

EUROPE, OUR FUTURE

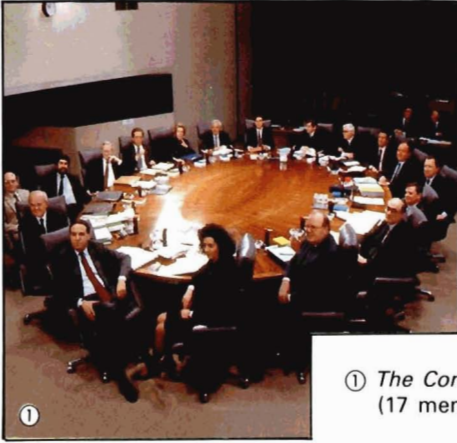


COMMISSION OF THE
EUROPEAN COMMUNITIES

THE INSTITUTIONS OF THE EUROPEAN COMMUNITY

European File 16/89

The institutions of the European Community



① *The Commission*
(17 members)



② *The Council*
(12 ministers)



③ *The Court of Justice*
(13 judges,
6 advocates-
general)

④ *The European
Parliament*
(518 members)

⑤ *The Economic and
Social Committee*
(189 members)

⑥ *The Court of
Auditors*
(12 members)



Since the accession of Spain and Portugal on 1 January 1986, the European Community has 12 Member States and 325 million citizens. The six founding countries — Belgium, the Federal Republic of Germany, France, Italy, Luxembourg and the Netherlands — had already been joined by Denmark, Ireland and the United Kingdom in 1973, and by Greece in 1981. Despite difficulties, even periodic crises, these successive enlargements testify to the vitality of the European process and the appeal of its first results.¹

The Community traces its origins to the Treaty of Paris, signed on 18 April 1951 to create the European Coal and Steel Community (ECSC) the following year. The experiment proved successful and the then Member States decided to deepen it and extend it to embrace their entire economies: on 25 March 1957 they signed the two Treaties of Rome, setting up the European Economic Community (EEC) and the European Atomic Energy Community (EAEC or Euratom). The Single European Act, signed in February 1986, amends and complements these Treaties. It spells out certain objectives of the Community: completion of the European internal market and the creation by 1992 of a great area without frontiers, technological development, progress towards economic and monetary union, strengthening of economic and social cohesion, and improvement of the environment and the working environment. This act also includes measures to make the Community work more effectively and more democratically (these measures are outlined further on in this file). In addition, there is a section of the act which institutionalizes cooperation among Member States in the field of foreign policy.

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

The European Commission — initiator and executive

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

The tasks of the European Commission are:

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

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provisions, as well as the decisions of Community institutions, are correctly applied. It decides on requests from Member States wishing to avail themselves of the safeguard clauses in the Treaties which allow, in exceptional cases, temporary waivers or derogations from Community rules. The Commission has investigative powers and can impose fines on individuals or companies, notably those which are found to be in breach of Community competition rules. Appeal is allowed to the European Court of Justice. States that fail to respect their obligations can also be taken before this court by the Commission.

- To propose to the Community Council of Ministers measures likely to advance the development of Community policies (in the fields of agriculture, energy, industry, research, the environment, social and regional problems, external trade, economic and monetary union, etc.). In 1988, the Commission sent 696 proposals to the Council of Ministers.

- To implement Community policies, whether based on Council decisions or directly on Treaty provisions. Under the Single Act reforming the European Treaties, the Council of Ministers gives the Commission powers for the implementation of the rules which the Council lays down, in all but exceptional cases. Some of these executive powers can be subject to procedures for collaboration and consultation with national experts.
 - The Commission already has especially wide powers of its own in sectors such as coal and steel (coordination of investment, price control, etc.), competition (suppression of monopolies and control of national aids) and nuclear energy (supply of fissile materials, control of nuclear plants, etc.).
 - In other cases the Commission operates under instructions from the Council: in the negotiation, for instance, of trade agreements with third countries or the management of agricultural markets.
 - The Commission also manages the funds and common policies which account for most of the Community budget. These include the support and modernization of agriculture (European Agricultural Guidance and Guarantee Fund), the encouragement of regional, industrial and professional development and the employment of young people (European Regional Development Fund, ECSC grants and Social Fund), the promotion of scientific research (Framework Programme for Research and Technology Development, Joint Research Centre), and the concrete application of European support and concern for the Third World (European Development Fund, food aid programmes, etc.).

The Commission has an administrative staff, based mainly in Brussels and, to a lesser extent, Luxembourg. It consists of about 14 000 officials, divided between some 20 Directorates-General. This is less than the staff of a good number of

single ministries in member countries. Twenty per cent of the Commission's personnel is employed on the linguistic work made necessary by the use, on equal footing, of nine Community working languages.

The Council of Ministers – decision-maker

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

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

The Council of Ministers is assisted by:

- The Committee of Permanent Representatives, Coreper, which coordinates the groundwork for Community decisions undertaken by numerous meetings of senior officials of Member States.
- A general secretariat, with a staff of about 2 000 people.

The Council of Ministers met 77 times in 1988. It can deal only with proposals from the Commission and can alter them only by unanimous agreement. Unanimity is also required in the Council for certain important decisions. In practice, it has frequently been sought by the Ministers when not strictly necessary, which has tended to slow down the Community decision-making process. The European Commission has always urged the more frequent use of the qualified majority vote laid down in the Treaties. Out of a total of 76 votes, 54 are needed to approve a Commission proposal. The Federal Republic of Germany, France, Italy and the United Kingdom have 10 votes each, Spain has 8 votes, Belgium, Greece, the Netherlands and Portugal have 5 votes each, Denmark and Ireland have 3 votes each and Luxembourg has 2 votes. In order to strengthen the Community decision-making process, the Single Act amending the

Treaties extended majority voting to certain decisions, particularly in relation to the completion of the European internal market, research and technology, regional policy and improvement of the working environment.

The Court of Justice – servant of Community law

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

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

In 1988, the Court dealt with 372 cases (including 173 preliminary rulings) and passed 311 judgments. The Court can also be invited to give its opinion – which then becomes binding – on agreements which the Community proposes to undertake with third countries. Under the terms of the Single Act, there is now a European tribunal of first instance with jurisdiction over certain matters, particularly in the field of competition.

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

The European Parliament – the voice of democracy

The European Parliament has been elected by universal suffrage since June 1979. It now has 518 deputies, elected every five years: 81 from each of the four most populous countries (Germany, France, Italy, the United Kingdom), 60 from Spain, 25 from the Netherlands, 24 from Belgium, Greece and Portugal, 16 from Denmark, 15 from Ireland and 6 from Luxembourg.

European deputies take their parliamentary seats on the basis of political groups rather than nationality. On 13 September 1989, they were grouped as in the following diagram.

	Total	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
Socialist Group	180	8	4	31	9	27	22	1	14	2	8	8	46
Group of the European People's Party (Christian-Democratic Group)	121	7	2	32	10	16	6	4	27	3	10	3	1
Liberal Democratic and Reformist Group	49	4	3	4	-	6	13	2	3	1	4	9	-
European Democratic Group	34	-	2	-	-	-	-	-	-	-	-	-	32
The Green Group in the European Parliament	30	3	-	8	-	1	8	-	7	-	2	1	-
Group of the United European Left	28	-	1	-	1	4	-	-	22	-	-	-	-
Group of the European Democratic Alliance	22	-	-	-	1	2	13	6	-	-	-	-	-
Technical Group of the European Right	17	1	-	6	-	-	10	-	-	-	-	-	-
Left Unity	14	-	-	-	3	-	7	1	-	-	-	3	-
Rainbow Group in the European Parliament	13	1	4	-	-	2	1	1	3	-	-	-	1
Non-attached	10	-	-	-	-	2	1	-	5	-	1	-	1
Total	518	24	16	81	24	60	81	15	81	6	25	24	81

The Parliament holds its sessions in Strasbourg. Its 18 committees, which prepare the work for plenary meetings, and its political groups meet for the most part in Brussels. The Parliament's general secretariat is based in Luxembourg.

Since its election by universal suffrage, the Parliament has notably strengthened its authority. Its activities affect many areas. Its role includes:

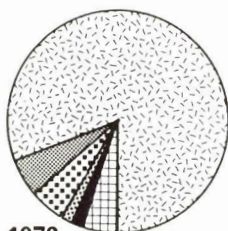
- Its legislative function: it participates in the formulation of directives, regulations and Community decisions by commenting on Commission proposals — the Commission is asked to amend its proposals to take account of the Parliament's position. The Single Act, which amended the European Treaties, provides for a cooperation procedure between the Council and the Parliament. This strengthens the legislative powers of the Parliament in a great number of areas, such as the completion of the European internal market, which is at the heart of the 1992 objective.

The Parliament can therefore alter the 'joint position' of the Council on a Commission proposal. If the Commission makes provision for the Parliament's amendments, the Council, which is obliged to act within three months

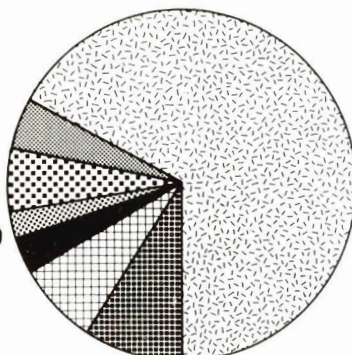
1. Development of the general Community budget, 1973-89

(actual expenditure)

(payment appropriations)



1973



1989

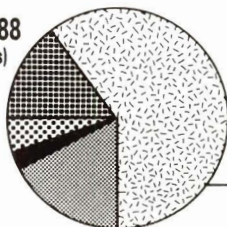


Agriculture and fisheries
Regional policy
Social policy
Research, energy, industry,
environment and transport
Development cooperation
Miscellaneous
Administration

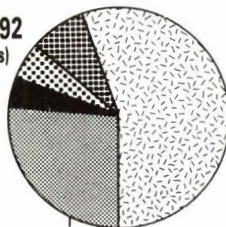
million ECU		%	
1973	1989	1973	1989
3 627	30 032	80.6	67.0
—	4 294	—	9.6
249	3 232	5.5	7.2
70	1 536	1.6	3.4
61	1 032	1.4	2.3
250	2 562	5.5	5.7
248	2 153	5.5	4.8
Total	4 505		44 841

2. Financial forecasts 1988-92 (commitment appropriations, million ECU)

1988
(1988 prices)



1992
(1990 prices)



EAGGF Guarantee
Structural activities (Funds)
Multiannual appropriations (Research, IMPs)
Other policies
Other miscellaneous ¹

27 500	32 000
7 790	14 630
1 210	2 610
2 103	3 050
6 741	4 900

Total commitment appropriations	45 344	57 190
Total payment appropriations	43 820	54 250
Own resources as % of GNP	1.14	1.16

¹ Reimbursements to Member States, monetary reserve, administrative costs, etc.

Source: Community financial perspectives.

(or within a maximum of four months with the agreement of the Parliament), can set these amendments aside only on the basis of a unanimous decision. Unanimity is also required when the Council wishes to impose its viewpoint in cases where the Parliament has rejected the Council's 'joint position'.

The cooperation procedure has widened considerably the Parliament's margin for political manoeuvre and its influence on Community legislation.

In addition, within the framework of another cooperation procedure, the Council and the Parliament can negotiate to try and approximate their points of view on proposals with important financial consequences.

Finally, the Single Act makes the conclusion of international agreements and any further enlargement of the Community subject to the 'ratification' (endorsement) of the Parliament.

- Its budgetary function: it is the Parliament which adopts the Community budget, unless it decides to reject it — which has already happened on two occasions — in which case the budgetary procedure must be restarted.

The budget is prepared by the Commission and goes backward and forward between the Council and the Parliament, the two institutions which form the budgetary authority. In the case of 'obligatory' expenditure — mainly agricultural expenditure — the Council holds the last word. In the case of other 'non-obligatory' expenditure, the Parliament has the last word and can modify expenditure according to conditions laid down in the Treaties.

The Parliament has never failed to use its budgetary powers in order to influence Community policy. This resolution, together with the threat of suffocation which the ceiling on own resources posed for the budget over a long period, explains why the budgetary procedure has often been subject to conflicts with the Council. The 1988 decision of the European Council to increase significantly budgetary resources, and the subsequent institutional agreement which laid down the overall budget amounts until 1992, have created the conditions for an era of budgetary peace.

- Its role as a political driving force: more diffuse than its legislative or budgetary functions, this role is no less essential. Representing 325 million people, a pre-eminent European forum, a melting-pot for the political and national sensibilities of the 12 European Community countries, the Parliament is a natural place for initiative. It regularly asks that existing policies be developed or modified or that new policies be launched. For instance, the proposal for a treaty on European Union, adopted by the Parliament in 1984, was the decisive catalyst which led the Community governments to sign the Single Act.
- Its supervisory task: the Parliament has the power to overthrow the Commission by adopting a motion of censure by a two-thirds majority. (It has never used this power.) The Parliament comments on the Commission's programme and provides it with its observations.

It controls the effective operation of Community policies, by relying in particular on the Court of Auditors' reports. It also controls the day-to-day management of these policies, especially by oral and written questions to the Commission and Council.

Community Ministers for Foreign Affairs, responsible for political cooperation among the Twelve, also reply to questions asked by European Parliament deputies. They report to the deputies, in meetings held every three months, on their activities and on the sequence to resolutions adopted by the Parliament in the areas of international relations and human rights.

Finally, it is the custom for the President-in-Office of the European Council to inform the Parliament about the results of each Council.

The Economic and Social Committee and the Advisory Committee

Before a Commission proposal can be adopted by the Council, an opinion must be sought, not only from the European Parliament, but also in many cases from the Community's Economic and Social Committee. This is a consultative body with 189 members who represent employers, trade unions and other interested groups, such as farmers and consumers. It issued 163 opinions in 1988, including 15 on its own initiative.

Issues involving coal and steel are referred to the ECSC Consultative Committee, consisting of representatives of manufacturers, traders, workers and consumers.

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

The budget and the Court of Auditors

Community spending (payment appropriations) reached about ECU 44.8 billion in 1989,¹ or approximately 1% of the gross national product of the Twelve.

¹ ECU 1 (European Currency Unit) = about £ 0.70, Ir. £ 0.77 or US\$ 1.11 (at exchange rates current on 16 October 1989).

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

- Customs duties and agricultural levies on imports from the rest of the world.
- A proportion, on a uniform assessment basis, of VAT collected in the Member States.
- A new resource created in 1988 and based on the gross national product of the Member States.

As percentages of the total, expenditure under the main headings of the 1989 budget is divided as follows:

- Support for farm prices, modernization of agriculture, fisheries: 67%.
- Regional policy: 9.6%.
- Social policy: 7.2%.
- Joint action in research, energy, industry, the environment and transport: 3.4%.
- Aid to Third World countries: 2.3% (plus non-budgetary expenditure arising from the Lomé Convention, which doubles the sums available).
- Administrative expenditure: 4.8%, covering the salaries of 20 600 officials and other employees of all the different Community institutions, as well as the cost of buildings, administration, etc.

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

The European Investment Bank – borrowing and lending

The Treaty of Rome created a European Investment Bank with the task of contributing, through its financing, to the balanced development of the Community. The EIB raises most of its funds on the capital markets and relends it on a non-profit-making basis to finance priority investment for the Community. The projects financed help toward the following objectives: regional development; the improvement of infrastructures for transport and telecommunications; protection of the environment and the natural or architectural heritage; urban landscaping; reduction in energy dependence; strengthening the international competitiveness of industry, in particular by developing advanced technologies and small and

medium-sized enterprises. The EIB is an independent institution within the European Community with its own administrative structure and decision-making bodies based in Luxembourg. In 1988 it loaned a total of ECU 10.2 billion, of which about ECU 9.5 billion was loaned to the Member States and the rest to Mediterranean, African, Caribbean and Pacific countries which had signed agreements with the Community. These figures include loans by the EIB through the 'New Community Instrument': for these, the Commission decides on the eligibility of projects and raises the borrowing resources. In 1988, ECU 356 million was lent, essentially to finance small and medium-sized enterprises.

The Commission raises other loans for the coal and steel industries (ECU 908 million in 1988), and for nuclear energy. Besides these loans for investment, the Community can advance loans to the Member States to support their balance of payments, subject to conditions for economic policy. The Commission and the EIB coordinate Community borrowing and lending activities to ensure that they are effective and complementary to one another.

Conclusion

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

- In its goal: the creation, in time, of a genuine European union.
- In its methods: the management of the Community is not simply inter-governmental; Community institutions have powers in their own right and strive to serve the overall interest of all Community citizens.
- In its achievements: the Council of Ministers, and the Commission where it has decision-making powers, take measures which have the force of law and which, in many cases, apply directly to Community citizens.

These measures are called:

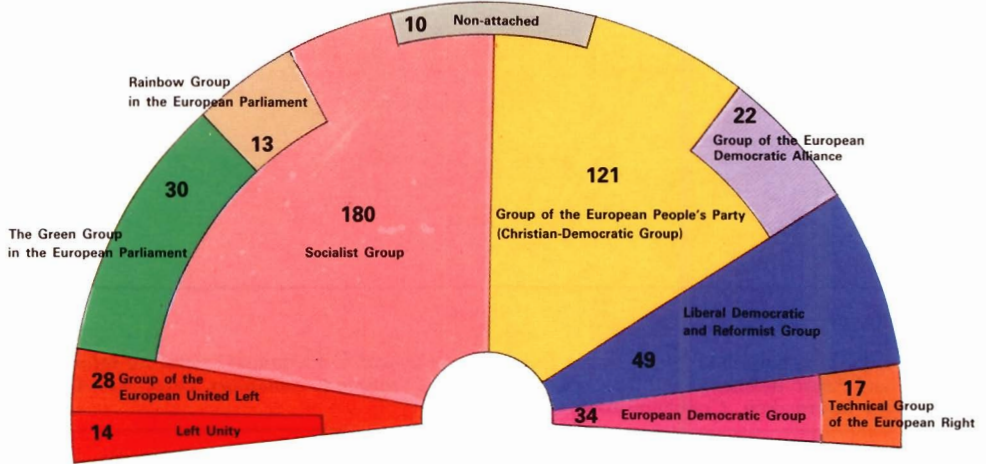
- Regulations, when they apply directly to all.
- Decisions, when they are binding only on the Member States, companies or individuals to whom they are addressed.
- Directives, when they lay down compulsory objectives, but leave it to Member States to translate them into national legislation.
- Recommendations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

Much further effort is needed before such measures and the evolving relationship between Community institutions and Member States add up to a true European

Union. However, the results achieved in nearly 40 years of shared history, together with the scale of the challenges facing Europe, amount to a powerful argument for new progress to be made in this direction ■

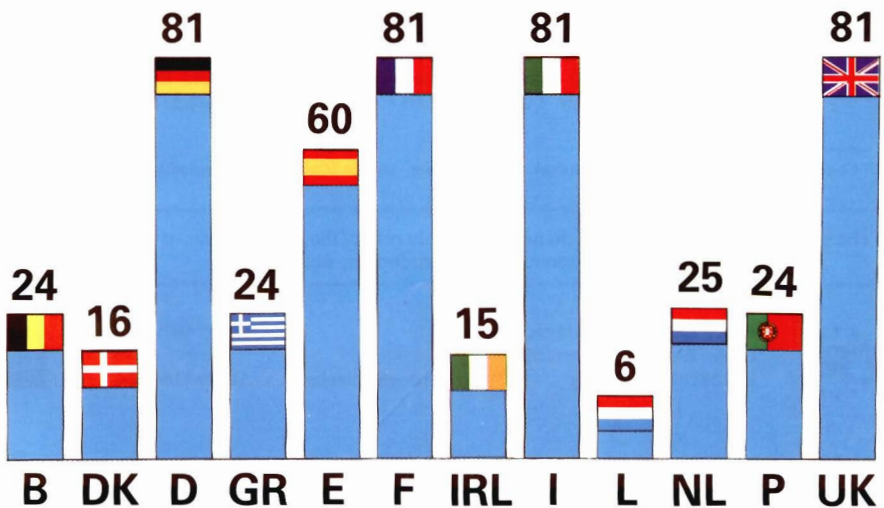
The European Parliament

Distribution by political group, on 13 September 1989



Number of seats by country

Total: 518



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Information offices of the European Parliament *

Ireland 43 Molesworth Street
Dublin 2
Tel. 71 91 00

United Kingdom 2 Queen Anne's Gate
London SW1H 9AA
Tel. 222 04 11

Commission of the European Communities *

Office in Ireland 39 Molesworth Street, Dublin 2 – Tel. 71 22 44

Office in United Kingdom 8 Storey's Gate, London SW1P 3AT – Tel. 222 81 22
Office in Wales 4 Cathedral Road, Cardiff CF1 9SG – Tel. 37 16 31
Office in Scotland 7 Alva Street, Edinburgh EH2 4PH – Tel. 225 20 58
Office in Northern Ireland Windsor House, 9/15 Bedford Street,
Belfast BT2 7EG – Tel. 24 07 08

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

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