

The institutions of the European Community



European File

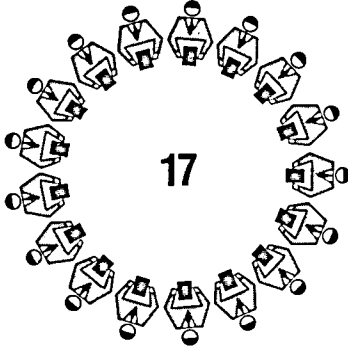
Commission of the European Communities
Directorate-General for Information,
Communication and Culture
Rue de la Loi 200 — B-1049 Brussels

11/86
June/July 1986

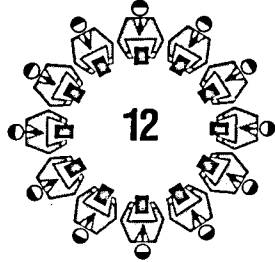
The institutions of the European Community



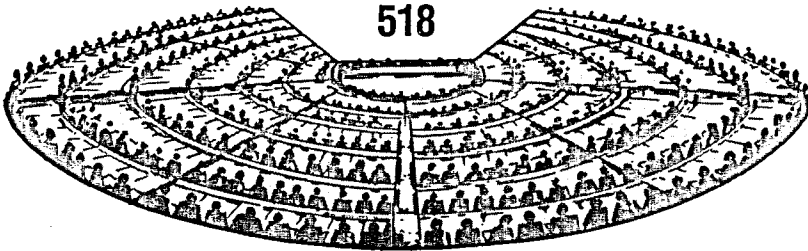
Court of Justice



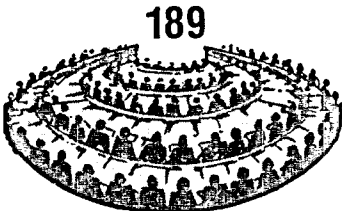
European Commission



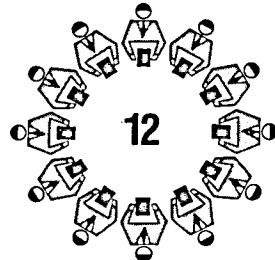
Council of Ministers



European Parliament



Economic and Social Committee
For coal and steel issues:
Consultative Committee



Court of Auditors

Since the accession of Spain and Portugal on 1 January 1986, the European Community has 12 Member States and 321 million citizens. The six founding countries – Belgium, the Federal Republic of Germany, France, 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, even periodic crises, these successive enlargements testify to the vitality of the European process and the appeal of its first results.¹

The Community traces its origins to the Treaty of Paris, signed on 18 April 1951 to create the European Coal and Steel Community (ECSC) the following year. The experiment proved successful and the then Member States decided to deepen it 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). A 'single act', signed in February 1986 and submitted to national parliaments for ratification, amends and complements these treaties. It spells out certain objectives of the Community: completion of the European internal market and the creation by 1992 of a great area without frontiers, technological development, progress towards economic and monetary union, strengthening of economic and social cohesion, and improvement of the environment and the working environment. This act also includes measures to make the Community work more effectively and more democratically (these measures are outlined further on in this file). In addition, there is a section of the act which institutionalizes cooperation among Member States in the field of foreign policy.

The three European Communities are managed by common institutions. As a consequence they are increasingly referred to, in the singular, as the European Community.

The European Commission — initiator and executive

The Commission is composed of at least one citizen from each Member State. It consists at present of 17 members: two German, two Spanish, two French, two Italian, two British and one from each of the other countries. Members of the Commission are appointed for four years by mutual agreement of Community governments; they act only in the interest of the Community; they may not receive instructions from any national government and are subject to the supervision of the European Parliament alone, which is the only body that can force them collectively to resign. Commission decisions are taken on a collegiate basis, even though specific competences are allocated to each member of the college.

The tasks of the European Commission are:

- To ensure that Community rules and the principles of the common market are respected. As the guardian of the Treaties, the Commission sees that their

¹ This file replaces our No 17/84.

provisions, as well as the decisions of Community institutions, are correctly applied. It decides on requests from Member States wishing to avail themselves of the safeguard clauses in the Treaties which allow, in exceptional cases, 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. Appeal is allowed to the European Court of Justice. States that fail to respect their obligations can also be taken before this court by the Commission.

- To propose to the Community Council of Ministers measures likely to advance the development of Community policies (in the fields of agriculture, energy, industry, research, the environment, social and regional problems, external trade, economic and monetary union, etc.). In 1985 the Commission sent 694 proposals to the Council of Ministers.
- To implement Community policies, whether based on Council decisions or directly on Treaty provisions. Under the single act reforming the European Treaties, the Council of Ministers gives the Commission powers for the implementation of the rules which the Council lays down, in all but exceptional cases. Some of these executive powers can 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 control of national aids) and nuclear energy (supply of fissile materials, control of nuclear plants, etc.).
 - In other cases the Commission operates under instructions from the Council: in the negotiation, for instance, of trade agreements with third countries or the management of agricultural markets.
 - The Commission also manages the funds and common policies which account for most of the Community budget. These include the support and modernization of agriculture (European Agricultural Guidance and Guarantee Fund), the encouragement of regional, industrial and professional development and the employment of the young (European Regional Development Fund, ECSC grants and Social Fund), the promotion of scientific research (the Joint Research Centre and other services employ about 2 900 people) and the concrete application of European support and concern for the third world (European Development Fund, food aid programmes, etc.).

The Commission has an administrative staff, based mainly in Brussels and, to a lesser extent, Luxembourg. Apart from the researchers already mentioned, it consists of about 11 000 officials, divided between some 20 directorates-general. This is less than the staff of a good number of single ministries in member countries. One-quarter of the Commission's personnel is employed on the linguistic work made necessary by the use, on equal footing, of nine working languages.

The Council of Ministers — decision-maker

The Community's Council of Ministers meets in Brussels and, a few times annually, in Luxembourg. The Council makes the major policy decisions of the Community. It consists of ministers from Member State governments. Each government acts as President of the Council for six months in rotation. Participants in the meetings change according to the agenda: agriculture ministers, for instance, discuss farm prices, employment and economy ministers discuss the problem of unemployment. Foreign ministers coordinate the more specialized work of their colleagues. They also work out political cooperation in foreign policy matters, discussing it at Council sessions and at meetings specially devoted to the subject.

Meetings of the European Council take place two or three times a year (they have been a regular event since 1975). They bring together the Heads of State or Government of the Community and the President of the EEC Commission, assisted by their Foreign Ministers and a member of the Commission. The European Council deals with Community questions and with political cooperation. Its role in supplying guidance and impetus is not to be underestimated, even if it cannot directly agree Community legislation.

The Council of Ministers is assisted by:

- The Committee of Permanent Representatives, Coreper, which coordinates the groundwork for Community decisions undertaken by numerous meetings of senior officials of Member States.

- A general secretariat, with a staff of about 1 900 people.

The Council of Ministers met 75 times in 1985. It can deal only with proposals from the Commission and can alter them only by unanimous agreement.

Unanimity is also required in the Council for certain important decisions. In practice it has frequently been sought by the Ministers when not strictly necessary, which has tended to slow down the Community decision-making process. The European Commission has always urged the more frequent use of the qualified majority vote laid down in the Treaties. Out of a total of 76 votes; 54 are needed to approve a Commission proposal. The Federal Republic of Germany, France, Italy and the United Kingdom have 10 votes each, Spain 8 votes, Belgium, Greece, the Netherlands and Portugal 5 votes each, Denmark and Ireland 3 votes each and Luxembourg 2 votes. In order to strengthen the Community decision-making process, the Single Act amending the Treaties provides for majority voting to be extended to certain decisions, particularly in relation to completion of the European internal market, research and technology, regional policy and improvement of the working environment.

The Court of Justice — servant of the Community law

The Community Court of Justice, sitting in Luxembourg, comprises 13 judges, assisted by six advocates-general. Both groups are appointed for six years by mutual consent of Member States. Their independence is guaranteed. The Court's role is:

- To quash, at the request of a Community institution, government or individual, any measures adopted by the Commission, Council of Ministers or national governments which are incompatible with the Treaties.
- 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 1985, the Court dealt with 433 cases (including 139 preliminary rulings) and passed 255 judgments. The Court can also be invited to give its opinion — which then becomes binding — on agreements which the Community proposes to undertake with third countries.

Through its judgments and interpretations the Court of Justice is helping to create a body of truly Community law which will apply to all: Community institutions, Member States, national courts and private citizens. Judgments of the Court, in the field of Community law, overrule those of national courts. Also, in cases of non-application of Community law by the Council or Member States, the Court has heard complaints brought by individuals and upheld the direct applicability of Treaty-imposed principles, such as equal pay for men and women and the right of the liberal professions to practise throughout the Community.

The European Parliament — public participation

Since June 1979, when the first direct elections were held, the European Parliament is no longer made up of members co-opted from national parliaments (except, temporarily, in the cases of Spain and Portugal). Members are elected every five years by universal suffrage. The European Parliament has 518 members: 81 from each of the four most populous countries, 60 from Spain, 25 from the Netherlands, 24 from Belgium, 24 from Greece, 24 from Portugal, 16 from Denmark, 15 from Ireland, and 6 from Luxembourg.

Members of the Parliament form political rather than national groups. As of 2 May 1986 they were divided as follows: 172 Socialists, 119 Christian Democrats in the European People's Party, 63 European Democrats, 46 Communists and Allies, 41 members of the Liberal and Democratic Reformist Group, 34 members of the Group of the European Renewal and Democratic Alliance, 20 in the Rainbow Group, 16 members of the European Right and 7 belonging to no group.

The Parliament has a staff of about 2 900 officials, based in Luxembourg. It has 18 committees and holds plenary sessions in Strasbourg, with representatives of the Commission and Council of Ministers present. In committee and in plenary session it discusses and gives opinions on major Community problems.

In spite of its repeated demands, the European Parliament does not have legislative powers like those of national parliaments. Under the present Community legislative process, the Commission has the sole power of initiative and the Council plays the major role in taking decisions. Nevertheless the Parliament:

- Has the power to dismiss the Commission by a two-thirds majority;
- Supervises the Commission and Council, partly through debating their programmes and reports, and partly through written and oral (and often incisive) questions, of which 4 599 were asked in 1985.
- Is invited to give an opinion on Commission proposals before the Council can make a decision on the text, possibly revised by the Commission. There is also a cooperation procedure, provided for in the new Single Act modifying the European Treaties. This applies to a number of questions, including the right of Community citizens to work in the Member State of their choice, the completion of the European internal market, research and technology, regional policy and the improvement of the working environment. The procedure obliges the Council and the Commission to take the Parliament's amendments into consideration, but a unanimous vote by the Council remains the last word. Parliament's agreement will also be required in future for the conclusion of international agreements and whenever the Community is to be further enlarged.
- Has budgetary powers which allow it to take part in major decisions on Community expenditure. It is the Parliament which finally adopts or rejects the draft budget drawn up by the Commission and agreed by the Council.
 - In the case of expenditure, mainly agricultural, involving legal obligations to third parties, the Council must have a qualified majority to accept or reject modifications made by the Parliament, whether or not they increase the overall budget;
 - In the case of non-obligatory expenditure, often involving the development of new Community policies, the Parliament has discretionary powers of amendment over the budget, within the limits of a margin of manoeuvre which is determined partly by the economic situation of the Community and can be altered by mutual agreement with the Council;
- Has the power to give a discharge to the Commission for its management of the budget: in other words, the Parliament verifies that the Community budget, once adopted, was properly executed;

- Has established over the years concertation procedures with the Council and the Commission to discuss budgetary matters and proposals with major financial implications. The various institutions are thus able to learn each other's views and attempt to narrow differences before adopting final positions.

The Economic and Social Committee and the Advisory Committee

Before a Commission proposal can be adopted by the Council, an opinion must be sought, not only from the European Parliament, but also in many cases from the Community's Economic and Social Committee. This is a consultative body with 189 members who represent employers, trade unions and other interested groups, such as farmers and consumers. It issued 98 opinions in 1985, including five on its own initiative.

Issues involving coal and steel are referred to the ECSC Consultative Committee, consisting of representatives of manufacturers, traders, workers and consumers. In 1985 the Committee had 21 proposals submitted to it; it saw fit to issue two opinions and three resolutions.

Many specialized advisory bodies help to further associate professional and trade union interests with the development of the Community. The leaders of their European federations, established in Brussels, and their experts, are often consulted by the Commission before it adopts definitive proposals.

The Budget and the Court of Auditors

Community spending reached about 28 400 million ECU in 1985, the equivalent of less than 3% of the money spent by national governments and an average of about 104 ECU for each Community citizen.¹

The Community budget is financed no longer by national contributions but by the Community's own resources:

- Customs duties and agricultural levies on imports from the rest of the world;
- A proportion, on a uniform assessment basis, of VAT collected in the Member States. This has just been raised from a 1% maximum VAT rate to a maximum of 1.4%.

Corrective measures can be applied to VAT payments by countries whose budgetary contribution is excessive in relation to their relative prosperity. Thus the gap between the United Kingdom's share in Community expenditure and in its VAT

¹ 1 ECU (European currency unit) = about £0.64, Ir. £0.71 or US\$0.98 (at exchange rates current on 7 May 1986).

revenue has now been reduced by two-thirds. Transitional measures have also been arranged for Spain and Portugal, as those countries will benefit only gradually from the financial advantages of Community membership. The two new Member States are repaid a proportion of the VAT levied on them by the Community. This reimbursement is set at 87% for 1986 and will gradually decrease, to end altogether in 1992.

As percentages of the total, expenditure under the main headings of the 1985 budget was divided as follows:

- Support for farm prices, modernization of agriculture, fisheries: 73%;
- Aid for industrial, infrastructural and service investments in the poorest regions: 5.8%;
- Social measures, especially employment, vocational training and retraining, education, culture, the environment and consumer protection: 5.7%;
- Joint action in research, energy, industry and transport: 2.6%;
- Aid to third world countries: 3.7% (plus non-budgetary expenditure arising from the Lomé Convention, which doubles the sums available);
- Administrative expenditure: 4.7%, covering the salaries of 19 700 officials and other employees of all the different Community institutions, as well as the cost of buildings, administration, the dissemination of information, etc.

The management of the budget is supervised by a Court of Auditors, consisting of 12 members appointed by mutual agreement of the Council of Ministers for six years. The Court of Auditors has extensive powers to examine the legality and regularity of Community receipts and expenditure and the sound financial management of the budget.

The European Investment Bank — borrowing and lending

The European Treaties created a European Investment Bank, based in Luxembourg. Provided with its own legal identity, decision-making processes and capital subscribed by Member States, the EIB has the task of furnishing loans to help public and private investment in industry and infrastructure. The projects financed help towards important objectives of the Community: regional development (about 60% of 1985 loans), reducing dependence on imported energy sources, modernization of communications and of industry, development of advanced technology, environmental protection. The EIB raises money on capital markets and re-lends it on a non-profit-making basis. Its lending amounted to 7 200 million ECU in 1985, of which about 6 500 million was inside the Community and the rest in developing countries of the Mediterranean, Africa, the Caribbean and the Pacific. These figures

include loans by the EIB through the 'New Community Instrument': for these the money is raised on capital markets by the Commission, which also decides on the eligibility of projects. 884 million ECU was loaned in this way in 1985, mainly for small and medium-sized enterprises outside of regional development zones. The Commission also raises loans for the coal and steel industries (1 010 million ECU in 1985) and for nuclear energy (229 million). Besides lending for investment, the Community can advance loans to relieve the balance of payments problems of Member States, subject to conditions for the economic policy of the recipient country.

Conclusion

Across the world there are many examples of international organizations that link countries wishing to work together. The European Community is something more, and quite different:

- In its goal: the creation, in time, of a genuine European Union, as outlined in a draft treaty drawn up by the European Parliament;
- In its methods: the management of the Community is not simply inter-governmental; 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, take measures which have the force of law and which, in many cases, apply directly to Community citizens.

These measures are called:

- Regulations, when they apply directly;
- Decisions, when they are binding only on the Member States, companies or individuals to whom they are addressed;
- Directives, when they lay down compulsory objectives, but leave it to Member States to translate them into national legislation;
- Recommendations and opinions, when they are not binding (except in the ECSC sector, where they are equivalent to directives).

Much further effort is needed, before such measures and the evolving relationship between Community institutions and Member States add up to a true European Union. However, the results already achieved in 35 years of shared history, together with the scale of the challenges with which Europe is faced, amount to a powerful argument for making new progress ■

The contents of this publication do not necessarily reflect the official views of the institutions of the Community. Reproduction authorized.

Commission of the European Communities

Information offices (countries fully or partially English speaking*)

Ireland 39 Molesworth Street, Dublin 2 — Tel. 71 22 44

United Kingdom 8 Storey's Gate, London SW1P 3AT — Tel. 222 81 22
— 4 Cathedral Road, Cardiff CF1 9SG — Tel. 371631
— 7 Alva Street, Edinburgh EH2 4PH — Tel. 225 2058
— Windsor House, 9/15 Bedford Street,
Belfast BT2 7EG — Tel. 40708

Australia Capitol Centre, Franklin Street, PO Box 609,
Manuka 2603, Canberra ACT — Tel. (062) 95 50 00

Canada Office Tower, Suite 1110, 350 Sparks Street,
Ottawa Ont. K1R 7S8 — Tel. (613) 238 64 64

USA 2100 M Street, NW, Suite 707,
Washington DC 20037 - USA — Tel. (202) 862-9500
— 245 East 47th Street, 1 Dag Hammarskjöld Plaza,
New York, NY 10017 - USA — Tel. (212) 371-3804

* Offices also exist in other countries including all Member States.

