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## EU GOVERNANCE AND POLICIES (EU-INTRO)

# 1. EUROPEAN UNION IN THE FRAMEWORK OF INTERNATIONAL RELATIONS



### 1.1. WHY IS THE EUROPEAN UNION DIFFERENT?

In the globalising world economy promotion of the cross-national cooperation and spreading of the regional agreements is more wide-spread than ever before. There are 3000 international organisations registered in the world and in their case the cross-national cooperation is lead and controlled not only by individual governments but also by supranational institutions. The conclusion of cross-national economic agreements densified in the 90s when in 1990 there were only 45 regional trade agreements in force but by now there are over 100 trade agreements registered by World Trade Organisation.

Considering this we should regard the European Union as one of the many forms of cross-national cooperation. In the same time many factors make the cooperation of 27 European countries very exceptional phenomenon in the world political and economic framework.

**DIFFERENCE 1: Historically we are dealing with divided continent, which is characterised by language, religious and ideological diversity and political and economic disunity.**

***Unification of Europe was never a straightforward process which went according to a concrete plan.*** After II WW several international organisations were formed in Europe. These had different but often coinciding goals. Today European Union is most famous but by far not first or only important pan-European organisation. But European countries did not share same vision of the integration: the history of the European integration is often characterised by confusing and often complicated international and inter-human relations, different needs and understandings of what is necessary and possible. So we can conclude that European integration was hesitant and unpredictable process which went down a rocky road and which combines in which different political levels and arenas, goals and processes are combined.

How can we divide development of the European Union in different periods? The easiest way would be to understand the creation of the European Union as we know it today through two parallel developments such as the deepening of the integration and widening of the Union.

### *The deepening of the integration*

***The main characteristics of the deepening of the integration are the strengthening of the EU institutions, increasing number of competences of the Union in new political spheres and growth of “supranationalism”.***

The dynamics of the integration so far can be described as follows: the first decade of the European Union in the 1950s can be characterised by quick development and creation of the functional institutions. In the 1960s and 1970s this development petered. During mid-1980s there was a revival and the growth of the relative importance of the supranational institutions as well as deepening and widening continued in the 1990s. The deepening of the integration is a constant process which does not happen sporadically as a result of a change in the treaty but through everyday activities of the institutions. But following agreements could be considered important milestones in the development of the European Union.

#### ***Deepening of the European integration:***

- *1951 European Coal and Steel Community Treaty;*
- *1957 European Economic Community – EEC Treaty; European Atomic Energy Community – Euratom Treaty;*
- *1986 Single European Act;*
- *1992 Maastricht Treaty on European Union;*
- *1997 Treaty of Amsterdam*
- *2001 Treaty of Nice;*
- *2004 Treaty establishing a Constitution for Europe (also known as the European Constitution)- draft;*
- *2007 Treaty of Lisbon*

When talking about deepening of the integration it is pivotal to mention the widening of the competences of the Union in the new political areas. In the beginning the idea behind unification of the Europe was creation of the single market and assurance of the free movement of goods, services, capital and people. In the course of time new policy areas were added: agriculture, environment, consumer protection, workers rights, transport, telecommunication, energy. One of the important steps was the creation of monetary zone and introduction of common currency. For a long period of time one of the characteristics of the

Union was little intervention in the areas with traditionally high public sector expenses: social policies, education, health and defence. Now even this is changing. The development of the EU after Maastricht Treaty can be characterised by the shift of the integration from economic area to political areas: creation of European citizenship, cooperation in justice and internal affairs, common foreign and security policy etc.

### *The widening of the integration*

During the course of history EU has grown from six members union to 27 member organisation. In 1970s, 1980s and 1990s 3 countries have joined EU every decade. The last enlargement wave was unprecedented as 10 countries have joined EU in 2004, followed by Bulgaria and Romania in 2007. Croatia and Turkey have started negotiations and most of the Western Balkan countries are preparing for accession. The growth in the number of Member States has increased the importance of the EU. Nowadays EU includes all major Western-European countries and is one of the most important economic and trade force. Enlargement has made EU institutional framework more extensive and complicated, because it has to represent interests of several different stakeholders. To maintain effectiveness of the decision making while the number of members was growing, EU had to abandon consensus decision making in favour of majority voting. Penultimate enlargement (in 2004) was unprecedented due to the sheer number of joining states, cultural and language diversity, the growth of territory (34%) and population (+ 105 million).



***EU enlargement:***

- 1973: Denmark, Ireland, United Kingdom;
- 1981: Greece;
- 1986: Portugal, Spain;
- 1990: The unification of Germany and inclusion of Eastern Germany;
- 1995: Austria, Finland, Sweden;
- 2004: Estonia, Cyprus, Latvia, Lithuania, Malta, Poland, Slovak Republic, Slovenia, Czech Republic, Hungary;
- 2007: Bulgaria, Romania

**DIFFERENCE 2:** In comparison to other international organisations EU has more developed and complex institutional framework.

*The seven institutions that belong to the EU institutional framework are European Parliament, European Council, Council of the European Union, European Commission,*

*Court of Justice of the European Union, European Court of Auditors and the European Central Bank (which became an institution under the Treaty of Lisbon. In addition following bodies are considered advisory bodies of the EU: the European Economic and Social Committee and the Committee of the Regions.*

**European Council** sets the overall policy agenda and integration trends for the EU and discusses questions which might not be in the EU scope. However it does not have power to make legally binding decisions. It comprises the heads of state or government of the member states, and the President of the Commission. The President of the European Council is elected for 2½ years and his main job is to prepare the Council's work, and secure consensus among member countries. The European Council meets several times a year and its decisions are usually taken by consensus.

**Council of the European Union** (formerly known as the *Council of Ministers*) is one of the EU's principal decision-taking bodies. It shares with Parliament the responsibility for passing EU laws. The Council consists of ministers from the national governments of all the EU countries. Meetings are attended by whichever ministers are responsible for the items to be discussed. According to the law the Council adopts the legal act after the Commission's proposal was presented to the Parliament and has arrived before the Council.

Since 1979 **European Parliament** is elected every five years by the people of Europe to represent their interests. The main job of Parliament is to pass European laws on the basis of proposals presented by the European Commission. Parliament shares this responsibility with the Council of the European Union. Parliament and Council also share joint authority for approving the EU's €130 billion annual budget and has a say when it comes to enlargement. Parliament has the power to dismiss the European Commission and start an investigation. Deepening of the integration and especially Treaty of Lisbon have increased the importance of Parliament in the decision making process.

**European Commission** is the EU's executive organ. It represents and upholds the interests of Europe as a whole. It drafts proposals for new European laws, which it presents to the European Parliament and the Council. It manages the day-to-day business of implementing EU policies and spending EU funds. The Commission also makes sure that everyone abides by the European treaties and laws. It can act against rule-breakers, taking them to the European Court of Justice if necessary. The president of the Commission is chosen by EU governments and elected by the European Parliament. The other commissioners are nominated by their national governments in consultation with the incoming president for a period of five years, and must be approved by the European Parliament. They do not represent the governments of their home countries. Instead, each of them has responsibility for a particular EU policy area.

The Treaty on the Functioning of the European Union confers upon the **European Court of Auditors** (Articles 285 to 287) the main task of carrying out the Union's audit with the dual aim of improving financial management and reporting to the citizens of Europe on the use made of public funds by the authorities responsible for their management. The Court of Auditors operates as a collegiate body of 27 Members, one from each Member State, appointed by the Council after consultation with the European Parliament for a renewable term of six years. The Members elect one of their number as President for a renewable term of three years. The Court publishes the results of its audit work in the annual reports, specific

annual reports and special reports. In addition, the Court is called upon to provide its opinion on new or updated legislation with a financial impact.

The main task of the *Court of Justice of the European Union* is to ensure that in the interpretation and application of the Treaties the law is observed (Article 19(1) TEU). ECJ consists of one judge from each Member State, who are assisted by 11 Advocates General. The ECJ has jurisdiction in cases which are the most important from the EU perspective. Since the abolition of the Pillar structure the ECJ has a jurisdiction to give preliminary rulings in the whole area of freedom, security and justice. In case Member States request the consultative procedure, the ECJ decisions are binding. Parties must be represented by EU institutions, bodies and agencies, Member States are represented by the appointed agent and individuals and undertakings by an authorised lawyer.

*The European Central Bank* is the central bank for the EU's single currency. It is in charge of the formulation and implementation of the monetary policy of the EU. It became an EU institution under Treaty of Lisbon, however it occupies a special place in the institutional framework of the EU as its main objective is to ensure price stability rather than to participate in achieving all of the objectives of the EU.

Thus, in addition to the traditional secretarial role and organisation of delegations, there are regular high level negotiations that take place in EU; there are also some unique functioning institutions such ECJ and European Parliament, which is the only directly elected international representative organ in world.

### **DIFFERENCE 3: EU's competences are much wider than that of other international organisations.**

EU is active in a lot of different policy areas, from fiscal policy coordination to security issues. After the Maastricht Treaty there was a so called Pillar structure in use to categorise different policy areas, according to which EU consisted of three pillars (Community pillar, the Common Foreign and Security Policy Pillar, The Justice and Home Affairs Pillar), however this system was abolished with the ratification of the Treaty of Lisbon. Depending on the area, EU can exercise 3 types of competences: exclusive competences, shared competences and supporting competences.

**Exclusive competences** (Article 3 of the TFEU): the EU alone is able to legislate and adopt binding acts in these fields. The Member States' role is therefore limited to applying these acts, unless the Union authorises them to adopt certain acts themselves. EU has six exclusive competences: the customs union, the economic and monetary policy, competition laws, international trade policy, conservation of marine biological resources and some international agreements.

**Shared competences** (Article 4 of the TFEU): the EU and Member States are authorised to adopt binding acts in these fields. However, Member States may exercise their competence only in so far as the EU has not exercised, or has decided not to exercise, its own competence. Shared competences cover anything from food, its safety and its sources, passenger flying rights, film and television, aid to Africa, the environment, or human rights.

**Supporting competences** (Article 6 of the TFEU): the EU can only intervene to support, coordinate or complement the action of Member States. Consequently, it has no legislative power in these fields and may not interfere in the exercise of these competences reserved for Member States. The EU can financially support the actions of the Member States that have agreed to co-ordinate their domestic policies through the EU. These areas include: education policy, learning EU languages, study time abroad, and the mutual recognition of educational qualifications from other countries. New areas conferred to the community in this category include tourism and sport.

**DIFFERENCE 4: EU has developed much further than just intergovernmental cooperation, traditional for international organisation. It now incorporates supranational elements in its structure and working methods.**

Is European integration a process which is controlled by the governments of Member States or is it an outcome of the policies of supranational institutions? This question was at the centre of the debate over European integration and its entity. From the beginning two types of integration have existed side by side in the EU.

**Intergovernmentalism** refers to arrangements whereby nation-states, cooperate with another on matters of common interest in situations and conditions they can control. Intergovernmentalism allows the exercise of control, veto and abstention. The presence of control, which enables the participating states to decide the scope and nature of this cooperation, means that national sovereignty is not hurt.

**Supranationalism** pertains to situations which involve states working with one another in a way that does not allow them to have complete control over developments. This is evident in cases where states may be obliged to act against their preferences and will because they do not have the power to hinder decisions (veto right does not exist). Supranationalism takes interstate relations beyond cooperation into integration and some loss of national sovereignty may occur in the process. International institutions claim more power in decision making and policy formation.

*Main elements of intergovernmental cooperation in EU:*

- in some major policy areas decision are still made on the state level, EU institutions' influence is limited;
- European Council sets the overall policy agenda and integration trends for the EU by consensus between heads of states;
- all the legal acts have to be adopted by the Council, in important areas we are still talking about decision by consensus;
- supranational institutions (European Commission and European Parliament) have limited role in the decision making process.

*At the same time in the process of integration supranational elements have become more prominent in EU:*

- European Commission role in EU agenda setting and secondary legislation;
- qualified majority vote in the Council;
- increased functions of the European Parliament as a supervisory body and legislature;
- primacy, direct effect and supremacy of the EU law; the role of the ECJ in the interpretation and enforcement of the EU law.

## DIFFERENCE 5: European integration cannot be explained using one single integration theory.

*There is no single dominant integration theory*, but a plethora of different approaches and theories. EU has been named as one of the enigmas of social sciences, as it is a unique phenomenon, which does not fit into framework of a single existing theory.

Integration theories can be divided into 3 groups.

### *I. Classical integration theories*

**Federalism** – the theory or advocacy of federal principles for dividing powers between member states and common institutions. Unlike in a unitary state, sovereignty in federal political orders is non-centralized, often constitutionally, between at least two levels so that units at each level have final authority and can be self governing in some issue area. Citizens thus have political obligations to, or have their rights secured by, two authorities. The division of power between the member states and centre may vary, typically the centre has powers regarding defence and foreign policy, but member states may also have international roles. Federations are normally based on an act or agreement. This integration theory cannot however explain first decades of integration in Europe but gain new momentum with Treaty of Lisbon, expansion of EU competences in new areas and drafting of Treaty establishing a Constitution for Europe.

**Functionalism** focuses on common interests and needs shared by states (but also by non-state actors) in a process of integration. States integrate in limited functional, technical, and/or economic areas; international bodies are created to meet human needs. International organizations are expected to formulate policy and become increasingly responsible for implementation. States gradually give up their sovereignty in favour of international organisations in areas where it makes most sense. The priority for functionalists is public wellbeing and prosperity, not sovereignty, state power, ideology. According to functionalists, integration is a process with no end-point. Functionalism can explain the creation of functional institutions in 1950s but cannot give a reason for the stagnation of integration in the 1960s and 1970s.

**Neofunctionalism** is one of the most renowned integration theories which developed in parallel with practice, reflecting visions of European unifications of Jean Monnet and Robert Schuman. The main idea behind neofunctionalism is notion that integration between states in one economic sector will create strong incentives for integration in further sectors (*spill-over effect*). According to neofunctionalists initial emphasis of integration should be on low politics, such as economic and social issues. This should be followed by creation of supranational body, which will manage further integration. Integration of certain sectors will force other sectors to integrate as well. As a result, state economies become interdependent. Political integration is seen as inevitable side effect of the economic integration, which in its own turn create a need for stronger international institutions. The benefits rendered by the those institutions would attract the loyalty of the populations and stimulate their participation and expand the area of integration. Economic integration and strong institutions create conditions for long term prosperity and welfare.

**Transactionalism** theory was not in a search of a system that might overcome the nation-state; in fact according to transactionalists process of integration has few similarities with a process of nation-building. Social mobilisation and communication foster common identity, tames the aggression between states (security communities - end point of integration) and foster integration. Existence of national states is not considered as an obstacle to integration, transactions are considered more important than institutions.

## ***II. Theories which stress the importance of the role of national states' governments and consider EU international organisation***

*Intergovernmental approaches* gained prominence in 1960s, when integration process stagnated and sovereignty and national interest became more important. Intergovernmental approach grew out of such international relations theories as realism and neorealism. According to realists, the primary obligation of every state is to promote their national interest and power is there to help them do so. The international arena is anarchical, and so every state should have sufficient military capabilities to deter attacks from enemies and exert influence over them. The state is a rational unitary actor, and every attempt to protect itself through international organizations will fail. If all states seek to maximize power, stability will be accomplished through a balance of power, which forms automatically regardless of the states' aim in establishing one. Thus the trends of the integration of Europe are defined by interests of Member States; supranational institutions have very limited functions. There is no spill-over effect from functional areas into political areas.

## ***III. Theories which consider EU as state-like political system and stress the role of supranational institutions***

**Supranational governance** theories emerged in 1980s as integration accelerated. These theories tried to explain Single European Act, Maastricht Treaty and "New Europe" which was characterised by strong supranational institutions and rapid expansion into new policy areas. Supranational governance is a generic term for several theories, which have a lot in common with neofunctionalism, federalism and transactionalism. Supranational governance theories rely on a comparative politics method and EU as a complex, multi-level governance system. It is believed that supranational institutions (European Commission, ECJ) are a driving force behind integration. These institutions have exceptional autonomy and far-reaching influence as well as their own priorities and agenda.

As seen above, there is no single explanation or grand theory for the European integration process. Thus EU can be seen as a complex social phenomenon, which could be researched and explained by different disciplines.

**DIFFERENCE 6: EU is perceived more as a project which serves interests of elite and not common citizens: the level of contentment and public trust in EU policies and institutions has been declining since 1992. At the same time one of the main priorities of EU is to become closer to citizens.**

For decades public opinion towards European integration could be described as "tacit consent" - average European citizen is poorly informed about European policies, considers integration as an unimportant process from a personal perspective and is therefore in silent agreement with the decision of political elite. These tendencies deepened along with

deepening integration in the 1990s - Treaty of Maastricht gave more powers to the European institutions and EU gained competences over new areas which might have triggered alienation.

- During first part of the 1990s public support for the EU membership has dropped dramatically 1990-ndate. This is also evident from Eurobarometer surveys.
- European Parliament voter turnout has also dropped significantly. If in 1999 voter turnout was 52% (Member State average), then in 2004 it dropped below 50% (in Estonia only 38%).
- The failure of integration referendums. In the 1990s the citizens of Member States and candidate states have voted repeatedly against integration plans. Failed referendums: Treaty of Maastricht 1993 in Denmark, Norway membership 1994, implementation of euro in Denmark 2000 and Sweden 2003, Nice agreement in Ireland (2001), Treaty establishing a Constitution for Europe in France and Holland (2005).
- Mass riots, which go hand in hand with EU high level summits (meetings of the European Council in Nice, Goteborg, Laeken, Barcelona and Seville).



Since 1973 European Commission has conducted surveys in Member States and candidate countries. Survey reports and analyses can be found on the Commission's webpage [http://ec.europa.eu/public\\_opinion/index\\_en.htm](http://ec.europa.eu/public_opinion/index_en.htm)

Eurobarometer assesses citizens' attitudes towards EU using following questions:

- "At the present time, would you say that, in general, things are going in the right direction or in the wrong direction, in the European Union?"
- "What does the European Union mean to you personally?"
- "Generally speaking, do you think that (OUR COUNTRY)'s membership of the European Union is. ... (a good thing, a bad thing, neither good nor bad)?"
- "Which of the following EU institutions you trust (list of institutions)?"
- "Taking everything into account, would you say that (OUR COUNTRY) has on balance benefited or not from being a member of the European Union?"

These questions form a basis for such indicators as attitude towards EU membership, level of trust in EU, perceived benefits form EU membership, attitude towards dissolution etc.

The 1990s clearly represent the period when public support for the European Union was at its weakest. The Gulf War, the economic crisis and the high unemployment levels that followed, the debate on the Maastricht Treaty, the war in Yugoslavia, and the inclusion of three relatively euro sceptic nations and the BSE crisis are but some of the reasons which help explain why support dropped from 72 % in 1991 to 46 % in the spring of 1997. The late 1990s have seen popularity levels slowly but consistently increase, however the levels of support were still lower than in previous decades.

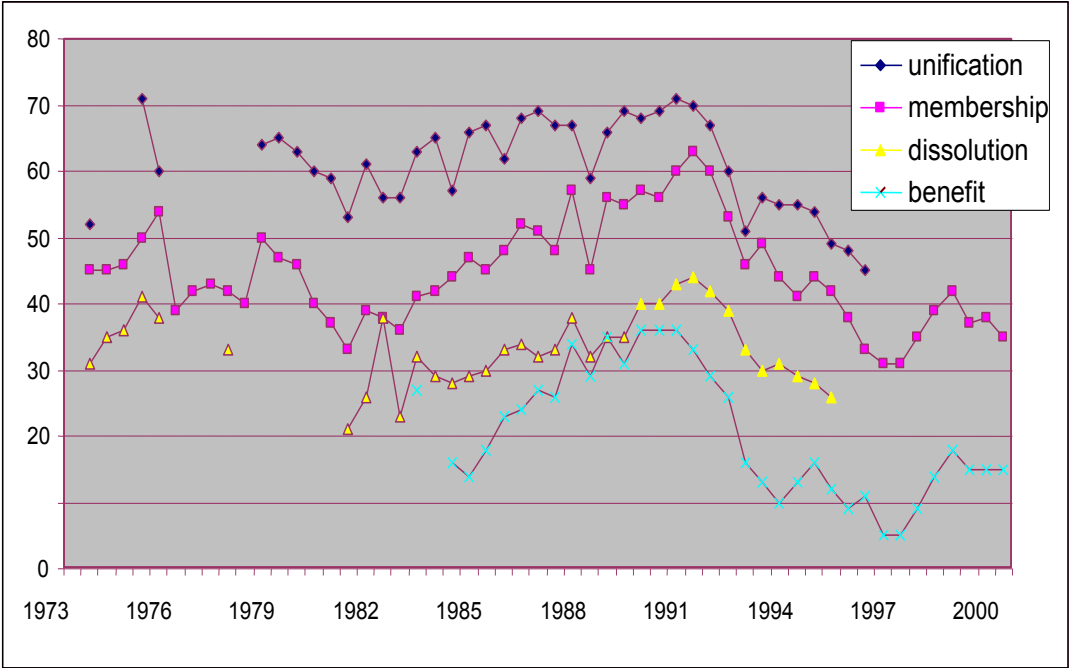


Figure 1.1. Support for European Integration and EU Membership, 1973-2000.  
 Source: *Standard Eurobarometer 1973–2000*.

The support levels are not consistent throughout EU. People in Slovak Republic, Ireland, Poland and Denmark are by far most likely to be of the opinion that their country has benefited from the EU membership (2010 survey). According to 2010 Eurobarometer the most euro sceptic countries are UK, Austria, Cyprus and Latvia.

Public opinions changed in different directions and tempo. Public support for EU in Ireland and Luxembourg was consistently high and was not affect by post-Maastricht euro pessimism (although this might change, taking into account recent developments in Ireland). UK public support for EU has been low since 1980s and euro sceptical media has affected the situation in a negative way.

**DIFFERENCE 7: EU is aiming high.**

EU has gone through a dramatic transformation during last two decades - after the ebb in the early 1980s, major steps were taken in the attempt to finalise the Internal Market, a breakthrough was made in the field of Common Foreign and Security Policy (CFSP), single

currency was adopted. There are currently already 27 members in the Union. But all this meant that EU had to keep pace with a change and in a process had to be changed as well. One of the main reasons is decline in public support for the integration and enlargement (latter especially true for the "older" member states). CFSP was criticised for being inefficient mechanism, EU was blamed for ever increasing democratic deficit. The latest enlargements made it very difficult to develop several key policies in the same manner as before.

Alongside those purely practical questions, a lot of questions were raised regarding the future of the EU.

- What is the ultimate purpose of the integration?
- Which is the governance model for the future European Union and what will become of its relations with national states?
- How to ensure democracy and transparency in EU structures?
- How far can EU stretch geographically?
- What will become of national peculiarities and national cultures?
- How to bring EU closer to citizens?

This debate which started as internal discussion has since then reached both the political elite and academic societies. This debate is usually dated back to the speech of the Foreign Minister of Germany Joschka Fischer titled "*From Confederation to Federation – Thoughts on the finality of European integration*" delivered on 12th of May 2000 in Humbolt University in Berlin. Further debates were officially fuelled by the declarations on the future of the European Union in Nice and Laeken.

## 1.2. INTEGRATION THEORIES AND THEORETICAL MODELS FOR POLICY FORMULATION. POLITICAL FRAMEWORK OF THE EUROPEAN UNION<sup>1</sup>

### 1.2.1. Integration theories

Integration theories have evolved significantly during last 50 years. It is partly due to the fact the EU itself has given a lot of practical experience to integration theorists. EU has also given an opportunity to apply those theories and evaluate them. Integration process which started in Europe after WWII has found little following outside Europe, nevertheless different theories were developed to try to understand this phenomenon, find and explain main variables, which made integration in Europe possible but so far could not be replicated outside Europe.

Due to the actuality of the topic most of international relations schools have come up with their own integration theory. But only few offer an original approach. When developing a new theory, the most common is to take one of the leading integration theories - neofunctionalism or neorealism - as a starting point and add other variables (Rosamond, 2000). Neofunctionalism, neorealism and federalism are three general theories, which aim to explain all the aspects of the European integration. In addition there are so called *middle-level* theories (different institutional theories, social constructivism etc), which only explain certain aspects of integration, but do not provide a general framework. There are also some new approaches (Europeanization theories, policy networks theory and fusion theory), which still have to gain

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<sup>1</sup> This chapter was written by Keit Kasemets, Viljar Veebel and Mart Laatsit.

their place in the academic debate. In this chapter we focus mainly on the three main theories, which with their broad scope offer a better starting point for understanding the European integration.

*The first important question is whether integration is economic or political phenomenon and which characteristics define integration?*

Before WWII the traditional integration theory, which was based on the balance of power, defined integration through creation of new international institutions (Leagues of Nations). The other important aspect was the competence of these institutions to make legally binding decisions, in case of agreement of certain number of member states (Deutsch, 1999).

With the emergence of functionalism in the end of WWII, the new criterion was the possibility to create a supranational centre point for these international institutions and attribution of real power to this supranational body. Integration is perceived as an economic and political phenomenon. Most theorists agree thought that in the final stages and when defining objectives integration is mostly a political phenomenon (Etzioni, 1965). Up until today different schools have maintained different approaches to integration (especially when it comes to differentiating integration from cooperation), but apparent paradigmatic problem is missing, the differences are small, which feed the debate on the given topic.

## Neorealism<sup>2</sup>

After WW II, Realism as a theory of international relations was revived. Neorealism seeks to describe and explain the concept of international relations and not just in Europe. Realism originates from the philosophy of Thomas Hobbes, which assumes that people are by nature selfish and ethically flawed, and cannot free themselves from the fact that they are self-driven in an arena of competing advantages. Of all people's evil ways, none is more prevalent than their desire to acquire more power, which will help them dominate others. The natural state of society is thus permanent conflict and war against all. The state is the only rational unitary actor, and every attempt to protect itself through international organizations will fail.

The primary obligation of every state is to promote their national interest. This is achieved through seizure of power. If all states seek to maximize power, stability will be accomplished through a balance of power, which forms automatically regardless of the states' aim in establishing one. International relations are thus zero-sum game where power is gained only through loss of power of other actor.

Neorealism theory could be applied to the EU on different levels. Globally unification of states could be seen as an attempt to better defend and promote national interests through a balance of powers as opposed to other "power centres". It is important to make a distinction between *super-power* and *super-state* – realists see EU as a super-power which guards its members' national interests without being a super-state which would threaten its members' sovereignty. On the EU level integration dynamics could be perceived by neorealism as struggle to secure national interests between member states. As the only legitimate actors in the framework of international relations are national states, according to neorealism the role

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<sup>2</sup> Source: Wolfgang Wessels „Theories and Strategies of European Integration – A Teaching Companion” 2007/08.

of supranational institutions such as Commission and European Parliament should be marginal.

### Further developments of neorealism: intergovernmentalism<sup>3</sup>

Intergovernmentalism acknowledges realist shortcomings, but builds on it in an attempt to explain European integration more specifically. Theory was initially proposed by Stanley Hoffmann, whose aim was to create theoretical framework, where states in the EU are still self-interested entities with clear interests (realist view), despite their willingness to engage in closer cooperation in areas of low politics. Theory makes clear difference between high politics such as sovereignty, security policy etc, while member states only reluctantly bargain away control over important aspects of their economies in exchange for clear material benefits, and low politics (such as trade and agricultural policies).

Andrew Moravcsik's liberal intergovernmentalism adds domestic preference formation to this mix. Moravcsik feels that in neorealist theory states do not have static fixed interests, but these are influenced by a lot of domestic actors. As a result national states defend these ever changing interests on European level (interstate bargaining). The role of the supranational institutions is to make sure states follow earlier agreements and treaties and assist states in negotiations. Just like in intergovernmentalist theory integration can only happen in low policy areas.

### Neofunctionalism

Neofunctionalism is a theory of regional integration, building on the work of David Mitrany "*Working Peace Systems*", where author argues that clashing domestic interests of individual member states cause conflicts in Europe and as a solution the power along with competences should be shifted to supranational level (Hix, 1999).

Jean Monnet's approach to European integration, which aimed at integrating individual sectors in hopes of achieving spill-over effects to further the process of integration, is said to have followed the Neofunctional School's tack. Neofunctionalist theory crystallised thanks to the works of two American political scientists, Ernst B. Haas, who following "empty chair" crisis declared theory obsolete, and Leon Lindberg. According to these scholars integration is a two-step process (Haas, 1971):

- Creation of big political entities with their own powers and competences;
- The process whereby political actors in several distinct national settings are persuaded to shift their loyalties, expectations and demand jurisdiction over the pre-existing national states."

Neither Monnet-Schumann nor Lindberg-Haas has defined an ultimate objective for the integration (economic or political union), it was perceived more as a new way of thinking in the field of international relations. Given theory was mostly criticised for the lack of variable. Unlike previous theories of integration, neofunctionalism was non-normative and tried to describe and explain the process of regional integration based on empirical data. Integration was regarded as an inevitable process, rather than a desirable state of affairs that could be introduced by the political or technocratic elites of the involved states' societies.

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<sup>3</sup> Source: Wolfgang Wessels „Theories and Strategies of European Integration – A Teaching Companion” 2007/08

## Spillover effect

Spillover effect is a secondary effect which follows a primary effect, can trigger further spillovers and may be far removed from the event that caused the primary effect (Haas, 1968).

The logic of the spillover effect was based on practical economic experience, whereby customs union (a type of trade bloc which is composed of a free trade area with a common external tariff) is only effective when free movement of people, services and capital is also assured and common healthcare, social care and environmental standards are enforced. The next step is to create a stable exchange mechanism which can only work in case of common monetary policy. At certain moment economic integration spills over into political areas - common monetary policy requires political cooperation. Actors involved in this process automatically become its supporters - if an investor's plans depend on the outcome of integration, he is more likely to be interested in the successful outcome of the process. The more people are involved in the process, the more likely the outcome will be successful (Rosamond, 2000).

The idea of spillover effect was inspired by Monnet and Schuman scheme of creation of the European Communities. States begin by cooperating in limited functional or economic areas, but integration in on economic area or sector creates pressure for further economic integration within and beyond that sector or area. There two kinds of spillover: functional, which concerns integration in a specific economic sector or specific issue which it is hoped will spill over into other areas; and political, which leads to the creation of a supranational structure. Citizens' loyalty shifts towards supranational structure as it responds to the needs of citizens more effectively. Thus every next step requires shift of competences from national states to supranational institutions. Federal governance model is considered to be administration model of Europe, which is adapted to its specific needs. (Schmitter, 1971).

Integration process is thus based on the desire of all social groups to influence their wellbeing and prosperity, but it does not imply that these groups will be actively involved – key factor is the support of policy forming interest groups. Lack of success of traditional international institutions might be little direct contact with national elite (Lindberg, 1999).

### ***Presumptions of successful spillover effect:***

- industrialised economy and participation in the international trade and monetary affairs;
- existence of politically active and competing interest groups.

The pieces of evidence of a successful spillover process are (Weigall ja Stirk, 1992):

- competences and resources of supranational institutions to participate in socio-economic processes and capability of real;
- capacities and missions of these institutions are expanding and their actions do not provoke social tensions;
- existence of central supranational institutions and policies;
- existence of model to shift competences from member states to common institutions.

Emergence of spillover is driven purely by profit – common economic space provides prosperity to all actors. For this reason not a single local governing body can force economic or political actors to stay out of integration process (Haas, 1968).

Integration process, brought about by spillover effect, has several stages. Every next stage implies successful completion of the previous one. Integration process consists of 5 economic and 4 political stages.

Economic stages:

1. **Free trade area:** is a type of trade bloc where tariffs, quotas and preferences are eliminated for most (if not all) goods and services traded between these countries but trade restrictions remain for third countries.
2. **Customs union:** no trade restrictions within union, common external tariffs for third countries.
3. **Common/Single market:** a free trade area (for goods) with common policies on product regulation, and freedom of movement of capital, labour, enterprise and services.
4. **Economic and monetary union:** combines customs union with a common market plus a shared fiscal and budgetary policy, single currency.
5. **Complete economic integration:** full monetary union and complete fiscal policy harmonisation.

After completing 5 stages economic integration becomes political integration (Jordan and Feld, 1987).

1. **Institutional integration:** creation and development of supranational institutions, which have autonomy in decision-making.
2. **Political integration:** deals with levels, on which decisions are made (state level and supranational level), and coordination of governments' and supranational institutions' activities.
3. **Integration of attitude:** formation of public opinion and creation of common identity.
4. **Security integration:** creation of common structures and policies for foreign, security and defence policy.

Neofunctionalism considers spheres of economic and political integration as succeeding but tantamount – economic integration becomes progressively political integration. Neofunctionalists agree, that some neorealist arguments can be explained by the transition of integration from economic sectors to political (existing historic-cultural traditions, financing problems, possible resistance from political elite), but they provide several counteracting factors.

It is presumed that if economic policies are already integrated, fewer resources are needed for political integration. The economies of scale effect creates political added value, which increases influence of the parties on the global arena - together European countries carry more weight internationally than on their own. Regional integration does not just redistribute prosperity and power between parties (zero-sum game) but increases prestige of all member states at the expense of other global actors (win-win situation). The influence and motivation of agencies also grows as a result of integration. To avoid possible historic or cultural conflict, common interests are developed and identity is reshaped from the first stages of integration. The widening of integration is also affected by the fact that non-members start to lag behind in economic terms and have fewer resources to support national ambitions (Lindberg, 1999).

Successful neofunctional spillover effect presumes that central financing allows for the deepening and widening of the integration, which would include new sectors and territories and at the same time give more power to the supranational institutions. Neofunctional school

does not see a problem in financing, which was indicated by the neorealists, as the political integration will only happen in the last staged of economic integration. However creation of economic and monetary union requires political integration so enterprises are forced to finance the latter as it is in their interests. On the other hand, financing should not become a problem as if economic policies are already integrated the need for resources to continue with integration is lower. There is also hope that integration will be finances by international companies, whose interests will be better protected by politically integrated union (Mandel, 1970).

Integration process objectives were created in the 1960s in the framework of these debates. The ultimate objective of the integration is creation of political union (Etzioni, 1965):

- which has control over monopoly on violence;
- which has a governing centre that affects distribution of resources in the whole union;
- which is a symbol that citizens identify themselves with.

During second part of the 1960s there was a sudden standstill in the process of European integration which immediately affected the development of theoretical approaches. Next to spillover effect theory appeared theories of stagnation and fadeout of integration. The most prominent of those is Lindberg's so called spill-back theory described in his „*Europea's Would Be Polity*”, which considers spill-back and retrench as outcomes of integration.

Schmitter's theory was complemented by integration outcomes (Schmitter, 1971).

1. **Spillover** – process, deepening and widening integration.
2. **Spill-around** – dispersal effect, integration is widens but does not deepen.
3. **Spill-back** – quantitative and qualitative regression of integration.
4. **Build-up** – internal development, institutions get more judicial power, but no expansion into new areas.
5. **Retrench** – negative integration, focus on common freedoms, but decrease in number of institutions.

Integration policy stagnation between low and high policy areas became a problem, especially during "empty chair crisis", which challenged the whole logical construction of spill-over effect. Other schools criticised spill-over theory for lack of consideration for international and internal political spheres and inability to explain unwillingness of political elites to shift their loyalty towards new centre. Most of the neofunctionalists did not develop this theory further and one of the most prominent proponents of neofuncastionalism, Ernst Haas later declared the theory obsolete (Nelsen ja Stubb, 1998).

## Federalism in European integration

In the 1940s federalists and unionists, barely linked groupings and interest groups representing a broad political spectrum, carried the ideas of integration. Both movements saw guarantee of peace for future Europe in international cooperation and integration, even though they understood it in a different manner and chose different means to achieve it.

### *Federalists*

- Following the end of World War II, several movements began advocating a European federation, such as the Union of European Federalists, founded in 1946 and united 80

associations from 13 countries, or the European Movement, founded in 1948. But ideological differences were insurmountable. Federalists were represented by left-wing *Movimento Federalista Europea*, liberal *British Federal Union* and extreme right *La Federation*.

- Federalists saw United Kingdom in charge in European integration as it successfully opposed Germany during WWII. *Altiero Spinelli* wrote his “Towards a Free and United Europe” in 1940 and Declaration of the European Resistance Movements, calling for creation of European federal union.

### ***Unionists***

During this time very different politicians supposed closer cooperation and political integration in Europe.

- *Charles de Gaulle* called for creation of political and geographical entity in Western Europe, with a centre point on London-Paris axis.
- *Winston Churchill* called for United States of Europe, which would put an end to the European tragedy. German-French alliance, British Empire and transatlantic ties with United States of America are all in best interests of Europe. At the same time Churchill preferred a limited integration, being a unionist rather than radical federalist (*Spinelli*).

The foundation of the Council of Europe in May 1949 was preceded by tough negotiations by federalist and unionist “Europeans” which reached a climax at the Hague Congress in May 1948. On the one hand, the jump start for European integration came from Winston Churchill, and on the other, it came from the federalists. There were tensions between two movements which, for the benefit of a united Europe, had to be relieved. This, however, was very difficult as both groups wanted to unite Europe and position it as a “third power” between the USA and the Soviet Union. Simultaneously, both groups wanted to take the leadership over this “third power” in a Europe that was yet to be unified. Hague congress was to become a milestone in European integration. The “federalist Europeans” argued for a surrender of national sovereignty, the immediate call for a “European convention”, the elaboration of a charter of human rights, and the establishment of a court of human rights. Unionists however wanted new international institutions to have more of an advisory role and to be submissible to committee of states ministers.

Hague congress marked the victory of unionist movement and creation of *Council of Europe*, as it has limited functions in the areas of legal standards, human rights, democratic development, the rule of law and cultural co-operation. Council of Europe member states maintain their sovereignty but commit themselves through conventions (i.e. public international law) and co-operate on the basis of common values and common political decisions.

### **1.2.2. Theoretical concepts and models of political system**

In order to analyse political system of the EU, it is necessary to define the concept of policy and level of analysis. It is possible to explore it from different points. The course and this chapter focus foremost on the dimension of policy development of the EU political system, exploring who participates in the EU decision-making and how it is accomplished, how EU and members states political systems intertwine and what are the competences of different actors.

## Policy and policy formation

Foremost it is important to understand the difference between policy formation and decision-making. Decision is a one-time choice between alternatives. Decision-making, which affects policy, takes place in all stages of policy formation. Policy is therefore the sum of decisions made by different actors.

One of the policy definitions which could work in the context of policy formation is "policy is a plan of action adopted by an individual institution or as a result of cooperation between institutions in order to reach a certain objective" (Hague, 1992).

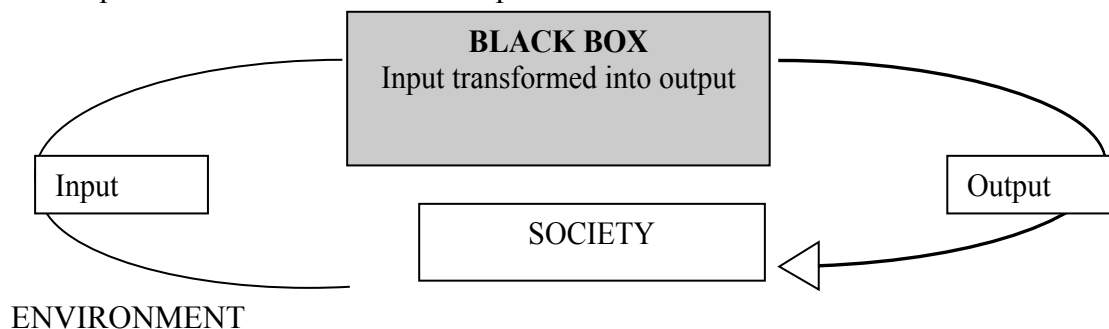
However this definition does not specify the limits or the scope of the policy. We cannot answer such questions as: how many decisions should one make or on what level? The policy involves also the period before and after decision-making, which also poses questions like on which conditions decision was made, for what reasons and what is the result of this decision.

In the context of policy formation one should make the difference between „*policy*” and „*politics*”.

A policy is as a deliberate plan of action (normally of an organisation or a government) to guide decisions and achieve rational outcome. Policy may also refer to the process of making important organizational decisions, including the identification of different alternatives and choosing among them on the basis of the impact they will have. This requires knowledge of needs and bottlenecks in the society and ability to mitigate negative effects by active involvement from the government. Politics is an exercise of ensuring stability and consensus in the society. In order to achieve this, government needs to stay in charge of its actions and make collective decisions, reacting to the common needs of the society, minimising conflicts and ensuring that commitments are being fulfilled.

## The political system model

State is at the core of the classical political system (David Easton), but it also includes other interdependent levels and it can be implemented in the case of EU.<sup>4</sup>



<sup>4</sup> Easton conceived the model of the political system in his book "The Political System" (1953), and developed it further in his books "A Framework for Political Analysis" and "A Systems Analysis of Political Life" (1965).

Figure 1.2. Classical political system (David Easton).

1. Political system is dynamic and it involves a broad spectrum of actors. It transforms external demands (input) into outputs which affect and control environment and actions of different actors. Thus collective decisions that are made in the process have a significant influence over formation of social and political values and distribution of economic resources in the society.
2. Demands are formed by the environment (which consists of different subsystems such as social, economic, values etc) which when they accumulate enough political support become part of institutional agenda<sup>5</sup>. Thus political system is shaped by the needs of citizens and social groups, who express them ad hoc or using organised representative bodies – political parties, interest groups etc.
3. Governing institutions transform inputs into outputs (benefits, services, laws). Political system implies existence of stable and clearly defined institutional structure, whose functions are reglemented.
4. Feedback from environment causes relaunch of the process through the inception of new demand; thus political system should perform constantly, connecting input policy with output policy.

### **EU political system**

When applying classical political system model to EU political system, one can notice certain similarities. Despite added supranational level, in general terms EU political system corresponds to classical political system model.

1. Treaties ensure stable institutional structure, which exercises legislative, executive and judiciary function and which functions according to detailed procedural rules.
2. Citizens of member states can deliver input to the EU level either ad hoc or through organised groups. Even though member states' governments have more competence when defining political agenda, but they do not have sole right to specify political inputs.
3. EU was created largely to distribute social and economic benefits (80% of regulation concern single market and agriculture policy; EU legislation is a part of members states' legislation, but it has supremacy over domestic laws; few policies have broad indirect effect on resources distribution between individuals, groups and nations).
4. Unlike other international organisations EU institutions function constantly on different levels, even though European Council and Council of the European Union meet periodically (there are different combinations of cooperation: EU institutions, EU and member states, member state and member state, actors within member state). Hence non-governmental actors have more opportunities to participate and influence the process.

### **Problems arising when using political system model**

- EU political system boundaries are not as clear as the ones of a national state.

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<sup>5</sup> Cobb and Elster (1973) – institutional political agenda is an abstract concept, which is shaped by the topic, has received political support and to which politicians or public servants pay attention.

- Differences in functions and competences of participants in different political sectors of EU.
- If the policy formation of a national state is mostly affected by the external environment, then in case of EU multiplex and changing internal environment plays a pivotal role.
- EU is not a classical state model, as enforcement and implementation of policies still lies with member states.

*Main differences are bigger number of participants and different decision-making mechanisms in the “black box”.*

### 1.2.3. EU institutional decision-making mechanisms

When institutionalising states democratic societies followed two main principles:

- office holders receive their mandate from voters, at the same time vertical legal relationship, where state has a supremacy, remains;
- legislative, executive and judicial powers are separated – according to Montesquieu separation of powers theory.

Taking all this into consideration in countries with long democratic traditions governance includes at least parliament, government and court, possible a ceremonial head of state. This system is simple and effective as well as democratic and legitimate.

*Classical international organisations* are based on different set of rules. Main focus is on a vertical power ratio, where all the participants are equal and institutions represent them, having competence only in the areas and to a degree defined by members.

As a rule these organisations consist of the following:

- council, where all members are represented – such as UN General Assembly;
- reduced council, which deals with operative decision-making and has a limited number of members, who have legal representation right from other members;
- independent court, which solves international disputes.

The main problem in case of international organisations is their legitimacy – they lack people’s mandate. The other big issue is low efficiency – because of the domination of national interests in the decision-making prevents organisation from efficient action.

### EU institutional system – history of formation of EU institutions

The first institutions were created on 18 April 1951 with the creation of the ECSC, based on the Schuman declaration, between six states (Belgium, France, Germany, Italy, Luxembourg and Holland). Same countries signed the Treaties of Rome on 25 March 1957 which established two communities creating a common market (European Economic Community) and promoting atomic energy co-operation (Euratom). The two new communities were created separately from ECSC, although they shared the same courts and the Common Assembly. The executives of the new communities were called Commissions, as opposed to the "High Authority".

A Convention on Certain Institutions Common to the European Communities (signed 25 March 1957) created The Court of Justice of the European Communities and the Common Assembly. The Merger Treaty of 1965 merged the executives, establishing a Single Council for three communities and a Single Commission of the European Communities.

The 1975 Treaty of Brussels again amended certain financial provisions laid down in the Treaties. It strengthened the Assembly's budgetary powers (the EP secures the right to reject the Community budget and to grant discharge to the Commission in respect of implementation of the budget) and provided for the establishment of a Court of Auditors. The latter became operational in 1977, but was given a status of official EU institution only by the Treaty of Maastricht on 7 February 1992.

The Single European Act (1986) brought amendments to the Treaties establishing the European Communities and established European political cooperation. Once the Single European Act (SEA) entered into force, the title 'European Parliament' (which the Assembly had used since 1962) was made official.

On 4 November 1994 the Council adopted the name 'Council of the European Union', following the establishment of the European Union by the Maastricht Treaty.

The European Council refers to the regular meetings of the heads of state in the European Union and is not an EU institution. The summits were only recognised formally during 1974 summit in Paris. In 1987, it was included in the treaties for the first time (the Single European Act) and had a defined role for the first time in the Maastricht Treaty.

## **Assessment of institutions and policy formation**

### *Democracy*

The democratic deficit is a concept invoked principally in the argument that the European Union and its various bodies suffer from a lack of democracy and seem inaccessible to the ordinary citizen because their method of operating is so complex. The view is that the Community institutional set-up is dominated by an institution combining legislative and government powers (the Council of the European Union) and an institution that lacks democratic legitimacy (the European Commission).

At every stage of the European integration process, the question of democratic legitimacy has become increasingly sensitive. However proposed solutions are often inapplicable. The common is said to be the definition of democracy.

In continuous discussion on whether democracy should refer to majority or consensus (i.e. should the will of the majority of the population or all population be taken into account), the idea of qualified majority has taken the lead. In this case the democratic quorum is 2/3 of the decision-makers' votes, be that based on the number of member states, voters or QMV. This limit however is normally applied in the decision phase; in the initiation and development phase it is considered important to reach consensus as it will ease the later implementation of the decision.

***Under this topic also following aspects are addressed:***

- **Democratic mandate** – there is a lack of democratic mandate in EU which means that there is little link between executive body and voters. The EU's democratic deficit extends deep into its institutions. The Commissioners are unelected and unaccountable to the EU citizen. This topic is also raised in connection with relations between European Parliament, national parliaments and member states' governments' representatives. European Parliament and national parliaments consider themselves to have democratic mandate and, as a result, claim to have biggest legislative power, which at the same time actually a competence of the governments' representatives. As a result European Parliament and national parliaments all compete to reduce powers of national governments and Council and gain control over their activities.
- **Accountability** – the goal is to increase the possibilities for citizens or bodies, directly elected by citizens, to force officials or executive bodies to resign or hold them accountable.
- **Competence** – to insure that institutions are acting within their competences.
- **Openness and transparency of the system** – creates an everyday participation in the political processes by media and the public and ensures that all information about the activities of the institutions is open and freely available. Lack of transparency is often blamed for the decrease of the support for the EU amongst EU citizens.
- **Involvement of citizens and civil society** – existing system whereby member states still retain veto power in very important areas is expected to be replaced by a constructive debate with civil society already during early stages of policy formation. It is considered important to involve possible more citizens' associations and NGOs. Such involvement is often criticized by national parliaments, non-profit organisation and euro sceptics, who want to participate in the process but are not willing to be held responsible for any decisions made or even offer their competence in the field.
- **Separation of powers** – in order to ensure transparency, control by the civil society and to avoid abuse of power, it considered that development of the institutional system should follow Montesquieu tripartite model.

### *Efficiency and efficacy?*

As EU decision-making becomes slower and duplication more common, efficiency has become secondary objective. By increasing governance efficiency, supranational institutions hope to convince citizens to shift their loyalty more towards supranational level.

However efficiency assurance in some areas is in inverse relation with democracy level. This is most noticeable foremost from the involvement aspect – involvement of a lot of actors and striving to get unanimous decision may lead to ineffective decision making process. As a rule proposals which are towards a more general public are expected to increase both efficiency and involvement.

But using a different approach one can argue that more involvement in the decision phase can lead to more efficiency in the implementation phase. For example proponents of Danish and Finnish parliamentary control model claim that the system works much better when the national legislators are involved in the decision making at an early stage.

Efficiency debate focuses mainly on the question on how to increase institutional capability. This includes capability to act according to citizens' expectations and other institutions' needs and at the same time keep the objectives in line with the resources available. EU thus

represents a compromise between national interests and common objectives, which means that a reform to increase efficiency is not plausible in the near future. At the moment the focus remains on the eradication of duplication and competing competences.

### *Applicability*

Practical applicability of visions for the EU future remains usually out of sight of general public. Some of the ambitious proposals remained unrealised due to the problem of applicability.

It is vital that the new proposals are compliant with existing Treaties and institutional system and keep the existing balance (between member states and supranational institutions). Innovations must not imply bigger expenditure in terms of budget. Keeping the existing balance is considered main obstacle to deeper reforms (for example to ensure the division of powers). Reform proposals should be also evaluated in the institutional framework, as it is important what would be the division of powers after it

Proposals should provide for a seamless transition from the existing treaty base. One can conclude that only a reform which does not require new intergovernmental compromise, decrease expenditures, increase efficiency, is tempting for private funding but does not threaten the balance of powers, can be considered possible.

***The main challenge for EU is balance of competences of different institutions.*** The issue became more evident after the last enlargement as function of a 27-member union implies well functioning and balanced institutions. All amending treaties that were ratified recently (Treaty of Amsterdam, Treaty of Nice, Lisbon Treaty, Treaty establishing a Constitution for Europe – signed but not ratified) were dealing mainly with institutional questions. These are the questions that create most tensions.

As functions of all the institutions are deeply interconnected, increase in competences of one institution (for example Parliament) would automatically mean decrease in competences of the other (for example Council). If the objective of the Treaty of Amsterdam and Treaty of Nice was to allocate competences to member states within institutions, then Treaty of Lisbon changes the balance of powers between institutions.



### 1.2.4. Policy formation cycle in EU

The so called black box of the EU political system model is different from state system. Despite the fact that stages in policy formation are the same, the process involves more actors and has different outputs (instead of legislative acts and political programmes of member states there are EU regulations, strategies and other documents).

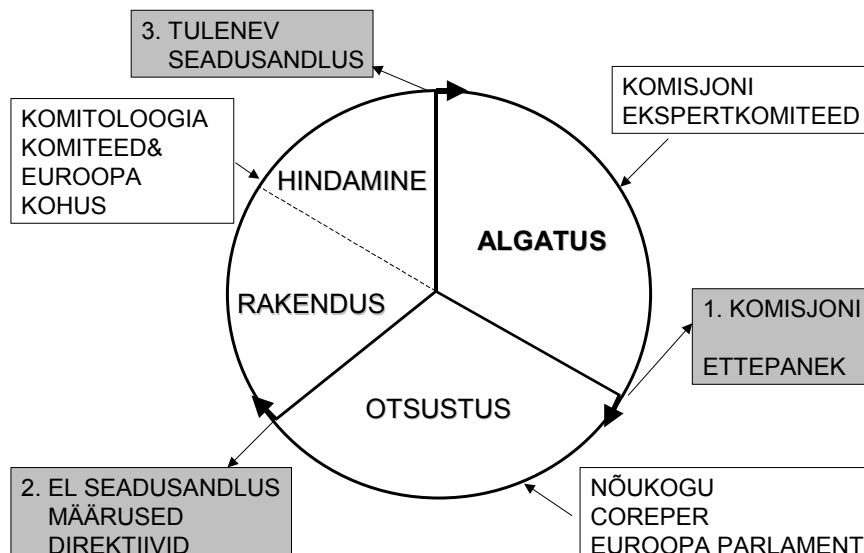


Figure 1.3. EU policy formation model.

All the stages of policy formation are covered in detail in further parts of the course. When analysing EU policy formation cycle in general, it is important to remember that EU policy objectives are different, thus this might lead to different policy formation mechanisms and affect roles of institutions in the decision-making process.

**Policy objectives**

Theodore J. Lowi distinguishes following policies.

- *Distributive policies* – extend goods and services to members of an organization, as well as distributing the costs of the goods/services amongst the members of the organization. Examples include government policies that impact spending for welfare, public education, highways, and public safety, or professional organisations. Usually beneficiaries do not compete amongst themselves for resources hence there are no direct losers.
- *Regulatory policies* – limit the discretion of individuals and agencies, or otherwise compel certain types of behaviour. These policies are generally thought to be best applied when good behaviour can be easily defined and bad behaviour can be easily regulated and punished through fines or sanctions. An example of a fairly successful public regulatory policy is that of a certain norms in occupational health, competition policy etc. Usually presumes a clash of interests of several groups in society (prime example is telecommunication law).
- *Self-regulatory policies* – initiated and supported by certain group in society with the objective to protect its members or maintain a certain field (licensing criteria and norms). Also policies, which define competences and functions of governing bodies (Basic Law).
- *Redistributive policies* – is the transfer of income, wealth or property from some individuals to others caused by a social mechanism such as tax laws, monetary policies, or tort law. The conflicts are most extensive in case of redistributive policies.

The aforementioned list describes ideal types as in reality these types might mix. For that reason classification is normally quite complicated. In general policies can be described as responsive-active and universal-specific.

	Responsive policies (focused on resources)	Active policy (focused on objective)
Universal (oriented to several groups)	Regulatory policies	Redistributive policies
Specific (oriented to one or few groups)	Self-regulatory policies	Distributive policies

Figure 1.4. Division of policies.  
Sources: Blondel (1995), Hogwood (1987), John (1998).

*EU policy objectives*

- *Regulatory policies* – internal market, environmental policy, social policy, competition policy, economic and monetary union, energy.

- *Redistributive policies* – Common Agricultural Policy and regional policy.
- *Distributive policies* – development cooperation policy, cooperation on research and development activities.
- *Self-regulatory policies* – policies, targeted directly towards member states' citizens (protection of economic, social and political rights of the citizens, cooperation in the area of justice and home affairs, common asylum and immigration policy, police cooperation).

In case of EU we can also add global policies, which cannot be placed under any of the categories above – CFSP, defence cooperation.

## Methods and models of policy formation

1. *Community method*
2. *EU regulative model*
3. *Intergovernmental method – policy coordination*
4. *Open method of coordination*

### ***Community method:***

- The Community method is based on the idea that the general interest of Union citizens is best defended when the Community institutions play their full role in the decision-making process, with due regard for the subsidiarity principle;
- European Commission plays a major role in formulation and implementation of the policy (set up in what was formerly known as the first pillar of the European Union);
- widespread use of qualified majority voting in the Council;
- an active but limited role for the European Parliament;
- Commission monopoly of the right of initiative.

### ***EU regulative model:***

- multilevel legislation in the EU legislative framework;
- Commission's role is to initiate regulative objectives and rules;
- Council's role is to define minimal standards and the direction of harmonisation;
- ECJ role is to ensure the correct implementation of the regulations.

### ***Intergovernmental method – policy coordination:***

- the intergovernmental method of operation was used in the second and third pillars in order to coordinate policies of member states in the areas where EU has limited to zero competence;
- the Commission's right of initiative is shared with the Member States or confined to specific areas of activity;
- the Council generally acts unanimously;
- the Court of Justice plays only a minor role and the European Parliament has a purely consultative role.

### ***Open method of coordination:***

- framework for cooperation between the Member States, whose national policies can be directed towards certain common objectives;

- the open method of coordination takes place in areas which fall within the competence of the Member States, such as employment, social protection, social inclusion, education, youth and training;
- depending on the areas concerned, the OMC involves so-called "soft law" measures which are binding on the Member States in varying degrees but which never take the form of directives, regulations or decisions;
- the Commission's role being limited to surveillance;
- the European Parliament and the Court of Justice play virtually no part in the OMC process.

### **Factors that characterise process of policy formation at EU level**

- Compromises, negotiations and so called package deals; at the same time effort to maintain principles of consensus decision making.
- Close interinstitutional cooperation.
- Incremental policy and progressive changes.
- Policy formation is becoming more and more technical and specialised, which demands legal, economic and area-specific expert skills.
- The speed of legislation in different policy areas is different.

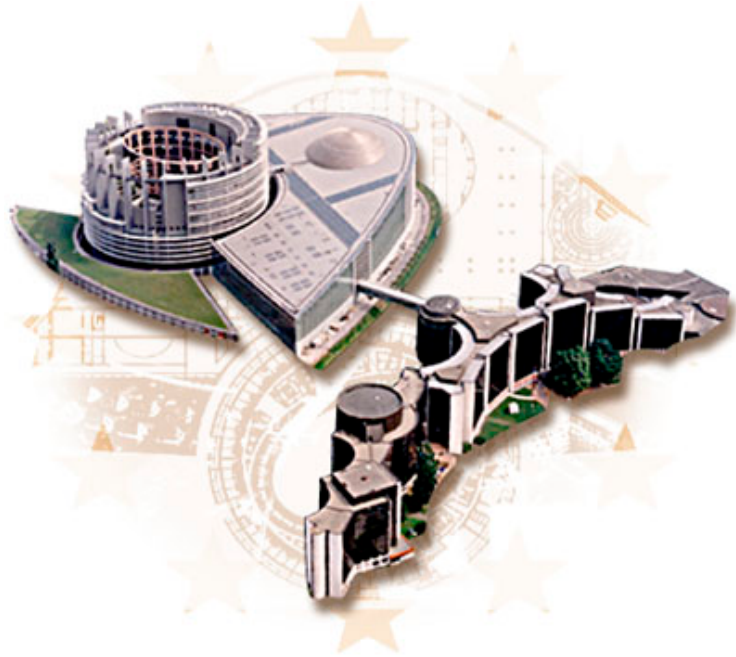
As there is no clear governance centre in EU, which would shape political programme and carry out purposefully political strategies, it is not possible to speak of rational policy formation. Lack of common strategy creates functional duplication and as legislation become ever more complicated it becomes more complicated to ensure policy coordination. Negotiations, political interests, political elite and procedural rules become more important as more and more actors are involved in the policy formation.

Following actors are participating in policy formation: member states' governments, supranational institutions, parties at national and supranational level, officials at both levels, interest groups at both levels, electorate.





**EU GOVERNANCE AND POLICIES  
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## **4.THE EUROPEAN PARLIAMENT: PROCEEDINGS**

European Parliament is the body of representatives of the people of the European Member States. Since 1979 its members have been elected by universal suffrage. The seats of the Parliament are allocated according to the population of the member states.

The European Parliament has accrued from the Common Assembly, which was formed of three other assemblies. The name of the European Parliament was acknowledged by its members in 1986 with the Uniform European Act. The European Parliament has, in most matters, equal rights with the Council to participate in making legislative decisions.

### **4.1. THE COMPOSITION OF THE EUROPEAN PARLIAMENT AND THE ELECTIONS**

Although, with the Treaty of the European Coal and Steel Community (signed in 1951) the formation of the European Parliament by direct universal suffrage was designated, the act of the direct suffrage was not accepted before 20th of September 1976 by the representatives of the member states in the Council of Ministers. Until the first direct elections in 1979 all the parliaments of each member states appointed the members of the European Parliament among

themselves. It's enacted that direct universal suffrage has to be conducted in each member state by the uniform voting system. Until today the member states haven't been able to agree on the exact procedure of elections and therefore the seventh elections (took place in June 2009) were carried on by the traditions of each member states. The only common denominator that each member state had to take into account was the requirement of proportionality.

***The members of the European Parliament are elected for five years.*** The Members of European Parliament are elected for five years. Everyone can apply for the position, but when elected the provisions of incompatibility may be applied.

Before 1979 a member of the European Parliament had to be also a member of its countries parliament; currently it is only stated in the act of direct elections that these two occupations do not comport with one another. Belgium and Greece have validated the claim of their incompatibility and many political parties have done the same in their Rules of the Procedure. Although, it is intense enough to fill two mandates, it seems that keeping these two apart has been somewhat alienated from the Parliaments of the Countries of the MEPs (only very few MEPs have a double mandate). This circumstance reduces the possibility of the political integration as well as the capability of success of the MEPs. By now, in general the need for more intensive relations between the MEPs and the parliament members of the member states is recognised. That is the reason why a protocol of the functions of the parliaments of the member states in European Union has been composed.

During the sessions, a MEP has the same prerogatives and immunities as the member of the parliament in his own country, he is protected against detainment and legal proceedings in the territory of the other member states.

## **The Reforms of Composition of European Parliament in Lisbon Treaty**

The predecessor of the Treaty of Lisbon was the treaty establishing a Constitution for Europe, which designated the allocation of the seats to every member states according to „degressive proportionality“, whereby every state was represented by at least four members. By the Lisbon Treaty the maximum number of MEPs is 751 (750 members + the president). In the beginning, it was suppose to be just 750 members, but after the claims of the Italy, the decision of adding one more member, presuming that the maximum of the votes won't be affected as president doesn't get the right to vote, on a conference of the governments was made. In theory, based on the composition of the Parliament 2009-2014, the situation were the Parliament has 754 members, if the German parliamentaries won't lose their mandate and new members are joining the Parliament, is possible. For the time being due to the disruption in France the alligation of the new members has been postponed for an unspecified term, because in order to preserve the agreed proportions all the new members have to be accrued at the same time.

The Lisbon Treaty doesn't specify the exact distribution of the seats in the Parliament, but the decision will be made in the future by the European Council in unison. The proposal of the adoption of the verdict is made by the Parliament itself (it is an exceptional situation as the Parliament is given the right to initiate a legislative act) and the Parliament has to consent Council's decision. While dividing the seats the minimum rate is 6 members per state and the maximum rate is 96 members per state. Raising the threshold to six gives every reason to

believe that in next composition of the European Parliament Estonia will gain seven seats. Hopefully, setting the maximum rate for the seats helps to keep the balance between the representation of the big and small member states in the future.

*The number of seats given to the member states in the European Parliament is following: (the seats given by the Treaty of Lisbon and the members elected in 2009 are compared)*

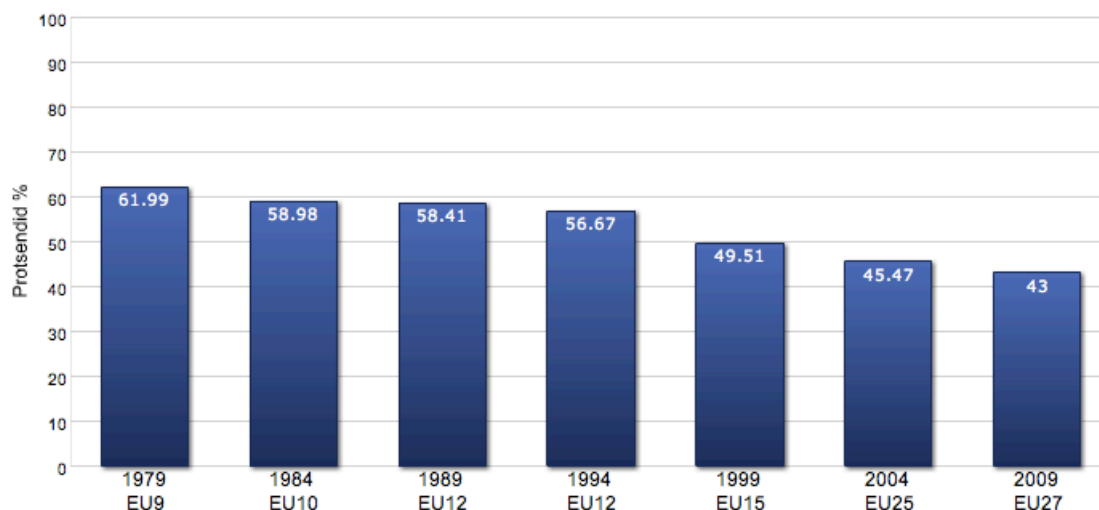
<i>Member States</i>	<i>Elected in June 2009</i>	<i>By Lisbon Treaty since Dec 2009</i>	<i>Plus/Minus</i>
<b>Germany</b>	99	<b>96</b>	<b>-3</b>
<b>France</b>	72	<b>74</b>	<b>+2</b>
<b>Italy, United Kingdom</b>	72	<b>73</b>	<b>+1</b>
<b>Spain</b>	50	<b>54</b>	<b>+4</b>
<b>Poland</b>	50	<b>51</b>	<b>+1</b>
<b>Romania</b>	33	<b>33</b>	
<b>Nederland</b>	25	<b>26</b>	<b>+1</b>
<b>Belgium, Czech, Greece, Hungary, Portugal</b>	22	<b>22</b>	
<b>Sweden</b>	18	<b>20</b>	<b>+2</b>
<b>Austria</b>	17	<b>19</b>	<b>+2</b>
<b>Bulgaria</b>	17	<b>18</b>	<b>+1</b>
<b>Finland, Denmark, Slovakia</b>	13	<b>13</b>	
<b>Ireland, Lithuania</b>	12	<b>12</b>	
<b>Latva</b>	8	<b>9</b>	<b>+1</b>
<b>Slovenia</b>	7	<b>8</b>	<b>+1</b>
<b>Cyprus, Estonia, Lusembourg</b>	6	<b>6</b>	
<b>Malta</b>	5	<b>6</b>	<b>+1</b>
<b>Total</b>	<b>736</b>	<b>751</b>	

## **4.2. THE ELECTIONS OF THE EUROPEAN PARLIAMENT OF 2004 AND 2009**

The election of the European Parliament which took place in 2004 (the 6th) were important in many ways. They symbolised the success of the enlargement process of the EU and the coherence of new Europe. The Member States of The European Union had to make an effort to fulfill the given assignments and besides concluding the treaty of accession, the treaty had to be ratified in all member states as well as in candidate states just before the elections of the European Parliament. Also, a real challenge was to regain the trust of the electors for the Institutions of the European Union and hence raise the legitimacy of the European Union. European Parliament as the only directly elected institution has the centric role to fill. In a certain way these challenges were bounded up with each other – to the addition of the new member states, the growth of the polling rate was hoped to achieve

The first assignment was completed prosperously – by the time of the elections (of the European Parliament) the enlargement of the Union had finished successfully. Only the expected polling rate and legitimacy was not achieved. In addition to the customary member states with low polling rate (such as United Kingdom, the Netherlands) the most of the new member states didn't take actively part in the elections either. Estonia with the turnout of the elections being only 27% was one of the most impassive of the member states.

The elections in 2009 were the first to be conducted by all 27 member states at the same time. Even if the polling rate dropped a few percentages compared to the year 2004 the results by each states were very different (see Figure 4.1 and Table 4.1).



**Figure 4.1. The overall polling rates of the European Parliament 1979-2009.**

The source: the European Parliament 2009

**Table 4.1. The polling rates of the elections of the European Parliament by countries in 2004 and 2009.**

	<b>BE</b>	<b>DK</b>	<b>DE</b>	<b>IE</b>	<b>FR</b>	<b>IT</b>
<b>2004</b>	90.81	47.89	43	58.58	42.76	71.72
<b>2009</b>	90.39	59.54	43.3	58.64	40.63	65.05
	<b>LU</b>	<b>NL</b>	<b>UK</b>	<b>EL</b>	<b>ES</b>	<b>PT</b>
<b>2004</b>	91.35	39.26	38.52	63.22	45.14	38.6
<b>2009</b>	90.75	36.75	34.7	52.61	44.9	36.78
	<b>SE</b>	<b>AT</b>	<b>FI</b>	<b>CZ</b>	<b>EE</b>	<b>CY</b>
<b>2004</b>	37.85	42.43	39.43	28.3	26.83	72.5
<b>2009</b>	45.53	45.97	40.3	28.2	43.9	59.4
	<b>LT</b>	<b>LV</b>	<b>HU</b>	<b>MT</b>	<b>PL</b>	<b>SI</b>
<b>2004</b>	48.38	41.34	38.5	82.39	20.87	28.35
<b>2009</b>	20.98	53.7	36.31	78.79	24.53	28.33
	<b>SK</b>	<b>BG</b>	<b>RO</b>	<b>Kokku EL</b>		
<b>2004</b>	16.97			<b>45.47</b>		
<b>2007</b>		29.22	29.47			
<b>2009</b>	19.64	38.99	27.67	<b>43</b>		

Source: The European Parliament 2009

## The results of the elections of the European Parliament in Estonia and the delegates

**The elections of 2009.** The sovereign winner of the ballot was an independent candidate Indrek Tarand. The Estonian Centre Party gained two mandates, receiving one more seat in the European Parliament. The biggest loser was the Social Democratic Party who has had one seat in the European Parliament since 2009. The Pro Patria Union and Estonian Reform Party both proceeded with one seat. Thereat, the representative of the Estonian Reform Party up till now, Toomas Savi, did not contest a seat in 2009. The elections in 2009 took place with closed lists. A more detailed info is found on the home page of the Estonian National Electoral Committee: <http://www.vvk.ee>

**Table 4.2. Estonian delegates in the European Parliament**

Parties	Delegates since June 2009	Delegates 2004-2009
Social Democratic Party	Ivari Padar	Toomas Hendrik Ilves (since 2006 Katrin Saks), Marianne Mikko, Andres Tarand
Estonian Centre Party	Siiri Oviir, Vilja Savisaar	Siiri Oviir
Pro Patria Union	Tunne-Välde Kelam	Tunne-Välde Kelam
Estonian Reform Party	Kristiina Ojuland	Toomas Savi
Independent candidate	Indrek Tarand	

*The source: The European Parliament 2009*

**The elections of 2004.** As the elections took place using the so called open lists not putting up the independent candidates, the votes were summed up and then the seats were divided in the list based on the sequence of superiority. The Social Democratic Party gathered three mandates, being very close to getting the fourth. Estonian Centre Party, Pro Patria Union and Estonian Reform Party each collected one mandate (see Table 4.2). An independent winner in collecting the votes was Toomas Hendrik Ilves with 76,120 votes, which is in the list of mandates, ranged by the comparative figure, about as many as next twelve candidates all together (76,448). Ivari Padar who also gained a mandate didn't wish to take part of the work of the European Parliament and was replaced by Andres Tarand. After Toomas Hendrik Ilves was elected to become a president, his seat in the Parliament was given to Katrin Saks.



### ***Additional reading***

#### ***Limitations on being a member of the European Parliament***

The member of the European Parliament cannot be:

1. A member of Riigikogu;
2. The President of the Republic;
3. A member of the Government of the Republic;
4. A person who has appointed in service by Riigikogu, the President of the Republic, the Government of the Republic, Prime Minister, head of some governmental authorities or other state authority (except a chairman or a member of some council who is appointed by the Riigikogu pursuant to law);
5. The Chairman of the Supervisory Board of Eesti Pank;
6. a rural municipality mayor or a city mayor;
7. a member of a rural municipality council or a city council;
8. a regular member of the Defence Forces.

The member of the European Parliament cannot be a person who is occupied in certain institutions of the European Union (see the European Parliament Election Act § 75).

## **4.3. THE STRUCTURE OF THE EUROPEAN PARLIAMENT AND THE SEATS**

The European Parliament is governed by the *president Jerzy Buzek*, who has in turn 14 vice-presidents.



**Jerzy Buzek**

[http://et.wikipedia.org/wiki/Jerzy\\_Buzek](http://et.wikipedia.org/wiki/Jerzy_Buzek)

**The board of the European Parliament** is a regulatory body which is responsible for the budgetary, administrative, organisational and staff matters. Besides the president and 14 vice-presidents also five quaestors belong among the members, who participate in the proceedings of the administrative and financial matters and the questions concerning the Statutes fulfilling an advisory role. The members of the board are elected for two and a half years.

**The conference of chairmen** consists of the president of the parliament and the chairmen of the political parties and it is the political governing body of the European Parliament. It composes the agenda of the plenary sessions, determines the time schedule and the Rules of the Procedure of the bodies of the European Union and fixes the basis and the amount of the work of the committees and delegations of the parliament.

The work of the Parliament is organised by **the Secretariate**, which is governed by the Secretary-General and its permanent staff consists of nearly 4,600 workers plus also the staff and the assistants of the members of the political groupings. One third of the staff is working in the language services (including the interpretation and translation). Due to the restrictions consequent to multilingualism and three seats of the Parliament, the operational costs of the European Parliament reach up to 1% of the budget of the European Union. 25% of the budget, approximately 1,5 milliard euros (2009), is spent on the expenses directly related to the delegates (the wages, travel costs, expenses related to assistant etc.).

## **The Committees of the European Parliament**

As the committees are the main form of work in each national parliament, they are used in the same way also in the European Parliament. All together there are 23 different committees, which gather in every three weeks, the hearings of the committees are open to everyone, though only the members have the say.

1. The Committee on Foreign Affairs
2. The Committee on Development
3. The Committee on International Trade
4. The Committee on Budgets
5. The Committee on Budgetary Control
6. The Committee on Economic and Monetary Affairs

7. The Committee on Employment and Social Affairs
8. The Committee on Environment, Public Health and Food Safety
9. The Committee on Industry, Research and Energy
10. The Committee on Internal Market and Consumer Protection
11. The Committee on Transport and Tourism
12. The Committee on Regional Development
13. The Committee on Agriculture and Rural Development
14. The Committee on Fisheries
15. The Committee on Culture and Education
16. The Committee on Legal Affairs
17. The Committee on Civil Liberties, Justice and Home Affairs
18. The Committee on Constitutional Affairs
19. The Committee on Women's Rights and Gender Equality
20. The Committee on Petitions
21. The Subcommittee on Human Rights
22. The Subcommittee on Security and Defence
23. A temporary committee on Financial, Economic and Social Crisis

Besides the standing committees the European Parliament can set up *sub committees*, *temporary committees* to deal with specific topics and *committees of inquiry*. The purpose of the joint committees is to keep relations between the parliaments of the member states connected through the European Union Treaty of accession.

*The interparliamentary delegations* do the same work with many other parliaments of the member states and international organisations.

The work in the European Parliament is usually arranged by the following principles:

- a committee familiar with the current topic (f.e. if the question is about legislation of pollution the committee to deal with it is The Committee on Environment, Public Health and Food Safety) appoints one of the members to be a rapporteur who will compose the draft of the proposal;
- The rapporteur submits the draft for the discussion in the committee;
- After the deliberations the draft is put up for voting and if necessary amendments are made;
- Thereafter the draft will be on a discussion on a plenary sessions, the corrections are made, the voting takes place and the Parliament adopts a positions in the given matter.

This is the procedure of the admission of the the legal acts and the organisation of the second reading might be claimed as well as in the codesicion procedure. Besides approval of the legislative proposals and the adoption of the budget, the MEPs also observe the work of the European Commission and the Council of the European Union, asking questions from the members of the European Commission and the Council of Ministers on the actual matters at the plenary sessions.

## **The plenary sessions of the European Parliament**

The annual schedule of the European Parliament designates twelve four-day long plenary sessions in Strasbourg and six two-day sessions in Brussels. The time between plenary sessions is for the meetings of the commissions and delegations (two weeks per month) as

well as for the meetings of the political groups (one week per month). In addition to this, four weeks per year are designated for meeting the voters in their home country.

The plenary sessions of the European Parliament are held every month (except August when there are no sessions and in December when there are fewer sessions) by quite similar logic<sup>6</sup>. The MEPs sit in political groups, not by nationality, for crossing the national boundaries inside the Parliament.

## The locations of the European Parliament

The European Parliament has seats *in three different cities*: Strasbourg, Luxembourg and Brussels. The monthly plenary sessions are held in Strasbourg. Extra part-sessions and the meetings of the committees of the European Parliament are held in Brussels. The Secretariat of the European Parliament is located in Luxembourg. As the Parliament has grown in numbers it is more likely that Strasbourg won't be preferred as a seat for sessions anymore. Many MEPs have spoken against travelling to Strasbourg every month, calling it a „travelling circus“, because it's a waste of tax payers money as well as in contradiction with the principles of the sustainable development. The biggest supporter of Strasbourg in this matter is France, because the city has a symbolic importance as being a location of an institution of the European Union.

## 4.4. THE POLITICAL GROUPS IN THE PARLIAMENT

It is important to note that the members of the Parliament are allocated into groups by their political views not by their nationality. The political groups of the European Parliament are similar to parties of the national parliaments. To form a group at least 23 MEPs from two different member states, 18 MEPs from three member states or 14 MEPs from four or more member states are needed. Before validating the latest rules it was possible to form a political group with at least 29 MEPs out of one member state, yet this opportunity was abandoned.

- The political groups fulfill an important role in the European Parliament. The groups decide the composition of the board of management and the committee bureaus, compose the agenda of the Parliament and appoint the main speakers and the time of speech. They have a rather large administration and they receive considerable financial subsidies from the European Parliament.
- The European Parliament is different from national institutions because it appoints, but doesn't constitute the government (in this case, the European Commission); however, the European Parliament can, in some circumstances, force the resignation of the entire Commission. Thus, there is no regular coalition nor opposition.
- Insofar as the MEPs belong to an international group there is also no classical discipline of parties. This leads to relatively unexpected results in actual voting. Some suggestions are given, but mostly these are taken into consideration only if it comes to voting the division of positions.
- There are less MEPs than the seats in the committees.

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<sup>6</sup> Exact working calendar is accessible at the homepage of the Parliament:  
<http://www.europarl.europa.eu/pdf/general/cal2008.pdf>

### *The members of the European Parliament and parties (March 2010)*

<b>Members</b>	<b>736</b>
Group of the European People's Party and European Democrats (EPP-ED)	<b>265</b>
Group of the Party of European Socialists (PES)	<b>184</b>
Group of the Alliance of Liberals and Democrats for Europe (ALDE)	<b>84</b>
Union for Europe of the Nations (UEN)	<b>55</b>
Group of the Greens/European Free Alliance (G-EFA)	<b>54</b>
Confederal Group of the European United Left/Nordic Green Left (GUE/NGL)	<b>35</b>
Europe of Freedom and Democracy Group (ID)	<b>31</b>
Non-attached (NI)	<b>28</b>

Estonian delegates are divided into parties in the following way:

<b>Party</b>	<b>Membership in an Estonian political party</b>	<b>Membership in a political group of the European Parliament</b>
Ivari Padar	Social Democratic Party	Party of European Socialists
Siiri Oviir, Vilja Savisaar	Estonian Centre Party	Alliance of Liberals and Democrats for Europe
Tunne-Välto Kelam	Pro Patria Union	European People's Party-European Democrats
Kristiina Ojuland	Estonian Reform Party	Alliance of Liberals and Democrats for Europe
Indrek Tarand	Independent candidate	



## **4.5. THE FUNCTIONS OF THE EUROPEAN PARLIAMENT**

*The main functions* of the European Parliament are following:

- a) to participate in the legislative process;
- b) to form a temporary committee of inquiry;
- c) to accept petitions and designate an ombudsman;

- d) to ask questions from the Council of Ministers, the European Commission and the chairman of the Common Foreign and Security Policy;
- e) to admit the Rules of Procedure;
- f) to discuss the annual statement represented by the European Commission;
- g) to vote for an expression of no confidence in the European Commission if not satisfied with its activity;
- h) to approve the nomination of the president and the members of the European Commission;
- i) to participate in the process of the budget;
- j) to initiate proceedings against the Council of the European Union or the European Commission in the Court of Justice of the European Union if the named institutions have left something undone or to protect the rights of the Parliament, also to intervene in other cases of the court;
- k) to take part in the other activities of the Union.

### **The control function of the European Parliament**

1. The Parliament listens to and asks questions from the members of the European Commission.
2. European Council has to present a representation and a written report to the European Parliament after each session.
3. The European Parliament can form independent committees of inquiry.

### **The participation of the European Parliament nominating the leaders of the institutions**

1. The European Parliament nominates the president of the European Commission (however, it does not do this alone).
2. The European Parliament takes part in nominating the Council and the board of the European Central bank.
3. The European Parliament takes part in nominating the members of the European Court of Auditors.

The Lisbon Treaty gives the European Parliament the right to elect the president of the European Commission. Formerly was the Parliament only competent to approve the candidate elected by the European Council. Still, the competence of the Parliament hasn't actually increased, because the European Council presents only one candidate for the European Parliament to „elect“.

The parliament nominates the Commission in whole and the suitability of single candidates is not discussed in plenary sessions. However, before the nomination of the Commission, the members precede hearings of the candidates in the committees of the Parliament. Before the elections in 2004 the hearings were just a formality, but during the nomination of the Barroso Commission in October 2004 the Parliament made history, when the committees delivered a negative opinion on one candidate (it was Italian candidate Rocco Buttiglione to the position of the representative of the Justice and Home Affairs), also, the Parliament had doubts on two other candidates (Latvian Ingrida Ude and Slovakian Stavros Dimas). When the authorised president of the Commission (Barroso) did not agree with replacing Buttiglione nor changing

the spheres of responsibilities, the majority of the Parliament threatened not to approve the composition of the Commission. So, Barroso was forced to make changes in the questions of candidates (Buttiglione was replaced by Frattini and Udre was replaced by Piebalgs) as well as in spheres of responsibilities. The Buttiglione Affair proved one more time that the Parliament is gaining a much bigger role in the process of decision-making in the EU and its force of influence is in constant increase.

### **The Parliament's expression of no confidence in other institutions**

The European Parliament has the right to force the European Commission to resign in the whole accepting the motion of censure if not satisfied with its activity. This is the most efficacious instrument of control of the European Parliament. Even though, the expressions of no confidence have been tabled, none of them has gone through. To prevent the motion of censure the European Commission can resign itself, as it happened in 16th of March 1999 (The Santer Commission).

The requirements of the legislative proceedings are rather stiff. Firstly, in the treaty, there is provided a reflection period: a vote of no confidence takes place not until three days after it has been tabled and the decision is made only by open vote. Secondly, the treaty stipulates that the majority of the MEPs must participate in the voting. To make an expression of no confidence the two thirds must vote for no confidence. Finally, the declarers of the motion of censure have to constitute a tenth of the number of the MEPs.

Still, it has to be stressed that the Parliament can express of no confidence only towards the European Commission. The Council of Ministers, which is a legal body of the European Union, is out of the reach of the authority of European Parliament. Also, it can be contemplated, if that kind of motion of censure had any practical effect. At least partly, it depends on the reactions of the members removed from the office. In fact, they keep on working and act in an official capacity until they get replaced. As their replacement depends on the decisions of the governments of the member states, the following course of actions is not controlled by the European Parliament anymore. To prevent governments from assigning the same people to the same posts the European Parliament approves the president and the members of the European Commission in their whole composition

### **The foundation of the temporary Committee of Inquiry by the European Parliament**

The temporary Committee of Inquiry can be founded to investigate the alleged contraventions and the cases of maladministration in implementing the law of the Union if it is requested by the quarter of the members of the Parliament.

But, the actions of the Committee referred to are limited. First of all, the Committee of Inquiry is only temporary and has to terminate its activity after representing the report. Secondly, such form of investigation doesn't replace the activity of other institutions or bodies authorised by the treaty. For example, if the European Court of Auditors presents a special report, the Committee of Inquiry does not have the power to contradict it; to avoid this kind of situation the European Parliament has to consult with the institution before forming the Committee. The third restriction is for the situation, in case of, the facts are the subject to

a judicial review and the verdict has not been announced yet. The specified details giving the right of inquiry have to be specified by joint agreement of the European Parliament, the European Commission and the Council of the European Union.

### **„The deficit of democracy“**

When it comes to European Parliament the deficit of democracy in European Union is often mentioned. This notion has ascribed to many different meanings and used in different contexts, but in general, what people have in mind when using this concept is the situation when the citizens of the member states do not have enough opportunities to intervene the process of the decision-making, but at the same time, the fields of activities of the Union are expanding constantly affecting the citizens even more directly. At that, the European Parliament contrary to the parliaments of the member states, is not the central regulator of the law, inspite of the mandates given directly by the people. Given train of thought has been the main argument with every new treaty, when it comes to increasing the authorities of the Parliament.

On the other hand, it can be expostulated that namely just because of the expansion of the authorities of the European Parliament in the legislative process, increases the deficit of the democracy, because the low voter turnout makes the mandates also rather weak. Thus, as the trans-European institution with low mandate has as much authority as the Council (consisting of the representatives of the governments authorised by the citizens of the member states to protect their interests in the European Union), it can become in turn a threat to the democracy of the Union.

## **4.6. THE PART OF THE EUROPEAN PARLIAMENT IN THE DECISION-MAKING PROCEDURES**

The Lisbon Treaty divides the decision-making procedures in European Union in two: the ordinary legislative procedure and the specialised legislative procedures. The ordinary legislative procedure is the previous codecision procedure, which is imposed upon the most policies. The most important of the ordinary legislative procedures are the consultation procedure and the consent procedure (previously called the assent procedure).

### **The ordinary legislative procedure**

The ordinary legislative procedure, formerly known as the codecision procedure<sup>7</sup>, enables three readings – the decision is made by the Council and the Parliament and if necessary by the Conciliation Committee, formed from the representatives of both institutions. Basically, the codecision procedure means that the legislative decision cannot be made before both the Parliament and the Council approve the act. Classically, this procedure is foremost used in frames of the common market, social policy and the new domains of the Treaty of the European Union – education, culture and healthcare. With the Treaty of Lisbon the ordinary legislative procedure was also extended to the areas of agriculture, fishery, transport policy, Structural Fund, different questions referred to the budget (in this case a simplified ordinary

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<sup>7</sup> See the chapter annex 1.

legislative procedure is used) and also the areas that used to belong to Justice and Home Affairs such as border control, immigration, cooperation in the fields of justice and police. Because of this, nowadays, most of the fields of the policies belong to the ordinary legislative procedure.

Taking the codecision procedure into the use with the Treaty of Maastricht, extending it and the enlargement of the role of Parliament with following treaties was a real breakthrough for the European Parliament. Before these treaties the Parliament fulfilled only an advisory function, now, the legislative power is shared between the European Parliament and the Council of Ministers. It is assessed that the codecision procedure was used on 60–70% cases of all the procedures of legislative initiative of the European Union. This is the reason why many acts were named the regulations, directives or verdicts of the European Parliament and the Council of Ministers, not just the regulations, directives and verdicts of the Council of Ministers. This procedure creates a certain two-way influence between the European Parliament and the European Council, which is similar to the influence between the two chambers in the parliaments of many countries. The use of codecision procedure was expanded even more with the Treaty of Nice, but still not as much as expected.

In addition to expressing an opinion after consultations the European Parliament has always formulated *a resolution* if necessary. According to the procedures these resolutions must deal with the questions related to the activities of the Union.

## Specialised legislative procedures

### The consent procedure<sup>8</sup>

The consent procedure was taken into the use with the Single European Act and it was expanded with the Treaty of Maastricht. This procedure acts more as a veto power than the codecision procedure, when the European Council and the European Parliament decide together as in the case of the conciliation procedure. If getting a consent is necessary, the Council of Ministers cannot act until receiving an acceptance from the Parliament. For example, the consent of Parliament is necessary for the new members to join the Union.

### The consultation procedure

In case of the consultation procedure<sup>9</sup> the draft will be read in the European Parliament *only once* and only the Parliament can express its opinion on it. But, the direct accession takes place in the European Council. This procedure has been used less and less and only for regulating some specific matters. For example, it is used for regulating the questions concerning the competition policy and state aid as well as for some matters concerning the tax system.

As the European Council brings into force regulations, directives and verdicts, the Council consults with the European Parliament on the proposal of the European Commission. As long as the Council hasn't announced its verdict the Commission can change its proposal during any procedures until the legislative act is adopted. This enables the European Commission to accept the opinion of the Parliament and present an amended proposal. In the February 1990

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<sup>8</sup> See the chapter annex 2.

<sup>9</sup> See the annex 3.

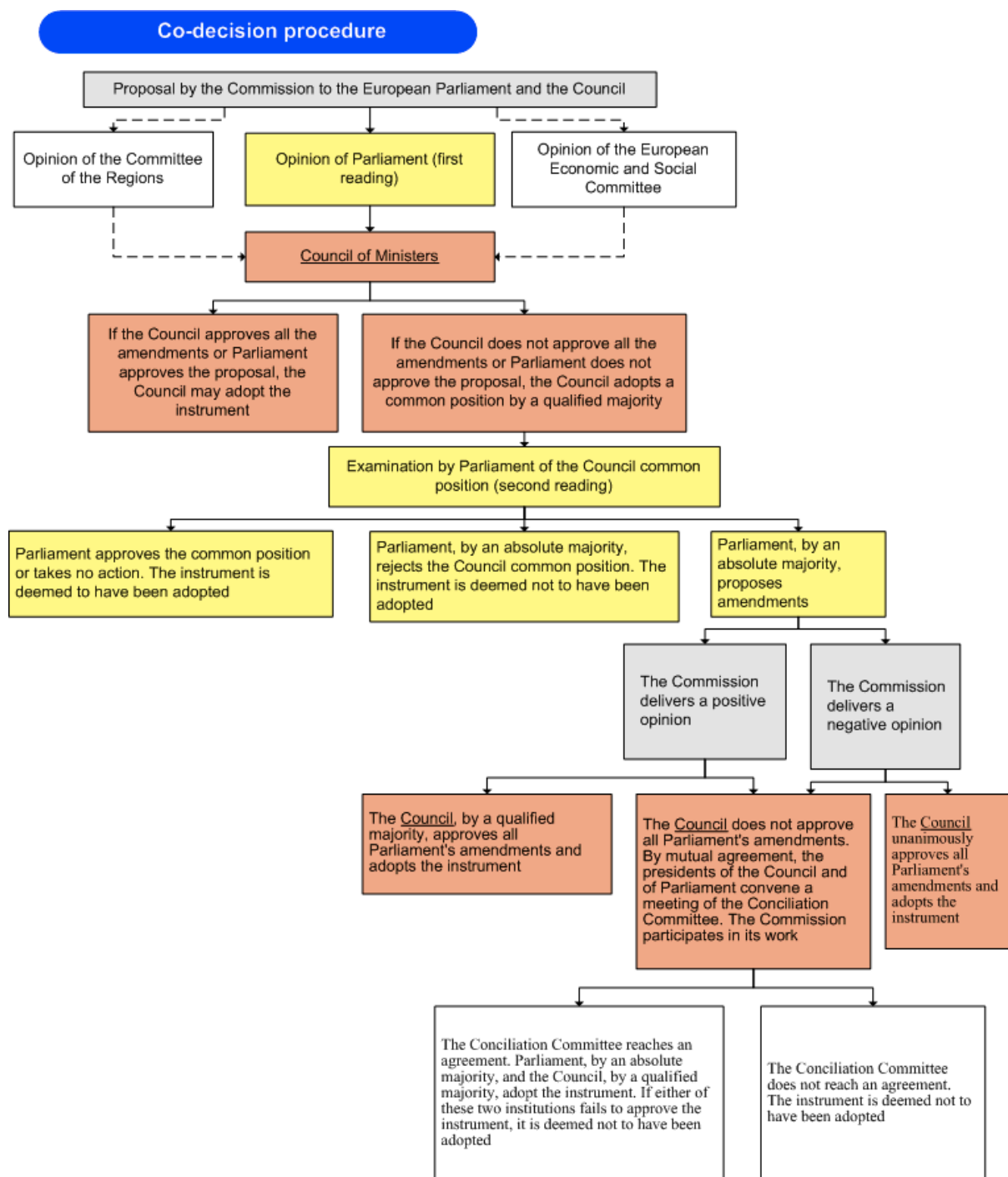
the European Commission proposed the „rules of the action“, which made the cooperation in the decision-making process more effective and increased the importance of the European Parliament in foreign relations.

Although, the opinion of the European Parliament does not have a binding effect, it has to be mentioned in the legislative act that the European Parliament has been consulted with in this matter. The treaty does not require that the Council of the Ministers would mention if the opinion was positive or not, nor reflect the answering to the counterarguments of the European Parliament.

Furthermore, if the Council of the Minister makes its decision based on the proposal of the European Commission, then for the accession of the legislative act modifying the proposal, the unanimous resolution is necessary. This seems to refer to the circumstance that the Council of the Minister's right to access a legislative act, different than proposed by the European Commission, is limited by changing it, the main content has to be kept. But, what if the Council of Ministers makes a change in the act, does it have to consult again with the European Parliament? The statement of case of the European Court of Justice is that it is necessary only if the amended text is significantly different from the one the European Parliament has already expressed its opinion on.

Which previously mentioned procedure should be applied, shows the provision of the contract, based on that, the institutions compose the legislative act. A problem might occur if the authorisations of the institutions are based on two different provision. The European Court of Justice has decided that in this case the legislative act has to be accepted, taking into consideration both provisions. But, if this important element is left out of the procedure, that is to say, the participation on the European Parliament in the legislative procedure, the standard is not applicable. For example, if one provision requires the cooperation procedure and the other claims the verdict to be made by the Council of Ministers unanimously and only consulting with the Parliament, it would only undermine the important element of the cooperation procedure. For that reason the double legal basis is excluded. Depending on the content of the legislative act it is decided which procedure should be used.

## **Annex 1. The codecision procedure**

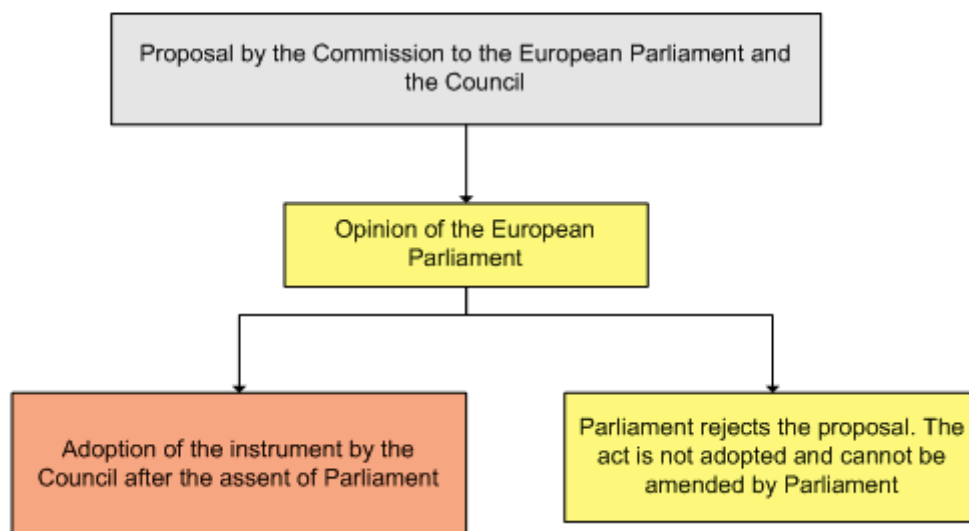


The source: Eur-Lex portal

[http://eur-lex.europa.eu/en/droit\\_communaire/procedure\\_de\\_codecision.gif](http://eur-lex.europa.eu/en/droit_communaire/procedure_de_codecision.gif)

## Annex 2. The consent (assent) procedure

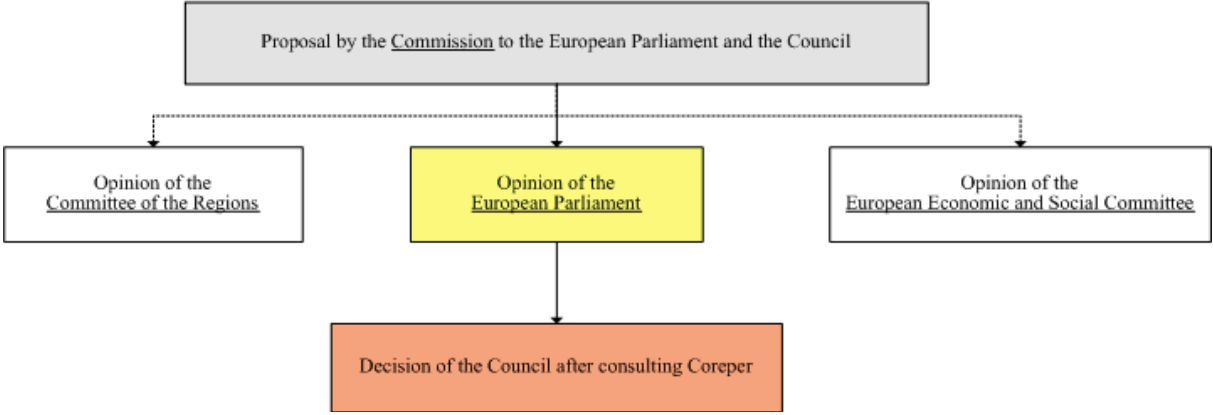
## Assent procedure



*The source: Eur-Lex portal*

[http://eur-lex.europa.eu/en/droit\\_communaire/procedure\\_avis\\_conforme.gif](http://eur-lex.europa.eu/en/droit_communaire/procedure_avis_conforme.gif)

Consultation procedure



The source: Eur-Lex portal  
[http://eur-lex.europa.eu/en/droit\\_communaute/procedure\\_de\\_consultation.gif](http://eur-lex.europa.eu/en/droit_communaute/procedure_de_consultation.gif)





**EU GOVERNANCE AND POLICIES  
(EL-INTRO)  
P2EC.00.150**



**12. ENERGY POLICY OF THE EUROPEAN UNION.  
ENVIRONMENTAL POLICY OF THE EUROPEAN UNION**

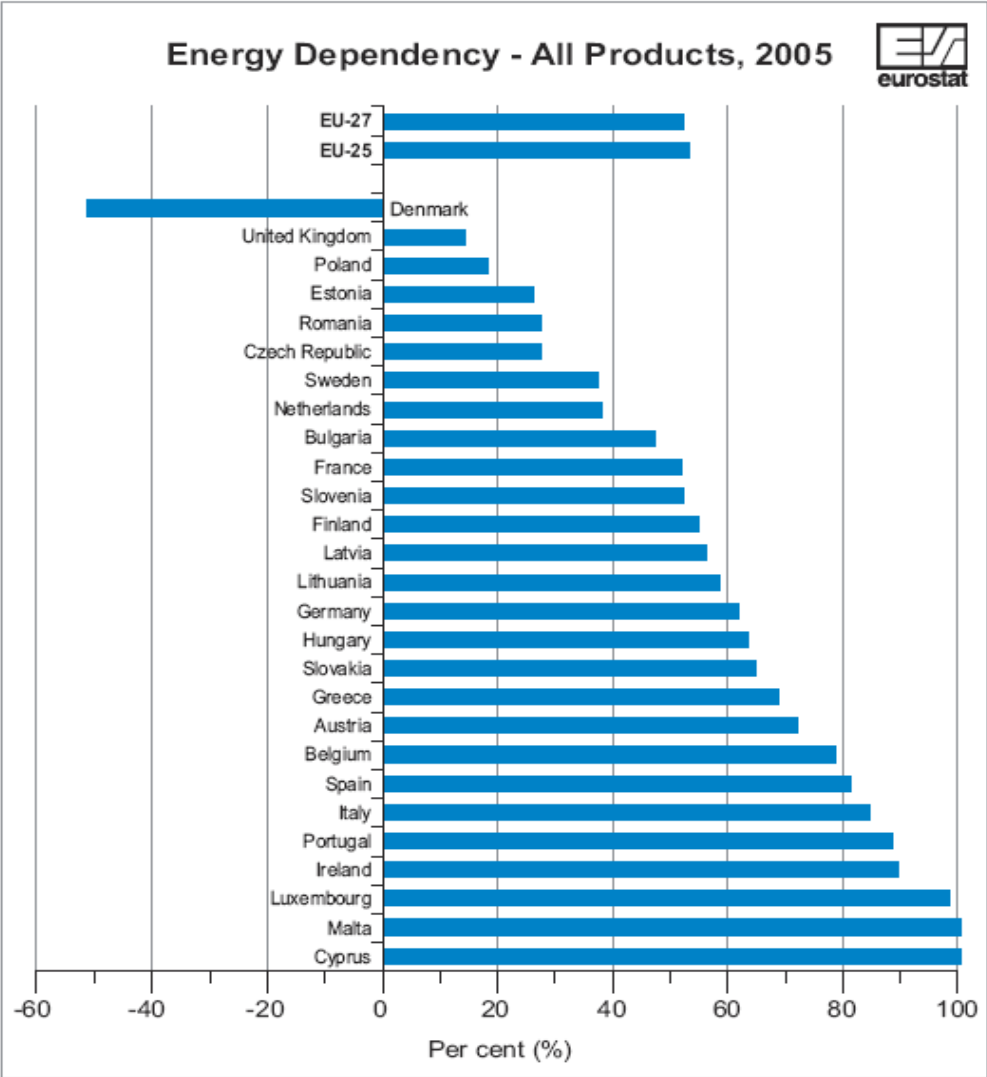
**12.1. ENERGY POLICY OF THE EUROPEAN UNION**

Energy sector, like the transport sector, is an industry that directs the financial well-being of a country and has an influence that extends over state borders. A country's dependence on foreign energy sources increases business risks and can even lead to economic recession through the fluctuation of energy prices. At the same time, the policy of low electricity price enables to indirectly subsidize production and thereby create competitive advantages on a free market. For that reason, developing a common energy policy also belongs among the measures that support the development of the single market.

*The energy sector unites in it several fields such as coal industry, atomic energy, natural gas and oil industry, forming altogether almost 10% of the union's GDP. In addition to energy production, the energy policy also deals with supporting an energy-saving way of life and promoting alternative energy sources.*

The importance of the energy sector for the Member States is evident already from the fact that two of the three Treaties regulate the energy sector. The first of them, the Treaty establishing the European Coal and Steel Community, stressed the importance of coal industry in the energy balance of the Member States; the second, Euratom Treaty, dealt with the so-called future energy – nuclear energy. The rest of the important energy sectors (like oil, gas and electricity) were managed by the Treaty establishing the European Economic Community. In spite of what was agreed on in the Treaties, the establishment of a common energy policy has succeeded only partially.

The European Union itself can not supply the necessary amount of energy and today *ca* 50% of the necessary fuel is imported from non-member countries. By 2030 the energy production based on import is estimated to grow to 70% of the union’s energy need. At the same time, the energy needs and energy sources used are extremely different in the Member States, which makes it difficult to find one single approach. As Figure 12.1 shows, practically all EU Member States are net importers of energy, except for Denmark. The dependency on import is especially large for oil (82%) and natural gas (48%).



**Figure 12.1. The energy dependency of EU Member States (the proportion of import in overall energy consumption) (%).**

Source: Eurostat

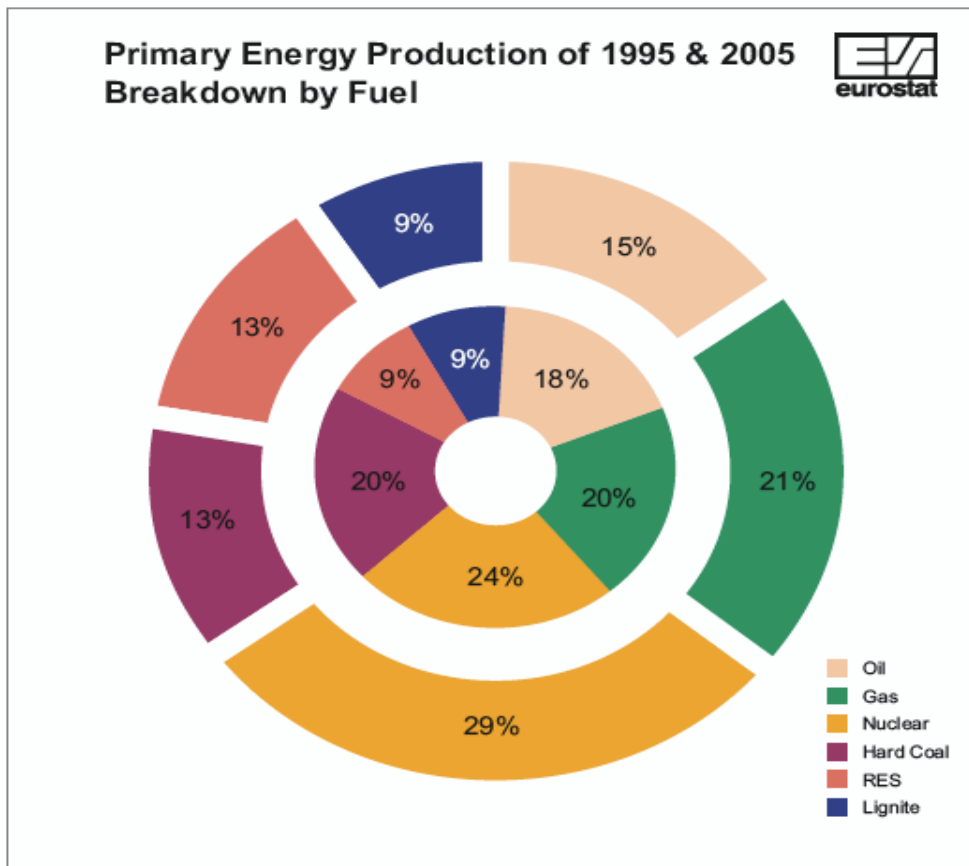
*Although there was no mention of energy policy as an area of competence in the Treaties of Rome, the first steps toward a coherent policy were taken in 1964 when a protocol on energy problems was adopted as an annex to the ECSC Treaty. With that, the main principles of the union’s energy policy were established:*

1. ensuring fair competition between different forms of energy;
2. ensuring the stability of energy supply;
3. the low cost of energy supplies;
4. ensuring a freedom of choice for the consumers

In 1968, as a next attempt, the European Commission issued a *memorandum* containing the goals and measures of creating a single energy market to ensure low energy prices. That would have meant the abolition of national monopolies, harmonisation of energy taxes and progress in common transport policy among other things. But even though the Council approved the general principles of the memorandum, no practical steps were taken for the formation of the common energy market.

The oil crises of the 1970s brought a turn into the development of the Community's energy policy. As a result of OPEC's actions, the oil price on the world market rose by over 475% after the crisis of 1973 and another 134% after the crisis of 1979. Such a price increase forced the oil-importing countries to switch over to a regime that was more energy-saving and look for new, alternative energy sources, such as nuclear or hydraulic energy.

In 1974, the European Commission set a goal to *decrease the Community's dependency on foreign energy sources* from 63% to 50%. That meant developing domestic energy sources and a more energy-saving management. *Rather than creating a single policy, the coordination of national energy policies became the aim of the Community.* On the initiative of the European Commission, common goals were set to rationalise production and to optimise consumption and import. In addition, the European Commission supported the implementation of energy-saving measures financially. As a result, the Community managed to increase energy production by 9% on the years 1990 to 1996. The main energy sources for Europe today are shown on Figure 12.2. According to the chart, the proportion of nuclear energy in the EU has increased, making up nearly a third of all the energy used in the EU. Nuclear energy is followed by natural gas, with a steady share near 20%. Oil is on the third place but its proportion has significantly decreased over the recent years. At the same time, the proportion of renewable energy has increased significantly (40%) and makes up around 13% of the Union's energy consumption today.



**Figure 12.2. Energy consumption in the European Union by sources in 1995 and 2005.**

Source: Eurostat

The issue of a common energy policy was revived in the Maastricht Treaty. *Measures in the field of energy were added to the Community's fields of activity* stated in Article 3 in the EEC Treaty. In addition, Article 154 *provided an obligation to create trans-European networks also in energy infrastructure. Those provisions laid the foundation for a common energy policy.*

*The common energy policy is aimed at the following areas:*

1. securing energy supplies, taking into consideration the Community's extensive and continuously increasing dependency on foreign energy supplies;
2. ensuring an international competitiveness for the Community's energy sector;
3. developing environmental protection in accordance with the principles of sustainable development, using energy resources effectively and utilising renewable energy sources;
4. common research and development in the energy sector

Since 1998 the Community has shaped its energy policy through *multi-annual framework programmes*. Among the measures taken are the increasing of transparency for the prices imposed on final consumers, the continuing liberalisation of the electricity and gas market, following of the requirements related to environmental policy, the efficient use of energy resources and the introduction of new, chiefly renewable energy sources.

In 2001 the Commission implemented the first line of *measures in order to open the electricity and gas markets of the Member States*. The liberalisation process was meant to come to an end in 2005

but in several countries the work is not yet finished. Trans-European electricity networks (TENs-Energy) play a great part in this process – their objective is to promote the development of a network of electricity and gas transmission pipelines.

In the beginning of 2006, the Commission published a Green Paper on the Community's common energy policy, which first and foremost states the securing and sustainability of the European Union's energy reserves. *It focuses on six areas that require priority in developing:*

1. the creation of a common energy market in the European Union;
  - the setting up of compulsory gas reserves similarly to the existing strategic crude petroleum reserves, as well as increasing solidarity between Member States in the case of energy crises;
  - promoting the specific character of the energy sources used in the EU, while still enabling intervention on EU level in case conflicts of interest rise between Member States
  - the development and implementation of new technologies within the EU's common scientific policy;
  - the intensification of renewable energy use;
  - a common energy policy on non-member countries that would ensure the European Union the necessary supplies and would not make the EU too dependent on one supplier

As the heads of government agreed to most of the Commission's proposals on the condition that it would not affect the countries' sovereignty in the matters of energy policy too much, we can expect both more specific steps towards the implementation of the priorities stated in the Green Paper as well as a wider discussion on the development of problematic areas (such as the common energy market) in the next few years.

## Climate Action

The European Union mainly sees the reduction of energy intensity, the continuing increase of alternative energy use and international cooperation stemming from the interests of Europe as a whole as *this decade's goals for climate and energy policy*. Accordingly, the goals for the next ten years are:

- to save 20% of energy, in comparison with the estimated energy consumption for the year 2020;
- to increase the proportion of renewable energy to 20% of overall energy consumption by 2020; at the same time to increase the proportion of renewable transport fuel to 10% of overall fuel consumption by 2020;
- to reduce greenhouse gas emissions at least 20% by 2020

In order to achieve these goals, the *European Union's climate and energy package* (adopted in 2008) lays down the following measures:

- reducing allowed pollution quotas through EU's emissions trading system;
- promoting technologies for carbon capture and storage;
- establishing binding objectives for every Member State;
- creating an internal energy market that is beneficial to every individual and company;
- connecting the European Union's energy policy in a better way with other fields of activity, e.g. agriculture and trade;
- developing international cooperation

On the Copenhagen Climate Conference in December 2009, the European Union gave its support to an agreement of the same name. Having already unconditionally committed itself to reducing

emissions at least 20% by 2020, on the conference, the European Union confirmed its willingness to reduce emissions even 30%, on the condition that other industrialised countries also take such a commitment.

## 12.2. ENVIRONMENTAL POLICY OF THE EUROPEAN UNION<sup>10</sup>

### **The development of the environmental policy of the European Union and the goals of the environmental policy**

The treaty establishing the European Economic Community, signed in 1957 in Rome, did not directly include any provisions related to environmental protection. The integration topic was dominated by the economic dimension, at the center of which was the free movement of goods. At the end of the 1960s and at the beginning of the 1970s, a few measures related to environmental policy were adopted, which primarily served the purpose of supporting the elimination of obstacles to the free movement of goods but which were also based on principles of environmental protection (for example, the directive on the classification, packaging and labelling of dangerous substances).

*The environmental policy of the European Community has its beginnings in 1972* when the first United Nations Conference on the Human Environment was held in Stockholm and the Stockholm declaration was accepted, in which several primary goals and principles of contemporary environmental protection were formulated. On the summit of the European Community Member States that took place in the same year in Paris, the heads of state and government of the Member States assigned to the European Commission the task of developing an official environmental policy, i.e. preparing an action programme for environmental policy. The legal basis for this was Article 2 of the treaty, according to which harmonious development of economic activities and further balanced economic growth in the Member States are part of the Community's tasks. Achieving these goals was only possible if the needs of environmental protection were taken into account. A reference was also made to the preamble of the Treaty Establishing the European Community, which affirms the objective to constantly improve living and working conditions. In addition to that, the harmonisation of environmental requirements was justified by negative external effects, such as noise, exhaust gases or used packaging, caused by the consumption of several goods. Balancing these external effects with national standards can give states a basis for introducing non-tariff barriers in the trade of goods. Therefore, the implementation of common standards of the European Union in fields where the national differences might hinder trade in goods is justified. The first *environmental action programme of the European Community* was authorised in 1973. The validity period of the programme was 1973–1976. Today, already the sixth environment framework programme is in effect, covering the years 2001–2010.

In the 1970s, the environmental legislation was based on the provisions of harmonisation in the internal market, the aim of which was to avoid and eliminate competition failures on the common market. Additionally, the council had the right to adopt relevant measures in order to achieve the goal of an agreement. In both cases, the council had to decide on matters unanimously, thus requiring the member states to have a concordant approach. Despite this restriction, a considerable amount of important environmental legislation was adopted, among other things on drinking and

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<sup>10</sup>The subchapter on environmental policy is partially based on the material compiled by Kati Kiisverk.

bathing water quality, motor vehicle emission standards, fuel quality and air pollution control of power plants.

*With the Single European Act that came into effect in 1987, the Community was clearly authorised to deal with environmental issues.* A chapter on environment was added to the Treaty establishing the European Community, providing the objectives and principles of the Community's environmental policy. In compliance with the principle of subsidiarity, environmental measures could only be adopted at the level of the Community if the objectives of the Community's environmental policy could be achieved in a better way at that level instead of the level of a Member State.

*According to Article 191, the environmental policy objectives of the European Union are:*

- preserving, protecting and improving the quality of the environment;
- protecting human health;
- prudent and rational utilisation of natural resources;
- promoting measures at international level to deal with regional and worldwide environmental problems

According to Article 192, *environmental legislation is predominantly adopted in accordance with the ordinary legislative procedure*, with the exceptions being provisions primarily of a fiscal nature, measures affecting land use and management of water resources as well as provisions related to energy supply.

In addition to that, Article 114, which deals with the harmonisation of legislative acts, requires that in completing the internal market, the objective of a high level of protection concerning health, safety, environmental protection and consumer protection is taken into account. Article 193 allows the Member States to introduce stricter protective measures on the condition that these are non-discriminatory and compatible with other legislative acts of the European Union.

*With the Amsterdam Treaty*, the obligation to integrate environmental protection was added to all the policies and operations of the Community, taking into consideration the principles of sustainable development.

## The environmental policy principles of the European Union

*The environmental policy of the European Union is guided by general principles such as sustainable development, principles of subsidiarity and integration as well as specific environmental protection principles.*

*Sustainable development* is a central principle of the modern environmental policy, which was confirmed as one of the general political priorities of the European Union after the adoption of the sustainable development action plan for the 21st century at the United Nations Conference on Environment and Development in Rio de Janeiro in 1992. Sustainable development is the ideal of balanced development, which takes into account the quality of environment as well as economic sustainability in achieving the goals of the society.

*The principle of integration* determines that environmental protection requirements have to be integrated into the specification and implementation of the Community's policies and actions. The

principle of integration is based on the understanding that environmental requirements and therefore also environmental policy cannot be viewed as a separate green policy for the protection of water, air, soil, flora and fauna. Most environmental problems are related to energy use, transport policy, agricultural activities, infrastructure investments and economic activities in general. It is one of the strongest specifications of the agreement, which *requires that all the institutions of the European Union have to take into account environmental protection considerations when planning their activities and adopting measures.*

To improve the integration of environmental requirements into other sectors under its administration, the European Commission adopted an internal regulation in 1993, according to which all proposals of the Commission have to be examined for environmental impact. Where such an effect is likely, an environmental impact assessment has to be carried out. In the case of all legislative proposals, the environmental impact and expenditure have to be evaluated. Environmental units were created in some departments, as was the environment network of directors-general and a unit in the Directorate-General for the Environment, which is responsible for the integration of environment into other sectors.

*Additionally, the following specific principles of environmental protection are implemented:*

- **“Polluter pays”** principle means that the expenditure on meeting the environmental requirements is covered by the manufacturer or consumer of the commodity or service that causes pollution, not by the society. Defining the content of this principle raises a number of questions. Who is the polluter? Is it someone polluting the environment or someone who exceeds the fixed limit values? Is the car driver the polluter or the car manufacturer or the importer of fuel? Who has to pay for emissions or damage? Damage in another Member State or in a third country? Are investments into clean technology a way of paying for the pollution? Often, it is also virtually impossible to identify the polluter in the case of groundwater or coastal water pollution, forest decrease, climate change and many forms of pollution caused by preceding activity.

“Polluter pays” was initially an economic principle, which expressed the understanding that the costs of eliminating environmental damage should not be covered by the society through taxes but by the person who caused the pollution. There are no provisions in any text of the Community which would determine who has to pay for what or any other provisions which would let this principle be used in practice. According to this principle, it should be prohibited to support production and consumption that pollutes the environment and all costs related to pollution of the environment should be covered by the polluter.

In most cases, those costs are covered by the consumer of the goods or services. In addition to that, an important goal of the principle is to prevent unfair competition on the internal market since the cost of the provisions implemented for pollution control has a significant effect on production price and this gives an advantage to these manufacturers who do not spend on environmental protection. In addition to the businesses themselves, the cost of the environmental protection provisions also depends on the environmental standards of the specific state. In this way, however, the businesses of a country where environmental protection requirements are low would be in a more favourable situation on the market than the businesses and manufacturers of a country that has a high environmental protection level.

1. **Preventive action** – “it is easier to avoid than to eliminate the consequences”. Therefore, several environmental directives of the European Union require the adoption of preventive measures. For example, the directive 94/62/EC on packaging and packaging waste clearly says that the best way of preventing the creation of packaging waste is to reduce the overall volume of packaging. The principle of prevention requires the adoption of preventive measures to avoid causing

environmental damage altogether. Mostly, eliminating environmental damage is very expensive or even impossible, which means that it is also economically more reasonable to avoid causing damage. The principle of preventing pollution requires evaluation of the environmental risks related to human activity and consistent collection of such information but despite that, it has to be acknowledged that in many cases, the possible consequences of pollution cannot be foreseen and preventive action does not guarantee 100% success in avoiding environmental damage.

2. ***The precautionary principle*** means that environmental measures are also taken in case there is no scientifically proven cause-and-effect relationship between the environmental damage and the activity that caused it. In doing so, the benefit and possible costs of the measures are taken into consideration. The precautionary principle implies that in case there are serious doubts about the possible harmful environmental consequences of a specific activity, it is better to take action before it is too late. If this is postponed until there is available scientific data which show a clear cause-and-effect relationship, it might be too late to avoid environmental pollution. Precautionary measures must, therefore, be taken before there is any actual damage and even before the threshold of environmental risk is reached. These measures must also be implemented in case the scientific information about a causal link between an activity and possible environmental damage is insufficient. For instance, the problem of the ozone layer depletion, which has led to the international implementation of very effective and expensive measures despite the fact that it will still probably take years for scientists to explain and debate about the exact nature and cause of the processes.

3. ***Damage will be rectified at source.*** This principle is, above all, related to cross-border environmental pollution. The principle is applied, among other things, to the norms regulating the import, export and transit of dangerous waste, the purpose of which is to limit the cross-border movement of such waste, and which demand a prior consent from the country of destination or transit country for the receiving or transfer of deliveries containing dangerous waste and prohibit sending such waste to countries where there is no technical capability for its safe removal. This principle was used by the Court of Justice of the European Union in the case of Wallonia's waste (C-2/90 Commission v Belgium) where it was necessary to decide whether the regional ban on waste import was in accordance with the Community's provisions on free circulation of goods if the waste of other member states was treated differently from regional waste. The court found no discrimination and pointed out as the reason that environmental damage should as a priority be rectified at source, which means that each region, municipality or other local unit takes measures to receive, process and eliminate its waste.

## **The environmental policy instruments of the EU**

***The European Union uses a number of instruments to achieve the objectives of the environmental policy:***

1. environment action programmes,
2. legislative acts,
3. instruments for raising environmental awareness,
4. financial instruments

***Environment action programmes*** of the Community have been introduced since 1973. The programmes are non-binding, specifying objectives and priorities. Earlier environmental programmes formed a framework for the legislative initiatives of the Commission. Starting with the fourth programme (1987-1992), a transition from dealing with after-effects towards preventive

policy started. Today, the Sixth Environment Action Programme of the European Community is in effect. The programme identifies **four priority areas**:

- *climate change* – stabilising greenhouse gas concentrations at a level that would prevent unnatural changes in the Earth's climate;
- *nature and biodiversity* – protecting and, if necessary, restoring natural systems, halting the loss of biodiversity both in the European Union and on a global scale;
- *environment, health and quality of life* – providing an environment where the level of pollution that results from human activity does not give rise to harmful effects on health;
- *natural resources and waste* – ensuring the sustainable consumption of renewable and non-renewable resources.

The number of **environmental legislative acts of the European Union** amounts to nearly three hundred, most of which are directives. Therefore, the member states still have the possibility to implement the environmental principles of the Community according to established practices, taking into consideration their economic and social background. The legal acts address specific areas such as protection of the aquatic environment, air pollution control, waste management, protection of flora and fauna etc. In 1985, the **Environmental Impact Assessment procedure** was introduced, which is mandatory for all public and private sector projects that might have a significant environmental impact. In recent years, there can be seen a tendency to replace regulations with optional agreements, measures of a fiscal nature or market-based solutions.

**To raise environmental awareness**, the Ecolabel scheme has been introduced, which means that environment-friendly products are awarded an eco-label. Businesses are offered optional environmental auditing, which would allow them to implement environmental protection measures, evaluate the condition of the environment and inform the public about the actual situation. In 1993, also the European Environment Agency was established. Its task is to provide independent and sound information on the environment and the environmental status of the Community.

The European Union also provides **financial support** for environmental activity. The most well-known funding instrument of the Community for the environment is the LIFE Programme, which began in 1992. The current phase of the programme is LIFE+, which has a budget of €2.1 billion for different environmental activities in 2007-2013.

**LIFE+ consists of three thematic components:**

1. *LIFE+ Nature and Biodiversity* concentrates on implementing the environmental protection legislation of the European Union. The main part of the programme focuses on supporting the so-called Birds Directive (79/409/EEC), the Habitats Directive (92/43/EEC) and the Natura 2000 network.
2. *LIFE+ Environment Policy and Governance* supports innovative pilot projects that develop environment-friendly management methods and contribute to the implementation of the environmental policy of the EU.
3. *LIFE+ Information and Communication* primarily supports different projects related to raising environmental awareness.



TARTU ÜLIKOOL  
EUROOPA KOLLEDŽ

**EU GOVERNANCE AND POLICIES  
(EL-INTRO)  
P2EC.00.150**



**16. EUROPEAN UNION EXTERNAL ACTION.  
THE FUTURE OF THE EUROPEAN UNION**

External Action, at large, and Common Foreign and Security Policy (CFSP), in more precise terms, is the fastest developing area of European integration. On one side, because there is plenty of room for progress in this field, but also due to the member states' and nationals' wish to represent their interests in a more effective and unitary manner.

Reforms executed by the Treaty of Lisbon – first and foremost the creation of a common European External Action Service, speak of the development of external relations not being solely rhetoric. The image of a united Europe is also supported by the common network of consular representations, the Schengen Area and a fast developing refugee policy.

So far development has been the slowest in issues of common representation of the European Union in international organisations – it's mostly rather more to do with coordinating the member states mutual positions, and not with expressing mutual position.

But the future development of the common external action is first and foremost dependent on the readiness of the more euro-sceptic members in giving new competences to the Union in relation with the rest of the world.

*There are five areas with different objectives and integration levels under the external action and security measures:*

1. *External Trade;*
2. *Neighbourhood Policy;*
3. *Development Cooperation;*
4. *Common Foreign and Security Policy, which also includes the European Security and Defence Policy;*
5. *Joint participation in international organisations and in relation to third countries.*

## External affair development in the Treaty of Lisbon

The Treaty of Lisbon, taking effect from 1 December 2009, keeps the separate and inter-governmental nature of both the Common Foreign and Security Policy (CFSP) and the Security and Defence Policy, but brings about many changes in making the external affairs of the Union more efficient. The most important of the institutional changes is the creation of the position of a High Representative of the Union for Foreign Affairs and Security Policy together with the supporting European External Action Service. The Treaty also improves the possibilities of the Security and Defence Policy.

The Treaty of Lisbon does not change the transnational nature of the current Foreign Affairs and Security Policy. Most decisions continue to be taken unanimously and the passage of legislative acts is ruled out. The definition of the strategic interests and objectives of the Union remains as the task of the European Council, who shall base all decisions on the recommendations of the Council of the European Union. The roles of the European Commission and the European Parliament stay marginal. Also, the competence of the European Court of Justice does not extend to the CFSP area.

An important change is the *creation of the position of a High Representative for Foreign Affairs and Security Policy*. The new position incorporates the current High Representative for CFSP, the Commissioner of External Relations of the European Commission, and the tasks of the Presidency in employing CFSP. High Representative shall attend to the coordination of the development of a good CFSP and its execution, directing the work of Foreign Affairs Council and acting as the Vice-President of the Commission. It is important to remember, though, that decisions are still made by the member states and the mission of the High Representative is to ensure the employment of these.

The High Representative shall be helped by the created *European External Action Service*. The exact configuration of the Service and its size is still in dispute, but it is likely to be based on both the diplomats of member states and the employees of the External Relations DG of the European Commission. In addition to the High Representative, the new institution shall also serve the President of the European Commission and cooperate with the Presidency, which shall make the institution's role much more complicated and conflicting. The interests of the member states in developing the External Action Service is also conflicting – although the states are interested in the stronger role of the Union from a global perspective, it is also feared that if the institution of the High Representative is too strong, it may damage the states' interests. One possibility to limit the power of the High Representative is to keep the supporting External Action Service as small as possible. The European Parliament also stands for its rights, being afraid that the new Service may mean the transfer of power from supranational institutions to the level between the member states. That is why some representatives of the Parliament want the External Action Service to be firmly connected with the Commission.

The novelty concerning the Common Security and Defence Policy is the introduction of the *so-called collective protection* principle, which lays down the obligation to help a member state that

has become a victim of an armed attack on its territory. This is also connected with the new “solidarity clause” by which the member states undertake to help each other in case of a terrorist attack or natural disaster. Also, the Treaty prescribes the possibility for closer cooperation between a smaller number of member states (at least 9), in the frame of *so-called structured cooperation*, which enables the motivated countries to move faster in regards to defence policy integration, under the auspices of the so-called Single Europe.

The Treaty of Lisbon created also new positions for more efficient external action on the highest level: *Permanent President of the European Council* and *The High Representative for Foreign Affairs and Security Policy*. The objective of both positions is to improve the governing of external action and to create a more personal dimension for the common external action.

#### ***The President of the European Council***

The President of the European Council is Herman VAN ROMPUY. He was elected by the European Council for a term of office lasting two and a half years, which can be renewed once. The task of the President is to prepare the meetings of the European Council and to represent the EU on the world stage. At the moment of election, Herman van Rompuy was the Prime Minister of Belgium. Sometimes this position is incorrectly referred to as the President of the European Union.

#### ***The High Representative for Foreign Affairs and Security Policy of the Union***

The position of the High Representative for Foreign Affairs and Security Policy is currently held by Catherine ASHTON. She was appointed by the European Council in agreement with the President of the European Commission. The task of the High Representative is to chair the meetings of the Foreign Affairs and Security Policy Council; at the same time she is also the First-Vice-President of the European Commission. At the time of election Catherine Ashton was the Commissioner for Trade in the European Commission. This position has sometimes been likened, unofficially, to a foreign minister of the EU.

The assignment of the President of the European Council, the High Representative, and other members of the Commission was approved based on a single list by the vote of the European Parliament.



*Herman Van Rompuy, Fredrik Reinfeldt and Catherine Ashton at a press conference, 19 November 2009*  
*Source: The Council of the European Union*

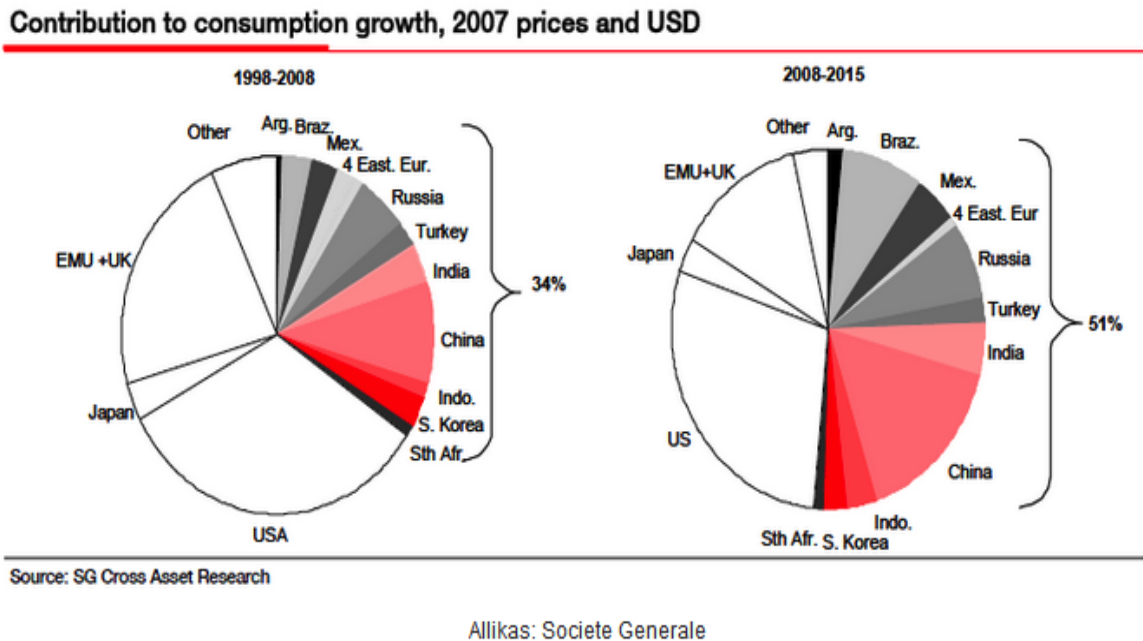
Next to the new created positions, the positions of the Secretary General of the Council of the European Union and the Commissioner for Enlargement, which both influence the external affairs of the EU, were kept.

During the latest progress the most developed conceptions have been the Neighbourhood Policy and conflict prevention. For many areas the line between is not so easily drawn – this has much to do with the evolution of the area, where initially one extensive policy was supported, but later separate initiatives were worked for. In the following, more information is given on specific areas of the External Action.

## **16.1. EXTERNAL TRADE**

The European Union is one of the most important participants in global trade. The EU is the biggest exporter and, after the US, also the second biggest importer on the global market. The role of a leading trade area means that the openness of world markets and a clear regulative framework is very important to the EU. The objective of the commercial policy of the EU is to ensure the competitiveness of the European economy in the global trade system, which means both granting access to the EU market and allowing the free movement of the goods of the member states to the markets of the rest of the world. Yet, when it comes to the future potential, analysts are not as positive and therefore the objective of the Common External Trade Policy is to ensure the sustainability of the economy of the EU and its member states.

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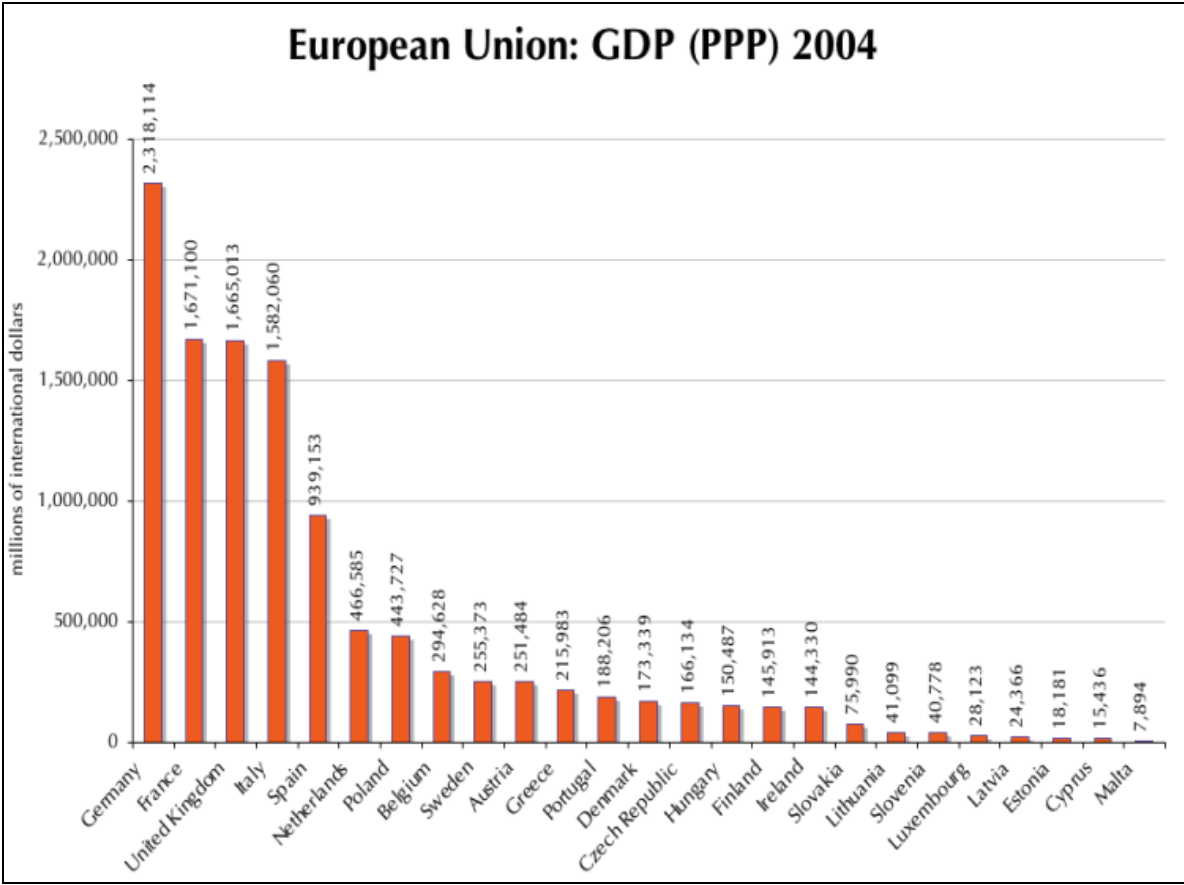


**Figure 16.1: Changes in global consumption trends**

In order to ensure achieving the named objectives, the EU implements its Commercial Policy through three dimensions: multilateral, bilateral, and unilateral dimension. **The Multilateral** Commercial Policy is, first and foremost, acting in the form of the WTO, ensuring the access of own goods to different world markets. **The Bilateral** Policy means two-way agreements with third countries or regional associations, enabling a cooperation that goes deeper than the WTO agreements, or for promoting local regional development. E.g., the EU has entered into Free Trade Agreements with the European Free Trade Association, Mexico, South-Africa and many other associations and countries. Additionally, the EU also uses **unilateral** methods for promoting trade, ensuring favourable conditions for the least developed countries in accessing the EU marketplace.

In case of trade negotiations, the EU is represented by the European Commission as the negotiator, who may act within the mandate trusted by the Council of the European Union. This means trade negotiations become three-level games – at first the game rules are determined on the member state level, after that the common interests in member states’ positions are found on the EU level, and at last a common interest between the EU and third parties are agreed upon. The formation of the EU’s position is challenging and it restricts negotiation possibilities for the Commission considerably. On one side, it strengthens the Commission’s negotiation position, since the partners also understand the inflexibility of the Commission’s mandate; but on the other hand, such inflexibility may prove to be a weakness in situations where considerable concessions are to be made in order to reach an agreement. The Commission is not to exceed its authority, since the agreements are enforced by the qualified majority vote of the Council of the European Union.

The further development of common policy is hindered by the different interests of the member states deriving from their economic differences, both in their size and economic structure.



To sum it up, the External Trade Policy of the EU includes for the most part of:

1. Export and import conditions (e.g. special relations with certain third countries, common trade rules, protection of cultural goods);
2. Methods of commercial protection;
3. Relations with the World Trade Organisation (WTO);
4. Trade and development: fair trade issues.

## 16.2. COMMON FOREIGN AND SECURITY POLICY OF THE EUROPEAN UNION

*The Common Foreign and Security Policy (CFSP) of the EU uses means completely different from the first, so-called community pillar or exclusive competence domain*

At that, most of the legislation passed in this domain is not directly obligatory for the member states, being more based on mutual interest and solidarity. Therefore the formation of Common Foreign and Security Policy depends greatly on the political will of the member states at a given time. At the same time, it must be recognised that the Common Foreign and Security Policy has so far been insufficiently directed and financed, and its reformation has been one of the focal discussion subjects during the latest treaty negotiations.

*The Common Foreign and Security Policy is formed through the following means:*

1. common behaviour, common strategies and positions;
2. systematic cooperation, coordination, and informing;
3. special representatives, political dialogue, declarations and demarches;
4. entering into international agreements;
5. European Security and Defence Policy (ESDP) and defence dimension.

*Common strategies* are developed based on the greater interest of the member states on certain regions. The strategies must be adopted by the European Council unanimously. These cover both the Common Foreign and Security Policy and the aspects of the Community as a whole. Strategies following already adopted strategies can be approved in the Council of the European Union by qualified majority. So far, common strategies concerning Russia, Ukraine, and the Mediterranean region have been passed.

*Common behaviour* is used where the active interference of the EU becomes necessary. Since these decisions are taken unanimously, they are legally binding for the member states. The European Council can also adopt *common positions* in international, regional or thematic issues. These also need to be adopted unanimously, excl. in case these are to do with an existing common strategy framework. If the member states have once agreed to a position, they undertake to unify national policies to its objectives, and to protect and represent the positions in international organisations.

*In systematic cooperation, coordination and informing* the EU member states must concord their positions at international forums. That often leads to the development of the union's common position. A similar process takes also place in third countries at the meetings between the representatives of member states and the delegation of the European Commission. COREU is a network between the member state, the European Commission, and Secretariat General, ensuring much better possibilities for preparing CFSP decisions and declarations by the information exchange.

*The appointment of Special Representatives* was provided by the Treaty of Amsterdam (art. 18.5). Currently the EU has Special Representatives for the Near East, Central Asia, South Caucasus (Georgia, Azerbaijani Republic, Armenia), Africa (Great Lake Region), Sudan, Afghanistan, Moldova, and also the Former Yugoslav Republic of Macedonia, Kosovo, Bosnia and the African Union. *Political dialogue* takes place with more than 50 countries and ten international organisations, ca 300 meetings take place in a year. *Declarations* (which have not been noted in chapter V of the Treaty of Amsterdam) are widely used in order to introduce the EU's views on an international arena – ca 100 declarations are finished annually. *Demarches* are used in case the EU wishes to express its stand directly to the parties involved, e.g. demanding interference. Demarches are usually confidential, but can also be made public.

The Council of the European Union is authorized to enter into *International agreements*. In such a case, the Presidency holds negotiations under the mandate given with consensus by the Council of the European Union. All such agreements are principally binding for member states.

*Common Foreign and Security Policy is managed by an intergovernmental model – right and competence to decide belong completely to such institutions representing the governments of member states as the European Council and the Council of the European Union.* Although, according to the contract, both the European Commission and the European Parliament shall be involved fully in the activities of the CFSP, these institutions have no binding decisive competence in this area and they are of a considerably weaker position in the so-called second pillar compared to the first, community pillar. The European Commission holds legislative initiative, which is also used, but it has no executive competence. The European Parliament holds only a consulting role.

The European Court of Justice does not participate in the frame of the Common Foreign and Security Policy. Amongst other things, this means that if one of the member states ignores the adopted policies, it cannot be taken to the European Court of Justice.

The Council of the European Union takes decisions *unanimously* and each country has veto power. Abstention does not prevent the passage of resolutions – the state that did not vote, is not obliged to fulfil the decision, but it must accept that the decision is binding for the European Union and the state must refrain from measures that conflict with the decision. If more than 33% of all member states wish to refrain from voting, the decision is not taken. As an exception, decisions are taken by *qualified majority voting* if joint actions or joint decisions are taken according to joint strategy and if an implementation decision of an existing decision is taken, but not in case of military or defence policy issue. Each member of the Council may request to refrain from qualified majority voting on a reason important to the national policy, gaining therefore veto power on voting in the European Council. Agreements between the Presidency and third countries or organisations are not binding to those member states whose representative announces in the Council of the European Union that due to constitutional restrictions the concerned state is unable to administer the agreement.

Common Foreign and Security Policy is financed from the EU's budget, whereas expenses deriving from interferences are covered (administrative expenses are covered from the expenses of the institution logically connected). Occasionally self-financing by member states or covering expenses from other lines of the budget has also been used.

*European Security and Defence Policy (ESDP)* is needed to ensure the Common Foreign and Security Policy would not remain a diplomatic policy and to enable real possibilities for interference. Direct security issues were included already in the Maastricht Treaty, but a clearer legal basis for security activities was created by the Amsterdam Treaty. With these it has become possible to execute more Petersberg tasks (peacekeeping and peacemaking missions). Based on these, the ESDP becomes a means for conflict prevention and not a territorial defence method or a method for avoiding invasion to a member state. In order to change the ESDP to a defence policy in a more common sense, the member states need to decide so by consensus. At the same time, there are member states, who prefer the disparity of the competence of NATO and the EU (United Kingdom, many new member states), and also such, who avoid the development of any kind of defence dimension (Denmark, Ireland). Yet, there are also states that favour the growth of the EU's defence competence (France, Spain).

ESDP was launched only in 1999 by the Cologne European Council decision and in assessing it, it is therefore more important to consider the set objectives and the role in the general integration process, than the modern achievements. In a sense the importance of the ESDP can be compared to the fifth enlargement round of the EU – in one case, the territory of the EU expanded considerably, in the other it was the political competence.

The motives for initiating the European Security and Defence Policy were largely connected with the Balkan conflict and NATO's and the United States' position about the participation of the European Union. The Balkan conflict referred directly to the fact that in a situation where interference would be in the interest of the European Union, but where the United States does not see the need, the EU needs independent ability to interfere. Also, the United States have continuously brought out that the security cooperation between the USA and the EU could be much more efficient if the EU could independently carry out certain tasks and complement NATO's activities. Since NATO does not include civil means, the possibilities for after-conflict communal stabilisation and restructuring within that organisation are limited.

*The primary objectives of ESDP have been set to strengthen the EU's capability in international conflict prevention, avoidance and solution through civil and military measures.* In the declaration approved by the Cologne European Council, the important role of the ESDP in enabling the EU to reach its goals on an international arena was also brought out. The defence dimension started to develop only after the successful implementation of the first stage. Common identity could develop and the integration process could deepen on the base of initial cooperation. In a sense the ESDP can also be seen as a key project of future integration.

*The targets of the ESDP are as follows:*

1. To increase the efficiency of the EU's Common Foreign and Security Policy through the creation of actual and autonomous civil and military methods.
2. Conflict prevention, crisis regulation, and the regulation of violent conflicts outside the territory of the EU.
3. Simultaneous implementation of combined civil and military methods.
4. The reinforcement of international institutionalization.
5. Strengthening transatlantic partnership and contributing through that to international defence, close cooperation with OSCE and UN.
6. Preparation of integration deepening through the development of the administrative and decision-making processes of the intergovernmental pillar.

*Today the ESDP does not:*

1. Compete with NATO in offering international defence.
2. Create an European army and a totally unified defence policy.

In order to better implement the ESDP many *new structures subordinating to the Council of the European Union* have been created.

1. *Political Committee* must ensure control and strategic management in over a crisis period.
2. *Military Committee* ensures military counselling. Its work is made more effective and its expertise must be ensured by the Military Staff in its subordination.
3. *Military Staff*. Secretary-General has a certain competence in defence issues over a crisis period and the Commission in non-defence issues.

A target has been set to be ready to take 60,000 soldiers in 60 days to conflict areas for up to one year. The member states' obligations in these matters have also been defined. On the lead of the European Parliament a budgetary rapid reaction mechanism has been crated. This will enable the Commission to release necessary additional means if necessary (in case of a crisis).

At the moment 11 operations in the frame of the ESDP are taking place over the world. These are: West-Balkan EUFO-Althea military mission; EUPM police mission in Bosnia and Herzegovina; EULEX KOSOVO rule of law mission in Kosovo; in the Near East the EU is active in Palestine, both with a police mission EUPOL COPPS and with border defence mission EU BAM Rafah; in Iraq there is rule of law mission EUJUST Lex; in Asia the EU is active in Afghanistan (police mission EUPOL AFGANISTAN); in Africa there is an active military mission in Chad (EUFOR TCHAD/RCA); a police mission in Congo (EUPOL RD CONGO) and defence sector reform missions in Guinea-Bissau and Congo; also, there is a border inspection mission on the border of Ukraine and Moldova, EUBAM Moldova.<sup>11</sup>

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<sup>11</sup> Council of the European Union,  
[http://www.consilium.europa.eu/cms3\\_fo/showPage.asp?id=268&lang=en](http://www.consilium.europa.eu/cms3_fo/showPage.asp?id=268&lang=en), 25.05.2008

Amongst the named operations, Estonia is contributing to the EUPM police mission with two policemen, the ALTHEA military operation with two staff officers, the EUJUST Lex in Iraq with one police instructor, and to the EUPOL AFGANISTAN also with one policeman. Estonia also supports the border inspection mission EUBAM Moldova with three border guards and two customs officers.<sup>12</sup>

### 16.3. JOINT PARTICIPATION IN INTERNATIONAL ORGANISATIONS

In international organisations the EU has been relatively successful in representing the member states' common interests, although the level of representation in organisations is different. In organisations, where the EU has no uniform representation, the delegates of the member states represented in the organisation coordinate their activities, often by the lead of the Presidency. In the organisations where the EU has no membership, the member states are under the obligation to protect the common position, in case such has been defined.

The EU's status at the *United Nations* (UN) is developing – allegedly the EU has been acknowledged as a legal partner, but it still means only the status of an observer at the UN General Assembly (e.g. the EU has no legal partner status at the Security Council, International Court of Justice, and UNICEF).

European Union is a full member of *Organisation of Economic Cooperation and Development (OECD)*.

The European Commission represents the EU as an observer at *Council of Europe* and the *Organisation for Security and Cooperation in Europe (OSCE)*.

The strongest position of the EU as an organisation is in *WTO* (World Trade Organisation) and in the structures of the *International Food Agency*.

Of the Bretton Woods institutions, cooperation is closest in the line of the *International Monetary Fund (IMF)*.

### 16.4. DEVELOPMENT COOPERATION POLICY OF THE EUROPEAN UNION

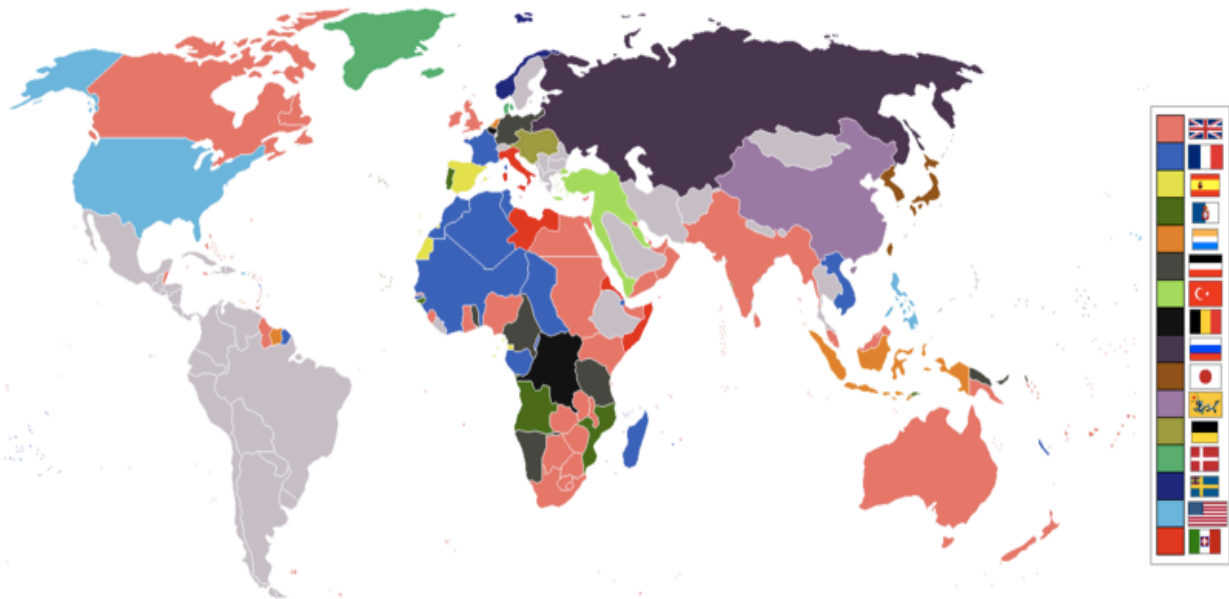
*Development cooperation is one of the methods for raising the global importance of the EU, where many exclusive trade agreements have been entered into with many areas receiving development assistance through trade relations and market support.*

The historical background of the development cooperation of the EU reaches back to the legacy of the colonial age, to which the UN Millennium Development Goals (MDG) have been added as a second input over the past years. European superpowers expanded their empires by the travels of explorers to Africa, Asia and Latin-America from the 16<sup>th</sup> and 17<sup>th</sup> to the early 20<sup>th</sup> century. The era

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<sup>12</sup> Estonian Ministry of Defence, <http://www.kmin.ee/?op=body&id=155>, 25.05.2008

of decolonization brought about the independence of many former colonies and the formation of new countries in Africa and elsewhere. Yet, after gaining independence the former colonies were not economically successful, experienced in governing, or, as often was the case, ready for a democratic rule. Economic models used during the colonial period, where raw materials and agricultural produce was only exported to the metropolitan, could not be transferred to the market economy of the moment and the capability of many countries to be able to survive independently, was not the best.



*Figure 16.2. European superpowers and their colonies, 1914.*



**Figure 16.3. Colonies of European countries in Africa 1914.**

The cooperation of European countries in the area of development assistance reaches back to the 1960s, starting with two successful Yaoundé conventions (1963 and 1969). When these expired and the United Kingdom joined the European Community, the development of the network continued with the Lomé Convention in 1975. The cooperation has developed over time to become more region-based. The more important regions are:

1. Maghreb and Mashreq (Algeria, Morocco, Tunisia, Egypt, Jordan, Syria, Lebanon);
2. Asia (China);
3. Latin-America (Brazil);
4. African, Caribbean and Pacific Group of States.

The development cooperation of the EU complements the corresponding policies of the member states and its main objective is to improve social welfare, reduce poverty, improve the economy, ensure human rights, promote democracy, and deal with environmental issues in developing countries and the countries with an economy in transition. Special attention is paid to the integration of developing countries to the international economy, enabling them access to the European market and offering direct economic and technical help that would increase trade possibilities.

In achieving the development cooperation objectives of the EU, focus on least developed countries. The aim in offering development assistance is to stabilize the situation in most deprived and unstable countries already before the conflict expands in order to avoid regional instability, refugee flows, etc. By that the EU is hoping to reduce poverty in the countries concerned, and to involve these in the international economy. Yet, there are important demands that coexist with such help: developing democracy, rule of law, human right protection, etc. The main target area of the

development assistance of the EU is made of the former colonies of the member states in Africa and the Caribbean Region.

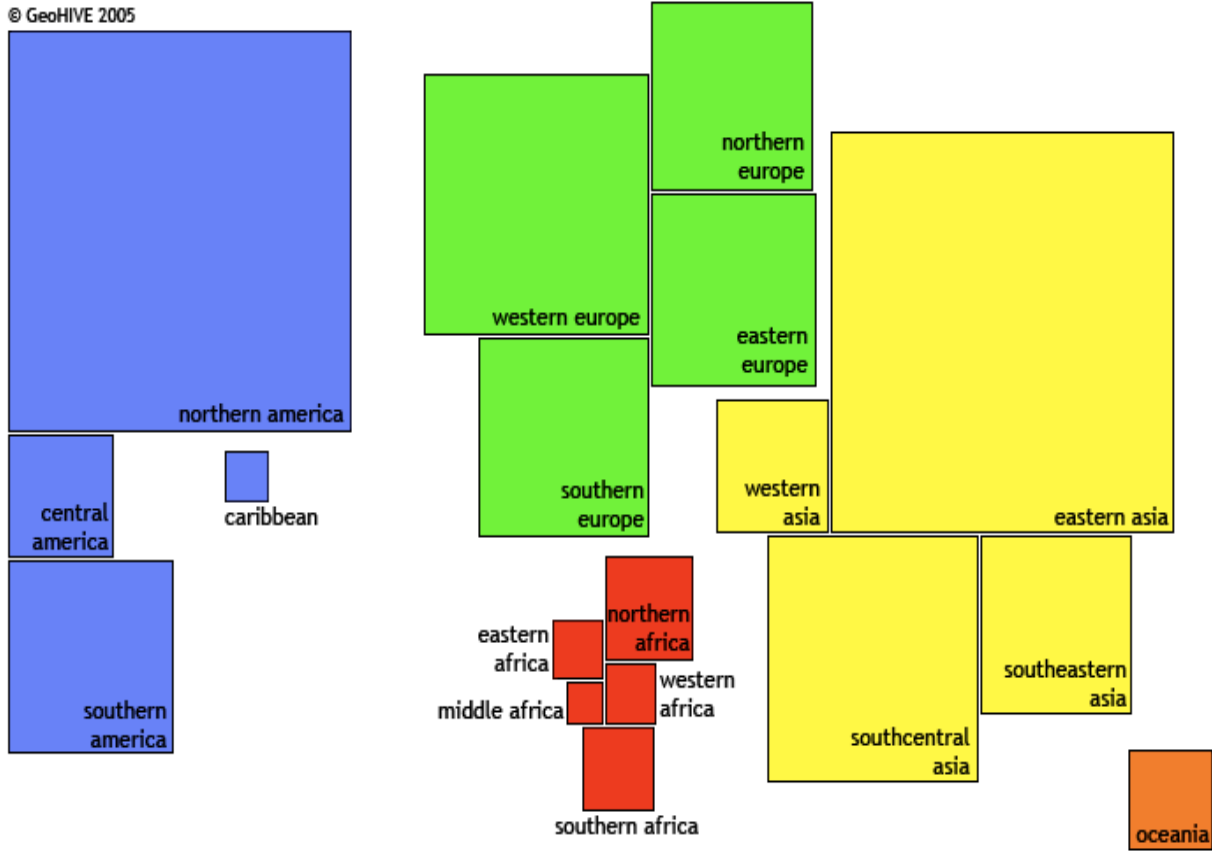


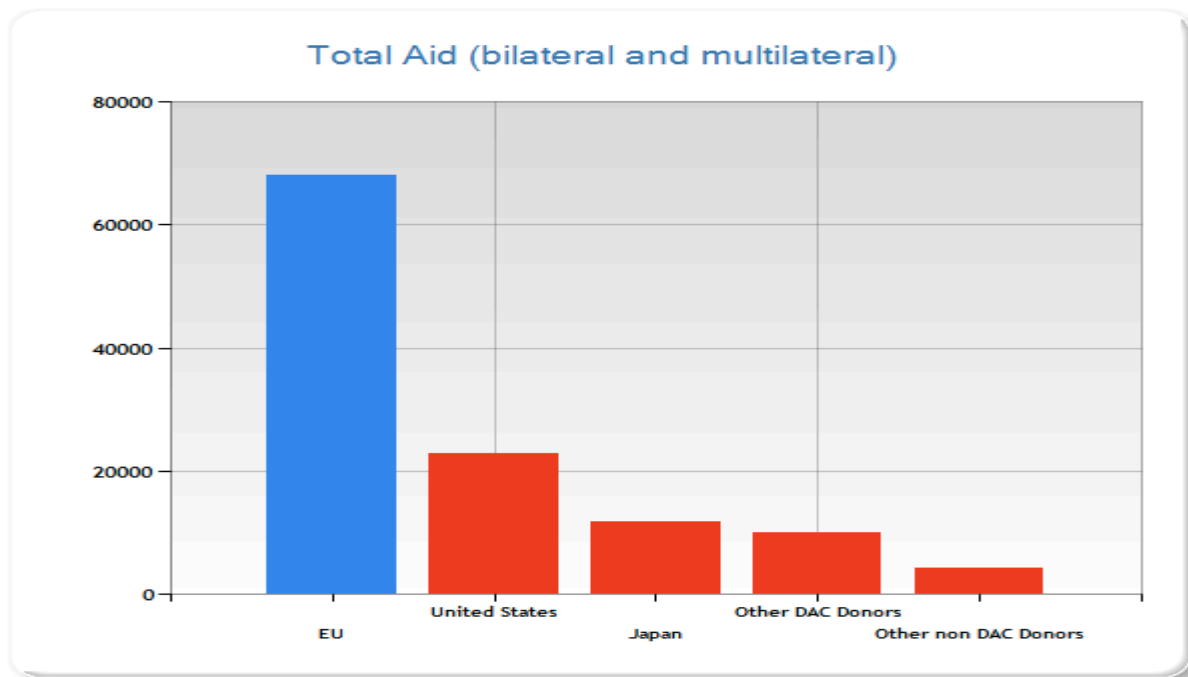
Figure 16.4. Average GDP by world regions to illustrate unequal development

Development assistance programmes are managed through the EU method and they are, therefore, the responsibility of the European Commission.

Through development cooperation the EU, therefore, supports the constant economic and social development of the target countries and their integration into the international economy by participating in poverty reduction programmes. Measures for reaching the development cooperation targets of the EU can be divided into two:

- Humanitarian aid directed to alleviate crises and to fight poverty issues directly.
- Development assistance that has been directed to promoting development in developing countries and the countries with an economy in transition.

The implementation of the development cooperation in the EU is financed from the budget of the Union and by the European Development Fund (EDF). The development cooperation deriving from the partnership agreement (Cotonou Agreement) entered into with 78 African, Caribbean and Pacific Group of States (ACP countries), and the development cooperation with the overseas countries and territories (OCT) are financed from the EDF. Development cooperation with other target countries is supported through different regional programmes according to the EU budget. Today the EU has become the biggest development aid donor (see Figure 16.5).



**Figure 16.5. Comparison of development aid donor contributions.**

*Source: EU Donor Atlas 2008, European Commission*

One of the most important instruments is the Generalized System of Preferences (GSP), which the EU applies according to the principles agreed upon in the frame of the United Nations Conference on Trade and Development (UNCTAD). The EU applies unilateral preferential tariff to goods from less developed countries. There have also been many lists introduced by the EU of countries ranked according to the size of the preferences, and of commodity groups by their sensitivity to the internal market of the EU.

The EU and its member states cooperate within their competence with third countries and competent international organisations. The organisation of the union's cooperation can be agreed upon with agreements between the EU and relevant third parties over which negotiations are held and which are entered into according to article 300. At the same time, this does not restrict the member states' competence to enter into negotiations in international institutions and to conclude international agreements.

In addition to multilateral development cooperation, the EU has entered into many bilateral agreements with almost 60 countries and many regional groups (e.g. African, Caribbean and Pacific Group of States), in order to improve the development cooperation. The scope of cooperation is different by agreements, including, incidentally, rules in the areas of trade movement, trade in services, customs cooperation, and investments. Agreements on tariffs and trade with which unilateral or bilateral preferences have been set, can be considered to be the most important.

In addition to preferential trade agreements, the EU has also entered into many agreements with the main aim to increase transnational cooperation and by which trade conditions more favourable than the preferential conditions are not set (so-called third generation agreements, e.g. partnership and cooperation agreements with CIS countries, cooperation agreements with many Latin-American and Asian countries).

The most important partners of bilateral development cooperation methods by regions:

- **Africa:**  
The trade, development and cooperation agreement between the EU and the Republic of South-Africa is applied temporarily from January 2000. The agreement purports a 10-year progressive transition period, by the end of which 95% of the goods of LAV reach the European market freely. Ca 90% of the goods of the EU will reach the market of South-Africa after a 12-year transition period. This agreement may also influence Botswana, Lesotho, Namibia and Swaziland, who are South-Africa's partners in the Sough-African Customs Union (SACU).
- **Latin-America:**  
Free trade Agreement between the EU and Mexico took effect from July 2000 and covers market access for goods, including more precisely: origin rules, technical requirements, sanitary and plant health protection methods, protection methods, investments, trade in services, public procurements, competition policy, intellectual property protection, and dispute solving. Negotiations are being held for entering into association agreements with Chile and the Southern Cone Common Market (MERCOSUR).
- **the Near East:**  
This includes Bahrain, Kuwait, Oman, Qatar, Saudi-Arabia, United Arab Emirates. The EU signed a cooperation agreement with the Persian Gulf Cooperation Council (PGCC) in 1988 and negotiations for entering into a free trade agreement were started in 1990. The negotiations were stopped in 1993, when PGCC presented a proposal concerning the energy sector, which the EU could not accept. The negotiations were reopened in 2002 with the target to reach a customs union by January 2005.

The development cooperation activity of the EU has been created in order to aid the integrated efforts of the international community to help developing countries. The main cooperation partners in this task are the UN, OECD Development Assistance Committee<sup>13</sup>, OSCE and the European Commission. The main institutions influencing the development cooperation of the EU are, in addition to the European Parliament and its development commission DEVE<sup>14</sup>, the Council of the European Union and the European Commission.

### ***The development cooperation targets of the European Union***

The main objective of the EU's development policy is ***the reduction of poverty*** in the new aid composition context with an aim to ***achieve the UN Millennium Development Goals***. Voluntary organisations in development cooperation have had a role to play in making poverty reduction the focal point of the EU development policy. These organisations are becoming more and more involved in the process of policy making and they have made the EU to ensure a better quality and higher openness in information exchange.

As noted earlier, the development cooperation priorities and goals of the EU derive from the UN Millennium Development Goals for year 2015<sup>15</sup> (MDG), which were agreed upon in September 2000 at the Millennium Summit of world leaders at UN headquarters in New York, USA. The

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<sup>13</sup> OECD Development Assistance Committee, Development Co-operation Directorate:  
<http://www.oecd.org/dac>

<sup>14</sup> Committee on Development home page:  
[http://www.europarl.europa.eu/committees/deve\\_home\\_en.htm](http://www.europarl.europa.eu/committees/deve_home_en.htm), leaflet:  
[http://www.europarl.europa.eu/comparl/deve/infokit/deve\\_fiches\\_en.pdf](http://www.europarl.europa.eu/comparl/deve/infokit/deve_fiches_en.pdf)

<sup>15</sup>UN Millennium Development Goals (MDG, 2000):  
[http://www.vm.ee/est/kat\\_425/5082.html](http://www.vm.ee/est/kat_425/5082.html), <http://www.un.org/millenniumgoals/>

adopted UN Millennium Declaration<sup>16</sup> prioritized reduction in the number of people living in extreme poverty by 50% by year 2015. This global initiative is supported by a number of accompanying efforts in order to improve the situation in different countries.

In short, the content of the MDG 2015 (and also the EU development cooperation) is the following:

1. **End hunger and extreme poverty.** To halve, by 2015, the proportion of people whose income is less than one dollar a day, as well as the proportion of people suffering from hunger.
2. **To achieve global access to primary education.** Ensure that, by 2015, children everywhere will be able to complete a full course of primary schooling.
3. **Promote gender equity and create more self-actualisation possibilities for women.** Ensure girls would have equal possibilities to boys for schooling, by 2005, in all levels of education.
4. **To reduce the mortality of children.** Reduce by two-thirds, by 2015, the under-five mortality rate.
5. **To improve the health of mothers.** Reduce by three quarters, by 2015, the maternal mortality ratio.
6. **To fight HIV/AIDS, malaria and other diseases.** Have halted by 2015 and begun to reverse the spread of HIV/AIDS, have halted and begun to reverse the incidence of malaria and other major diseases.
7. **To ensure a sustainable environment.** Halve, by 2015, the proportion of people without sustainable access to safe drinking. By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers. To reverse the loss of environmental resources.
8. **Create global partnership network for promoting development.** Develop further an open, rule-based, predictable, non-discriminatory trading and financial system, addressing the special needs of the least developed countries (tariff and quota free access for exports; bilateral debt relief), make available the benefits of new technologies, to affordable essential drugs, and to improve youth employment.

In 2005 the EU member state government representatives, the European Commission and the European Parliament meeting at the Council of the European Union agreed upon a common development declaration – European Consensus on Development<sup>17</sup> – which provides an overview of the problems that must be solved in order to end poverty and promote sustainable development and of the tasks of the EU in achieving these goals. That document has become one of the bases and guides of *the EU as the world's biggest aid donors* (EL gives *the total of more than half of the world's official development assistance*).

Deriving from the need to organise development assistance in a more efficient way and to reach the actual people in need, the EU has taken additional measures in improving development assistance. In 2005 Paris Declaration<sup>18</sup> was endorsed – the so-called EU aid effectiveness package – by which the donor countries took the obligation to set commitments for year 2010 based on 12 indicators (first and foremost in connection with conditions, mutual accountability, and predictability). Also, it was undertaken to create an effective mechanism for supervising the fulfilment of the named objectives by all parties.<sup>19</sup> At that, the European Parliament considers technical aid to be the biggest

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<sup>16</sup> <http://www.un.org/millennium/declaration/ares552e.pdf>

<sup>17</sup> The European Consensus on Development (20.12.2005):

[http://ec.europa.eu/development/icenter/repository/eu\\_consensus\\_en.pdf](http://ec.europa.eu/development/icenter/repository/eu_consensus_en.pdf)

<sup>18</sup> Paris Declaration (02.03.2005): <http://www.oecd.org/dataoecd/11/41/34428351.pdf>

<sup>19</sup> See in addition, EP resolution about the aid efficiency packet 2006:

<http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+TA+P6-TA->

challenge for the EU that is to be developed addressing the expressed needs of the aid recipient countries and civil society organisations, and not the priorities of the donor countries, so that these would also enable to increase the ability of the EU partner countries and local own accountability). In its later resolution about reviewing the results of the Paris Declaration, the European Parliament has recalled the need to involve both the local institutions of the member states and EU partner countries in the objective achievement process, especially concerning all stages of compiling, executing and assessing development policy.

In 2006 a single regulation for governing the EU Development Cooperation activities and simplifying the set of regulations was passed – the Development Cooperation Instrument (DCI). DCI programmes are divided in two categories: 1) thematic programmes (e.g. co-financing of non-governmental organisations, health care and education aid, environmental and energy sector) and 2) geographical programmes (Asia, Latin-America, the Near East and South-Africa)<sup>20</sup>.

Cooperation with 78 African, Caribbean and Pacific Group of States (ACP countries) is not included in the DCI and is based on the Cotonou Agreement between EU member states and development countries, financed by the European Development Fund (EDF).

In connection with the gradual valuation of the development cooperation and its acknowledgement in the society, the European Commission, national parliaments and the European Parliament as the “Development Assistance Quality Watchdog” have started to stress on the **importance of cohesion between different policy areas** in the EU, and the need for sufficient coordination of the activities of EU member states and their mutual complementation. A good example at that is the initiative “Policy Coherence for Development”<sup>21</sup>, which gained more popularity in 2005. Its aim is to increase the concordance of other policy areas (12 in total: trade, environment, climate change, security, agriculture, fisheries, employment policy, migration issues, research and innovation, information society, transport, and energy) with the Development Cooperation and the Millennium Development Goals. In every two years the European Commission prepares a summary report on improvements in each of the 12 areas, the last of which was published in 2007<sup>22</sup>.

In setting development cooperation priorities it is important to stress that despite their priority many goals can only be achieved with parallel processes in other areas. At the same time, some interested parties are critical about the potentiality of working to reach all development goals at the same time. One of the examples is reducing the mortality of children, which brings about fast population growth, increasing thereby food and drinking water shortages in many areas with enough problems as it is. Despite that, it is of utmost importance that the EU would be able to speak in one voice, which has been a problem for a long time. The disunion of the EU has not always fostered the adoption of common methods and concrete action plans that would enable to stabilize the communities and economy, and root democracy in developing countries together with ensuring the

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[2006-0382+0+DOC+PDF+V0//ET](#), also the resolution of the European Parliament from 22 May 2008 about aid efficiency Paris Declaration 2005 follow-up methods:

<sup>20</sup> European Parliament, Development Cooperation Commission, InfoKit

<sup>21</sup> Policy Coherence for Development, PCD:

[http://ec.europa.eu/development/policies/policy\\_coherence\\_en.cfm](http://ec.europa.eu/development/policies/policy_coherence_en.cfm); „supervision“ started by the European NGO Confederation for Relief and Development, CONCORD, of the realisation of PCD realisation URL: <http://www.eucoherence.org/>

<sup>22</sup>

[http://ec.europa.eu/development/icenter/repository/eu\\_report\\_policy\\_coherence\\_COM\(2007\)\\_545\\_final\\_en.pdf](http://ec.europa.eu/development/icenter/repository/eu_report_policy_coherence_COM(2007)_545_final_en.pdf)

fulfilment of elementary human needs. Yet, the need for unity and the support of the EU is inevitable considering the situation in developing countries.

Since many UN development goals are unachievable in the substantial poverty of target countries, the achievement of many development goals presumes a change in the attitudes of the target country population and in their education level. The most obvious are the connections in the simultaneous development of democracy and market economy – a stable economic growth is needed for ensuring the rooting of democracy; such growth is only possible in the condition of well-operating governing. At the same time it is important to raise the self accountability of the developing countries.

The EU must continuously keep in mind that there is point in increasing official development assistance sums only if this will directly *influence aid efficiency and bring about a considerable raise quality*. This should be the absolute priority of each member state and concerned EU institutions in carrying out Development Cooperation Policy. The global recession of 2008 has decreased the ability of EU member states in increasing sums directed to development cooperation. Recent OECD data shows that in general the aid by the EU decreased considerably already in 2007, but not enough to remove the EU from its position in the top of the donors list.<sup>23</sup>

The more positive the fact that in addition to the European Parliament, the influence and importance of the development cooperation is reminded to the EU by its activating population and citizens' associations. For example, over the past couple of years, development and world education has become an issue discussed in depth all over Europe, incl. schools in Estonia, because in addition to raising the education level in the developing countries, it is also important to educate the citizens of EU member states and raise their awareness about the subjects of development cooperation.<sup>24</sup>

## 16.5. NORTHERN DIMENSION

*Northern Dimension* is an activity direction in the EU to bring about stability, safety and wellbeing in the Baltic Sea region through closer economic and political cooperation between the countries of Northern Europe (the European Union, Iceland, Norway, and Russia – see Figure 16.6). It is important to note that the Northern Dimension is not a direct Neighbourhood Policy, but more a regional cooperation project. The term “Northern Dimension” was used first by Finnish Minister of Foreign Affairs, Heikki Haavisto, in 1994. Breakthrough in the stand of the EU to the Northern countries of Europe can be considered to have taken place in 1997, when the European Commission, acting on the order of the Council of the European Union, prepared a report on the Northern Dimension based on the addresses of the Prime Minister of Finland, Paavo Lipponen. The report was validated at the 1998 Vienna Summit and the action plan was passed by the European Council of Santa Maria da Feira in June 2000.

*The main areas of activity of the Northern Dimension are the following:*

1. Economic cooperation (promoting trade and investments, developing business; cooperation in different areas, such as agriculture, energy, information science).

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<sup>23</sup> See in addition, EP resolution about the aid efficiency packet 2006.

<sup>24</sup> “Euroopa konsensus arengupoliitikas: arenguhariduse ja arengualase teadlikkuse tõstmise tähtsus”:

[http://ec.europa.eu/development/icenter/repository/PUBLICATION\\_CONSENSUS\\_ET-067-00-00.pdf](http://ec.europa.eu/development/icenter/repository/PUBLICATION_CONSENSUS_ET-067-00-00.pdf)

2. Freedom, safety and justice (cooperation in justice, fighting against organised crime and human trafficking, matters connected with state borders).
3. External security (civil protection).
4. Research, education, and culture (cooperation in exchange programmes in research and education, youth policy, promotion of regional and local culture).
5. Environment, nuclear safety and natural resources (reducing the danger of nuclear pollution, sea safety, protection of the ecosystem, climate change issues).
6. Social wellbeing and health care (cooperation in social services and health care, prevention of the spread of infectious diseases).

Northern Dimension was the first official programme for the EU that included the EU as a whole, and its long-time member states (Finland, Sweden, Denmark, and Germany), newer member states (Estonia, Latvia, Lithuania, and Poland) and also countries not belonging to the Union (Russia, Norway, and Iceland). The regional organisations participating in the execution of the Northern Dimension activity plan are: the Council of Baltic Sea States, the Barents Euro-Arctic Council, the Arctic Council, the Barents Regional Council, the Union of the Baltic Cities, the Nordic Council of the European Union, and the Baltic Council of the European Union.



**Figure 16.6. Northern Dimension.**

Source: European Commission, [http://ec.europa.eu/external\\_relations/north\\_dim/index.htm](http://ec.europa.eu/external_relations/north_dim/index.htm)