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EUROPEAN FILE



The institutions of the European Community

*EUROPE,
OUR FUTURE*

Since the accession of Spain and Portugal in 1986, the European Community has had 12 Member States and since the unification of Germany in October 1990, 342 million inhabitants. The six founding countries — Belgium, France, Germany, Italy, Luxembourg and the Netherlands — had already been joined by Denmark, Ireland and the United Kingdom in 1973 and by Greece in 1981. Despite difficulties and even periodic crises, these successive enlargements testify to the vitality of the process of European integration and the appeal of its early achievements.¹

The Community traces its origins back to the Treaty of Paris, signed on 18 April 1951, which led to the creation of the European Coal and Steel Community (ECSC) the following year. The experiment proved to be a great success and the then Member States decided to go further and extend it to embrace their entire economies: on 25 March 1957 they signed the two Treaties of Rome, setting up the European Economic Community (EEC) and the European Atomic Energy Community (EAEC or Euratom). The Single European Act, signed in February 1986, amends and complements these Treaties. It spells out certain objectives of the Community: completion of the European internal market and the creation of a large area without frontiers by the end of 1992, the strengthening of economic and social cohesion and social policy, the promotion of research and technological development, the improvement of the environment and progress towards economic and monetary union. The Act also includes provisions designed to make the Community work more effectively and more democratically and a section which institutionalizes cooperation between the Member States in the field of foreign policy.

The three European Communities are managed by common institutions. As a result they are increasingly referred to in the singular, as the European Community. The Community's decision-making process involves: the European Commission, which draws up proposals and implements decisions, the European Parliament, which delivers opinions on these proposals, and the Council of Ministers, which takes the final decisions. The Court of Justice and the Court of First Instance ensure that Community law is observed, while the Court of Auditors monitors the financial management of the Community. Lastly, the Economic and Social Committee and the ECSC Consultative Committee act as advisory bodies.

The European Parliament — the voice of democracy

The European Parliament has been elected by universal suffrage since June 1979. It now has 518 Members, elected every five years: 81 from each of the four most populous countries (France, Germany, Italy and the United Kingdom), 60 from Spain, 25 from the Netherlands, 24 each from Belgium, Greece and Portugal, 16 from Denmark, 15 from Ireland and 6 from Luxembourg. Since German unification, 18 observers from the new *Länder* in the eastern part of the Federal Republic take part in Parliament's proceedings.

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Members sit in political groups and not according to nationality. On 9 April 1991, seats were distributed as shown in the following table.

EUROPEAN PARLIAMENT —
DISTRIBUTION OF SEATS BY POLITICAL GROUP AND BY COUNTRY

	<i>Total</i>	<i>B</i>	<i>DK</i>	<i>D</i>	<i>GR</i>	<i>E</i>	<i>F</i>	<i>IRL</i>	<i>I</i>	<i>L</i>	<i>NL</i>	<i>P</i>	<i>UK</i>
Socialist Group	179	8	4	31	9	27	22	1	14	2	8	7	46
Group of the European People's Party (Christian Democratic Group)	122	7	2	32	10	17	6	4	27	3	10	3	1
Liberal, Democratic and Reformist Group	49	4	3	4	—	6	13	2	3	1	4	9	—
European Democratic Group	34	—	2	—	—	—	—	—	—	—	—	—	32
The Green Group in the European Parliament	29	3	—	7	—	1	8	—	7	—	2	1	—
Group of the United European Left	28	—	1	—	1	4	—	—	22	—	—	—	—
Group of the European Democratic Alliance	22	—	—	—	1	2	13	6	—	—	—	—	—
Technical Group of the European Right	16	1	—	5	—	—	10	—	—	—	—	—	—
Rainbow Group in the European Parliament	15	1	4	1	—	2	1	1	3	—	—	1	1
Left Unity Group	14	—	—	—	3	—	7	1	—	—	—	3	—
Non-affiliated	10	—	—	1	—	1	1	—	5	—	1	—	1
Total	518	24	16	81	24	60	81	15	81	6	25	24	81

Parliament holds its part-sessions in Strasbourg. Its 18 committees, which prepare the ground for plenary sittings, and its political groups meet for the most part in Brussels. Its Secretariat is based in Luxembourg and has some 3 500 staff.

Parliament's activities cover several areas. A distinction may be drawn between the following:

- Its legislative role: it participates in the formulation of directives, regulations and Community decisions by giving its opinion on proposals from the European Commission and asking the Commission to amend its proposals accordingly. The Single Act, which amended the European Treaties, laid down a new procedure — called the cooperation procedure — which involves two readings in both Parliament and the Council of Ministers. It strengthens the legislative powers of Parliament in many areas, such as the completion of the European internal market, which is the main focus of the 1992 objective.

Parliament may propose amendments to the 'common position' adopted by the Council at its first reading of a Commission proposal. If the Commission accepts Parliament's amendments, the Council may adopt them by a qualified majority within three months (or a maximum of four months, subject to Parliament's agreement). The Council may depart from these amendments only by a unanimous decision. Unanimity is also required when the Council wishes to impose its views in cases where its 'common position' has been rejected by Parliament.

The cooperation procedure has considerably widened Parliament's room for political manoeuvre and given it more influence on Community legislation.

Finally, under the Single Act revising the European Treaties, the conclusion of international association and cooperation agreements is subject to the ratification (assent) of Parliament.

- Its budgetary role: it is Parliament which adopts the Community budget. It also has the power to reject it — as has already happened on two occasions — in which case the whole budget procedure has to begin again.

The budget is drafted by the Commission and goes back and forth between the Council and Parliament, the two institutions which together form the budget authority. In the case of 'compulsory' expenditure — mainly agricultural expenditure — the Council has the final word. In the case of other, 'non-compulsory' expenditure, Parliament has the final say and can modify expenditure according to conditions laid down in the Treaties.

Parliament has used its budgetary powers to the full in order to influence Community policies. This determination, together with the long-running threat that the Community budget might be stifled by the ceiling on own resources, explains why the budget procedure has often sparked off disputes between Parliament and the Council. In 1988, however, agreements were concluded between the Community institutions and the Member States which created the conditions for an era of budgetary peace.

- Its role as a political driving force: though more diffuse than its legislative or budgetary functions, this part of Parliament's work is just as vital. Representing 342 million people, Parliament is the pre-eminent forum for European opinion, a melting-pot for the political and national sensibilities of the 12 European Community countries and a natural setting for initiative. It regularly asks for existing policies to be developed or modified or for new policies to be launched. For instance, the draft treaty on European Union, adopted by Parliament in 1984, was the decisive catalyst which prompted the Community governments to sign the Single Act. Similarly, it was in response to a request from Parliament that the two Intergovernmental Conferences on Economic and Monetary Union and Political Union were convened.

- Its supervisory role: Parliament has the power to dismiss the Commission by adopting a motion of censure by a two-thirds majority. (It has never used this power.) Parliament votes on the Commission's programme and sends the Commission its observations.

It checks to see that Community policies are working smoothly, using in particular reports by the Court of Auditors. It also monitors the day-to-day management of these policies, especially by oral and written questions to the Commission and the Council.

The Community Ministers for Foreign Affairs, responsible for political cooperation between the Twelve, also reply to questions from Members of the European Parliament. They report on their activities and on the follow-up to resolutions adopted by Parliament in the fields of international relations and human rights.

Lastly, the President of the Council informs Parliament of the results of each European Council meeting.

Since being elected by universal suffrage, Parliament has seen a marked increase in its authority. It is now more closely involved in the legislative process and has more effective power. In the end, however, it is still the Council which makes the decisions. In the various fields of Community policy-making, over which the national parliaments have no say and where the Council legislates behind closed doors, there is undeniably a 'democratic deficit'. Parliament has clearly shown its resolve to continue its efforts to close that gap, in particular by developing dialogue with the national parliaments; these met for the first time in the Conference of Parliaments of the European Community in Rome at the end of 1990.

The Council of Ministers — decision-maker

The Community's Council of Ministers meets in Brussels and, less frequently, in Luxembourg. The Council consists of Ministers from each Member State and is responsible for making the major policy decisions of the Community. Each Member State acts as President of the Council for six months in rotation. Meetings are attended by different Ministers according to the agenda: for instance, Agriculture Ministers discuss farm prices, while employment matters are dealt with by Ministers for Employment and the Economy. The Ministers for Foreign Affairs are responsible for the Community's external relations and coordinate the more specialized work of their colleagues. They also develop political cooperation with each other on major international problems.

The European Council, which was instituted in 1975, brings together the Heads of State or Government of the Member States and the President of the Commission, assisted by the Foreign Ministers and a Member of the Commission. It meets two or three times a year and deals with both Community affairs and political cooperation. It acts as a guide and a driving force and its role should not be underestimated, even if it does not directly adopt Community legislation.

The Council of Ministers is assisted by:

- The Permanent Representatives Committee, Coreper, which coordinates the groundwork for Community decisions carried out at numerous meetings of officials from Member States.
- A General Secretariat with a staff of about 2 200 officials.

The Council of Ministers met 85 times in 1990. It can only examine proposals from the Commission and can alter them only by unanimous agreement.

Unanimity is also required in the Council for certain types of decision. In practice, it has frequently been sought by the Ministers when not strictly necessary, which has tended to slow down the Community's decision-making process. The European Commission has always urged more frequent use of the qualified majority vote for which there is provision in the Treaties. Under this system, 54 out of a total of 76 votes are required to approve a Commission proposal. France, Germany, Italy and the United Kingdom have 10 votes each, Spain has 8 votes, Belgium, Greece, the Netherlands and Portugal have 5 each, Denmark and Ireland 3 each and Luxembourg 2. In order to strengthen the Community's decision-making process, the Single Act amending the Treaties extended majority voting to certain types of decision, particularly those concerned with the completion of the European internal market, research and technology, regional policy and the improvement of the working environment. This extension acted as a pointer for future policy, with the result that majority voting has now become common practice in the Council, and faster progress is being made in fields where unanimity is not required.

The European Commission — initiator and executive

The Commission at the moment has 17 Members: two each from France, Germany, Italy, Spain and the United Kingdom and one from each of the other Community countries. Members are appointed for four years by the mutual agreement of the governments of the Member States and act only in the interest of the Community; they may not receive instructions from any national government and are subject only to the supervision of the European Parliament, which is the only body that can force them collectively to resign. Each Member has special responsibility for one or more policy areas; however, Commission decisions are taken on a basis of corporate responsibility.

The tasks of the European Commission are:

- to ensure that Community rules and the principles of the common market are observed. As guardian of the Treaties, the Commission sees that their provisions, as well as the decisions of Community institutions, are correctly applied. It considers and decides on requests from Member States wishing to avail themselves of the safeguard clauses in the Treaties which, in exceptional cases, allow temporary waivers or derogations from Community rules. The Commission has investigative powers and can impose fines on individuals or companies, notably those which are found to be in breach of Community competition rules. Individuals or companies may appeal to the Court of First Instance or the Court of Justice of the European Communities. Member States which fail to fulfil their obligations can also be brought before the Court by the Commission;
- to propose to the Council of Ministers measures for the development of Community policies (in agriculture, industry and the internal market, research, energy, the environment, social and regional problems, external trade, economic and monetary union, etc.). In 1990, the Commission sent 726 proposals to the Council of Ministers;

- to implement Community policies on the basis of Council Decisions or following on directly from Treaty provisions. Under the Single Act revising the European Treaties, the Council confers on the Commission powers for the implementation of the rules laid down by the Council, in all but exceptional cases. Some of these executive powers may be subject to procedures for collaboration and consultation with national experts.
- The Commission already has especially wide powers of its own in sectors such as coal and steel (coordination of investment, price control, etc.), competition (suppression of monopolies and monitoring of national aid) and nuclear energy (supply of fissile materials, monitoring of nuclear plants, etc.).
- In other cases the Commission acts on instructions from the Council, for example, in the negotiation of trade agreements with non-member countries or the management of agricultural markets.
- The Commission also manages the Funds and common policies which account for most of the Community budget:
 - The Guarantee Section of the EAGGF, the European Agricultural Guidance and Guarantee Fund, provides financial support for agricultural prices.
 - As part of the reform of the structural Funds, decided in 1988, the European Regional Development Fund, the European Social Fund and the Guidance Section of the EAGGF are used jointly to strengthen the economic and social cohesion of the Community: the development of disadvantaged regions or regions affected by industrial decline measures to combat long-term unemployment and promote the occupational integration of young people, the adjustment of agricultural structures and the development of rural areas.
 - Other Community measures are aimed at promoting research (Framework programme for research and technological development, Joint Research Centre), youth exchanges, the improvement of the environment, transport, etc.
 - Various programmes of cooperation with non-member countries are financed from the Community budget (as is food aid) or by the European Development Fund.

The Commission has an administrative staff based mainly in Brussels and, to a lesser extent, Luxembourg. It consists of about 16 700 officials divided between some 20 Directorates-General. This is less than the staff of many single ministries in member countries. Around 15 % of Commission staff is employed on the linguistic work made necessary by the use, on an equal footing, of the nine official Community languages.

The Court of Justice and the Court of First Instance — servants of Community law

The Court of Justice of the Community, which sits in Luxembourg, comprises 13 Judges assisted by six Advocates-General. Both the Judges and the Advocates-General are appointed for six years by the mutual agreement of the governments of the Member States. Their independence is guaranteed. The Court's role is:

- to declare void, at the request of a Community institution, Member State or individual directly concerned, any legal instruments adopted by the Commission, the Council of Ministers or national governments which are incompatible with Community law;
- to pass judgment, at the request of a national court, on the interpretation or validity of points of Community law. If a legal action produces a disputed point of this kind, a national court can request a preliminary ruling by the European Court. It must do so if there is no higher court of appeal in the Member State concerned.

In 1990, the Court heard 380 cases (including 140 requests for preliminary rulings) and passed 225 judgments. The Court may also be asked to deliver an opinion — which then becomes binding — on agreements which the Community proposes to conclude with non-member countries. Under the Single European Act, there is now a European Court of First Instance with jurisdiction over certain matters, in particular the field of competition.

Through its judgments and interpretations, the Court of Justice helps to create a body of Community law which applies to all: Community institutions, Member States, national courts and individual citizens. Judgments of the Court in the field of Community law overrule those of national courts. The Court has heard complaints brought by individuals in cases where the Council or the Member States have failed to fulfil their obligations and has upheld the direct applicability of principles imposed by the Treaty, such as equal pay for men and women and the right of those practising a profession to do so throughout the Community.

The Court of Auditors

All the Community's financial activities (budgets, borrowing and loan operations, etc.) are monitored by a Court of Auditors, which consists of 12 members appointed for six years by the mutual agreement of the Council of Ministers after consulting Parliament. The Court of Auditors has extensive powers to check whether all Community receipts have been collected and expenditure incurred in a lawful and regular manner and whether its financial management is sound.

The Economic and Social Committee and the ECSC Consultative Committee

Before a Commission proposal can be adopted by the Council, it must be sent for an opinion not only to the European Parliament, but also, in the majority of cases, to the Community's Economic and Social Committee. This is a consultative body

with 189 members who represent employers, trade unions and other special-interest groups, such as farmers and consumers. It delivered 183 opinions in 1990, including 13 on its own initiative.

Matters relating to coal and steel are referred to the ECSC Consultative Committee, which is made up of representatives of manufacturers, traders, workers and consumers.

The Community budget

The Community's general budget for 1991 is around ECU 58.5 billion (in commitment appropriations),¹ or approximately 1.2 % of the gross national product of the Twelve.

The budget is financed by the Community's own resources:

- customs duties and agricultural levies on imports from the rest of the world;
- a proportion of the VAT collected in the Member States, calculated according to a uniform assessment base;
- a new resource created in 1988 and based on the gross national product of the Member States.

As percentages of total commitment appropriations, expenditure under the main headings of the 1991 budget breaks down as follows:

- Support for farm prices (including reduction of stocks and the monetary reserve) — 57.2 %. It should be borne in mind that in agriculture more than any other area, Community finance has replaced expenditure by the Member States. Over the last few years, the Community has taken a number of measures to curb such expenditure.
- Structural policies and other regional or social measures — 26.6 %.
- Joint action in research, energy, industry, the environment and transport — 4.7 %.
- Cooperation with Third World countries — 3.6 % (plus non-budgetary expenditure from the European Development Fund financed by national contributions, which doubles the sums available).
- Cooperation with the countries of Central and Eastern Europe — 1.4 %.
- Administrative expenditure — 4.5 %, which covers the salaries of 21 800 officials and other employees of all the various Community institutions as well as the cost of buildings, administration, etc.

¹ ECU 1 = about UKL 0.70, IRL 0.77 and USD 1.14 on the basis of the exchange rates on 31.7.1991.

The activities of the European Coal and Steel Community are financed by a separate budget (ECU 482 million in 1991).

In addition to these budget operations, the Commission also raises loans for the coal and steel industries (ECU 994 million in 1990) and for nuclear energy.

The Community can also grant loans, subject to economic policy conditions, to support the balance of payments of its Member States or certain countries in Central and Eastern Europe (ECU 350 million in 1990).

The European Investment Bank

The European Investment Bank, set up by the Treaty of Rome, is the Community's financial institution. In 1990 it granted loans totalling ECU 13.4 billion, of which 12.7 billion went to Community countries. The Bank finances its activities by raising funds on the financial markets. It does not seek to make a profit but on-lends the funds it raises at a rate which reflects the cost of the borrowed funds for each currency.

- By granting loans and guarantees, the EIB finances investment which contributes to the balanced development of the Community and the strengthening of economic and social cohesion. Its main objectives are: the development of the less-favoured regions of the Community; the construction of a European network of transport and telecommunications infrastructures, a vital factor in the completion of the single internal market; the implementation of Community economic policies in various areas — industry, protection of the environment, energy, etc.
- Outside the Community, the EIB helps implement the Community's policy of providing aid to more than 80 countries. Using its own and Community resources, the EIB finances infrastructure, industrial and agricultural projects which contribute to the development of the Mediterranean countries and the countries of Africa, the Caribbean and the Pacific. The EIB also contributes to the Community's action to help the countries of Central and Eastern Europe by granting loans to Poland and Hungary, to be followed soon by loans to Czechoslovakia, Bulgaria and Romania. It is also, with the Community, a shareholder in the European Bank for Reconstruction and Development (EBRD).

Conclusion

Across the world there are many examples of international organizations which bring together countries wishing to cooperate with each other. The European Community is both something more and something quite different:

- in its goal: the creation, in time, of a genuine European union;
- in its methods: the Community institutions have powers in their own right and strive to serve the overall interest of all Community citizens;

- in its achievements: the Council of Ministers, and the Commission where it has decision-making powers, adopt legal instruments which have the force of law and which, in many cases, apply directly to Community citizens.

These legal instruments are called:

- Regulations, when they apply directly to all;
- Decisions, when they are binding only on the Member States, firms or individuals to whom they are addressed;
- Directives, when they lay down compulsory objectives, but leave it to the Member States to transpose them into national legislation;
- Recommendations and opinions, when they are not binding (except for recommendations in the coal and steel sector, which are equivalent to directives).

Much more effort will still be needed before the Community's activities and the evolving relationship between its institutions and the Member States add up to a true European union. However, the results achieved in nearly 40 years of shared history, together with the scale of the challenges facing Europe, amount to a powerful argument for new progress to be made in this direction. That is why two intergovernmental conferences were convened at the end of 1990 and given the task of drafting the requisite amendments to the Treaties for progress to be made towards economic and monetary union on the one hand, and political union on the other.



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