution was about economic growth. It announced that the member states and the Commission were firmly committed to making sure employment remained at the top of the EU's agenda.

In Luxembourg, in December 1997, the European Council adopted a further resolution – on coordinating economic policies.

This included the important decision that *'ministers of the States participating in the euro area may meet informally among themselves to discuss issues connected with their shared specific responsibilities for the single currency'*. The EU's political leaders thus opened the way to even closer ties between countries that adopted the euro – ties that went beyond monetary union to embrace financial, budgetary, social and fiscal policies.

Progress in achieving EMU has made it easier to open up and complete the single market. In spite of the turbulent world situation (with stock market crises, terrorist attacks and the war in Iraq), the euro area has enjoyed the kind of stability and predictability that investors and consumers

need. European citizens' confidence in the euro was boosted by the successful and unexpectedly swift introduction of coins and banknotes during the first half of 2002. People appreciate being able to shop around more easily, now they can directly compare prices in different European countries.

The euro has become the world's second most important currency. It is increasingly being used for international payments and as a reserve currency, alongside the US dollar. Integration between financial markets in the euro area has speeded up, with mergers taking place not only between stockbroking firms but also between stock exchanges. An EU action plan for financial services is due to be implemented by 2005.

Step by step to the euro

7 February 1992: the Treaty of Maastricht is signed

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

January 1994: the European Monetary Institute is set up

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

June 1997: the Stability and Growth Pact

The Amsterdam European Council agrees the 'stability and growth pact' and the new exchange rate mechanism (a reborn EMS) designed to ensure stable exchange rates between the euro and the currencies of EU countries that remain outside the euro area. A design is also agreed for the 'European' side of euro coins.

May 1998: 11 countries qualify for the euro

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

1 January 1999: birth of the euro

On 1 January 1999, the 11 currencies of the participating countries disappear and are replaced by the euro, which thus becomes the shared currency of Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands Portugal and Spain. (Greece joins them on 1 January 2001). From this point onwards, the European Central Bank takes over from the EMI and is responsible for monetary policy, which is defined and implemented in euro. Exchange operations in euro begin on 4 January 1999, at a rate of about €1 to 1.18 US dollars. This is the start of the transitional period that will last until 31 December 2001.

1 January 2002: euro coins and notes are introduced

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

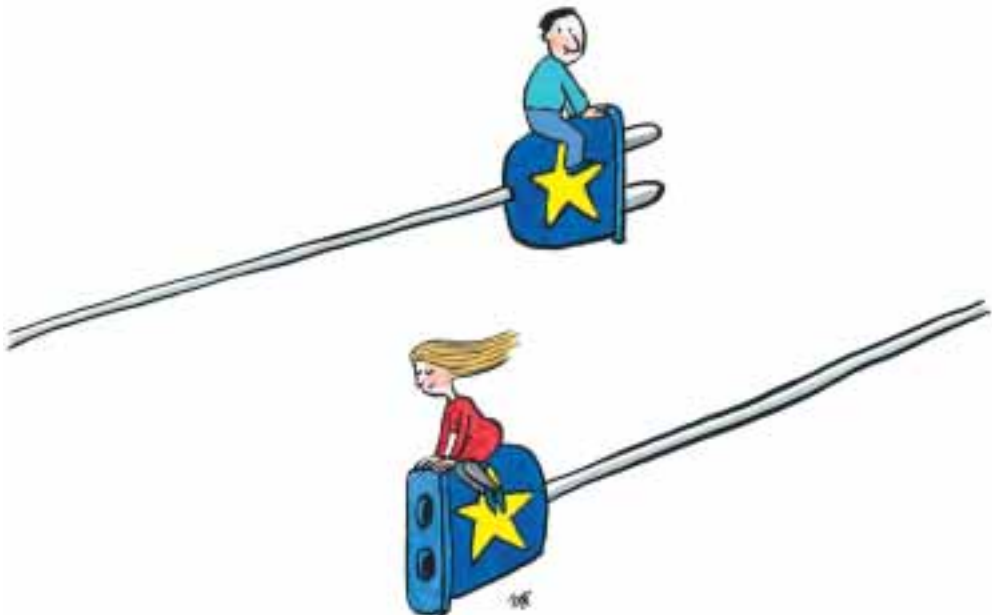
8 Towards a knowledge-based society

As the final decade of the 20th century got under way, two great changes began transforming economies and ways of life around the world – not least in Europe. One was globalisation: as economies everywhere became increasingly interdependent, a 'global economy' was being born. The other was the technological revolution – the coming of the Internet and of new information and communication technologies.

The technological revolution was born in the United States and chiefly benefited the US economy. Doing business via the Internet made American companies much more efficient and productive. Between 1995 and 2001, the US economy grew, on average, by 3.6% per year – well ahead of Europe's 2.4%

annual average over the same period. In Europe, GDP per capita is only 69% of its level in the United States, and average labour productivity in Europe is 78% of the American figure.

By the year 2000, EU leaders were well aware that the EU economy needed thorough modernisation in order to compete with the US and other major world players. Meeting in Lisbon in March that year, the European Council set the EU a new and very ambitious goal: to become, within a decade, *'the most competitive and dynamic knowledge-based economy in the world, capable of sustainable growth with more and better jobs and greater social cohesion'*.



The EU's leaders also agreed on a detailed strategy for achieving this goal. The 'Lisbon strategy' covers such matters as research, education, training, Internet access and on-line business. It also covers reform of Europe's social protection systems. These systems are one of Europe's great assets: they enable our societies to embrace change without too much pain. But they must be made sustainable so that their benefits can be enjoyed by future generations.

Every spring the European Council meets to review progress in implementing the Lisbon strategy.

At the Council's request, the Commission has put forward an action plan entitled '**e-Europe 2005**', aimed at boosting use of the Internet in the European Union. By 2005, Europe should have modern, online public services including government, training and health services. Users everywhere should have access, at competitive prices, to a secure 'broadband' infrastructure. In other words, they should be able to send voice, data and video signals over high-speed lines or satellite links and be confident that the privacy of their messages is protected.

Much remains to be done if Europe is to exploit its full digital potential, and to give its businesses and citizens access to low-cost but world-class communication networks

and a wide range of on-line services. For example, all schools in the European Union must be connected to the Internet and teachers must be trained to use it. There must be European laws governing electronic trade and such matters as intellectual property rights, electronic payments and online sales of financial services.

One of the aims agreed at Lisbon was to create a '**European research area**'. This involves, for example, setting up a very high-speed trans-European network for electronic scientific communications to link Europe's universities and research institutes, its science libraries and – gradually – its schools. Steps are also being taken to remove obstacles that hinder research workers from moving around Europe. At the same time, there must be incentives to attract the world's top scientists to Europe and to encourage them to stay.

Small and medium-sized enterprises (SMEs) are the backbone of the European economy. All too often, their competitiveness and dynamism is hampered by fussy rules and regulations that may differ from one country to another. Part of the Lisbon strategy is to draw up a charter for small businesses and to provide entrepreneurs with the capital they need to start up high-tech businesses.

One of the EU's priorities is to step up investment in **people and training**, which are Europe's chief assets. The European Union recognises the importance of education and lifelong learning, the need to learn several languages and to have technological skills. The lack of well-qualified personnel is a handicap for Europe's telecommunications and Internet services.

Through programmes such as Socrates, Leonardo and the Youth programme, the European Union encourages students, teachers and research workers to move around in Europe. It is also taking steps to ensure that training periods spent and qualifications obtained in any one EU country are recognised in all others.

Finally, the Lisbon strategy involves tackling one of Europe's most intractable problems – the fact that its **population is ageing**, and the serious implications this has for the **workforce** and for the financing of Europe's

social security and pension schemes. There are not enough Europeans in work, especially women and older people. At the same time, long-term unemployment is endemic in some regions of the EU and unemployment in general varies considerably from one region to another.

So the Lisbon European Council aimed to raise the employment rate from an average of 61% in 2000 to 70% in 2010, and to increase the proportion of women in work from 51% to 60% over the same period.

To tackle the effects of ageing on European societies, the Barcelona European Council in March 2002 called on EU governments to reduce *'early retirement incentives for individuals and the introduction of early retirement schemes by companies'*. By 2010, there should be *'a progressive increase of about five years in the effective average age at which people stop working in the European Union'*.

9 A citizens' Europe

Is Europe about people or about business? The process of uniting Europe began with the political vision of the EU's founding fathers. Their primary concern was to ensure that war could never again ravage Europe as it had for centuries past. But to build the united Europe as effectively and solidly as possible, they adopted a pragmatic approach, creating European solidarity in very practical areas: coal and steel; the single market; agricultural policies; competition....

Thus was born a Europe that some people have described as 'technocratic', because it needs experts, economists and civil servants

to make it work. Technocratic it may be, but the original vision would never have become concrete reality had it not been sustained by the political will of the European institutions.

Europe in daily life

Most of the objectives laid down in the Treaties have now been achieved. Gone are the old rules and regulations, tax and customs barriers that once restricted human activity in Europe and hampered the free movement of goods, capital and services. Although we are not always aware of it, each



one of us in day-to-day life enjoys the benefits of the single market: access to a wide range of consumer goods and products; prices kept down by competition; policies that protect consumers and the environment; technical standards that tend to be harmonised upwards.

Similarly, people who live in Europe's outlying regions benefit from the Structural Funds, such as the European Regional Development Fund. Europe's farmers have, for decades, benefited from the price support mechanisms provided by the EAGGF (European Agriculture Guidance and Guarantee Fund).

Almost all expenditure from the EU budget, which came to around €100 billion in 2003, goes on measures that have an impact on the daily life of European citizens.

As soon as the Treaty of Rome came into force in 1958, European legislators got to work on laws guaranteeing the free movement of workers, freedom to provide services and the right of establishment for professional people. Every EU citizen, regardless of nationality, is thus free to look for work anywhere in the Union. Discrimination on the grounds of nationality is banned. EU directives have harmonised the rules allowing people to practise their professions in the Union. Painstaking work was done to harmonise legislation so that the qualifications obtained by a doctor, barrister, nurse, vet, chemist, architect, insurance broker, etc. in any EU country would be recognised in all others.

But there were still so many activities governed by different national rules that, on 21 December 1988, the EU member states adopted a directive setting up a system of mutual recognition for higher education diplomas. This directive applies to all university courses lasting at least three years and it is based on the principle of mutual trust between the national education and training systems.

So the first right of a European citizen is the right to move around, work and live anywhere in the Union. The Treaty of Maastricht enshrined this right in its chapter on citizenship.

Apart from activities covered by the prerogative of public authorities (the police, armed forces, foreign affairs, etc.), any person who is a national of an EU country can be involved in providing health, education and other public services anywhere in the Union. So, what could be more natural than recruiting a British teacher to teach English in Rome, or encouraging a young French graduate to compete in a civil service exam in Belgium?

But the European citizen is not just a consumer or someone with an economic or social role to play. He or she is a citizen of the European Union, and as such has specific political rights. Thanks to the Maastricht Treaty, every citizen of the Union – regardless of nationality – has the right to vote and to stand as a candidate at municipal and European Parliamentary elections in the EU country where he or she is living.

Citizenship of the Union is enshrined in Article 17 of the Treaty of Amsterdam: *'Every person holding the nationality of a member state shall be a citizen of the Union. Citizenship of the Union shall complement and not replace national citizenship.'*

Fundamental rights

The Treaty of Amsterdam goes further in underpinning fundamental rights. It introduces a procedure for suspending the EU membership rights of any country that violates EU citizens' fundamental rights. And it extends the principle of non-discrimination so that it covers not only nationality but also gender, race, religion, age and sexual orientation. The Treaty further strengthens the principle of equality between men and women.

Finally, the Amsterdam Treaty improves the EU policy of transparency, allowing citizens greater access to the European institutions' official documents.

The European Union's commitment to citizens' rights was confirmed in Nice in December 2000 when the **Charter of Fundamental Rights of the European Union** was solemnly proclaimed. This Charter was drawn up by a Convention composed of members of the national and European Parliaments, representatives of the national governments and a member of the Commission. Under six headings – Dignity, Freedoms, Equality, Solidarity, Citizens' rights and Justice – its 54 articles spell out the European Union's fundamental values and the civil, political, economic and social rights of the EU citizen.

The opening articles are about human dignity, the right to life, to the 'integrity of the person', to freedom of expression and of conscience. The chapter on 'Solidarity' brings together, in an innovative way, social and economic rights such as:

- the right to strike;
- the right of workers to be informed and consulted;
- the right to reconcile family life and professional life;
- the right to health care, social security and social assistance throughout the European Union.

The Charter also promotes equality between men and women and introduces rights such as data protection, a ban on eugenic practices and the reproductive cloning of human beings, the right to environmental protection, the rights of children and elderly people and the right to good administration.

This 'citizens' Europe' points towards some form of political Europe, the exact nature of

which has yet to be decided. What values and ambitions will Europe's peoples be prepared to share together in a European Union of 25 or more members?

Europe means culture and education

A sense of being European and belonging together cannot be manufactured. It can only arise from a shared cultural awareness – which is why Europe now needs to focus its attention not just on economics but also on culture.

First steps include the EU's educational and training programmes such as **Erasmus** (which promotes student mobility), **Comett** (technological education and training) and **Lingua**, which encourages people to learn foreign languages. More than a million students have been able to study abroad thanks to the Erasmus programme.

The European Union has set itself the target of having 10% of its students spend one year in another European country taking a higher education course. To achieve this, more EU funds will have to be invested in education policy. Further progress in this direction should be possible thanks to the **Socrates**, **Leonardo da Vinci** and **Youth** programmes.

The directive on **television without frontiers** gives viewers better access to television programmes produced in Europe: European broadcasters must include a certain percentage of European programmes in their schedules. The directive introduces stronger measures to protect young viewers and to support programmes by independent producers, and it lays down rules on advertising and teleshopping.

The **Culture 2000** framework programme for 2000-2004 is designed to foster cooperation between programme creators, promoters, broadcasters, networks and cultural institutions.

The MEDIA+ programme (2001–2005) provides support to the audiovisual industry. At present there is a shortage of European-made TV programmes and films compared to the large output from the United States. MEDIA+ aims to make good this shortfall and to encourage the distribution of European films and programmes in Europe.

A sense of belonging

The idea of a 'citizens' Europe' is very new. Making it a reality will mean, among other things, rallying popular support for symbols that represent shared European identity. Things like the European model of passport (in use since 1985), the European anthem (Beethoven's Ode to Joy) and the European flag (a circle of 12 golden stars on a blue background). EU model driving licences have been issued in all member states since 1996.

Since 1979, the European Parliament has been directly elected by universal suffrage. This gives greater democratic legitimacy to the process of European unification, linking it directly with the will of the people. Europe needs to be made even more democratic by giving Parliament a greater role, by creating genuine European political parties and by giving the ordinary citizen a greater say in EU policy making via non-governmental organisations and other voluntary associations.

The introduction of euro notes and coins on 1 January 2002 had a major psychological

impact. Most Europeans now manage their bank accounts in euro and can shop around for goods and services now that prices in most of the EU are given in euro and can be directly compared. Thanks to the Schengen Agreement, checks have been abolished at most of the borders between EU countries, and this already gives citizens a sense of belonging to a single, unified geographical area. The Schengen Area will grow as more countries join it.

To help bring the EU closer to its citizens, the treaty on European Union created the post of **Ombudsman**. The European Parliament elects the Ombudsman and his term of office is the same as Parliament's. His role is to investigate complaints against EU institutions and bodies. Complaints can be brought by any EU citizen and by any person or organisation living or based in an EU member state. The Ombudsman tries to arrange an amicable settlement between the complainant and the institution or body concerned.

Another important link between citizens and the EU institutions is Parliament's well-established practice of accepting petitions from any person residing in an EU member state.

'We are not bringing together states, we are uniting people', said Jean Monnet back in 1952. Rallying public support for European integration is still the greatest challenge facing the EU institutions today.



Freedom, security and justice

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

These challenges call for swift joint action at EU level. The European Union clearly needs a policy on 'justice and home affairs' – particularly now that enlargement is giving a new dimension to the issue of Europe's internal security.

EU action in this field was not on the agenda when the European Economic

Community was set up. Article 3 of the Treaty of Rome simply states that the Community must take '*measures concerning the entry and movement of persons*'. But, as time went by, it became clear that freedom of movement must mean giving everyone, everywhere in the EU, the same protection and the same access to justice. So the original treaties were amended – first by the Single European Act, then by the Treaties of Maastricht and Amsterdam.



Freedom to move

Personal freedom to move around within the EU raises security issues for the member states, since checks have been abolished at most of the Union's internal borders. To compensate for this, extra security measures have to be put in place at the EU's *external* borders. And since freedom of movement in the Union applies to criminals too, the EU's national police forces and judicial authorities have to work together to combat international crime.

The three concepts of freedom, security and justice are, in fact, closely linked. Freedom becomes largely meaningless if people cannot live in safety, protected by a legal system on which all can rely equally.

On 15 and 16 October 1999, the European Council held a special meeting at Tampere (Finland) to discuss the whole question of justice and home affairs. The EU's leaders agreed on a very clear and ambitious programme of action – some 60 steps to be taken by 2004 to turn the Union into '*an area of freedom, security and justice*'. The European Commission was given the task of monitoring the EU's progress via a 'score-board'.

The main issues tackled at Tampere were:

- a common EU policy on asylum and migration;
- a genuine 'European area of justice';
- a Union-wide fight against crime;
- stronger external action.

One of the most important moves to make life easier for travellers in the European Union took place in 1985, when the governments of Belgium, France, Germany, Luxembourg and the Netherlands signed an agreement in a little Luxembourg border town called Schengen. They agreed to abolish all checks on persons – regardless of nationality – at their common borders, to harmonise controls at their borders with non-EU countries and to introduce a common policy on visas.

They thus formed an area without internal frontiers known as the Schengen Area. At its external borders, EU citizens need show only their identity card or passport.

The 1985 Schengen Agreement, the 1990 Convention implementing it and all laws derived from those agreements have since become an integral part of the EU Treaties, and the Schengen Area has gradually expanded. Since March 2001, Iceland and Norway as well as 13 EU countries (Austria, Belgium, Denmark, Finland, France, Germany, Greece, Italy, Luxembourg, the Netherlands, Portugal, Spain and Sweden) have been fully implementing the Schengen rules.

The aim is not to create a 'fortress Europe' but to make it easier for people to enter the European Union legally and to move around in it freely. At the same time, the EU is determined to combat the activities of criminal gangs who exploit human beings.

Asylum and immigration policy

Europe is proud of its long tradition of welcoming foreigners and its humanitarian willingness to offer asylum to refugees fleeing danger and persecution. Today, EU governments face the pressing question of how to deal with rising numbers of immigrants, both legal and illegal, in an area without internal frontiers.

EU governments have agreed to harmonise their rules so that applications for asylum are processed in accordance with a set of basic principles that are uniformly recognised throughout the European Union. At Tampere they set themselves the goal of adopting a common asylum procedure and giving equal treatment throughout the Union to persons who have been granted asylum. The EU will give immigrants similar rights and obligations to those of European citizens. The extent of these rights and obligations will vary according to how long an individual has been legally resident in the European Union.

Fighting international crime

To make this policy viable, the EU must have an effective system for managing immigration, including proper checks at its external borders and efficient means of preventing secret immigration. A coordinated effort is needed to combat criminal gangs who run people-smuggling networks and who exploit vulnerable human beings, particularly women and children.

Organised crime is becoming ever more sophisticated and regularly uses European or international networks for its activities. Terrorism has clearly shown that it can strike,

with great brutality, anywhere in the world. That is why the **Schengen Information System (SIS)** was set up. It is a complex database that enables the law enforcement officers and judicial authorities to exchange information on wanted people and property – for example, stolen vehicles or works of art, or persons for whom an arrest warrant or extradition request has been issued.

One of the best ways of catching criminals is to follow the track of their ill-gotten gains. For this reason, and to cut off the funding of criminal organisations, the EU is using legislation to prevent money laundering.

By far the greatest advance made in recent years in the field of cooperation between law enforcement officers was the creation of **Europol**. This EU body is composed of police and customs officers, and its job is to enforce the law throughout the European Union. It tackles a wide range of international crime: drug trafficking, trade in stolen vehicles, people smuggling, the sexual exploitation of women and children, pornography, forgery, the trafficking of radioactive and nuclear materials, terrorism, money laundering and counterfeiting the euro.

Towards a 'European judicial area'

At present, there are more than 15 different judicial systems operating side by side in the European Union, each within the borders of a member state. People living in a country of which they are not nationals can find themselves facing family or work-related problems that have to be dealt with by an unfamiliar legal system, and this just makes daily life even harder. If the Union wants people to move around freely within its borders and have access to justice everywhere, its legal systems must make people's life easier – not harder.

EU programmes have been set up to bring together law professionals from different member states. The **Grotius** programme, for example, has helped lawyers and judges to get to know how the legal systems of other EU countries operate. The **Falcone** programme has helped develop contacts between judges, prosecution services, police forces and customs officers throughout the European Union.

But the most significant example of practical cooperation in this field is the work done by **Eurojust** – a central coordinating structure. Its purpose is to enable the national investigating and prosecuting authorities to work together on criminal investigations that involve several EU countries.

Cooperation between the courts in different countries can be hampered by their differing definitions of certain criminal acts. But international crime, including terrorism,

respects no national boundaries. To deal effectively with it, the Union is gradually putting together a common penal policy. The Union aims to have a common legal framework for fighting terrorism, to guarantee its citizens a high level of protection and to step up international cooperation in this area.

Until 1997, issues like asylum and immigration, external border checks (visas) and judicial cooperation in civil and commercial matters were matters for direct cooperation between EU governments. But the Treaty of Amsterdam transferred these issues from the intergovernmental to the 'Community' domain, so they can be dealt with more effectively using the tried and tested 'Community method'.

However, the move was hedged about with conditions: a five-year transitional period; the right of initiative shared between the Commission and the member states; decisions to be taken unanimously; the European Parliament to be simply consulted; the Court of Justice allowed only limited powers.

One field remains exclusively intergovernmental: the field of police and judicial cooperation in criminal matters. Under the Maastricht Treaty, the Council coordinates the action of EU governments in this area, which is a sensitive one for national sovereignty. Here too, the Commission shares the right of initiative with the member states.

At Tampere, the EU's political leaders aimed to have the area of freedom, security and justice set up by the end of 2004.



The European Union on the world stage

In economic, trade and monetary terms, the European Union has become a major world power. It has considerable influence within international organisations such as the World Trade Organisation (WTO), the specialist branches of the United Nations (UN) and at world summits on the environment and development.

Some have described the EU as an economic giant but a 'political dwarf'. This is an exaggeration. Nevertheless, it is true that the EU member states have a long way to go, in diplomatic and political terms, before they can speak with one voice on major issues like peace and stability, terrorism, the Middle East, relations with the United States and the

role of the UN Security Council. The EU countries retain full national sovereignty over their armed forces. Their defence systems are firmly in the hands of the national governments, and the only ties between them are those forged within alliances such as NATO.

An embryonic common defence policy

The Common Foreign and Security Policy (CFSP) and the European Security and Defence Policy (ESDP), provided for in the Maastricht and Amsterdam Treaties, define the EU's main tasks in the area of defence.



On this basis, the EU has developed its 'second pillar' – the policy domain in which action is decided by intergovernmental agreement and in which the Commission and Parliament play only a minor role. Decisions in this domain are taken by consensus, allowing individual States to abstain.

In 2003, the EU's political and strategic landscape looks like this:

- With Russia following the path of friendship with the western world, and the former communist countries of central and eastern Europe joining NATO and the EU almost simultaneously, more than half a century of Cold War is well and truly behind us. The continent of Europe is becoming peacefully united, and European countries are working together to fight international crime such as people smuggling and money laundering. The EU has formed an organised partnership with its large neighbours, such as Russia and the Ukraine, which have no prospect of joining the European Union – at least in the medium term.
- The EU member states want to establish a European Security and Defence Policy in accordance with the Treaties. In December 1999, the Helsinki European Council set the EU a specific objective: to be able, by 2003, to deploy within 60 days a force of up to 60 000 troops, with naval and air support, and to sustain it for at least one year. This rapid reaction force is not a 'European army': it will be made up of contingents from the national armed forces. But it will be coordinated by a Political and Security Committee (PSC), a Military Committee (EUMC) and a military staff (EUMS), under the authority of the Council and located in Brussels. This give the Union a political and military tool for carrying out certain specific types of task – humanitarian and rescue missions outside Europe, peacekeeping operations and other crisis management tasks including peace making.
- The United States accepts that, for military action in which America does not want to be involved, Europe can use some of NATO's logistical capacity such as its intelligence, communications, command and transport capabilities.
- Actual defence and deterrence capabilities, such as the nuclear weapons owned by France and the United Kingdom, remain under national control. As military technology becomes ever more sophisticated and expensive, EU governments will find it increasingly necessary to work together on arms manufacture. Moreover, if their armed forces are to carry out joint missions, their systems must be interoperable and their equipment sufficiently standardised.
- The attacks on Washington and New York on 11 September 2001, and the terrorist violence that has struck many parts of the world since then, have profoundly altered the strategic landscape. European countries are working more closely together to exchange information that will help prevent such attacks. Since the fight against terrorism is a global priority, Europe today is going beyond its traditional alliances, working not only with the United States but also with many other countries around the world to support democracy and human rights.

Given this shifting strategic landscape, the European Union is trying to find the right balance between its different national traditions in the field of security and defence policy.

'If I want to talk to Europe, who do I phone?'

The Convention on the future of Europe proposed changes that could give Europe a much clearer identity. Several countries support the idea of having an EU President who would be empowered to speak for the Union in the international arena. The President would be a member or former member of the European Council and his or her term of office would be longer than the present six months' presidency of the Council. This would answer the question famously asked by Henry Kissinger in the 1970s: *'If I want to talk to Europe, who do I phone?'*

But it leaves open a number of questions. How would this 'EU President' be appointed? What power would he or she actually have? What would become of the present High Representative for the CFSP? Would the EU President have authority over the EU military staff and the rapid reaction force? To what democratic controls would the President be subject? Before taking any major decision, would the President have to get the agreement of every member of the European Council? What would be the EU President's relationship with the President of the European Commission and with the Commissioner for external relations?

The Treaty of Amsterdam also tried to set up a procedure introducing enough flexibility into the CFSP area. 'Enhanced cooperation' would enable a group of countries to go ahead with action in which other member

states did not wish to be involved – because of their tradition of neutrality, for example.

The trouble with this apparently pragmatic solution is that the cohesiveness of the Union as a whole and its credibility on the world stage would be undermined if European foreign policy became a matter of 'variable geometry'. Moreover, there would be an increased risk of breaking the link between the EU's internal policies (managing the single market, competition policy, economic and monetary union, internal security, etc.) and its external policies (trade, development aid, diplomacy and defence).

For the future, it is essential that Europeans act in unison and have a policy that is clear for all to see. The EU countries need to speak with one voice, to show determination in defending their major interests and resolute solidarity in safeguarding their peoples' destiny.

Europe open to the world

The completion of the single market in 1993 affected the EU's trade policy. The import restrictions that EU countries had been allowed to maintain were steadily abolished, as was the internal distribution of 'sensitive' imports such as textiles, steel, cars and electronic goods. Once the WTO had been set up, at Europe's instigation, it provided a permanent forum within which to settle trade disputes through multilateral negotiation.

The average weighted level of customs duties on industrial goods entering the European Union is less than 5%. The EU and its world trading partners have agreed new rules on trade in services and agricultural products. The discussions on agriculture clearly revealed the divergent views of producers on either side of the Atlantic. Because the EU presented a united front in these talks, it was able to mount an effective defence of its member states' viewpoint.

The EU is a single trading bloc, and it is home to 373 million consumers (nearly half a billion after enlargement), with a relatively high average level of income. As such, it is a very attractive market for exporters in other countries. The EU can use this influence to persuade its trading partners to keep to the rules of the game – rules that ensure healthy competition and fair and equal access to one another's markets.

An important partner within the industrialised world

From the United States' point of view, the new Europe now under construction is an ally that shares the same values but also a competitor in trade and technology. The NATO alliance, which brings together the US and many EU countries, has helped mitigate the impact of transatlantic trade disputes over farm produce, steel and the aerospace industry.

Towards the end of the 20th century, dramatic events – particularly the end of the Cold War – transformed the world of international politics. In these new circumstances, the members of NATO are having to re-define their relationship. Euro-American cooperation needs new objectives. The allies

must work together to tackle new dangers: nuclear proliferation, international terrorism, international crime such as drug trafficking, and so on. In terms of trade and investment, the European Union is the United States' main partner and the only one with which it enjoys a stable relationship. However, Europe has to contend with a certain tendency in the US Congress to resort to unilateral action that may threaten Europe's global interests.

Relations between the EU and the Mediterranean countries

Only a short distance from Europe, on the southern shore of the Mediterranean, are countries with which the EU has historical and cultural ties. There has been a good deal of migration between the two regions, and there is potential for much more. So these countries are very important partners for the EU, which has traditionally chosen to pursue a policy of Mediterranean regional integration.

The EU's Mediterranean neighbours were among the first to establish special economic and trading relations with the Union. In November 1995, a major conference was held in Barcelona, attended by all the EU member states and the countries bordering the Mediterranean (except for Libya, Albania and the countries that once formed Yugoslavia). This conference laid the foundations for a new Euro-Mediterranean partnership, involving:

- Political dialogue between the participating countries and a security partnership based, in particular, on mechanisms for arms control and the peaceful resolution of conflicts.

- Stepping up economic and trading relations between the two regions. The key to this is the creation of a Euro-Mediterranean free trade area by 2010, in compliance with WTO rules. Once this happens, manufactured goods can be traded, duty free, on the trans-Mediterranean market, which will become the biggest free trade area in the world, embracing up to 800 million consumers.
- Partnership in social, cultural and similar fields.

Under the MEDA programme, the EU will grant the Mediterranean countries financial assistance worth €5.3 billion over the period 2000–2006.

Africa

Relations between Europe and sub-Saharan Africa go back a long way. With the Treaty of Rome in 1957, the former colonies and overseas territories of some EEC member states became the Community's associates. Decolonisation, which began in the early 1960s, turned this link into a different kind of association – an association between sovereign countries.

The Cotonou Agreement, signed in June 2000 in the capital of Benin, marked a new stage in the EU's development policy. The Agreement, between the European Union and the African, Caribbean and Pacific (ACP)

countries, is the most ambitious and far-reaching trade and aid agreement ever concluded between developed and developing countries. It followed on from the Lomé Convention – originally signed in 1975 in the capital of Togo and subsequently updated at regular intervals.

The basic aim of the Agreement remains the same as that of the Lomé Convention: *'to promote and expedite the economic, cultural and social development of the ACP States and to consolidate and diversify their relations [with the European Union and its member states] in a spirit of solidarity and mutual interest.'*

The focus of Lomé was on trade relations and market access: the Cotonou Agreement has a broader scope. For example, it introduces new procedures for dealing with human rights abuses.

The European Union has granted special trading concessions to the least developed countries, 39 of which are signatories to the Agreement. Starting from 2005, they will be able to export practically any type of product to the EU, duty free.

The European Development Fund finances the ACP programmes from a budget of €13.5 billion over a seven-year period. This is in addition to €9.5 billion left over from the previous funds and €1.7 billion lent by the European Investment Bank.



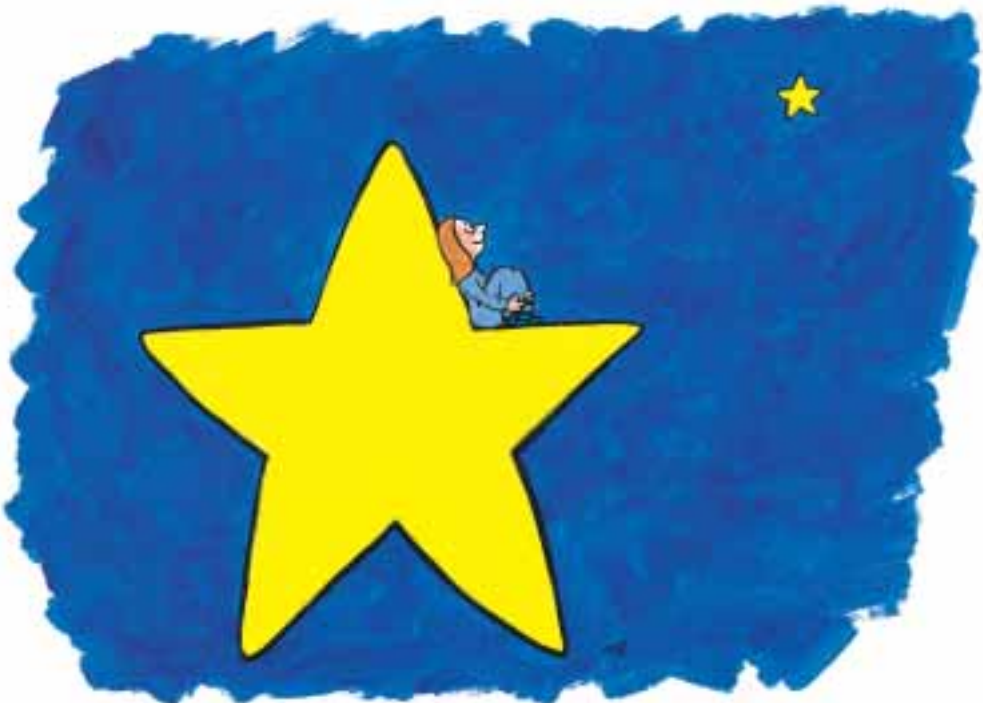
12 What future for Europe?

'A day will come when all the nations of this continent, without losing their distinct qualities or their glorious individuality, will fuse together in a higher unity and form the European brotherhood. A day will come when there will be no other battlefields than those of the mind – open marketplaces for ideas. A day will come when bullets and bombs will be replaced by votes.'

Victor Hugo spoke those prophetic words in 1849. It took more than a century for his Utopian predictions to start coming true. During that time, two world wars and countless other conflicts on European soil caused millions of deaths. There were times when all hope seemed lost. Today, the dawning of the

21st century offers brighter prospects and renewed hope. But it also brings Europe new difficulties and challenges.

Enlargement of the Union to 25 member states has gone ahead, keeping to the timetable set by the EU institutions. As a politician from one of the new member states put it: *'Europe has finally managed to reconcile its history with its geography'*. The period 2007 to 2015 should see further enlargements of the European Union. In the mean time, its leaders – listening carefully to public opinion – will have to decide where, ultimately, to draw the Union's geographical, political and cultural frontiers.



The EU's **foundational agreement** is a pact between sovereign nations that have resolved to share a common destiny and to pool an increasing share of their sovereignty. It concerns the things that European peoples care about most deeply: peace, security, participatory democracy, justice and solidarity. This pact is being strengthened and confirmed all across Europe: half a billion human beings have chosen to live under the rule of law and in accordance with age-old values that centre on humanity and human dignity.

The current **technological revolution** is radically transforming life in the industrialised world, including Europe. In doing so, it creates new challenges that transcend national frontiers. Nations acting individually cannot effectively tackle issues like sustainable development, population trends or the need for social solidarity. National policies alone cannot secure economic growth, nor can individual governments provide the ethical response to world progress in the life sciences. Pollution of the oceans by wrecked oil tankers or the risk of a Chernobyl-type nuclear accident call for collective preventive measures that safeguard the 'common European good' and preserve it for future generations.

The enlarged European Union is part of a rapidly and **radically changing world** that needs to find new stability. Europe is affected by upheavals on other continents – whether it be the resurgence of religious fervour in the Islamic world, disease and famine in Africa, unilateralist tendencies in North America, economic crises in Latin America, the population explosion in Asia or the global relocation of industries and jobs.

Europe must not only concentrate on its own development but also be fully involved in globalisation. While it can be proud of its achievements in trade policy, the European Union still has a long way to go before it can claim to be speaking with one voice or to be a credible actor on the stage of world politics.

The **EU institutions** have proved their worth, but they must be adapted to cope with the growing number of tasks to be carried out by a growing Union. The more member states the EU has, the greater become the centrifugal forces that threaten to tear it apart. Short-term views of national interests can all too easily derail the long-term priorities of the Union as a whole. That is why everyone taking part in this unprecedented adventure must shoulder their responsibilities and act in such a way that the EU's institutional system continues working effectively. Any major change in the present system must ensure that Europe's plurality is respected. After all, Europe's most precious asset is its rich diversity – the many differences between its nations. Reforms must also concentrate on the decision-making process. Insisting on unanimous agreement would simply lead to paralysis. The only kind of system that will work is a political and legal system based on majority voting, and with checks and balances built in.

The draft **Constitution** drawn up by the Convention is designed to simplify the Treaties and to make the EU's decision-making system more transparent. EU citizens need to know who does what in Europe and to feel it is relevant to their daily lives. Only then will people support the idea of European integration and feel motivated to vote in European elections. The draft Constitution clarifies what powers and responsibilities belong to the EU, to its member states and to regional authorities. It makes it clear that European integration is

based on two kinds of legitimacy: the directly expressed will of the people and the legitimacy of the national governments. The nation State is still the legitimate framework within which European societies operate.

The Constitution is a further important step in the process of getting Europe's nations and peoples to act together. Is this to be the final stage in the grand project envisaged by the EU's founding fathers? Or will Europe's political structures evolve even further as it seeks to fulfil its destiny? Who knows!

Key dates in the history of European integration



1948

7-11 May

The Hague Congress: more than a thousand delegates from some 20 European countries discuss new forms of cooperation in Europe. They come out in favour of setting up a 'European assembly'.

1949

27-28 January

As a result of the Hague Congress, the Council of Europe is set up. It is to be based in Strasbourg.

That same year it begins drawing up the European Convention on Human Rights, which is signed in Rome in 1950 and comes into force in September 1953.

In the course of time, nearly all European countries become members of the Council of Europe.

1950

9 May

Robert Schuman, French Minister of Foreign Affairs, makes an important speech putting forward proposals based on the ideas of Jean Monnet. He proposes that France and the Federal Republic of Germany pool their coal and steel resources in a new organisation that other European countries can join.

Since this date can be regarded as the birthday of the European Union, 9 May is now celebrated annually as 'Europe Day'.

1951

18 April

In Paris, six countries – Belgium, France, Germany (Federal Republic), Italy, Luxembourg and the Netherlands – sign the Treaty establishing the European Coal and Steel Community (ECSC). It comes into force on 23 July 1952, for a period of 50 years.

1955

1-2 June

Meeting in Messina, the Foreign Affairs ministers of the six countries decide to extend European integration to the economy as a whole.

1957

25 March

In Rome, the six countries sign the treaties establishing the European Economic Community (EEC) and the European Atomic Energy Community (Euratom). They come into force on 1 January 1958.

1960

4 January

At the instigation of the United Kingdom, the Stockholm Convention sets up the European Free Trade Association (EFTA), comprising a number of European countries that are not part of the EEC.

1962

30 July

A common agricultural policy (CAP) is introduced.

1963

14 January

At a press conference, General de Gaulle announces that France will veto the United Kingdom joining the European Communities.

20 July

In Yaoundé, an association agreement is signed between the EEC and 18 African countries.

1965

8 April

A treaty is signed merging the executive bodies of the three Communities and creating a single Council and Commission. It comes into force on 1 July 1967.

1966

29 January

The 'Luxembourg compromise'. Following a political crisis, France agrees to take part in Council meetings once again, in return for an agreement that the unanimity rule be maintained when 'vital national interests' are at stake.

1968

1 July

Customs duties on industrial goods are completely abolished, 18 months ahead of schedule, and a Common External Tariff is introduced.

1969

1-2 December

At the Hague Summit, the EEC's political leaders decide to move further ahead with European integration.

1970

22 April

In Luxembourg, a treaty is signed allowing the European Communities to be increasingly financed from 'own resources' and giving greater powers to the European Parliament.

1972

22 January

In Brussels, accession treaties to the European Communities are signed with Denmark, Ireland, Norway and the United Kingdom.

24 April

The six EEC member states decide that the exchange rates between their currencies must not be allowed to fluctuate by more than 2.25%. This system is known as the 'snake'.

1973

1 January

Denmark, Ireland and the United Kingdom join the European Communities, bringing their membership to nine. Norway stays out, following a referendum in which most people voted against membership.

1974

9-10 December

At the Paris Summit, the political leaders of the nine member states decide to meet three times a year as the European Council. They also give the go-ahead for direct elections to the European Parliament, and agree to set up the European Regional Development Fund.

1975

28 February

In Lomé, a convention (Lomé I) is signed between the EEC and 46 African, Caribbean and Pacific (ACP) countries.

22 July

A treaty is signed giving the European Parliament greater power over the budget and setting up the European Court of Auditors. It comes into force on 1 June 1977.

1978

6-7 July

At the Bremen Summit, France and Germany (Federal Republic) propose relaunching monetary cooperation by setting up a European Monetary System (EMS) to take the place of the 'snake'. The EMS comes into operation on 13 March 1979.

1979

28 May

The European Communities sign a treaty of accession with Greece.

7 and 10 June

The first direct elections to the 410-seat European Parliament.

1981

1 January

Greece joins the European Communities, bringing the number of member states to 10.

1984

28 February

The 'Esprit' Programme is adopted – aimed at boosting research and development in the field of information technology.

14 and 17 June

The second direct elections to the European Parliament.

1985

7 January

Jacques Delors becomes President of the Commission (1985-1995).

12 June

The European Communities sign accession treaties with Spain and Portugal.

2-4 December

At the Luxembourg European Council, leaders of the 10 member states agree to revise the Treaty of Rome and to re-launch European integration via a 'Single European Act'. This paves the way for creating the single market by 1993.

1986

1 January

Spain and Portugal join the European Communities, bringing their membership to 12.

17 and 28 February

The Single European Act is signed in Luxembourg and The Hague. It comes into force on 1 July 1987.

1987

15 June

Start of the 'Erasmus' programme, set up to help young Europeans study abroad, in other European countries.

1989

15 and 18 June

The third direct elections to the European Parliament.

9 November

The Berlin wall is opened.

9 December

In Strasbourg, the European Council decides to convene an intergovernmental conference on moving ahead with economic and monetary union (EMU) and political union.

1990

19 June

The Schengen Agreement is signed, aimed at abolishing checks at the borders between member states of the European Communities.

3 October

Germany is reunited

14 December

In Rome, start of the intergovernmental conferences on EMU and political union.

1991

9-10 December

The Maastricht European Council adopts a Treaty on European Union. It lays the basis for a common foreign and security policy, closer cooperation on justice and home affairs and the creation of an economic and monetary union, including a single currency. The intergovernmental cooperation in these fields added to the existing Community system creates the European Union (EU). The EEC is renamed the 'European Community' (EC).

1992

7 February

The Treaty on European Union is signed at Maastricht. It enters into force on 1 November 1993.

1993

1 January

The single market is created.

1994

9 and 12 June

The fourth direct elections to the European Parliament.

24-25 June

At the Corfu European Council, the EU signs accession treaties with Austria, Finland, Norway and Sweden.

1995

1 January

Austria, Finland and Sweden join the EU, bringing its membership to 15. Norway stays out, following a referendum in which most people voted against membership.

23 January

A new European Commission takes office (1995-1999), with Jacques Santer as its President.

27-28 November

The Euro-Mediterranean Conference in Barcelona launches a partnership between the EU and the countries on the southern shore of the Mediterranean.

1997

16-17 June

The Amsterdam European Council agrees a treaty giving the European Union new powers and responsibilities.

2 October

The Amsterdam Treaty is signed. It comes into force on 1 May 1999.

1998

30 March

The accession process begins for the new candidate countries. Cyprus, Malta and 10 countries of central and eastern Europe will be involved in this process.

3 May

The Brussels European Council decides that 11 EU member states (Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain) meet the requirements for adopting the single currency on 1 January 1999. Greece will join later.

31 December

Fixed and irrevocable exchange rates are set between the currencies that are to be replaced by the euro.

1999

1 January

Start of the third stage of EMU: the currencies of 11 EU countries are replaced by the euro. The single currency is launched on the money markets. From this point onwards, the European Central Bank (ECB) has responsibility for the EU's monetary policy, which is defined and implemented in euro.

24-25 March

The Berlin European Council agrees the outline for the EU's budget 2000-2006 within the 'Agenda 2000' framework.

3-4 June

The Cologne European Council decides to ask a Convention to draw up a European Charter of Fundamental Rights. The members of the Convention are representatives of the EU's heads of state or government and of the European Commission President.

Javier Solana is appointed as High Representative for the Common Foreign and Security Policy (CFSP).

8 and 13 June

The fifth direct elections to the European Parliament.

15 September

A new European Commission takes office (1999-2004), with Romano Prodi as its President.

15-16 October

The Tampere European Council decides to make the EU an area of freedom, security and justice.

10-11 December

The Helsinki European Council, chiefly devoted to enlargement of the EU, officially recognises Turkey as a candidate for EU membership, and decides to push ahead with negotiations with the other 12 candidate countries.

2000

23-24 March

The Lisbon European Council draws up a strategy for boosting employment in the EU, modernising the economy and strengthening social cohesion in a knowledge-based Europe.

7-8 December

In Nice, the European Council reaches agreement on the text of a new Treaty changing the EU's decision-making system so that the Union will be ready for enlargement. The presidents of the European Parliament, the European Council and the European Commission solemnly proclaim the EU Charter of Fundamental Rights.

2001

26 February

The Treaty of Nice is signed. It comes into force on 1 February 2003.

14-15 December

The Laeken European Council adopts a declaration on the future of the Union. This opens the way for the forthcoming major reform of the EU and for setting up a Convention to prepare a European Constitution. Valéry Giscard d'Estaing is appointed Chairman of the Convention.

2002

1 January

People in the euro area countries begin using euro notes and coins.

31 May

All 15 EU member states simultaneously ratify the Kyoto Protocol – the worldwide agreement to reduce air pollution.

21-22 June

The Seville European Council reaches agreement on an EU asylum and immigration policy.

13 December

The Copenhagen European Council agrees that 10 of the candidate countries (Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia) can join the EU on 1 May 2004. Bulgaria and Romania are expected to join in 2007.

It is decided that talks with Turkey can begin if, on the basis of a report and a recommendation from the Commission, the European Council in December 2004 decides that Turkey meets all the 'Copenhagen criteria'.

2003

16 April

In Athens, the EU signs accession treaties with Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.

10 July

The Convention on the Future of Europe completes its work on the draft European Constitution.

4 October

Start of the intergovernmental conference that will draw up a new treaty embodying the European Constitution.

2004

1 May

Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia join the European Union.

10 and 13 June

The sixth direct elections to the European Parliament.

2007

Date set by the 2002 Copenhagen European Council for Bulgaria and Romania to join the EU.

European Commission

Europe in 12 lessons

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The European Union



- Member States of the European Union
- New Member States due to join in 2004
- Candidate countries

EN



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