



Europe in **12** lessons

Protection Together Growth
Development **European Union**
Digital Single market Jobs Values
economy **Peace** Solidarity Citizens

The views set out in this publication are those of the author and do not necessarily reflect the official opinion of the European Commission.

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Europe in 12 lessons

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CHAPTER

1

Why the European Union?

Cooperation
Security

Justice

Freedom
Peace
Democracy

Identity Shared

Solidarity

Citizens

Together

THE AIM OF THE EU IS TO:

- ▶ maintain and build on the peace established between its Member States and its neighbours;
- ▶ bring European countries together in practical cooperation;
- ▶ ensure that European citizens can live in security;
- ▶ promote economic and social solidarity;
- ▶ preserve European identity and diversity in a globalised world;
- ▶ promote the values that Europeans share.

I. PEACE

Before becoming a real political objective, the idea of a united Europe was just a dream shared by philosophers and visionaries. Victor Hugo, for example, imagined a peaceful 'United States of Europe' inspired by humanistic ideals. The dream was shattered by the terrible wars that ravaged the continent during the first half of the 20th century.

However, a new kind of hope emerged from the rubble of the Second World War. People who had resisted totalitarianism during the war were determined to put an end to international hatred and rivalry in Europe and create the conditions for lasting peace. Between 1945 and 1950, a handful of brave statesmen including Robert Schuman, Konrad Adenauer, Alcide De Gasperi and Winston Churchill set about persuading their peoples to usher in a new era. New structures would be created in western Europe, based on shared interests and founded upon treaties guaranteeing the rule of law and equality between all countries.

Robert Schuman, then French Foreign Minister, took up an idea originally conceived by Jean Monnet and, on 9 May 1950, proposed establishing a European Coal and Steel Community. In countries which had once fought each other, the production of coal and steel would be pooled under a common High Authority. In a practical but also richly symbolic way, the raw materials of war were now being turned into instruments of reconciliation and peace.

Today, there is peace in the countries of the European Union, where people live in democracy with respect for the rule of law and for fundamental rights. Furthermore, the countries of the former Yugoslavia, which were at war with each other as recently as the 1990s, have today either joined the EU or are preparing to do so.

Nevertheless, peace should never be taken for granted. During the recent economic and social crisis, Europe has seen the rise of populist, extremist and nationalistic tendencies that threaten democracy and the process of European integration. Many movements are sceptical of existing institutions, both at national and European levels. It remains to be seen whether new economic growth based on common solutions can ease these tensions.

II. BRINGING EUROPE TOGETHER

The European Union encouraged German unification after the fall of the Berlin Wall in 1989. When the Soviet empire crumbled in 1991, the countries of central and eastern Europe, which had for decades endured life behind the 'iron curtain', were once again free to choose their own destiny. Many decided that their future lay within the family of democratic European nations. Eight of them joined the EU in 2004, two more followed in 2007 and Croatia joined in 2013. The Mediterranean countries of Cyprus and Malta have also been members since 2004.

The process of EU enlargement is still going on. Seven countries are at different stages of preparing for possible membership. However, the difficult economic situation in Europe makes it unlikely that any new countries will join the EU in the foreseeable future.

At the same time, the United Kingdom held a referendum in June 2016, where a majority of voters expressed their wish to leave the European Union.

On 29 March 2017, the United Kingdom notified the European Council of its intention to leave the European Union, in accordance with Article 50 of the Treaty of the European Union. The Article 50 negotiations between the EU and the United Kingdom began on 19 June 2017.

III. SECURITY

Europe in the 21st century still faces considerable security issues.

To the south, religious fanaticism is on the rise, often leading to terrorism. Terrorist attacks in Europe by the so-called Islamic State or 'Daech', have led EU countries to intensify their exchanges of information and intelligence.

To the east, under the leadership of Vladimir Putin, Russia is pursuing a strategy to increase its power. The Russian annexation of Crimea in 2014 and wars in eastern Ukraine are dramas being played out on the EU's doorstep. In particular, those EU countries with experience of repression in the Soviet Union expect solidarity from the EU with Ukraine.

Citizens expect the EU to take effective action to ensure the security of its Member States. It has to work constructively with the regions beyond its borders: the Balkans, North Africa, the Caucasus and the Middle East. It must also protect its military and strategic interests by working with its allies, especially within NATO, and by developing a genuine common European security and defence policy.

Internal and external security are two sides of the same coin. The fight against terrorism and organised crime requires the police forces of all EU countries to work closely together. The search for joint European solutions in the areas of asylum and immigration have been high on the EU's agenda since 2015, as Europe faces unprecedented waves of refugees fleeing wars, dictatorships and hunger.

Making the EU an 'area of freedom, security and justice' where everyone has equal access to justice and is equally protected by the law is a new challenge that requires close cooperation between governments. Bodies like Europol (the European Union Agency for Law Enforcement Cooperation) and Eurojust (which promotes cooperation between prosecutors, judges and police officers in different EU countries) can also play an active role.

IV. ECONOMIC AND SOCIAL SOLIDARITY

The European Union was created to achieve political goals, and it set about achieving them through economic cooperation.

European countries account for an ever smaller percentage of the world's population. They must therefore continue pulling together if they are to ensure economic growth and be able to compete on the world stage with other major economies. No individual EU country is strong enough to influence political decisions on the world economy. To achieve economies of scale and find new customers, European companies need a broader base than just their national home market, and the European single market provides it. To ensure that as many people as possible benefit from this Europe-wide market of over 510 million consumers, the EU is endeavouring to remove obstacles to trade and is working to free businesses from unnecessary red tape.

But Europe-wide free competition must be counterbalanced by Europe-wide solidarity. This has clear tangible benefits for European citizens: when, for example, they fall victim to floods and other natural disasters, they receive assistance from the EU budget. The 'Structural Funds', managed by the European Commission, encourage and supplement the efforts of the EU's national and regional authorities to reduce inequalities between different parts of Europe. Money from the EU budget and loans from the European Investment Bank are used to improve Europe's transport infrastructure (by, for example, extending the network of motorways and high-speed railways), thus providing better access to outlying regions and boosting trans-European trade.

The global financial crisis in 2008 triggered the sharpest economic downturn in the EU's history. Governments and EU institutions had to act swiftly to rescue banks, and the EU provided financial assistance to the hardest-hit countries. The assistance programmes for Ireland, Portugal, Spain and Cyprus worked well and, following often difficult national reforms, these countries were able to conclude their programmes, most of them in 2014. Greece experienced greater difficulties in implementing the required structural reforms of its public sector and complicated negotiations on the Greek public debt led in the summer of 2015 to new agreements on reforms in Greece.

In spite of the singular situation in Greece, sharing a single currency helped protect the euro area against speculation and devaluation during the crisis. The EU and its Member States made a concerted effort to reduce their public debt. The big challenge for European countries in the years ahead is to move out of the recession in a way that creates new, sustainable jobs, particularly in the areas of digital and green technologies.



Economic and social solidarity is one of the fundamental aims of the European Union and the Commission, headed by Jean-Claude Juncker.

V. EUROPEAN IDENTITY AND DIVERSITY IN A GLOBALISED WORLD

Europe's post-industrial societies are becoming increasingly complex. Standards of living have risen steadily, but there are still significant gaps between rich and poor. These gaps may be widened by factors such as economic recession, industrial relocation, the ageing of the population and problems related to public finances. It is important for EU countries to work together to tackle these challenges.

But working together does not mean erasing the distinct cultural and linguistic identity of individual countries. On the contrary, many EU activities foster economic growth based on unique regional elements and the rich diversity of Europe's traditions and cultures — from regional gastronomy to tourism and the arts. Digital technologies will make cultural diversity an even stronger factor, as it is technically easier to distribute locally based cultural products.



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United in diversity: working together achieves better results.

Sixty-five years of European integration has shown that the EU as a whole is greater than the sum of its parts. It has far greater economic, social, technological, commercial and political clout than if its Member States had to act individually. There is added value in acting together and speaking with a single voice.

Other powers in the world, such as China and the United States, seek to influence global economic rules. It is therefore more vital than ever for the Member States of the EU to come together and achieve a 'critical mass', thus maintaining their influence on the world stage. Examples of how this is happening in practice include the EU's role in worldwide negotiations on trade rules. EU countries have agreed on many principles and technical rules related to daily lives, which serve as a model for many other parts of the world. Examples include health and safety standards, promotion of renewable energy resources, the 'precautionary principle' in food safety, ethical aspects of new technology and much more. The EU also remains at the forefront of global efforts to tackle global warming.

European values are also visible around the globe in the form of the development cooperation and humanitarian aid managed by the EU.

The old saying 'unity is strength' is thus as relevant as ever to today's Europeans.

VI. VALUES

The EU promotes humanitarian and progressive values, and ensures that humankind is the beneficiary, rather than the victim, of the great global changes that are taking place. People's needs cannot be met simply by market forces, or by individual countries taking unilateral action.

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

The legally binding Charter of Fundamental Rights of the European Union was proclaimed in Nice in December 2000. It sets out all the rights recognised today by all of the EU's Member States and their citizens. Shared rights and values create a feeling of kinship between Europeans. To take just one example, all EU countries have abolished the death penalty.

CHAPTER

2

Twelve historic **steps**

Goals

Stability

Progress

Development

Union

Challenges

Expansion

History

Integration

Achievements

Closer

Community

- ▶ **1951** The European Coal and Steel Community (ECSC) is set up by the six founding members
- ▶ **1957** The same six countries sign the Treaties of Rome, setting up the European Economic Community (EEC) and the European Atomic Energy Community (Euratom)
- ▶ **1973** The Communities expand to nine Member States and introduce more common policies
- ▶ **1979** The first direct elections to the European Parliament
- ▶ **1981** The first Mediterranean enlargement
- ▶ **1992** The European single market becomes a reality
- ▶ **1993** The Treaty of Maastricht establishes the European Union (EU)
- ▶ **2002** The euro comes into circulation
- ▶ **2004** The EU has 25 Member States, increasing to 28 by 2013
- ▶ **2009** The Treaty of Lisbon comes into force, changing the way the EU works
- ▶ **2014** European elections take place with several candidates competing for the post of President of the European Commission
- ▶ **2015** There is a gradual return to moderate economic growth after 7 years of global crisis and consolidation of the euro area

TWELVE HISTORIC STEPS

1. On 9 May 1950, the Schuman Declaration proposed the establishment of a European Coal and Steel Community, which became reality with the Treaty of Paris of 18 April 1951. This put in place a common market in coal and steel between the six founding countries (Belgium, the Federal Republic of Germany, France, Italy, Luxembourg and the Netherlands). The aim, in the aftermath of the Second World War, was to secure peace between Europe's victorious and vanquished nations and bring them together as equals, cooperating within shared institutions.
2. The 'Six' then decided, with the Treaties of Rome on 25 March 1957, to set up a European Atomic Energy Community and a European Economic Community. The latter would involve building a wider common market covering a whole range of goods and services. Customs duties between the six countries were abolished on 1 July 1968 and common policies, notably on trade and agriculture, were also put in place during the 1960s.
3. So successful was this venture that Denmark, Ireland and the United Kingdom decided to join. This first enlargement, from six to nine members, took place in 1973. At the same time, new social and environmental policies were introduced, and the European Regional Development Fund was set up in 1975.



On 9 May 1950, French Foreign Minister Robert Schuman first publicly proposed the ideas that led to the European Union. So 9 May is celebrated as the EU's birthday.

4. June 1979 saw a decisive step forward, with the first elections to the European Parliament by direct universal suffrage. These elections are held every 5 years.
5. In 1981, Greece joined the Communities, followed by Spain and Portugal in 1986. This came after the fall of dictatorships in all these countries. This expansion of the Communities into southern Europe made it all the more necessary to implement regional aid programmes.
6. The worldwide economic recession in the early 1980s brought with it a wave of 'euro-pessimism'. However, hope sprang anew in 1985 when the European Commission, under its President Jacques Delors, published a White Paper setting out a timetable for completing the European single market by 1 January 1993. This ambitious goal was enshrined in the Single European Act, which was signed in February 1986 and came into force on 1 July 1987.
7. The political shape of Europe was dramatically changed when the Berlin Wall fell in 1989. This led to the reunification of Germany in October 1990 and the coming of democracy to the countries of central and eastern Europe as they broke away from Soviet control. The Soviet Union itself ceased to exist in December 1991.

At the same time, the Member States were negotiating a new treaty, which was adopted by Heads of State or Government in Maastricht in December 1991. By adding intergovernmental cooperation (in areas such as foreign policy, justice and internal affairs) to the existing Community system, the Maastricht Treaty created the European Union (EU). It came into force on 1 November 1993.

8. Three more countries — Austria, Finland and Sweden — joined the EU in 1995, bringing its membership to 15. By then, Europe was facing the growing challenges of globalisation. New technologies and the ever-increasing use of the internet were modernising economies but also creating social and cultural tensions.

Meanwhile, the EU was working on its most ambitious project to date — creating a single currency to make life easier for businesses, consumers and travellers. On 1 January 2002, the euro replaced the old currencies of 12 EU countries, which together now made up the 'euro area'. The euro has since been a major world currency.

9. In the mid-1990s, preparations began for the biggest-ever EU enlargement. Membership applications were received from six former Soviet bloc countries (Bulgaria, the Czech Republic, Hungary, Poland, Romania and Slovakia), the three Baltic states that had been part of the Soviet Union (Estonia, Latvia and Lithuania), one of the republics of former Yugoslavia (Slovenia) and two Mediterranean countries (Cyprus and Malta).

TWELVE HISTORIC STEPS

The EU welcomed this chance to help stabilise the European continent and to extend the benefits of European integration to these young democracies. Negotiations opened in December 1997 and 10 of the candidate countries joined the EU on 1 May 2004. Bulgaria and Romania followed in 2007. Croatia joined in 2013, bringing the EU's membership to 28.

- 10.** To enable it to face the complex challenges of the 21st century, the enlarged EU needed a simpler and more efficient decision-making method. New rules had been proposed in a draft EU Constitution, signed in October 2004, which would have replaced all the existing treaties. But this text was rejected by two national referendums in 2005 in France and the Netherlands.

The Constitution was therefore replaced by the Treaty of Lisbon, which was signed on 13 December 2007 and came into force on 1 December 2009. It amends but does not replace the previous treaties, and it introduces most of the changes that featured in the Constitution. For example, it gives the European Council a permanent President and creates the post of High Representative of the Union for Foreign Affairs and Security Policy.



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The fall of the Berlin Wall in 1989 led to a gradual breaking down of old divisions across the continent of Europe.

- 11.** The European elections in May 2014 marked a change in the institutional practices of the EU in that the political parties proposed candidates for the post of President of the European Commission. The European Council then nominated the candidate from the party obtaining the most seats, as foreseen by the Treaty of Lisbon. This was Jean-Claude Juncker, a Luxembourgish, of the European People's Party. He was approved by a large pro-European coalition in the European Parliament, which included the socialist and liberal groups.

The 2014 elections also showed gains for Eurosceptic parties which won around 100 of the 751 seats. They often vote in clear opposition to the majority political line dominating EU institutions and are usually sceptical on EU integration and vociferous on immigration.

- 12.** A worldwide financial and economic crisis developed in 2008. This led to the establishment of new EU mechanisms to ensure the stability of banks, reduce public debt and coordinate Member States' economic policies, particularly those using the euro. Years down the line, efforts made towards structural reforms and improvements in public accounts are beginning to bear fruit in the form of new economic growth.

Economic policies in the euro area are being strengthened under the leadership of the Commission and the Council, who now have new legal instruments to implement the agreements reached by the Member States with a view to securing sound public finances. The European Central Bank is increasing liquidity and maintaining very low interest rates. The EU is also promoting new investments through its Strategic Investment Fund, particularly in public-private partnerships.

CHAPTER

3

Enlarging the EU and getting on with the neighbours

Cooperation

Family

Six

Growing

Membership Support

Integration

Uniting

Neighbours

Accession

Democracy

Obligations

- ▶ The European Union is open to any European country that fulfils the democratic, political and economic criteria for membership.
- ▶ Successive enlargements have increased the EU's membership from six to 28 countries. As of 2017, six Balkan countries and Turkey are either negotiating membership or are at different stages of preparation for possible membership.
- ▶ Each treaty admitting a new member requires the unanimous approval of all existing Member States. In addition, before each new enlargement, the EU must assess its capacity to absorb the new member(s) and the ability of its institutions to continue to function properly.
- ▶ There will be no new countries joining the EU during the legislative period 2014-2019 as the EU continues to focus on economic growth.
- ▶ The neighbourhood policy of the EU faces challenges unprecedented since the Cold War: Russian policy culminating in the illegal annexation of Crimea in 2014 has stirred up diplomatic and military tensions. In the Middle East, acts of terror by extremists in Syria and Iraq are a direct attack on European fundamental values and interests. A massive exodus of more than 1 million refugees from this region poses immense long-term political and humanitarian challenges for Europe.

I. MEMBERSHIP CONDITIONS

A. Legal requirements

European integration has always been a political and economic process, open to all European countries that are prepared to sign up to the treaties and take on board the full body of EU law. According to the Treaty of Lisbon (Article 49), any European state may apply to become a member of the EU provided it respects the principles of liberty, democracy, respect for human rights and fundamental freedoms, and the rule of law.

B. The ‘Copenhagen criteria’

In 1993, following requests from the former communist countries to join the Union, the European Council laid down three criteria that each country should fulfil in order to become a member. By the time they join, new members must have:

- stable institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities;
- a functioning market economy and the capacity to cope with competitive pressure and market forces within the Union;
- the ability to take on the obligations of membership, including support for the aims of the Union — they must have a public administration capable of applying and managing EU laws in practice.

C. The process of becoming an EU Member State

Membership talks (‘accession negotiations’) take place between the candidate country and the European Commission, which represents the EU. Once these are concluded, the decision to allow this country to join the EU must be taken unanimously by the existing Member States meeting in the Council. The European Parliament must also approve with an absolute majority vote. The accession treaty must then be ratified by the Member States and the candidate country, each in accordance with its own constitutional procedure.

During the negotiation period, candidate countries normally receive ‘pre-accession’ financial aid from the EU to help them catch up economically. They also usually have ‘stabilisation and association agreements’ with the EU. Under these agreements, the EU directly monitors the economic and administrative reforms the candidate countries have to carry out in order to meet the conditions for EU membership.

II. UNITING A CONTINENT

A. A union of 28

When it met in Copenhagen in December 2002, the European Council took one of the most momentous steps in the history of European integration. By inviting 12 more countries to join it, the EU was not simply increasing its geographical size and population; it was putting an end to the division which had split the continent in two since 1945. European countries which, for decades, had not enjoyed democratic freedom were finally able to rejoin the family of democratic European nations. Thus the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia became EU members in 2004, together with the Mediterranean islands of Cyprus and Malta. Bulgaria and Romania followed in 2007. Croatia joined the process by applying for membership in 2003 and eventually joining in 2013.



© Craig — Campbell/Moodboard/Corbis

The 'Pearl of the Adriatic' — Dubrovnik in Croatia, the EU's newest Member State.

B. Negotiations under way

Turkey, a member of NATO with a long-standing association agreement with the EU, applied for European Union membership in 1987. Given Turkey's geographical location and political history, the EU hesitated for a long time before accepting its application. However, in October 2005, accession negotiations finally began. Some EU countries have expressed doubts as to whether Turkey will or should become a member of the European Union. They propose an alternative arrangement — a 'privileged partnership'. Negotiations were galvanised in 2015, when Turkey agreed with the EU to help reduce and control the number of asylum seekers passing into the EU via the country. The EU intends to remain a reference point for Turkey in relation to political reforms and fundamental rights. The EU insists on the fact that respect of these values remains a non-negotiable condition of accession.

The western Balkan countries, most of which were once part of Yugoslavia, are also turning to the EU to speed up their economic reconstruction, improve their mutual relations (long scarred by ethnic and religious wars) and consolidate their democratic institutions. The EU has given 'candidate country' status to Albania, the former Yugoslav Republic of Macedonia, Montenegro and Serbia. Bosnia and Herzegovina submitted its application to join in 2016. Kosovo (this designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence) declared its independence in 2008 and could also become a candidate country, once the ongoing negotiations on its future have been concluded.

Formal negotiations on accession to the EU have started with Montenegro and Serbia.

Iceland, hit hard by the financial crisis in 2008, applied for EU membership in 2009. Accession negotiations were discontinued in 2013 at the request of the country itself. Public opinion in Iceland was less keen on EU membership after an upturn in the country's economy.

In his inauguration speech at the European Parliament in 2014, Jean-Claude Juncker announced that there would be no new accessions during the term of his Presidency which ends in 2019.

III. HOW LARGE CAN THE EU BECOME?

A. Geographical frontiers

Public debate on the future of the EU shows that many Europeans are concerned about where the borders of the EU should be drawn. Questions also arise on what constitutes European identity. There are no simple answers to these questions, particularly since each country views its geopolitical and economic interests differently. The Baltic countries and Poland have been favourable

ENLARGING THE EU AND GETTING ON WITH THE NEIGHBOURS

towards Ukraine joining the EU, but the conflict between Ukraine and Russia culminating in the Russian annexation of Crimea has created geopolitical tensions that make this option unrealistic. Furthermore, the strategic position of Moldova highlights the tensions between western countries and a Russia that strongly promotes its regional ambitions.

Despite fulfilling the conditions, Liechtenstein, Norway and Switzerland are not members of the EU, in line with public opinion in their countries.

In different EU countries, public opinion is more or less divided over the question of the European Union's final frontiers. If geographical criteria alone were applied, taking no account of democratic values, the EU could — like the Council of Europe (not an EU body) — end up with 47 Member States.

The sensible approach is to say that any European country is entitled to apply for EU membership provided it can take on board the full body of EU law and is prepared to adopt the euro. European integration has been a continuous process since 1950, and any attempt to fix the EU's boundaries once and for all would run counter to that process.

B. Neighbourhood policy

Enlargements in 2004 and 2007 pushed the EU's borders further east and south, raising the question of how the EU should handle relations with its new neighbours. Stability and security are an issue in the regions beyond its borders, and the EU wished to avoid the emergence of new dividing lines between itself and these neighbouring regions. Emerging threats to security such as illegal immigration, the disruption of energy supplies, environmental degradation, organised cross-border crime and terrorism were issues the EU now had to deal with more intensively. For this reason, the EU developed a new European neighbourhood policy, governing relations with its neighbours to the east and south-east (Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine), and to the south (Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, the occupied Palestinian territory, Syria and Tunisia).

As of 2004, almost all these countries have signed bilateral 'partnership and cooperation' agreements or association agreements with the EU, under which they are committed to common values (such as democracy, human rights and the rule of law) and to making progress towards a market economy, sustainable development and reducing poverty. The EU, for its part, offers financial, technical and macroeconomic assistance, easier access to visas and a range of measures to help these countries develop.

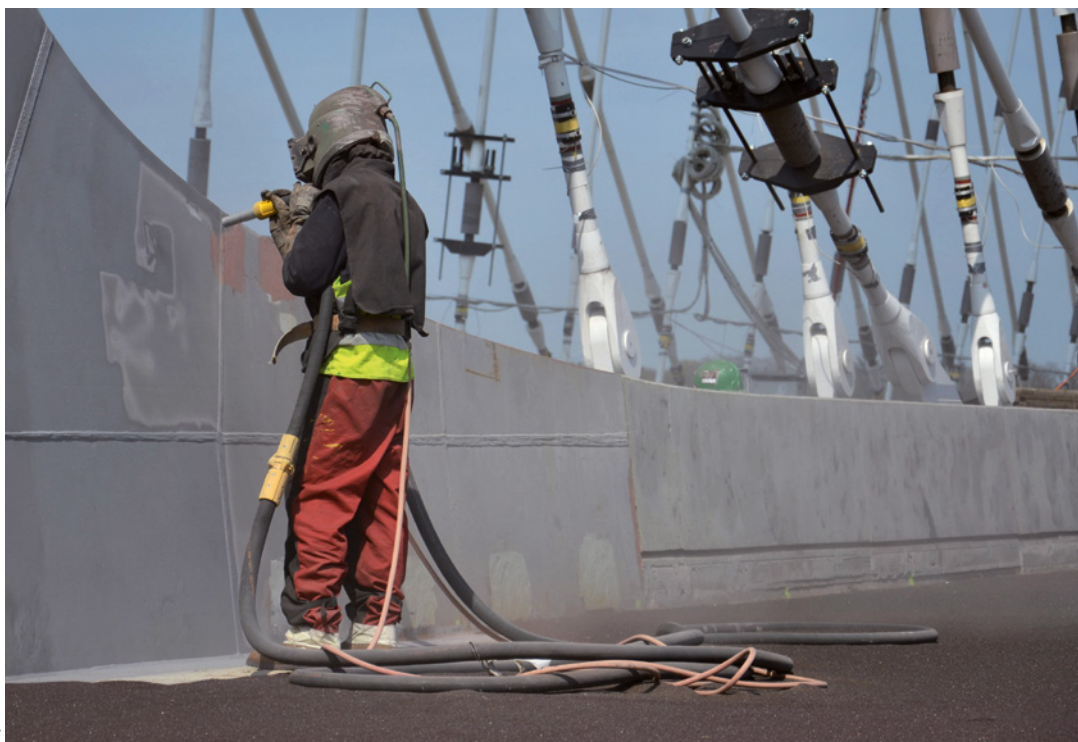
However, recent geopolitical developments have radically changed the situation.

To the east, the fall of the authoritarian government of Ukraine led to the election in May 2014 of a new President — Petro Poroschenko — who was more in tune with western values. This brought about the signature of an association agreement between Ukraine and the EU in September 2014. The tough economic situation and the military confrontations between Ukrainian forces and separatist groups supported by Russia have put the country in a very difficult situation that does not, nevertheless, prevent ties with the EU being strengthened. Between 2014 and 2015, the EU granted Ukraine more than €7 billion in financial assistance, linked to political and democratic reforms.

The ‘Arab Spring’ of 2011 brought about significant changes to the political situation on the southern coast of the Mediterranean and the Middle East. This included regime changes in Tunisia and Egypt, civil war in Syria, chaos in Libya after the overthrow of the Gaddafi regime and the creation of the so-called Islamic State or ‘Daech’ — which took hold of large areas of Syria and Iraq by means of terrorist actions.

Some EU countries form part of the military coalition fighting the so-called Islamic State or Daech, while the EU is dealing with a large influx of migrants coming from Syria, the Horn of Africa and sub-Saharan Africa, all of whom are fleeing war, religious persecution or economic misery. In 2015 around 1 million people tried to cross the Mediterranean from the coast of Libya or Turkey in boats provided by criminal human traffickers. Facing this humanitarian disaster, the EU is revising its common asylum and immigration policy (see Chapter 10).

ENLARGING THE EU AND GETTING ON WITH THE NEIGHBOURS



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The EU gives financial aid to help build the economy in neighbouring countries.

CHAPTER

4

How does the EU work?

Council
Commission
Elections
Laws Treaties **Citizens**
Representatives Parliament Voting
Decisions **Agreement** Parties

- ▶ The European Parliament, which represents the citizens of the EU, shares legislative and budgetary power with the Council.
- ▶ The EU's Heads of State or Government meet, as the European Council, to set the EU's overall political direction and to take major decisions on key issues.
- ▶ The Council, made up of ministers from the EU Member States, meets frequently to take policy decisions and make EU laws.
- ▶ The European Commission, which represents the common interest of the EU, is the main executive body. It puts forward proposals for legislation and ensures that EU policies are properly implemented.

I. THE DECISION-MAKING INSTITUTIONS

The European Union is more than just a confederation of countries, but it is not a federal state. In fact, its structure does not fall into any traditional legal category. It is historically unique, and its decision-making system has been constantly evolving for the past 60 years or so.

The treaties (known as ‘primary’ legislation) are the basis for a large body of ‘secondary’ legislation which has a direct impact on the daily lives of EU citizens. The secondary legislation consists mainly of regulations, directives and recommendations adopted by the EU institutions.

These laws, along with EU policies in general, are the result of decisions taken by the European Parliament (representing the people), the Council (representing national governments) and the European Commission (the executive body independent of EU governments that upholds the collective European interest). Other institutions and bodies also play a role, as outlined below.

A. The European Parliament

The European Parliament is the elected body that represents EU citizens. It supervises the EU’s activities and, together with the Council, enacts EU legislation. Since 1979, members of the European Parliament (MEPs) have been directly elected, by universal suffrage, every 5 years.

In 2017, an Italian, Antonio Tajani (European People’s Party — Christian Democrats), was elected President of the Parliament for a period of two and a half years.



The European Parliament — this is where you can make your voice heard.

Number of seats in the European Parliament per country

Austria	18
Belgium	21
Bulgaria	17
Croatia	11
Cyprus	6
Czech Republic	21
Denmark	13
Estonia	6
Finland	13
France	74
Germany	96
Greece	21
Hungary	21
Ireland	11
Italy	73
Latvia	8
Lithuania	11
Luxembourg	6
Malta	6
Netherlands	26
Poland	51
Portugal	21
Romania	32
Slovakia	13
Slovenia	8
Spain	54
Sweden	20
United Kingdom	73
Total	751

Parliament holds its major debates at monthly gatherings (known as ‘plenary sessions’) attended, in principle, by all MEPs. These plenary sessions are normally held in Strasbourg, France, with any additional sessions held in Brussels. The preparatory work is also usually done in Brussels: the ‘Conference of Presidents’ — i.e. the chairs of the political groups together with the President of Parliament — sets the agenda for the plenary sessions while 20 parliamentary committees draft the legislative amendments that are to be debated. Parliament’s day-to-day administrative work is done by its Secretary-General, based in Luxembourg and Brussels. Each political group also has its own secretariat.

The Parliament takes part in the legislative work of the EU in two ways.

- Via ‘co-decision’, which is the ordinary legislative procedure, Parliament shares equal responsibility with the Council for legislating in all policy areas that require a ‘qualified majority’ vote in the Council. Since the Treaty of Lisbon came into force, these areas cover about 95 % of

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HOW DOES THE EU WORK?

EU legislation. Council and Parliament can reach an agreement following the first reading. If an agreement is not reached after two readings, the proposal is brought before a conciliation committee.

- Via the 'assent' procedure, Parliament must ratify the EU's international agreements (negotiated by the Commission), including any new treaty enlarging the European Union.

The European Parliament also shares with the Council equal responsibility for adopting the EU budget (proposed by the European Commission). The Parliament can reject the proposed budget, and it has already done so on several occasions. When this happens, the entire budget procedure has to be restarted. By using its budgetary powers Parliament exercises considerable influence over EU policymaking.

Last, but not least, the European Parliament exercises democratic supervision over the Union, and in particular over the European Commission.

The European Parliament is elected every 5 years. The eighth direct elections took place between 22 and 25 May 2014, with the participation of 42.5 % out of the 380 million eligible voters. This participation rate was about the same as in the previous elections in 2009.

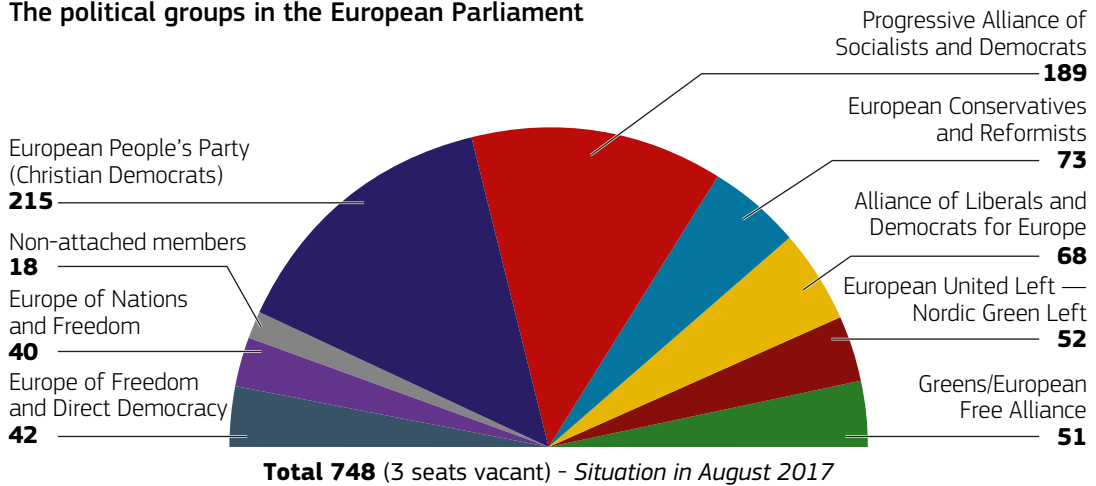
Following the Treaty of Lisbon and for the first time in 2014, the European-wide parties each selected their top candidate, who was also a candidate for the post of President of the European Commission. The European People's Party gained the largest number of seats, and the European Council decided by qualified majority to nominate the candidate from this party for the job. This was Jean-Claude Juncker, former Prime Minister of Luxembourg. A large majority in the Parliament voted for him (422 votes 'for', with 250 'against' and 47 abstentions).

Parliament thereafter held 'hearings' of the 27 proposed candidates from each Member State to consider their suitability for posts as Members of the Commission, before approving the Commission as a whole.

At any time, Parliament can dismiss the whole Commission by adopting a motion of censure. This requires a two-thirds majority. Parliament also supervises the day-to-day management of EU policies by putting oral and written questions to the Commission and the Council.

Members of the European Parliament and members of national parliaments of the Member States often work closely together. This happens within the political parties and in specialised bodies that exist for this purpose. Since 2009, the EU Treaty has defined the role of national parliaments in the EU. They can express their opinions on all new laws proposed by the Commission and thereby ensure that the principle of subsidiarity is followed. This principle states that the EU should only deal with a subject when action at European level is more efficient than at national or regional levels.

The political groups in the European Parliament



B. The European Council

The European Council is the EU's top political institution. It consists of the Heads of State or Government — the presidents and/or prime ministers — of all the EU member countries, plus the President of the European Commission. It normally meets four times a year, in Brussels. It has a permanent President, whose job is to coordinate the European Council's work and ensure its continuity. The permanent President is elected (by a qualified majority vote of its members) for a period of two and a half years and can be re-elected once. The former Polish Prime Minister, Donald Tusk, has occupied this post since 1 December 2014.

The European Council establishes the EU's goals and sets the course for achieving them. It provides the impetus for the EU's main policy initiatives and takes decisions on thorny issues that the Council of Ministers are not able to agree upon. The European Council also tackles current international problems via the 'common foreign and security policy' — which is a mechanism for coordinating the foreign policies of the EU's Member States.

C. The Council

The Council (also known as the Council of Ministers) is made up of ministers from the EU's national governments. The Member States take it in turns to hold the Council Presidency for a 6-month period. Every Council meeting is attended by one minister from each EU country. Which ministers attend a meeting depends on which topic is on the agenda: foreign affairs, agriculture, industry, transport, the environment, etc.

Presidencies of the Council of Ministers

Year	January-June	July-December
2017	Malta	Estonia
2018	Bulgaria	Austria
2019	Romania	Finland
2020	Croatia	Germany
2021	Portugal	Slovenia

Meetings of the Council of the Ministers for Foreign Affairs are chaired by the High Representative of the Union for Foreign Affairs and Security Policy, who is also a Vice-President of the Commission. Federica Mogherini, former Foreign Minister of Italy, has occupied this post since November 2014.

The Council's main job is to pass EU laws. Normally it shares this responsibility with the European Parliament. The Council and the Parliament also share equal responsibility for adopting the EU budget. In addition, the Council signs international agreements that have been negotiated by the Commission.

The Council has to take its decisions either by a simple majority vote, a 'qualified majority' vote or unanimously, depending on the subject to be decided.

The Council has to agree unanimously on important questions such as taxation, any amendments to the treaties, launching of a new common policy or a new accession to the EU.

In most other cases, qualified majority voting is used. This means that a Council decision can only be taken with the so-called double majority. A decision will be adopted if 55 % of the Member States are in favour (16 of the 28 countries) and if they represent at least 65 % of the EU's population (about 332 million citizens out of 510 million).

When the euro was launched, a new body was set up within the Council — the 'Eurogroup' — the meetings of which are attended by all the economic and finance ministers of the 19 countries of the euro area.

D. The European Commission

The Commission is a key EU institution. It alone has the right to draw up proposals for new EU legislation, which it then sends to the Council and Parliament for discussion and adoption.

Its members are appointed for a 5-year term by agreement between the Member States, subject to approval by the European Parliament (as described above). The Commission is answerable to the Parliament, and the entire Commission has to resign if the Parliament passes a motion of censure against it.



The European Commission is the EU's executive organ and its members must constantly listen to what people want, as shown here, for example, at one of its 'Citizens' Dialogues'.

There is one Commission member ('Commissioner') from each EU country, including the Commission President and the High Representative of the Union for Foreign Affairs and Security Policy, who is one of the Commission's Vice-Presidents. The current Commission, with Jean-Claude Juncker as its President, took office on 1 November 2014. He appointed seven Vice-Presidents to coordinate the work of the Commissioners and to ensure focus on his priority areas such as jobs and growth, the digital single market, energy and climate change and economic and monetary union. To help ensure that the Commission concentrates on the most important priorities and respects the principles of subsidiarity, the President appointed Frans Timmermans as First Vice-President with responsibility for better regulation and institutional relations.

The Commission enjoys a substantial degree of independence in exercising its powers. Its job is to uphold the common interest, which means that it must not take instructions from any national government. As 'Guardian of the treaties', it has to ensure that the regulations and directives adopted by the Council and Parliament are being implemented in the Member States. If they are not, the Commission can take the offending party to the Court of Justice to oblige it to comply with EU law.

As the EU's executive arm, the Commission implements the decisions taken by the Council in areas such as the common agricultural policy. It has wide powers to manage the EU's common policies, such as research and technology, overseas aid and regional development. It also manages the budget for these policies.

The Commissioners are assisted by a civil service, based mainly in Brussels and Luxembourg. There are also a number of agencies set up to carry out specific tasks for the Commission and mostly located in other European cities.

E. The Court of Justice

The Court of Justice of the European Union, located in Luxembourg, is made up of one judge from each EU country, assisted by eleven advocates-general. They are appointed by joint agreement of the governments of the Member States for a renewable term of 6 years. Their independence is guaranteed. The Court's role is to ensure that EU law is complied with, and that the treaties are correctly interpreted and applied.

F. The European Central Bank

The European Central Bank in Frankfurt is responsible for managing the euro and the EU's monetary policy (see Chapter 7). Its governing board consists of six directors and the governors of the national central banks of the 19 countries in the euro area. The main tasks of the Central Bank are to maintain price stability and to supervise banks in the euro area. Former Governor of the Bank of Italy, Mario Draghi, has been President of the Central Bank since 2011.

G. The Court of Auditors

The European Court of Auditors, located in Luxembourg, was established in 1975. It has one member from each EU country, appointed for a term of 6 years by agreement between the Member States following consultation of the European Parliament. It makes sure that all the European Union's income has been received and all its expenditure incurred in a lawful and regular manner and that the EU budget has been managed soundly.

II. OTHER BODIES

A. The European Economic and Social Committee

When taking decisions in a number of policy areas, the Council and the European Commission consult the European Economic and Social Committee. Its members represent the various economic and social interest groups that collectively make up 'organised civil society', and are appointed by the Council for a 5-year term.

B. The Committee of the Regions

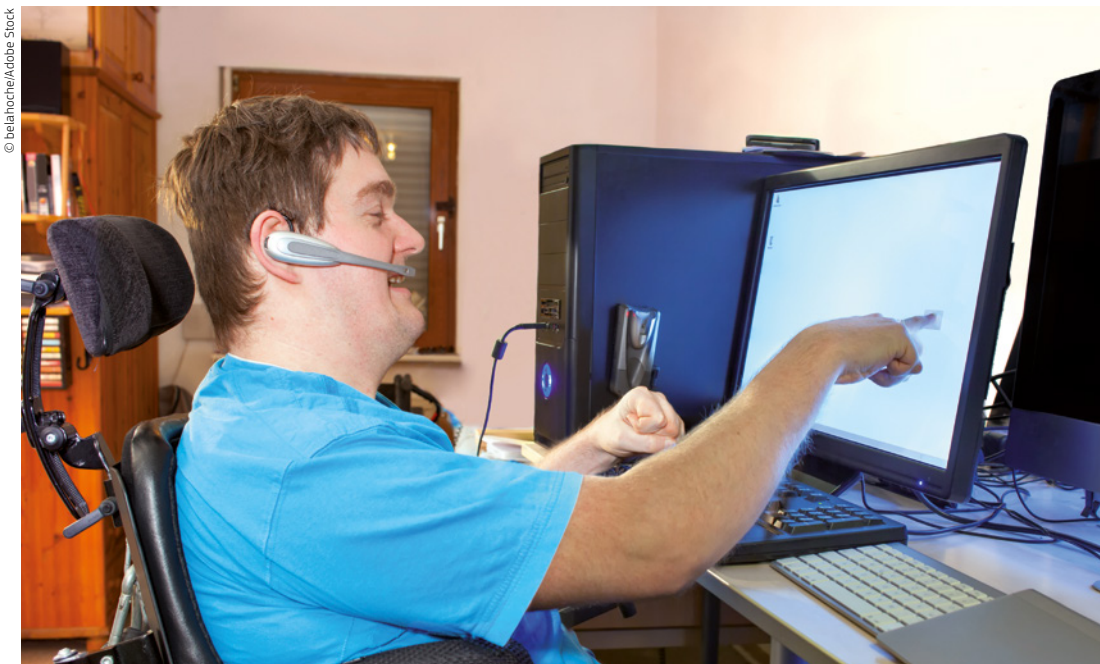
The Committee of the Regions consists of representatives of regional and local government. They are proposed by the Member States and appointed by the Council for a 5-year term. The Council and the Commission must consult the Committee on matters of relevance to the regions, and it may also issue opinions on its own initiative.

C. The European Investment Bank

The European Investment Bank, based in Luxembourg, provides loans and guarantees to assist the EU's less developed regions and to help make businesses more competitive.

D. The European Ombudsman

The Ombudsman is elected by the European Parliament for a renewable period of 5 years. Its role is to investigate complaints relating to poor administration in the EU institutions. Citizens, companies and residents in the EU can file complaints. Ireland's former Ombudsman, Emily O'Reilly, has been the European Ombudsman since 2013.



The Court of Justice ensures that European law is fully respected. It has, for example, confirmed that discrimination against workers with disabilities is forbidden.

Migration Trade **Jobs** Rights Digital Energy
Growth Justice Investment
Internal market **Climate**
Economy

CHAPTER

S

What does
the EU do?

- ▶ The European Union acts in a wide range of policy areas where European leaders have judged that joint action is beneficial, including the single market, the euro, promotion of economic growth, security, justice and foreign affairs (see later chapters). Other policy areas include:
 - innovation policies, which promote the use of new solutions in fields such as climate and environmental protection, research and energy;
 - solidarity policies (also known as cohesion policies) in regional, agricultural and social affairs.
- ▶ The EU funds these policies through an annual budget which enables it to complement and add value to action taken by national governments. The EU budget is small in comparison with the collective wealth of its Member States: it represents no more than 1.04 % of their combined gross national income.

I. INNOVATION POLICIES

The European Union's activities impact on the day-to-day life of its citizens by addressing many of the real challenges facing society: environmental protection, health, technological innovation, energy, etc.

A. The environment and sustainable development

Scientists have been warning since the 1960s that the earth's temperature is increasing. Political leaders were initially slow to respond but in 1988 the United Nations set up its 'Intergovernmental Panel on Climate Change'. This expert panel has managed to draw the world's attention to the potentially disastrous consequences of global warming which is caused by the emission of harmful gasses — particularly from burning fossil fuels containing hydrocarbons.



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The EU is at the forefront of the fight to prevent climate change and encourage sustainable development.

In 2008, the European Union made an important contribution to the fight against climate change. The European Council agreed that, by 2020, the European Union would cut its emissions by at least 20 % (compared with 1990 levels), raise renewable energy's share of the market to 20 % and cut overall energy consumption by 20 %. In 2014, EU leaders agreed the more ambitious target of a reduction of at least 40 % by 2030, as compared with 1990. The EU countries also acted decisively together to help ensure that the United Nations' conference on climate change in Paris in December 2015 led to a binding agreement by 195 countries on a 2 °C ceiling on global warming. The poorest countries in the world need financial assistance to reduce their emissions and to adapt to climate change. To this end, between 2014 and 2020, the EU will be contributing at least €14 billion from the European Development Fund. The political process of ratification of the Paris Agreement by the EU was finalised on 4 October 2016 when the European Parliament approved the ratification, thereby allowing it to enter into force.

The EU countries have agreed on binding legislation aimed at achieving a reduction in harmful emissions within the EU. Much of the effort is about investing in new technology, which also creates jobs and economic growth. An EU-wide 'emission trading scheme' aims to ensure that the required reductions in the emission of harmful gases are carried out efficiently.

The EU is also tackling a wide range of other environmental issues including noise, waste, the protection of natural habitats, exhaust gases, chemicals, industrial accidents and the cleanliness of bathing water. It also works to prevent natural or man-made disasters such as oil spills or forest fires.

The EU is constantly improving its legislation to provide better protection for public health. For example, EU legislation on chemicals has been reworked, replacing earlier piecemeal rules with a single system known as REACH — which stands for the Registration, Evaluation and Authorisation of Chemicals. This system uses a central database, managed by the European Chemicals Agency, located in Helsinki. The aim is to prevent contamination of the air, water, soil and buildings, to preserve biodiversity and to improve the health and safety of EU citizens while at the same time keeping European industry competitive.

B. Technological innovation

The founders of the European Union rightly saw that Europe's future prosperity would depend on its ability to remain a world leader in technology. They understood the huge advantages to be gained from joint European research. So, in 1958, alongside the European Economic Community, they established Euratom. Its aim was for EU countries to exploit together nuclear energy for peaceful purposes, with the help of a Joint Research Centre, which consists of seven research institutes.

However, to keep pace with increasing global competition, European research had to diversify — and to break down the barriers between national research programmes, bringing together as wide a variety of scientists as possible and helping them find industrial applications for their discoveries.

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

The EU's goal is to spend 3 % of its gross domestic product (GDP) on research. The main vehicle for funding EU research is a series of 'framework' programmes. 'Horizon 2020' is the eighth research and technological development framework programme and covers the period 2014-2020. Most of the €80 billion-plus budget is being spent on research in areas like health, food and agriculture, information and communications technologies, nanosciences, energy, the environment, transport, security and space and socioeconomic sciences. Other programmes promote international cooperation on leading-edge research projects and provide support for researchers and their career development.

C. Energy

Over half of all energy sources in the EU are currently being imported, making the EU the world's biggest importer of energy. Europeans are vulnerable to cuts in supply or price hikes caused by international crises. In this context the EU is working to reduce the consumption of fossil fuels and reverse the process of global warming.

Various steps are being taken, for example, to save energy by using it more intelligently, to develop alternative energy sources (particularly renewable energy sources), and to increase international cooperation. Better insulation of buildings is one key area, since this is where the EU uses 40 % of its energy and creates 36 % of harmful emissions, such as greenhouse gases. Research and development on energy in Europe focuses on solar, wind, biomass and nuclear power.

An important priority in energy policy is to ensure better connectivity of the energy and transport grids across Europe. This can lead to more efficient use of energy, both for technical reasons and because of common markets. Most projects benefiting from the Investment Plan for Europe, launched by President Juncker in 2014, promote efficient, clean and renewable energy. These include the linking of the energy grids of Spain and Portugal with that of France, and the linking of grids around the Baltic Sea.

Europe also acts on the international stage, particularly with Russia and the Middle East, to guarantee the continuity of energy supplies.



Energy grids must be better connected across Europe in order to supply safer and more efficient energy.

II. SOLIDARITY POLICIES

To make sure the single market (see Chapter 6) works properly, imbalances in that market need to be corrected. That is the purpose of the EU's 'solidarity policies', designed to help underdeveloped regions and troubled sectors of the economy. The EU also contributes to help restructure industries which have been hard hit by fast-growing international competition.

A. Regional aid and cohesion policy

Under the EU's 2014-2020 budget, the EU's cohesion policy is investing €325 billion, or 34 % of the EU budget in the EU's Member States, their regions and cities, to promote the EU-wide goals of creating growth and jobs as well as tackling climate change, energy dependence and social exclusion.

These objectives are financed by specific EU funds, which top up or stimulate investment by the private sector and by national and regional governments.

- **The European Regional Development Fund** is used to finance regional development projects and to boost the economy in regions that are lagging behind. This includes the redevelopment of declining industrial areas.
- **The European Social Fund** is used to finance vocational training and to help people find work. A new initiative with a budget of €6 billion has been designed to help young people enter the job market in regions where youth unemployment tops the 25 % mark. Funding is particularly directed towards ensuring that the unemployed receive relevant training.
- **The Cohesion Fund** finances transport infrastructure and environmental projects in EU countries whose GDP per capita is lower than 90 % of the EU average.

B. The common agricultural policy and common fisheries policy

The aims of the EU's common agricultural policy, as set out in the original Treaty of Rome from 1957, were to ensure a fair standard of living for farmers, to stabilise markets, to ensure that supplies reach consumers at reasonable prices and to modernise farming infrastructure. These goals have largely been achieved. Moreover, consumers today enjoy security of supply and the prices of agricultural products are kept stable, protected from fluctuations on the world market. The common agricultural policy is financed by the European Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development.

© European Union



Anna from Lublin, Poland, runs her own kindergarten thanks in part to a project aimed at women entrepreneurs that is backed by the European Social Fund.

However, the EU's agricultural policy became a victim of its own success. Production outgrew consumption, placing a heavy burden on the EU budget. In order to resolve this problem, agricultural policy had to be redefined. These reforms have produced results: production has been curbed.

The new role of the farming community is to ensure a certain amount of economic activity in every rural area and to protect the diversity and sustainability of Europe's countryside. This diversity and the recognition of a 'rural way of life' — people living in harmony with the land — are an important part of Europe's identity. Furthermore, European agriculture has an important role to play in combating climate change, protecting wildlife and feeding the world.

Moreover, there are schemes in place designed to promote and protect the names of local and regional quality agricultural products and foodstuffs in the EU.

The European Union has also a common fisheries policy. Rules on how to manage the fishing fleets and to conserve fish stocks are set at European level.

C. The social dimension

The aim of the EU's social policy is to correct the most glaring inequalities in European society. The European Social Fund was established in 1961 to promote job creation and help workers move from one type of work and/or one geographical area to another.

Financial aid is not the only way in which the EU seeks to improve social conditions in Europe. Aid alone could never solve all the problems caused by economic recession or by regional underdevelopment. The dynamic effects of growth must, above all, encourage social progress. This goes hand in hand with legislation that guarantees a solid set of minimum rights. Some of these rights are enshrined in the treaties, e.g. the right of women and men to equal pay for equal work. Others are set out in directives concerning the protection of workers (health and safety at work) and essential safety standards.

The EU's Charter of the Fundamental Social Rights of Workers, which became an integral part of the EU Treaty in 1997, sets out the rights that all workers in the EU should enjoy: free movement; fair pay; improved working conditions; social protection; the right to form associations and to undertake collective bargaining; the right to vocational training; equal treatment of women and men; worker information, consultation and participation; health protection and safety at the workplace; protection for children, the elderly and the disabled.

Discussions are taking place on how European social protection can be organised in a future labour market increasingly influenced by new technologies and globalisation.

III. THE EU BUDGET

To fund its policies, the European Union has an annual budget which, in 2017, amounts to more than €157 billion. This is approximately 1 % of the total gross national income of all the Member States put together.

This budget is financed by what are called the EU's 'own resources'. These resources are mainly drawn from:

- customs duties on products imported into the EU, including farm levies;
- a percentage of the value added tax (VAT) levied on goods and services throughout the EU;
- contributions from the Member States, reflecting the wealth of each country.

The breakdown in spending can be illustrated by the 2017 budget:

- smart and inclusive growth: €75 billion, including support to regions and investment, research programmes and the trans-European transport and energy networks;
- natural resources: €58 billion, mainly for farming, rural development and the environment;
- security and citizenship: €4 billion, for example for border protection and the 'Erasmus+' programme;
- 'Europe in the world': €10 billion, for foreign policy and development aid;
- administrative expenses: €9 billion.

Each annual budget is part of a 7-year budget cycle known as the 'multiannual financial framework'. This is drawn up by the European Commission and requires unanimous approval from the Member States and negotiation and agreement with the European Parliament. The multiannual financial framework for the period 2014-2020 was decided in 2013. The overall spending limit was reduced by about 3 % in real terms compared to the previous period covering 2007 to 2013.

This spending plan seeks to increase growth and jobs in Europe, encouraging sustainable agriculture, and to make Europe more environmentally friendly. There are funding increases for research and innovation, education and training and external relations. Specific funds will be used to fight crime and terrorism, and for migration and asylum policies. Climate spending is expected to represent at least 20 % of EU spending in the period 2014-2020.

Ten priorities for Europe

Since November 2014 the European Commission, headed by Jean-Claude Juncker, has set the following as its top 10 priorities.



- 1.** A new boost for jobs, growth and investment



- 2.** A connected digital single market



- 3.** A resilient energy union with a forward-looking climate change policy



- 4.** A deeper and fairer internal market with a strengthened industrial base



- 5.** A deeper and fairer economic and monetary union



- 6.** A reasonable and balanced free trade agreement with the United States



- 7.** An area of justice and fundamental rights based on mutual trust



- 8.** A new policy on migration



- 9.** A stronger global actor



- 10.** A union of democratic change

Who does what? How responsibilities are shared between the EU and its Member States.

The European Union alone is responsible for:

- customs union;
- rules governing competition within the single market;
- monetary policy for countries using the euro;
- conservation of marine biological resources under the common fisheries policy;
- common commercial policy;
- concluding an international agreement when this is provided for in EU legislation.

The European Union and its Member States share responsibility for:

- the single market;
- aspects of social policy as defined in the Treaty of Lisbon;
- economic and social cohesion;
- agriculture and fisheries, except for the conservation of marine biological resources;
- the environment;
- consumer protection;
- transport;
- trans-European networks;
- energy;
- creating an area of freedom, security and justice;
- aspects of common security challenges relating to public health, as defined in the Treaty of Lisbon;
- research, technological development and space;
- development cooperation and humanitarian aid.

Fields for which the Member States remain responsible and in which the EU may play a supporting or coordinating role:

- protection and improvement of human health;
- industry;
- culture;
- tourism;
- education, vocational training, youth and sport;
- civil protection;
- administrative cooperation.

CHAPTER

6

The single market

Transport
Investment

Protection

Free movement
Competition
Mobility
Rights
Health
Banking
Access
Fair
Opportunities

- ▶ The single market is one of the European Union's greatest achievements. Restrictions on trade and free competition between member countries have gradually been eliminated, thus helping standards of living to rise.
- ▶ The 'four freedoms' are the basis for the single market: free movement of persons, goods, services and capital.
- ▶ Over the years, the EU has introduced a number of policies (on transport, competition, etc.) to help ensure that as many businesses and consumers as possible benefit from opening up the single market.
- ▶ The single market has not yet become a single economy: some sectors (in particular services of general interest) are still subject to national laws. Freedom to provide services is beneficial, as it stimulates economic activity.
- ▶ The financial crisis that began in 2008 has led the EU to create a 'banking union' with tighter rules on the protection of savings and a common European supervision of banks.

I. ACHIEVING THE 1993 OBJECTIVE

A. The original common market

The 1957 Treaty establishing the European Economic Community made it possible to abolish customs barriers between the member countries and to apply a common customs tariff on imports from countries outside of the Community. This objective was achieved on 1 July 1968.

However, customs duties are only one aspect of protectionism. In the 1970s, other trade barriers hampered the full realisation of the common market. Technical norms, health and safety standards, exchange controls and national regulations on the right to practise certain professions all restricted the free movement of people, goods and capital.

B. The 1993 objective

In June 1985, the Commission, under its President Jacques Delors, published a White Paper setting out plans to abolish, within 7 years, all physical, technical and tax-related barriers to free movement within the EEC. The aim was to stimulate the growth of trade and industrial activity within the 'single market' — a large, unified economic area on a par with the United States of America.

Negotiations between the Member States' governments led to a new treaty — the Single European Act, which came into force in July 1987. Its provisions included:

- extending the powers of the EEC in some policy areas (such as social policy, research and the environment);
- establishing the single market by the end of 1992;
- making more frequent use of majority voting in the Council of Ministers, to make it easier to take decisions about the single market.

II. PROGRESS IN BUILDING THE SINGLE MARKET

A. Physical barriers

All border controls within the EU on goods have been abolished, together with customs controls on people, but the police still carry out random spot checks as part of the fight against crime and drugs.

In June 1985, five of the 10 Member States signed the Schengen Agreement under which their national police forces undertook to work together, and a common asylum and visa policy was set up. This made it possible to completely abolish checks on persons at the borders between the Schengen countries (see Chapter 10). Today, the Schengen area is made up of 26 European countries, including four which are not members of the European Union (Iceland, Liechtenstein, Norway and Switzerland).

B. Technical barriers

EU countries have agreed to recognise one another's rules on the sale of most goods. Since the landmark 'Cassis de Dijon' ruling by the European Court of Justice in 1979, any product legally manufactured and sold in one Member State must be allowed to be placed on the market in all the others.

Where services are concerned, EU countries mutually recognise or coordinate their national rules allowing people to practise professions such as law, medicine, tourism, banking or insurance. However, freedom of movement for persons is far from complete. In spite of the 2005 directive on the recognition of professional qualifications, there are still obstacles hindering people from moving to other EU countries or doing certain types of work there. Nevertheless, qualified people (whether lawyers or doctors, builders or plumbers) are increasingly free to practise their profession anywhere in the European Union.

The European Commission has taken action to improve worker mobility, and particularly to ensure that educational diplomas and job qualifications obtained in one EU country are recognised in all the others.

Some people work temporarily in another EU country, for example, if a construction company has a project in an EU country other than where it is based. EU rules state that the working conditions for so-called posted workers must be at the same level as those for other workers in the country where the work is done.

C. Tax barriers

Tax barriers have been reduced by partially aligning national VAT rates. Member States have agreed common rules and minimum rates to avoid distorting competition across borders within the EU.

D. Public contracts

Contracts for work in the public sector are a major part of the economy, representing 19 % of GDP. Contracts in any EU country are now open to bidders from anywhere in the EU. This is thanks to EU directives covering services, supplies and works in many sectors, including water, energy and telecommunications.

The single market benefits all consumers. For example, opening up national markets for services has brought down the price of telephone calls to a fraction of what they were 10-15 years ago. Competitive pressure has also significantly reduced air fares in Europe.

III. WORK IN PROGRESS

A. Financial services

In 2008, in the wake of the 'sub-prime' mortgage crisis in the United States, a massive financial crisis rocked the world's banking systems and economies, and plunged the European Union into recession in 2009. Part of the subsequent reaction was to reform the way banks and financial institutions operate in order to make them more transparent and accountable. This was made possible through the creation of the 'banking union'. New EU rules provide greater protection for bank deposits, increase the amount of capital banks must hold so as to make them more stable, regulate complicated financial products and put limits on bank executives' bonuses. Banks in the euro area are supervised by a Europe-wide system under the direction of the European Central Bank. There are also new rules on how to close down failing banks. A special fund now ensures that the costs involved in these closures are carried by the banks and not by taxpayers.

European leaders are working on further strengthening the single markets for capital. The aim is to make it easier for small businesses to finance their activities and to make it more attractive to invest in Europe.

Reforms of corporate taxation are also under discussion. The idea is that the EU Member States should agree on common rules on how to calculate the basis on which they tax businesses. Countries would still have different tax rates, but common rules would make it much cheaper for businesses to operate across borders and reduce tax avoidance. It would also make it impossible for individual countries to offer favourable tax deals to businesses in order to attract investments from abroad.



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By opening up the telecommunications market to competition, the EU has brought about drastic cost reductions.

B. Piracy and counterfeiting

EU products need protection from piracy and counterfeiting. The European Commission estimates that these crimes cost the EU thousands of jobs each year. This is why the Commission and national governments are working together on extending copyright and patent protection.

IV. POLICIES UNDERPINNING THE SINGLE MARKET

A. Transport

The EU's activities have focused on ensuring the freedom to provide services in land transport. In particular, this means giving transport companies free access to the international transport market and allowing transport firms from any EU country to operate in all other EU countries. The EU is also working to ensure fair competition in road transport, by (for example) harmonising the rules on worker qualifications and market access, the freedom to establish a business and provide services, driving hours and road safety.

THE SINGLE MARKET

Air transport in Europe used to be dominated by national flag carriers and state-owned airports. The single market has changed all that. All EU airlines may now operate air services on any route within the EU and set fares at any level they choose. Consequently, many new routes have been opened up and prices have fallen dramatically. Passengers, airlines, airports and employees have all benefited.

Similarly, passengers are benefiting from increased competition between railway companies.

Shipping — whether carried out by European companies or by vessels flying the flag of non-EU countries — is subject to EU competition rules. These rules are intended to combat unfair pricing practices (flags of convenience) and also to address the difficulties facing the shipbuilding industry in Europe.

The European Union has been funding ambitious new technology projects such as the Galileo satellite navigation system, the European rail traffic management system and SESAR — a programme for modernising air navigation systems. Road traffic safety rules (in areas such as vehicle maintenance, the transport of dangerous goods and the safety of roads) have been made much more stringent. Passengers' rights are also better protected thanks to the implementation of a comprehensive set of rights for all modes of transport: road, air, rail and water. Passengers in the EU, including disabled passengers and those with reduced mobility, have the right to accurate, timely and accessible information, assistance and, in certain circumstances, compensation, in case of cancellation or long delays. Investment in transport infrastructure is a main priority of the EU Investment Plan for Europe launched in 2014.

With the 'banking union' the EU has put stricter rules in place to ensure that banks operate securely.



© Image Broker/Belga

B. Competition

The EU's competition policy is essential for ensuring that, within the European single market, competition is not only free but also fair. The European Commission implements this policy and, together with the Court of Justice, ensures that it is respected.

The purpose of this policy is to ensure that all companies compete fairly and equally in the single market to the benefit of consumers, businesses and the European economy as a whole.

Any agreement falling under the treaty rules must be notified to the European Commission by the companies or bodies concerned. The Commission must also be notified of any merger or takeover that could lead to a company having a dominant position in a particular market. The Commission may impose a fine directly on any company which breaks the competition rules or fails to make the required notification — as in the case of Microsoft, which was fined €900 million in 2008. In 2017, the Commission fined Google €2.42 billion for abusing its market dominance as a search engine by promoting its own comparison shopping service in its search results, and demoting those of competitors.

If an EU Member State illegally grants aid, or fails to notify such aid, the Commission may demand that it be repaid. Tax advantages given by governments to individual companies can also be regarded as illegal state aid. For example, in August 2016, the European Commission concluded that Ireland had granted the Apple company undue tax benefits amounting to €13 billion.

C. Protecting consumers and public health

EU legislation in this field aims to give all consumers the same degree of financial and health protection, regardless of where in the European Union they live, travel or shop. The need for EU-wide protection came into sharp focus in the late 1990s with scares over food safety issues such as 'mad cow disease' (BSE). To provide a sound scientific foundation for food safety legislation, the European Food Safety Authority was set up in 2002.

Europe-wide consumer protection is also needed in many other fields. This is why there are numerous EU directives on the safety of cosmetics, toys and fireworks, to name but a few. In 1993 the European Medicines Agency was set up to handle applications for European marketing authorisations for medicinal products. No medicine can be marketed in the EU without authorisation.

The European Union also takes action to protect consumers from false and misleading advertising, defective products and abuses in areas such as consumer credit and mail-order or online shopping.

CHAPTER

7

The euro

Banks
Money Stability
Firewall
Currency Finance
Common Strength
Coordination **Economy**
Euro Trade

- ▶ The euro is the single currency shared by 19 of the 28 Member States of the European Union. It came into use for non-cash transactions in 1999 and for all payments in 2002, when euro notes and coins were issued.
- ▶ New Member States are expected to adopt the euro once they meet the necessary criteria. In the long run, virtually all EU countries should join the euro area.
- ▶ The euro gives consumers in Europe considerable advantages. Travellers are spared the cost and inconvenience of changing currencies. Shoppers can directly compare prices in different countries. The European Central Bank ensures prices stability. Moreover, the euro has become a major reserve currency, alongside the US dollar. During the recent financial crisis, having a common currency protected euro area countries from competitive devaluation and from attacks by speculators.
- ▶ The structural weakness of some Member States' economies does expose the euro to speculative attacks. To counter this risk, the EU has set up solidarity instruments that have helped the most indebted governments through the crisis. The key issue for the future is how to achieve closer coordination and greater economic solidarity between the Member States, which need to ensure good governance of their public finances and reduce their budget deficits. Gradually the economic policy side is being developed to complement the monetary side of the economic and monetary union.

I. HOW THE EURO WAS CREATED

A. The European monetary system

In 1971, the United States of America decided to abolish the fixed link between the dollar and the official price of gold, which had ensured global monetary stability after the Second World War. This put an end to the system of fixed exchange rates. The governors of the European Economic Community countries' central banks decided to limit exchange rate fluctuations between their currencies to no more than 2.25 %, thus creating the 'European monetary system' which came into operation in March 1979.

At the European Council in Madrid in June 1989, EU leaders adopted a three-stage plan for economic and monetary union. This plan became part of the Treaty of Maastricht on European Union adopted by the European Council in December 1991.

B. Economic and monetary union in three stages

The **first stage**, which began on 1 July 1990, involved:

- completely free movement of capital within the EU (abolition of exchange controls);
- increasing the Structural Funds so as to step up efforts to remove inequalities between European regions;
- economic convergence, through the multilateral surveillance of Member States' economic policies.

The **second stage** began on 1 January 1994. It involved:

- setting up the European Monetary Institute in Frankfurt, made up of the governors of the central banks of the EU countries;
- making (or keeping) national central banks independent of government control;
- introducing rules to curb national budget deficits.

The **third stage** was the birth process of the euro. From 1 January 1999 to 1 January 2002, the euro was phased in as the common currency of participating EU countries (Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain).

The European Central Bank took over from the European Monetary Institute and became responsible for monetary policy, which was now defined and implemented in the new currency.

Three countries (Denmark, Sweden and the United Kingdom) decided, for political and technical reasons, not to adopt the euro when it was launched. Slovenia joined the euro area in 2007, followed by Cyprus and Malta in 2008, Slovakia in 2009, Estonia in 2011, Latvia in 2014 and Lithuania in 2015.

The euro area thus embraces 19 EU countries, and each of the other Member States is expected to join once they have fulfilled the necessary conditions, except those that have obtained an exception during treaty negotiations.

C. The convergence criteria

In order to join the euro area, each EU country must meet the following five convergence criteria.

- Price stability: the rate of inflation may not exceed by more than 1.5 percentage points the average rates of inflation of the three Member States with the lowest inflation.
- Interest rates: long-term interest rates may not vary by more than 2 percentage points in relation to the average interest rates of the three Member States with the lowest interest rates.



Since 1999 a common currency, the euro, has meant that consumers and businesses can compare prices more easily.

THE EURO

- Deficits: national budget deficits must be below 3 % of GDP.
- Public debt: this may not exceed 60 % of GDP.
- Exchange rate stability: exchange rates must have remained within the authorised margin of fluctuation for the previous 2 years.

D. The Stability and Growth Pact

In June 1997, the Amsterdam European Council adopted a Stability and Growth Pact. This was a permanent commitment to budgetary stability, and made it possible for penalties to be imposed on any country in the euro area whose budget deficit exceeded 3 % of GDP. The same idea was further strengthened in 2012 when the governments of 25 EU countries signed an international agreement entitled the 'Treaty on Stability, Coordination and Governance in the Economic and Monetary Union'. It is also known as the 'Fiscal Compact' and obliged the participating countries to enshrine rules on a balanced budget into national law.

After years of global economic crisis, some countries in the euro area are still a long way from fulfilling the criteria in these agreements. The Commission and the Eurogroup continue to urge them to do so, particularly when it comes to reducing their public debt.

E. The Eurogroup

The Eurogroup consists of the finance ministers from the euro area countries. They meet to coordinate their economic policies and to monitor their countries' budgetary and financial policies. The Eurogroup also represents the euro's interests in international forums. In January 2013, the Dutch finance minister, Jeroen Dijsselbloem, was elected President of the Eurogroup and re-elected in July 2015 to serve a second term.

II. ECONOMIC AND MONETARY POLICY SINCE 2008

A. The effects of the financial crisis

The 2008 financial crisis considerably increased public debt in most EU countries. The euro shielded the most vulnerable economies from the risk of devaluation as they endured the crisis and faced attacks by speculators on the global financial markets.

At the start of the crisis, many banks ran into trouble leading them to be bailed out by national governments, thereby increasing public debt. Attention subsequently turned to government debt, as some heavily indebted countries with worsening budget deficits were particularly targeted during the winter of 2009–2010. It was for this reason that EU leaders set up the ‘European Stability Mechanism’. This ‘firewall’ has a lending capacity of €500 billion in funds guaranteed by the euro countries, and is used to safeguard financial stability in the euro area. Between 2010 and 2013, five countries (Cyprus, Greece, Ireland, Portugal and Spain) made agreements with the various EU bodies and the International Monetary Fund for financial assistance. The agreements were adapted to the situation in each country, but typically included reforms to improve public sector efficiency in the respective countries. By the end of 2013 Ireland was the first country to successfully complete the agreed economic adjustment programme and to begin again to borrow money directly on the capital markets. Portugal and Spain also improved their situation and EU assistance to them ended in 2014. Cyprus followed in 2016.

Greece, on the other hand, has found it more difficult to implement structural reforms to its economy — reforms such as streamlining the public sector, privatisations and creation of sustainable pension systems. These reforms were agreed in the context of two assistance programmes in 2010 and 2014. They were financed by the EU, the European Central Bank and the International Monetary Fund to a total value of €226 billion. Long and complex negotiations were needed before a third agreement was reached in July 2015, based on a firm commitment by the Greek government to implement policies aimed at improving its public finances and to reforming its economy.

B. Strengthening the euro

As part of the response to the crisis, the EU Member States and institutions also brought into play provisions of the Treaty of Lisbon designed to strengthen the EU’s economic governance. In a process entitled the ‘European semester’, Member States are obliged, in October of each year, to present the Commission with their draft budgets for the following year. If necessary, they then have to adjust them in the light of the Commission’s observations on any further action required to achieve the previously agreed common goals. Prior discussion of national budget plans, monitoring national economies and tightening the rules on competitiveness, with sanctions to be applied if countries breach the financial rules, increasingly constitute the basis for an economic and monetary governance of the euro area.

Thus, in response to global financial and economic change, the EU has to take stronger action to ensure that Member States manage their budgets responsibly and support one another financially. This is the only way to ensure that the euro remains credible as a single currency and that the Member States can, together, face the economic challenges of globalisation. Both the Commission and European Parliament stress the importance of coordinating national economic and social policies, since — in the long run — Europe’s common currency is not viable without some form of common economic governance.

THE EURO

In September 2015, Commission President Jean-Claude Juncker presented his proposals on how to strengthen the euro area. They were based on a report drawn up by the five Presidents of the EU institutions dealing with the euro. The plan comprises a common system to guarantee bank deposits; a single representative of the euro area in global financial institutions such as the International Monetary Fund and the World Bank; a more democratic and efficient system to monitor national budgets; coordination of fiscal policy and a base for social protection and labour market rules. In the end this might mean the creation of a common treasury for the euro area.

The European Central Bank now considers it part of its mandate to assist with the revival of the economy. In 2015 the Bank launched the so-called quantitative easing, whereby the Bank buys debt, mainly public, in order to stimulate the economy. This reduces the interest rate, which favours investment and eases public debt. It also lowers the exchange rate of the euro in relation to other currencies, which is good for European exports.

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The European Stability Mechanism has helped EU countries that were particularly hard hit by the economic crisis, such as Greece.

CHAPTER

8

Creating investment and growth in the **digital economy**

Investment
Smart
Internet
Connected
Productivity
Digital
Competition
Growth
Innovation
Jobs
Research
Green

THE EU'S ECONOMIC POLICY AIMS TO:

- ▶ respond to globalisation and the economic crisis by making the European economy competitive once more (telecommunications, services, energy, new green technologies for sustainable development);
- ▶ ensure:
 - smart growth: fostering knowledge, innovation, education and digital society;
 - sustainable growth: promoting a more resource-efficient, greener and more competitive economy;
- ▶ promote inclusive growth: fostering a high-employment economy delivering social and territorial cohesion.

I. EUROPE HIT BY CRISIS

At the beginning of the 1990s, globalisation began to revolutionise the economy and the daily lives of people all over the world. Economies everywhere became increasingly interdependent. Production in Europe faced stiff competition from emerging economies, in particular China and other Asian countries, whose lower salary levels made them more competitive. This shook to its core the European model of society which is based on public social services and high standards of living.

But at the same time the technological revolution, including the internet and new information and communications technologies, opened up new possibilities for growth and employment.

More recently, the world was rocked by major financial and economic crises. The crisis began in the American financial sector with the so-called sub-prime loans, with the high level of debt in Europe aggravating the situation. This led to a severe economic downturn and increased unemployment in Europe, creating the worst crisis since that of 1929 that ultimately led to the Second World War. The social consequences of the recession — which peaked in 2010 and began to lessen following moderate growth since 2014 — became evident with a dramatic increase in unemployment, particularly in southern Europe and among young people.

II. WHAT WAS DONE AT NATIONAL AND EUROPEAN LEVELS?

Efforts to revive the economy were mainly required at national level. The main priority for EU countries was to reduce their public debt, which had escalated as a result of greater expenditure on social services following the crisis. Some countries rigorously pursued this objective whilst others had to ask for more time to reach their agreed debt objective of 3 % maximum. It goes without saying that the political choices made by each government to tackle the crisis directly affected their citizens: would they accept an increase in the retirement age, a decrease in health-care reimbursements and in the quality of their social services or a modernisation of their public administrations? Or how does military expenditure affect their security, and should it be decreased, maintained at a certain level or increased in times of international unrest?

The EU and its institutions have also played an active role during this time to revive the economy. At the same time as a number of measures have been taken to consolidate the Economic and Monetary Union (see Chapter 7), the Commission has launched a number of initiatives to increase productivity and social cohesion.

Young people can create more new companies if they can obtain investment via an efficient capital market in Europe.



As part of this strategy, the 28 EU Member States have agreed to:

- give the European Commission a greater role in driving the process forward, in particular by disseminating 'best practice' in respect to national economic policy;
- move faster to reform their financial markets and social security systems and to open up their telecommunications and energy sectors to competition;
- improve their education systems, do more to help young people find jobs, forge stronger links between universities and businesses, take swifter action (e.g. by harmonising their tax and social security arrangements) to create a European 'single market' for research — enabling scientists, knowledge and technology to move freely around Europe;
- increase spending on research and innovation to 3 % of GDP (a goal also adopted by the United States).

Jean-Claude Juncker took office as Commission President in 2014 with an ambitious programme to stimulate growth, employment and investment. He launched his 'Investment Plan for Europe', aimed at increasing investment by €315 billion between 2015 and 2017. This was made possible thanks to the new European Fund for Strategic Investment in cooperation with the European Investment Bank. In view of the success of the first year of this Fund, in his 'State of the Union' speech in September 2016 President Juncker proposed to double the duration of the Fund and

provide €500 billion of investments by 2020 and up to €630 billion by 2022. The Fund guarantees loans to public or private investments, which otherwise might not have been made. The Fund has access to an amount of public money as a starting point, which means that it has a multiplier effect in attracting private investment to the same projects. The Fund concentrates on investment in infrastructure, particularly in high-speed data net and energy grids, transport infrastructure, education, research and innovation, renewable energy and small businesses. In 2016, the European Commission also proposed using the same system to promote investment in Africa and Europe's neighbouring countries.

III. A CONNECTED DIGITAL SINGLE MARKET

The internet and digital technologies play an important role in creating the jobs of the future. While Europeans are at the forefront in some areas, not all digital opportunities for people and businesses are being taken up. Only 15 % of EU citizens buy online from other EU countries. Internet companies and start-ups do not take full advantage of online growth opportunities, with only 7 % of small businesses selling cross-border.

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Access to movies, music and IT services from other EU countries — this is what we call the 'digital single market'.

In 2015, therefore, the Commission launched an action plan to ensure a full digital single market. This includes coordinating contract laws for online purchases to ensure better consumer protection, cheaper cross-border parcel deliveries, ending 'geo-blocking' whereby some online services are not sold in all countries, modernising copyright laws and overhauling the rules for telecom companies. According to the Commission, these measures could lead to extra growth in the EU economy of €415 billion a year and create 3.8 million new jobs.

CHAPTER

9

What does it mean to be a European citizen?

Belonging

Involvement

Dignity

Citizenship

Health

Education

Equality

Free movement

Culture

Diversity

Travelling

Vote

WHAT DOES IT MEAN TO BE A EUROPEAN CITIZEN?

- ▶ Citizens of European Union countries can travel, live and work anywhere in the EU.
- ▶ The EU encourages and funds programmes, particularly in the fields of education and culture, to bring EU citizens closer together.
- ▶ People recognise symbols of shared European identity such as the single currency and the European flag and anthem.
- ▶ A 'European public sphere' is beginning to emerge, with Europe-wide political parties. Citizens vote every 5 years for a new European Parliament, which then votes on the new European Commission.
- ▶ A sense of belonging to the European Union will develop only gradually, as the EU achieves tangible results and explains more clearly what it is doing for people.

I. TRAVELLING, LIVING AND WORKING IN EUROPE

Citizenship of the European Union is enshrined in the EU Treaty: 'Every person holding the nationality of a Member State shall be a citizen of the Union. Citizenship of the Union shall be additional to and not replace national citizenship' (Article 20(1) of the Treaty on the Functioning of the European Union). But what does EU citizenship mean in practice?

If you are an EU citizen you have the right to travel, work and live anywhere in the European Union.

If you have completed a university course lasting 3 years or more, your qualification will be recognised in all EU countries, since EU Member States have confidence in the quality of one another's education and training systems.



Europeans are free to live and work in any EU country that they choose.

WHAT DOES IT MEAN TO BE A EUROPEAN CITIZEN?

You can work in the health, education and other public services (except for the police, armed forces, etc.) of any country in the European Union. Indeed, what could be more natural than recruiting a German teacher to teach German in Rome, or encouraging a young Belgian graduate to compete in a civil service exam in France?

Before travelling within the EU, you can obtain from your national authorities a European health insurance card to help cover your medical costs if you fall ill while in another country.

II. HOW YOU CAN EXERCISE YOUR RIGHTS AS A EUROPEAN CITIZEN

As a citizen of the European Union you are not just a worker or a consumer: you also have specific political rights. Since the Maastricht Treaty came into force, regardless of your nationality, you have the right to vote and to stand as a candidate in local elections in your country of residence and in elections to the European Parliament.

Since 2012 you also have the right to petition the Commission to put forward a legislative proposal — provided you can find a million people from at least seven EU countries to sign your petition.

III. FUNDAMENTAL RIGHTS

The European Union's commitment to citizens' rights was made clear in Nice in December 2000 when the European Council solemnly proclaimed the **Charter of Fundamental Rights of the European Union**. This charter had been drawn up by a convention composed of members of national parliaments, MEPs, representatives of national governments and a member of the European Commission. Under six headings — Dignity, Freedoms, Equality, Solidarity, Citizens' rights and Justice — its 54 articles set out the European Union's fundamental values and the civil, political, economic and social rights of EU citizens.

WHAT DOES IT MEAN TO BE A EUROPEAN CITIZEN?

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

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

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

The Treaty of Lisbon, which came into force on 1 December 2009, gives the charter the same legal force as the treaties — so it can be used as the basis for taking a case to the EU Court of Justice. However, a protocol specifies the application of the charter in Poland and the United Kingdom.

Article 6 of the Treaty of Lisbon provides a legal basis for the EU to sign up to the European Convention on Human Rights. This convention would then no longer be merely referred to in the EU Treaties but would have legal force in EU countries, thus giving greater protection to human rights in the European Union.

IV. EUROPE MEANS EDUCATION AND CULTURE

A sense of belonging together and having a common destiny cannot be manufactured. It can only arise from a shared cultural awareness, which is why Europe needs to focus not just on economics but also on education, citizenship and culture.

The EU does not dictate how schools and education are to be organised or what the curriculum should include: these are decided at national or local level. But the EU does run programmes under the name 'Erasmus+' to promote educational exchanges so that young people can go abroad to train or study, learn new languages and take part in joint activities with schools or colleges in other countries. More than 4 million people are expected to receive such support in the period 2014-2020, the budget having been increased by 40 % compared to the previous period, to reach a total of €16 billion.

European countries are working together — via the ‘Bologna process’ — to create a European higher education area. This means, for example, that university courses in all the countries concerned will lead to comparable and mutually recognised degrees (bachelor’s, master’s and doctorate).

In the field of culture, the EU’s ‘Creative Europe’ programme fosters cooperation between TV programme and film-makers, promoters, broadcasters and cultural bodies from different countries. This encourages the production of more European audiovisual products, thereby helping redress the balance between European and American output.

One of Europe’s essential characteristics is its diversity of languages — and preserving that diversity is an important EU objective. Indeed, multilingualism is fundamental to the way the European Union works. EU legislation has to be available in all 24 official languages, and every MEP has the right to use any one of these languages in parliamentary debates.

V. THE OMBUDSMAN AND YOUR RIGHT TO PETITION PARLIAMENT

To help bring the EU closer to its citizens, the Treaty on European Union created the post of Ombudsman. The European Parliament elects the Ombudsman, who remains in office for the duration of the Parliament. The Ombudsman’s role is to investigate complaints against EU institutions and bodies. Complaints may be brought by any EU citizen and by any person or organisation living or based in an EU country.

Anyone living in an EU country can also petition the European Parliament. This is another important link between the EU institutions and the public.

VI. A SENSE OF BELONGING

The idea of a ‘citizens’ Europe’ is very new. Some symbols of a shared European identity already exist, such as the European passport, in use since 1985. The EU has a motto, ‘United in diversity’, and 9 May is celebrated as ‘Europe Day’.

The European anthem (from Beethoven’s *Ode to joy*) and the European flag (a circle of 12 gold stars on a blue background) were adopted in 1985 as the most important EU symbols. Member States, local authorities and individual citizens may use them if they wish.

WHAT DOES IT MEAN TO BE A EUROPEAN CITIZEN?

However, people cannot feel they 'belong' to the European Union unless they are aware of what the EU is doing and understand why. The EU institutions and Member States may need to do much more to relate to citizens, who often feel that the EU is distant and not easily accessible.

People also need to see the EU making a tangible difference to their lives. In this respect, the daily use of euro notes and coins since 2002 has had a major impact. Pricing goods and services in euro means that consumers can compare prices directly from one country to another.

Border checks have been abolished between most EU countries under the Schengen Agreement, and this gives people a sense of belonging to a single, unified geographical area.

A sense of belonging comes, above all, from feeling personally involved in EU decision-making. Every adult EU citizen has the right to stand and vote in European Parliament elections, and this is an important basis for the EU's democratic legitimacy. The indirect election of the President of the European Commission during the European elections in May 2014, where the political parties fought the election campaign with their own candidates for the post, was a step that will probably reduce over time what is sometimes called the 'democratic deficit'. At the same time, the increase in votes for populists and Eurosceptic parties was a warning to the EU institutions.

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One of the basic rights laid down in the Charter of Fundamental Rights of the European Union is that of balancing family life with a career.

WHAT DOES IT MEAN TO BE A EUROPEAN CITIZEN?

The European Union was set up to serve the people of Europe, and its future must be shaped by the active involvement of people from all walks of life. The EU's founding fathers were well aware of this. 'We are not bringing together states, we are uniting people', said Jean Monnet back in 1952. Raising public awareness about the EU and involving citizens in its activities is still one of the greatest challenges facing not only the EU institutions, but also national authorities and civil society.

CHAPTER

10

A Europe of **freedom, security and justice**

Visa

Schengen Asylum

Borders Immigration

Police

Crime

Safety

Refugees

Intelligence

Humanitarian

Terrorism

- ▶ The opening of internal borders between EU Member States is a very tangible benefit for ordinary people, allowing them to travel freely without being subject to border controls. Certain checks can be reintroduced by Member States, when they are required to maintain public order.
- ▶ This freedom of internal movement must go hand in hand with increased controls at the EU's external borders and cooperation in the areas of policing and justice so as to effectively combat organised crime, terrorism, illegal immigration and the trafficking of people and drugs.
- ▶ The number of asylum seekers coming to Europe from war zones such as Syria puts pressure on Europeans to put in place a cohesive asylum policy and an efficient control of the EU's external borders.

I. MOVING FREELY WITHIN THE EU AND PROTECTING ITS EXTERNAL BORDERS

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

Through successive amendments to the treaties, the European Union has, over time, become more active in this field with the aim of creating a single ‘area of freedom, security and justice’.

Decision-making in these fields was last revised in the Treaty of Lisbon, which came into force in 2009. Until then, Member States had retained all responsibility for creating and managing the area of freedom, security and justice. The work was carried out essentially by the Council (i.e. through discussion and agreement between government ministers), leaving the Commission and Parliament to play only a small role. The Treaty of Lisbon has changed that: the Council now takes most of its decisions by a qualified majority vote, Parliament is an equal partner in the decision-making process and the Commission has a certain right of initiative.

The free movement of people within the EU raises security issues for the Member States, since they no longer control internal EU borders. To compensate for this, extra security measures have to be put in place at the EU’s external borders. Moreover, since criminals can also exploit freedom of movement within the EU, national police forces and judicial authorities have to work together to combat cross-border crime.

One of the most important moves to make life easier for travellers in the European Union took place in 1985, when the governments of Belgium, France, the Federal Republic of Germany, Luxembourg and the Netherlands signed an agreement in a small Luxembourg border town called Schengen. They agreed to abolish all checks on people, regardless of nationality, at their shared borders, to harmonise controls at their borders with non-EU countries and to introduce a common policy on visas. They thus formed an area without internal frontiers known as the Schengen area. Non-EU citizens are not always obliged to have a visa to enter the Schengen area. The European Union has signed agreements with a number of countries to exempt their citizens from visa requirements. In emergency situations a Member State can reintroduce border controls for a limited period. This has happened in some countries following the sudden influx of asylum seekers in 2015 and 2016.

The Schengen arrangements have since become an integral part of the EU Treaties, and the Schengen area has gradually expanded. As of 2017, the Schengen rules have been implemented by all EU countries except Bulgaria, Croatia, Cyprus, Ireland, Romania and the United Kingdom. Four non-EU countries — Iceland, Liechtenstein, Norway and Switzerland — are also in the Schengen area.



A huge increase in the number of asylum seekers coming to Europe in 2015 led to many new EU initiatives.

Tightening up checks at the EU's external borders has become a priority. The EU agency known as Frontex was created in 2014 and is based in Warsaw. It is responsible for managing EU cooperation on external border security. The Member States can lend it boats, helicopters and planes for carrying out joint patrols — for example in sensitive areas of the Mediterranean. In emergency situations, the agency can also send 'rapid border intervention teams', which consist of members of the national border guards from EU countries. EU leaders decided in 2016 to increase the resources for the agency to carry out rapid interventions at the borders. It was renamed 'European Border and Coast Guard Agency' and was officially inaugurated in October 2016.

II. ASYLUM AND IMMIGRATION POLICY

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

EU governments have agreed to harmonise their rules so that applications for asylum can be processed in accordance with a set of basic principles uniformly recognised throughout the European Union. Common minimum standards for admitting asylum seekers and for granting refugee status have been adopted.

In recent years, large numbers of irregular immigrants have been arriving on Europe's shores, and one of the EU's top priorities is to deal with this problem. Member governments are working together to tackle people smuggling and to agree common arrangements for repatriating illegal immigrants. At the same time, legal immigration is being better coordinated under EU rules on family reunification, on the status of long-term residents and on admitting non-EU nationals who wish to come to Europe to study or to undertake research.

However, the huge increase in the numbers of asylum seekers coming to Europe from the Middle East and Africa in 2015 and 2016, with several thousand tragically losing their lives while crossing the Mediterranean, created major challenges. It also brought about a new dimension to the question of asylum where the differences between political and economic refugees is harder to establish. The EU countries most exposed to the huge numbers of asylum seekers on their coasts and in their territorial waters, such as Greece and Italy, had been hoping for a greater show of solidarity from other EU countries in helping them to cope with this problem. In 2015, Germany proved to be the country most willing to give asylum to political refugees.

EU leaders agreed a number of different measures to deal with this new situation. These included decisions to relocate asylum seekers arriving from Greece and Italy to other EU countries and also to speed up the repatriation of those who could not be given asylum. The EU made a special agreement with Turkey on these matters, since many asylum seekers were crossing to Europe through the country. The EU has sent experts from other countries to help deal with these influxes where they occur, increased the capacity of the European Border and Coast Guard Agency to carry out search and rescue operations and to tackle criminal networks, and launched a military mission in the Mediterranean.

Over €10 billion from the EU budget was dedicated in 2015, 2016 and 2017 to humanitarian aid to refugees both within and outside the EU.

III. FIGHTING INTERNATIONAL CRIME AND TERRORISM

A coordinated effort is needed to combat criminal gangs that run people-trafficking networks and exploit vulnerable human beings, particularly women and children.

Organised crime is becoming ever more sophisticated and regularly uses European or international networks for its activities. Terrorism has clearly shown that it can strike, with great brutality, anywhere in the world.

This is why the Schengen information system (SIS) was set up. This is a complex database which enables police forces and judicial authorities to exchange information on people for whom an arrest warrant or extradition request has been issued, and on stolen property such as vehicles or works of art.

One of the most effective ways of hunting down criminals is to track their ill-gotten gains. For this reason, and to cut off the funding of criminal and terrorist organisations, the EU has brought in legislation to prevent money-laundering.

The greatest advance made in recent years in the field of cooperation between law enforcement authorities was the creation of Europol, an EU body based in The Hague and staffed by police and customs officers. It tackles a wide range of international crime: drug trafficking, trade in stolen vehicles, people trafficking and illegal immigration networks, the sexual exploitation of women and children, child pornography, forgery, the trafficking of radioactive and nuclear material, terrorism, money-laundering and counterfeiting of the euro.

Europe has been a target of Islamist terrorism by groups associated with Al-Qaeda and the so-called Islamic State or 'Daech'. They have shocked the world by attacking the symbols of basic European values such as religious freedom and freedom of speech. Examples of these terrorist acts include the attack on staff in the offices of a satirical magazine in Paris in January 2015 and the murder of hundreds of people in several attacks across Europe. Europeans are faced with an unpredictable enemy, often with financial and military bases in the Middle East and Africa, and are therefore considering both increased cooperation between European intelligence services as well as political and military action outside Europe.

Among the steps proposed by the Commission to counteract this threat is the creation of a European centre for excellence for the fight against radicalisation, removing terrorists' access to funding through cooperation between financial intelligence services, and stepping up the fight against cyber-criminality and the dissemination of online propaganda by extremists.

Other measures taken to fight terrorism in Europe include better control by airlines of people coming into and leaving the EU. It is now compulsory for airlines to register their data in passenger name records, which under certain rules can be used by police across Europe to fight terrorists.

IV. TOWARDS A 'EUROPEAN JUDICIAL AREA'

At present, many different judicial systems operate side by side in the European Union, each within national borders. But international crime and terrorism have no respect for national boundaries. This is why the EU needs a common framework for fighting terrorism, drug trafficking and counterfeiting, so as to guarantee its citizens a high level of protection and to improve international

cooperation in this area. The EU also needs a common criminal justice policy, to ensure that co-operation between the courts in different countries is not hampered by their differing definitions of certain criminal acts.

The main example of practical cooperation in this field is Eurojust, a central coordinating structure established in The Hague in 2003. Its purpose is to enable the national investigating and prosecuting authorities to work together on criminal investigations involving several EU countries. On the basis of Eurojust's experience in this area, the Council has decided to appoint a European public prosecutor whose role it would be to pursue offences against the EU's financial interests.

Another tool for practical cross-border cooperation is the European arrest warrant, operational since January 2004. It replaces lengthy extradition procedures.

In the area of civil law, the EU has adopted legislation to help apply court rulings in cross-border cases involving divorce, separation, child custody and maintenance claims. The aim is to ensure that judgments in one country are applicable in another. The EU has established common procedures to simplify and speed up the settlement of cross-border cases in small and uncontested civil claims like debt recovery and bankruptcy.

EUROPE IN 12 LESSONS
A EUROPE OF FREEDOM, SECURITY AND JUSTICE



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EU leaders have given more resources to the European Border and Coast Guard Agency to help protect the external borders of the EU.

CHAPTER

11

The EU on the **world** stage

Defence **Human rights**
Soft power
Assistance **Influence** **Trade**
Peacekeeping **Diplomacy** Rule of law **Global**
Crisis management **Development**

- ▶ The European Union has more influence on the world stage when it speaks with a single voice in international affairs such as trade negotiations. To help achieve this, and to raise the EU's international profile, in 2009 the European Council acquired a permanent President and the first High Representative of the Union for Foreign Affairs and Security Policy was appointed.
- ▶ In the area of defence, each country remains sovereign, whether a member of NATO or neutral. However, the EU Member States are developing military cooperation for peacekeeping missions.
- ▶ The EU is a major player in international trade and is working within the World Trade Organisation (WTO) to ensure open markets and a rules-based trading system.
- ▶ For historical and geographical reasons, the EU pays particularly close attention to Africa (via development aid policies, trade preferences, food aid and promoting respect for human rights).
- ▶ The major security problems in the nearby regions of Ukraine, Syria and the Sahara offer the EU further motivation to strengthen its cooperation on foreign and security policy to protect its common values, interests and security.

I. THE COMMON FOREIGN AND SECURITY POLICY

In economic, trade and monetary terms, the European Union has become a major world power. It is sometimes said that the EU has become an economic giant but remains a political dwarf. This is an exaggeration. The European Union has considerable influence within international organisations such as the WTO and the specialised bodies of the United Nations, and at world summits on the environment and development.

Nevertheless, it is true that the EU and its members have a long way to go in diplomatic and political terms before they can speak with one voice on major world issues. Military defence (the cornerstone of national sovereignty) remains in the hands of national governments, whose ties are those forged within alliances such as NATO.

A. Setting up a European diplomatic service

The common foreign and security policy and the common security and defence policy define the EU's main foreign policy tasks. These policies were introduced by the Treaties of Maastricht (1992), Amsterdam (1997) and Nice (2001). They formed the European Union's 'second pillar' — a policy area in which action is decided by intergovernmental agreement and in which the Commission and the Parliament play only a minor role. Decisions in this area are taken by consensus, although individual states can abstain. Although the Treaty of Lisbon did away with 'pillars' in the EU's structure, it did not change the way in which security and defence matters are decided, but it raised the profile of the policy by creating the post of High Representative of the Union for Foreign Affairs and Security Policy.

Since 2014, this post has been occupied by Federica Mogherini who is also a Vice-President of the European Commission. Her job is to represent the EU's collective viewpoint and to act in the EU's name within international organisations and at international conferences. She is assisted by EU and national officials who make up the European External Action Service — in effect, the EU's diplomatic service.

The aim of EU foreign policy is, essentially, to ensure security, stability, democracy and respect for human rights — not only in its immediate neighbourhood (e.g. the Balkans) but also in other hotspots around the world, such as in Africa, the Middle East and the Caucasus. Its main tool is 'soft power', which covers areas such as election observation missions, humanitarian aid and development assistance. In 2015, the EU donated humanitarian aid to the tune of more than €1.5 billion, and a further €5 billion has been given to help displaced people since the start of the war in Syria. The EU provides 60 % of the world's development assistance and helps the world's most needy countries to fight poverty, feed their people, avoid natural disasters, access drinking water and fight disease. At the same time, the EU actively encourages these countries to respect the rule of law, human rights and support for civil society, as well as to open up their markets to

international trade. The Commission and the European Parliament are careful to ensure that the aid is provided in an accountable manner and is properly managed and used.

Is the EU able and willing to go further than this 'soft power' diplomacy? That is the main challenge for the years ahead. A major concrete achievement on the diplomatic front was the decisive role the EU played in ensuring the agreement between Iran and leading world powers in 2015 concerning Iran's nuclear programme and the lifting of the longstanding economic sanctions against the country.

The EU has also been a very active player in the international negotiations concerning the civil war in Syria.

Nevertheless, many people feel the European Council's joint statements and common positions on major international issues are often nothing but the lowest common denominator. Meanwhile, the large Member States continue to play their own individual diplomatic roles. Yet it is when the European Union speaks with one voice that it is seen as a truly global player. Europe's credibility and influence are enhanced when the EU combines its economic might and trading power with the gradual implementation of a common security and defence policy.

B. Tangible achievements of the common security and defence policy

Since 2003, the European Union has had the capacity to carry out crisis management operations, as the Member States voluntarily make some of their own forces available to the EU for performing such operations.

Responsibility for running the operations lies with a set of politico-military bodies: the Political and Security Committee, the EU Military Committee, the Committee for Civilian Aspects of Crisis Management and the European Union Military Staff. These bodies are answerable to the Council and are based in Brussels.

This set of tools is what gives substance to the common security and defence policy. It enables the EU to carry out the tasks it has set itself — humanitarian and peacemaking or peacekeeping missions. These missions must avoid duplicating what NATO is doing, and this is guaranteed by the 'Berlin plus' arrangements agreed between NATO and the EU. They give the European Union access to NATO's logistical resources (for detection, communication, command and transport).

Since 2003, the European Union has launched over 30 military operations and civilian missions. The first of these was in Bosnia and Herzegovina, where EU troops replaced NATO forces. These missions and operations, under the European flag, are being or have been deployed on three continents. They include the 'Atalanta' operation to combat Somali piracy in the Gulf of Aden, the mission to help Kosovo firmly establish the rule of law, the military training mission in Mali, the

civil protection mission in Ukraine and the naval action 'Sophia' to counter people smugglers in the Mediterranean.

As military technology becomes ever more sophisticated and expensive, EU governments are finding it increasingly necessary to work together on arms manufacture — especially at a time when countries are striving to reduce public spending to help them weather the financial crisis. Moreover, if their armed forces are to carry out joint missions outside Europe, their systems must be interoperable and their equipment sufficiently standardised. This is why the European Council in 2003 decided to set up a European Defence Agency to help develop the EU's military capabilities.

European Commission President Jean-Claude Juncker has mentioned the need in the long term to establish a real European defence policy. This is a perspective that might gradually gain ground as more Europeans realise that their common security interests should be linked to the defence of their values and strategic interests. No current power, great or small, can single-handedly ensure the military power to guarantee the security of its population in an unstable world.

II. A TRADE POLICY THAT IS OPEN TO THE WORLD

The EU has the competence to deal with trade matters on behalf of its Member States. Europe's importance as a trading power gives it considerable international clout. The EU supports the rules-based system of the WTO, which has 164 member countries. This system provides a degree of legal certainty and transparency in the conduct of international trade. The WTO sets conditions under which its members can defend themselves against unfair practices like dumping (selling below cost) through which exporters compete against their rivals. It also provides a procedure for settling disputes that arise between two or more trading partners.

The EU's trade policy is closely linked to its development policy. Under its 'general system of preferences', the EU has granted duty-free or cut-rate preferential access to its market for most of the imports from developing countries and economies in transition. It goes even further for the world's 49 poorest countries. All of their exports, with the sole exception of arms, enjoy duty-free entry to the EU market.

The EU does not, however, have specific trade agreements with its major trading partners among the developed countries like the United States and Japan. Here, trade relations have been handled through the WTO mechanisms, but bilateral agreements are being negotiated. An economic and trade agreement was concluded between Canada and the European Union in 2014 and signed between these two parties in October 2016.

In 2013, negotiations began between the EU and the United States on a major free trade agreement known as 'TTIP'. This includes issues such as customs barriers, harmonisation of standards, access to public markets, the recognition of appellation of origin and how to settle disputes. Together, the two partners make up 40 % of world trade serving 800 million consumers. Another main feature of the agreement should ensure that standards used worldwide in the future are not decided by other competitors, such as China. The EU insists on respect for high standards in food safety, social protection, data security and cultural diversity. If the agreement enters into force, it is expected to increase economic growth in the EU countries.

The European Union is increasing its trade with the emerging powers in other parts of the world, from China and India to Central and South America. Trade agreements with these countries and regions also involve technical and cultural cooperation. China has become the EU's second most important trading partner (after the United States) and its biggest supplier of imports. The European Union is Russia's main trading partner and its biggest source of foreign investment. However, the European Union imposed trade sanctions against Russia in protest at the annexation of Crimea in 2014, which have consequently seriously disrupted trade and investment flows.

The EU promotes the opening of markets and the development of trade all around the world.



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III. DEVELOPMENT AND AFRICA

Relations between Europe and sub-Saharan Africa go back a long way. Under the Treaty of Rome in 1957, the then colonies and overseas territories of the Member States became associates of the Community. Decolonisation, which began in the early 1960s, turned this link into a different kind of association, one between sovereign countries.

The Cotonou Agreement, signed in 2000 in Cotonou, the capital of Benin, marked a new stage in the EU's development policy. This agreement between the European Union and the African, Caribbean and Pacific countries is the most ambitious and far-reaching trade and aid agreement ever concluded between developed and developing countries. It followed on from the Lomé Convention, which was signed in 1975 in Lomé, the capital of Togo, and subsequently updated at regular intervals.

This agreement goes significantly further than earlier ones, since it has moved from trade relations based on market access to trade relations in a wider sense. It also introduced procedures for dealing with human rights abuses.



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The EU runs civil or military peacekeeping operations such as this anti-piracy force off the coast of Somalia.

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

Even if this traditional EU policy has had positive effects on Africa, it does not meet the needs of the current situation. Large parts of Africa, south of the Sahara, have experienced economic growth and have managed to use their vast natural resources to improve their infrastructure and living standards. But other regions have been dramatically hit by war, unrest and dictatorships. The whole region of Sahel just south of the Sahara has been destabilised: religious fanatics such as the Boko Haram group continue to spread terror and the Horn of Africa has been dominated by civil war and dictatorships.

This creates political refugees. Drought caused by climate change and the increase in population are also driving people to attempt to migrate to Europe. In addition to providing humanitarian aid therefore, the EU has reasons for engaging in a major strategy designed to create economic growth on the African continent and stabilise population movements. In addition to this, a common European immigration policy would tackle the longer-term need for creating a new workforce in Europe, where the population is getting older.

CHAPTER

12

What **future** for Europe?

Debate

Questions
Participation

Challenges

Efforts

Dialogue

Communication

Outlook

Motivation

Synergies

Cooperation

Values

- ▶ ‘Europe will not be made all at once, or according to a single plan. It will be built through concrete achievements which first create a de facto solidarity’.
- ▶ This statement from 1950 is still true. But what are the great challenges for Europe in the coming years?

‘Europe will not be made all at once, or according to a single plan. It will be built through concrete achievements which first create a *de facto* solidarity’. So said Robert Schuman in his famous declaration, launching the European integration project on 9 May 1950. Almost 70 years on, his words are as true as ever. The solidarity between Europe’s people and nations must constantly be adapted to deal with the new challenges posed by a changing world.

This has always been the case throughout the history of the European Union. In the early years after the Second World War, focus was placed on increasing production and ensuring that there was enough food for everyone. Completion of the single market in the early 1990s was a major achievement. In later years, the euro and the European Central Bank were created in order to make the market function more effectively. At the same time, a substantial effort was made to heal the divisions created by the Communist regimes during the Cold War. The economic crisis that began in 2008 revealed that the euro was vulnerable to attack by global speculators. In order to counteract this, EU countries decided on closer coordination of their national economic policies and took measures to establish a banking union. Most recently, challenges relating to security and immigration have dominated the European agenda.

Jean Monnet, the great architect of European integration, concluded his 1976 memoirs with these words: ‘The sovereign nations of the past can no longer solve the problems of the present: they cannot ensure their own progress or control their own future. And the Community itself is only a stage on the way to the organised world of tomorrow.’ In the face of globalisation, should we be resigned in 2017 to regarding the European Union as no longer politically relevant? Or should we rather be asking how to unleash the full potential of over half a billion Europeans who share the same values and interests?

The European Union comprises almost 30 Member States with very different histories, languages and cultures and considerable differences in living standards. Can such a diverse family of nations form a common political ‘public sphere’? Can its citizens develop a shared sense of ‘being European’ while remaining deeply attached to their country, their region and their local community? Perhaps they can, if today’s Member States follow the example of the very first European Community which was born from the rubble of the Second World War. Its moral legitimacy was based on reconciliation and consolidating the peace between former enemies. It adhered to the principle that all Member States, whether large or small, had equal rights and respected minorities.

Will it be possible to keep pushing ahead with European integration, claiming that the EU’s Member States and their people all want the same thing? Or will EU leaders make greater use of ‘reinforced cooperation’ arrangements, whereby ad hoc groups of Member States can move ahead without the others in this or that direction? The multiplication of such arrangements could lead to a situation where each Member State is free to choose whether to pursue a particular policy or to be part of a particular institution. This solution might appear attractively simple, but the EU has always been based on the concept of solidarity — which means sharing the costs as well as the advantages. It means having common rules and common policies.

At the same time, the recent economic crisis has shown that the countries using the euro as their currency are in a special situation of dependency which has led them to function as a core group of countries within the EU. The European Commission has proposed an increased integration of the euro area with reinforced policies for financial, budgetary and economic areas, but also an increase in the legitimacy and democratic responsibility for these policies. The idea is that a qualitative step, aimed at transforming the euro area into an area with united economic governance, will give new dynamism to the Union as a whole and consequently benefit the whole continent.

Recent events have highlighted the need for greater European cooperation in areas that are traditionally reserved for national sovereignty: i.e. security and defence, as well as justice and home affairs — and particularly the question of refugees. It is likely to be in these areas where the EU will face its greatest challenges and where it needs to find common solutions, giving its citizens a greater sense of security and a renewed confidence in the European Union.

Globalisation obliges Europe to compete not only with its traditional rivals Japan and the United States, but also with fast-rising economic powers such as Brazil, China and India. Can Europe continue to protect its social and environmental standards by restricting access to European markets? Even if it did, there would be no escaping the harsh realities of international competition. It is therefore likely that many forces will continue to push for Europe to become a real global player, acting in unison on the world stage and asserting its interests effectively by speaking with one voice.

At the same time, many Europeans say that the EU needs to be closer to citizens. The European Parliament — which has been given greater powers with each new treaty — is directly elected by universal suffrage every 5 years. But the percentage of the population actually voting in these elections varies from country to country, and the turnout is often low. The challenge for the EU's institutions and national governments is to find better ways of informing and communicating with the public (through education, NGO networks, etc.) and thus foster the emergence of a common European public sphere in which EU citizens can shape the political agenda. This is one of the key challenges that both Member States and EU institutions need to tackle in order to confront the euroscepticism that encourages the rise of populism and weakens democracy.

One of the EU's greatest strengths is its ability to spread European values beyond its borders: values such as respecting human rights, upholding the rule of law, protecting the environment and a free economy within a stable and organised framework and maintaining social standards. The extent to which Europe is able to affirm its values will determine how other regions of the world regard it as a positive example.

We will only be able to judge whether the EU has achieved what it has set out to do and delivered tangible results if we can answer questions such as the following.

- How do we find a just and long-lasting solution to the problem of immigration and refugees?
- How do we ensure balanced public finances whilst protecting an effective and fair social model?
- How do we finance social welfare in an efficient way? How do we cope with an ageing population without penalising subsequent generations?
- How do we find ethical solutions to the major but sensitive challenges posed by scientific and technological progress — particularly in the area of biotechnology?
- How do we ensure the safety of EU citizens without undermining their freedom?
- How do we ensure a sustainable and common defence of EU citizens in a world of unpredictable global threats?

If it can achieve all of this, Europe will continue to be respected and will remain a source of inspiration for the rest of the world.



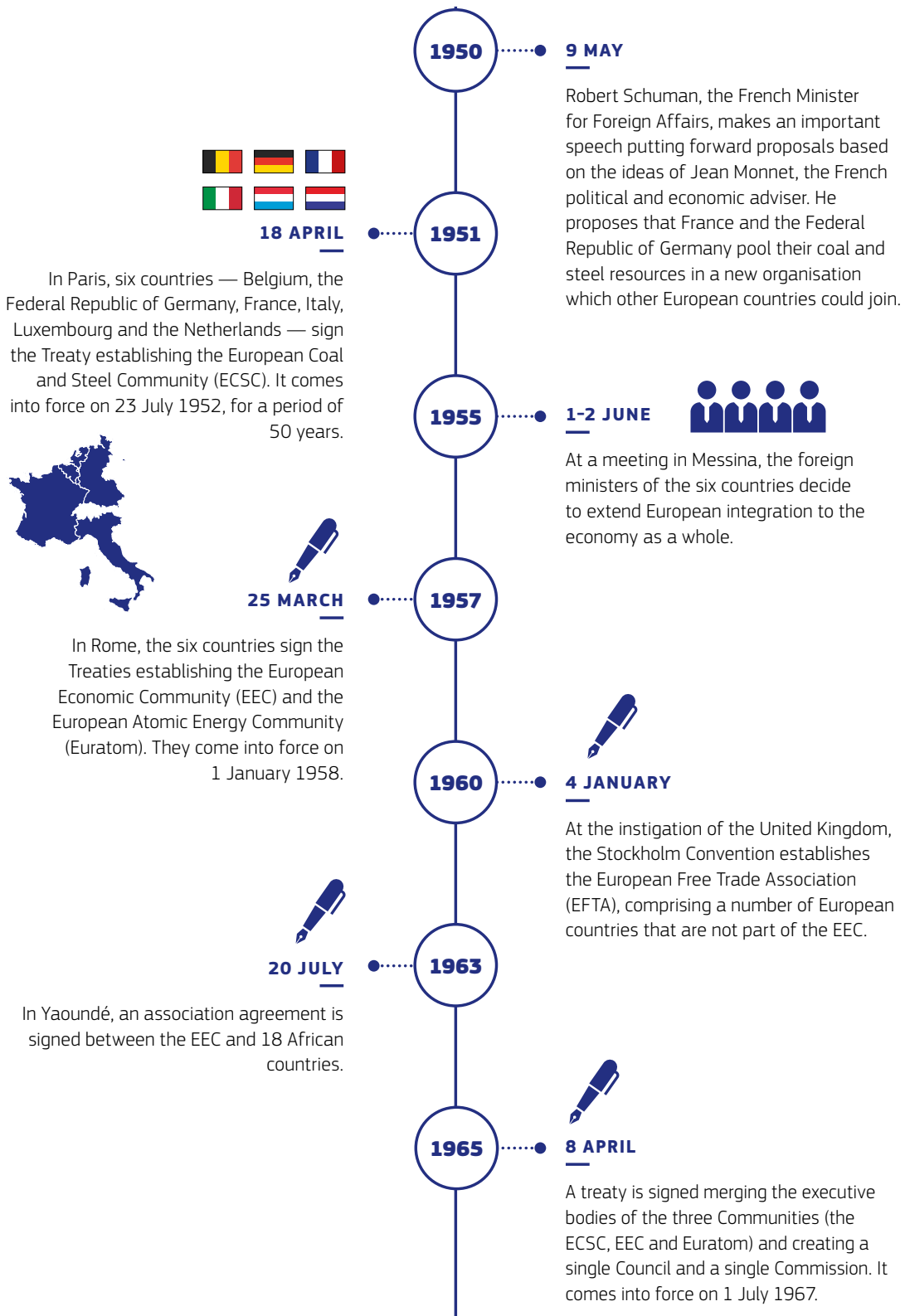
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*Europeans need to work together
today for their future tomorrow.*

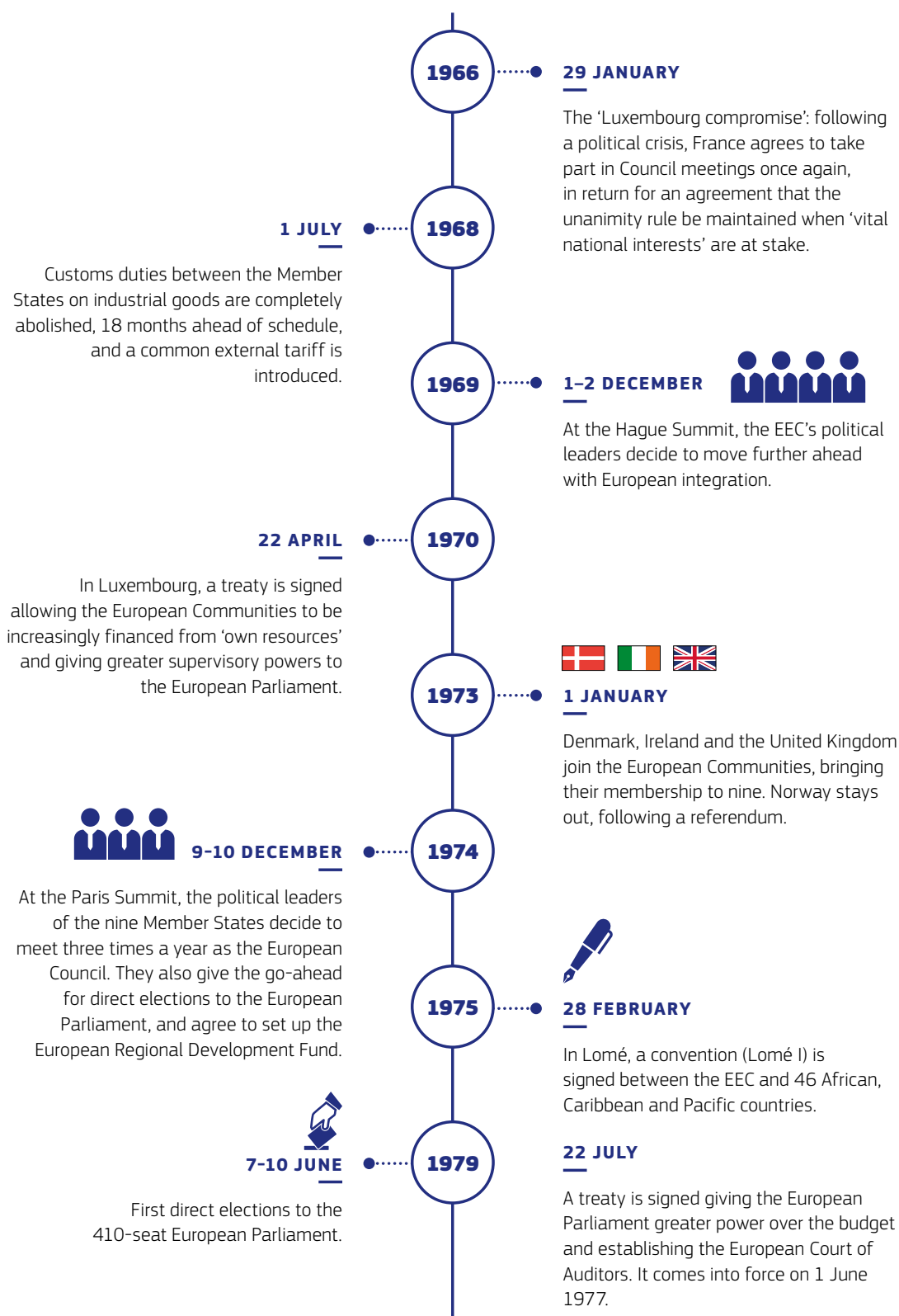
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Key dates in the history of European integration

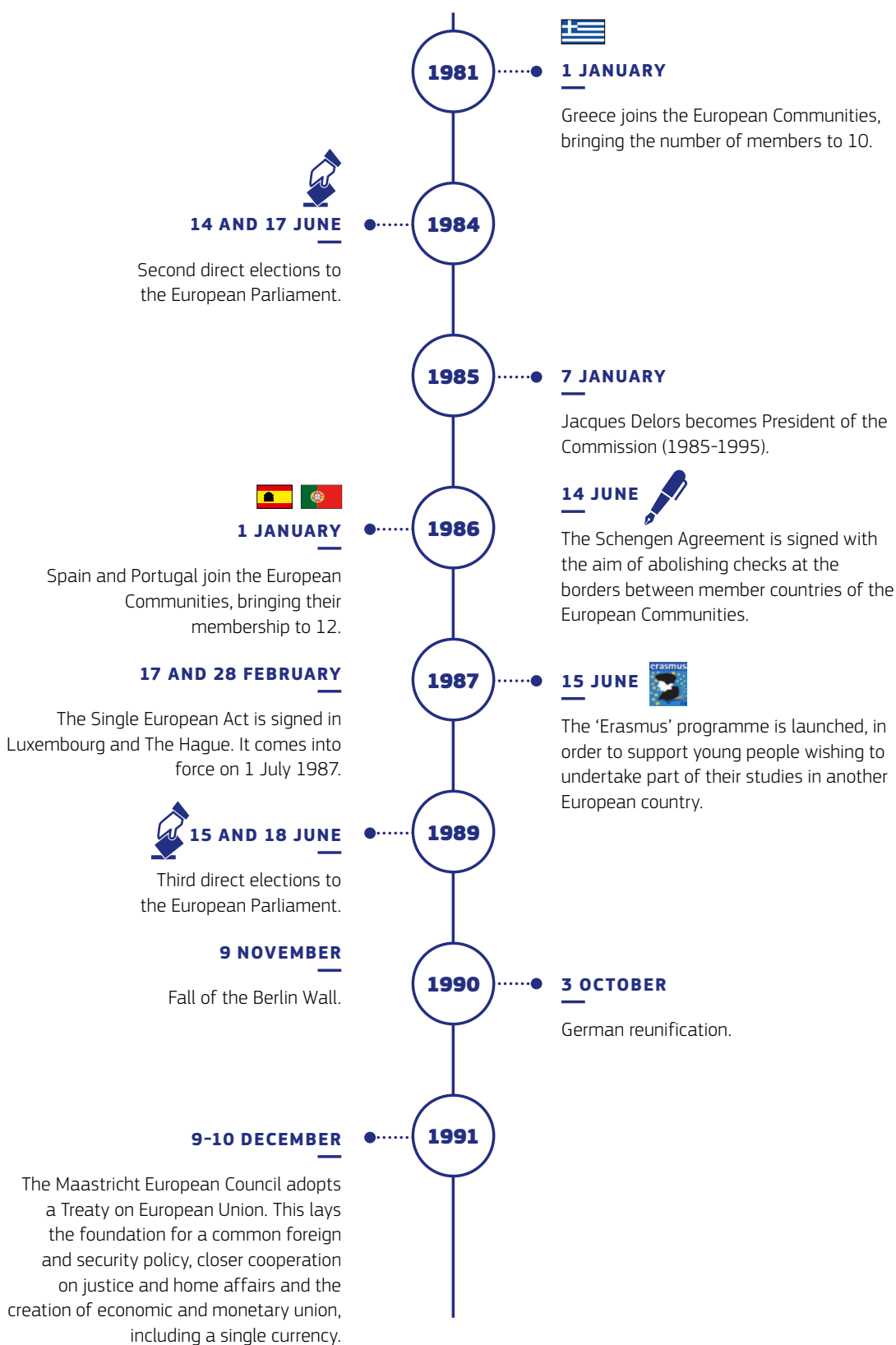
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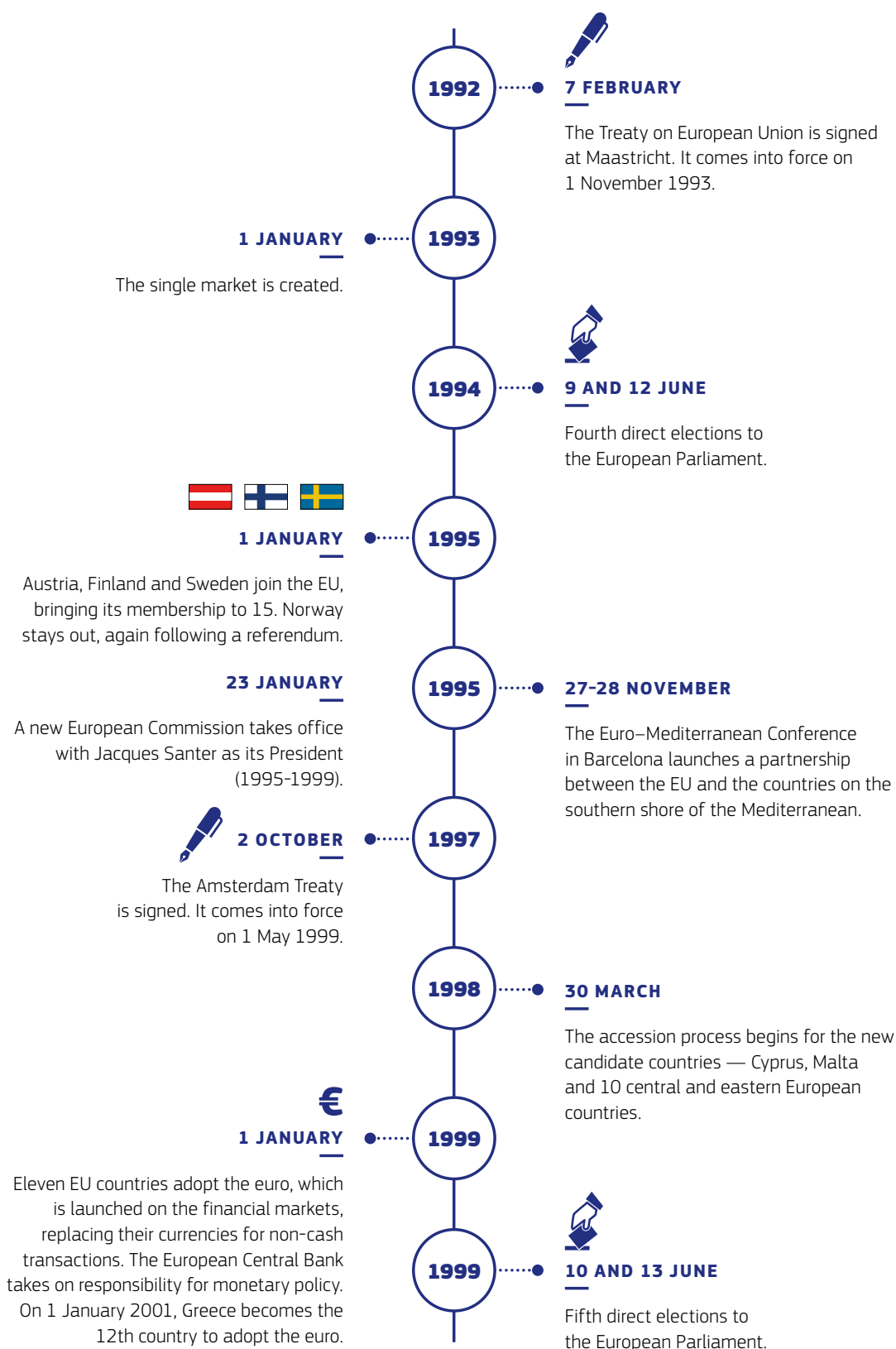
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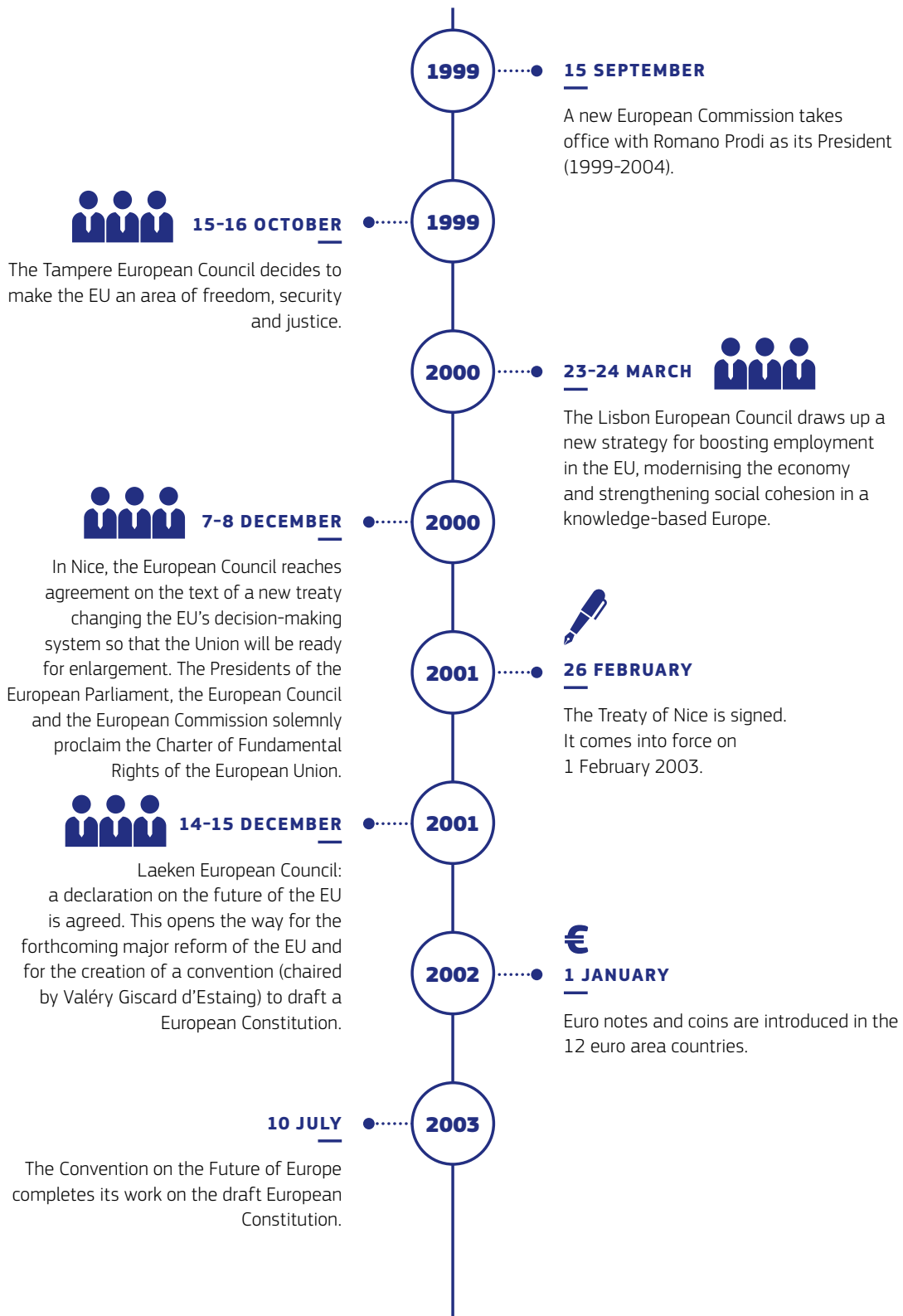
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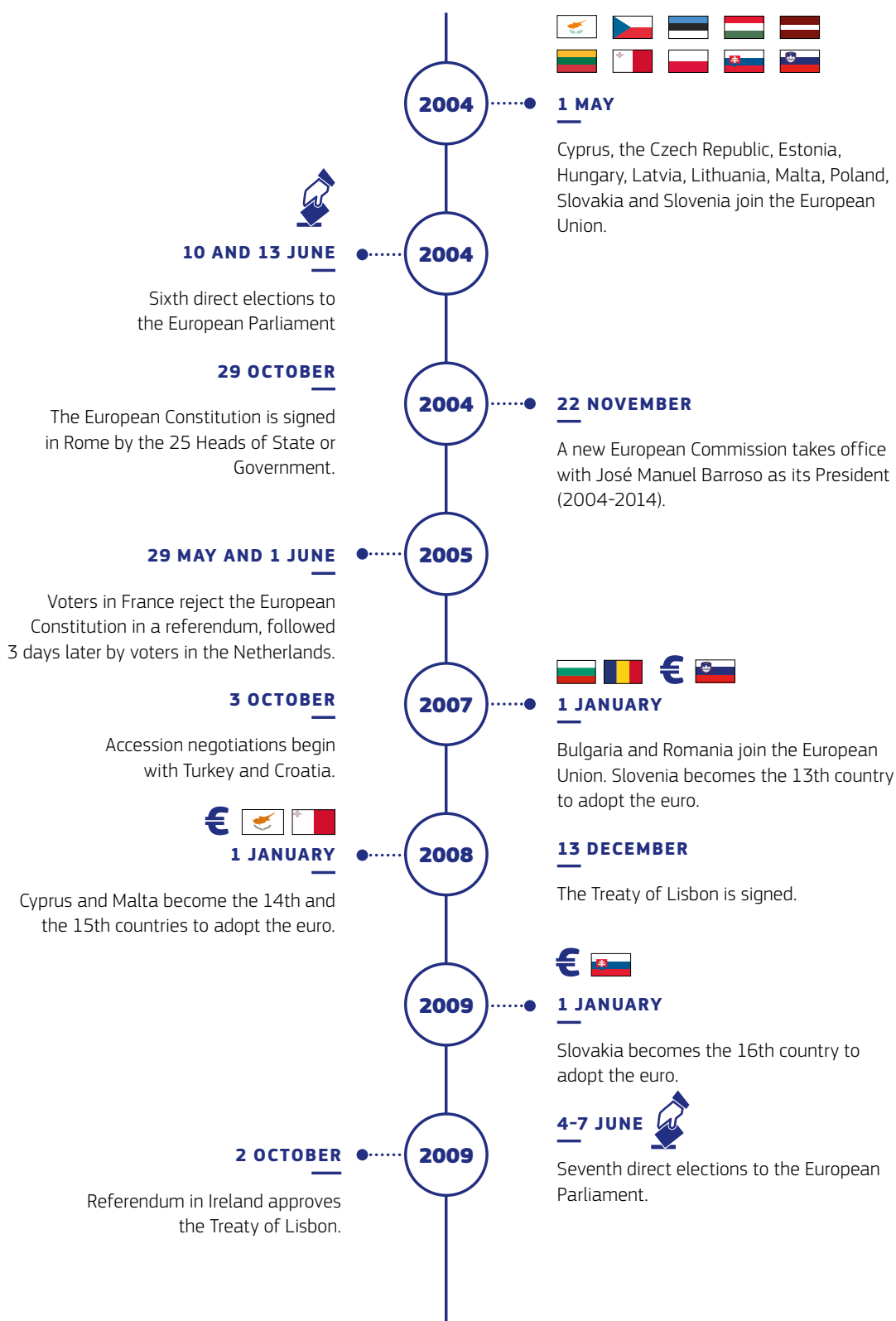
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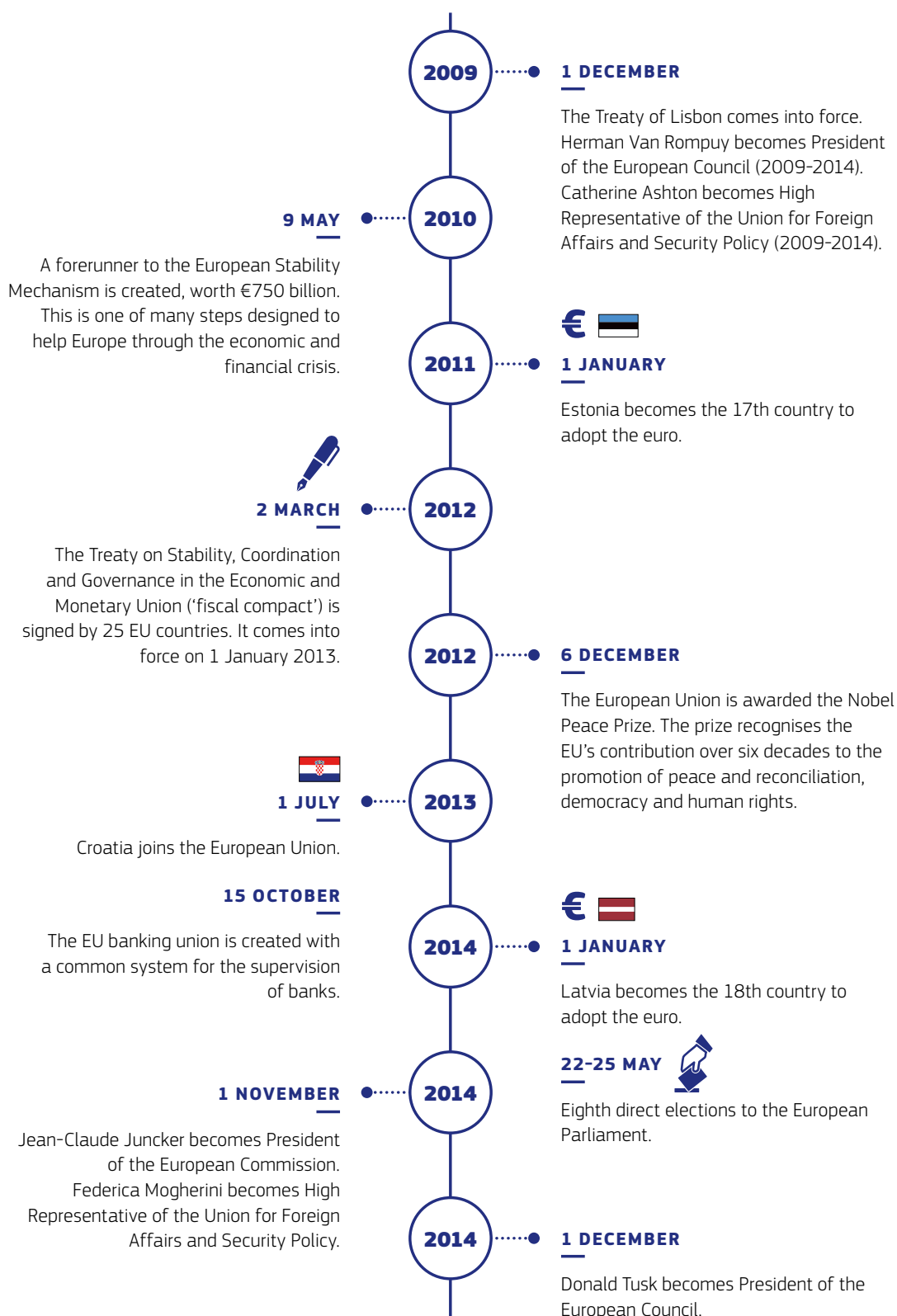
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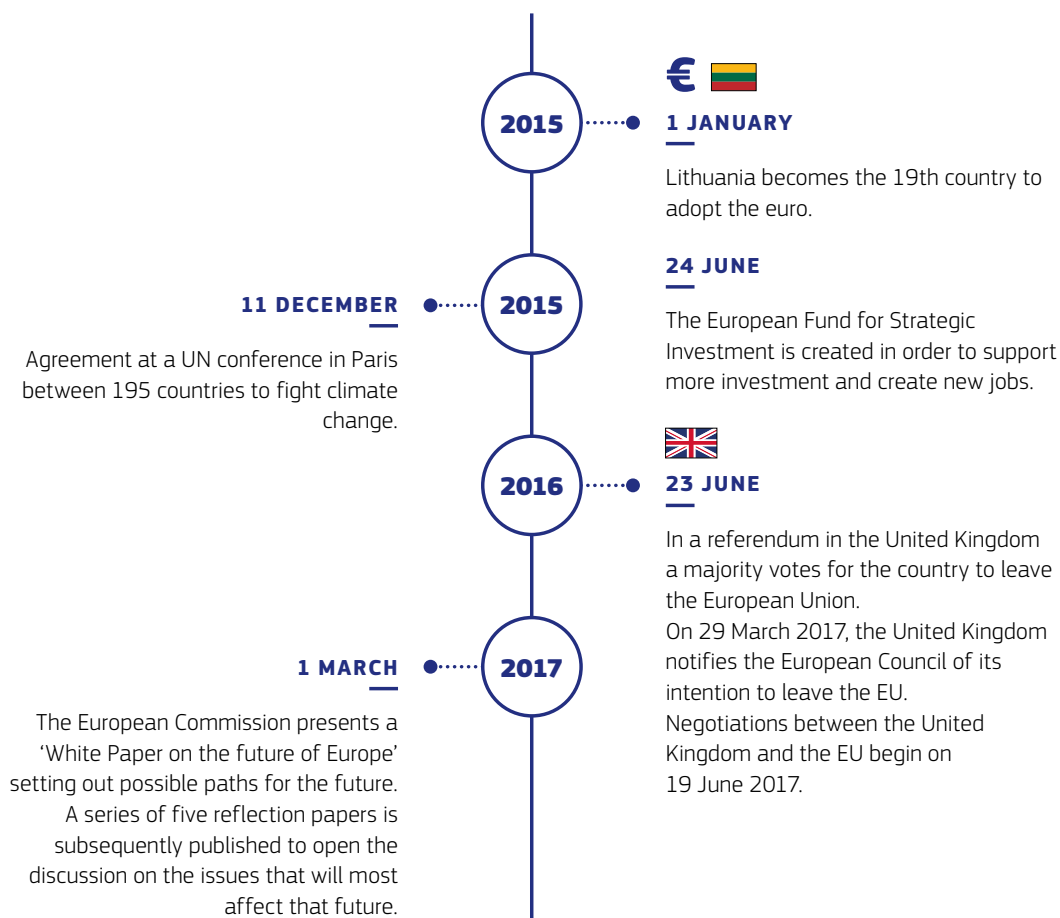


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EUROPE IN 12 LESSONS

by **Pascal Fontaine**

What purpose does the EU serve? Why and how was it set up? How does it work? What has it already achieved for its citizens, and what new challenges does it face today?

In a globalised world, can the EU compete successfully with other major economies while maintaining its social standards? How can immigration be managed? What will Europe's role be on the world stage in the years ahead? Where will the EU's boundaries be drawn? And what future is there for the euro?

These are just some of the questions explored by EU expert Pascal Fontaine in this 2017 edition of his popular booklet *Europe in 12 lessons*. Pascal Fontaine is a former assistant to Jean Monnet and former Professor at the Institut d'Études Politiques, Paris.



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