



HOUSE OF LORDS

Library Note

The European Union

This Library Note provides an outline of the history and development of the European Union. It explains the key treaties that led to the formation of the EU, describes the enlargement of the Union and gives a brief overview of the major European institutions. It then broadly looks at EU law and also provides a short description of the EU budget. The Note includes a selection of key statistics comparing the EU to the US, Japan, China and Russia, and a range of key indicators for each of the current EU member states and candidate states.

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1. Introduction

The European Union is an economic and political partnership of 28 countries that extends over most of the European continent. From its beginnings in the aftermath of the Second World War and the consequent founding treaties of Paris and Rome, it has developed from primarily an economic union, to an organisation spanning a wide range of policy areas. The EU is based on the rule of law and the EU treaties are at the centre. The table below begins this Library Note showing the key dates in the developments of the EU. The Note then gives a brief historical overview of treaty development and EU enlargement. Section three sets out the institutional structure of the EU: the European Council; the Council of the European Union; the European Commission; the European Parliament; and the Courts. Section four briefly illustrates the legal system of the EU and section five summarises the EU budget, including the UK abatement. The eight appendices present statistics and additional information including: comparisons of the EU with the rest of the world; a chart of EU members' key statistics; details of applicants, candidates and potential candidate countries; and information on EU legislation in force.

2. History

2.1 Timeline of Major Developments

1944 (September):	Belgium, Holland and Luxembourg form a Benelux customs union.
1950 (May):	Schuman Declaration.
1951 (April):	European Coal and Steel Community Treaty signed in Paris.
1952 (May):	European Defence Community Treaty signed in Paris. Rejected by French Parliament in August 1954.
1955 (June):	Messina Conference.
1957 (March):	Treaties establishing European Economic Community (EEC) and European Atomic Energy Community (Euratom) signed in Rome. Enters into force January 1958.
1961 (July)	UK, Norway, Denmark and Ireland apply to join EEC. French President Charles de Gaulle blocks UK's application in 1963 and all applications suspended.
1967 (May)	UK applies to join EEC for second time. Blocked again by President de Gaulle in November 1967.
1970 (June)	UK, Norway, Denmark and Ireland open membership negotiations.
1973 (January)	UK, Denmark and Ireland join EEC.
1975 (June)	Greece applies to join EEC.
1977 (March/July)	Portugal and Spain apply to join EEC.
1979 (June)	First direct elections to European Parliament.
1981 (January)	Greece joins EEC as tenth member.
1986 (January)	Portugal and Spain join EEC.
1986 (February)	Single European Act signed. Enters into force July 1987.
1989 (July)	Austria applies to join EEC.
1991 (July)	Sweden applies to join EEC.
1992 (February)	Maastricht Treaty signed. Enters into force November 1993.
1992 (March)	Finland applies to join EU.
1994 (April)	Poland and Hungary apply to join EU.

1995 (January)	Austria, Sweden and Finland join.
1997 (October)	Amsterdam Treaty signed. Enters into force May 1999.
2001 (February)	Nice Treaty signed. Enters into force February 2003.
2002 (January)	Euro notes and coins introduced in twelve countries.
2002 (March)	Convention on the Future of Europe opens. European Council agrees to accession of ten new members at Copenhagen summit in December. In May 2003 a draft constitution is published.
2004 (May)	Czech Republic, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia join the EU.
2004 (October)	Constitutional Treaty signed. In referendums that follow, Spain votes 'yes' (February 2005) but France and Netherland vote 'no' (May/June 2005).
2007 (January)	Bulgaria and Romania join EU.
2007 (December)	Lisbon Treaty signed. Enters into force in December 2009.
2011 (December)	European Council approves accession of Croatia.
2013 (July)	Croatia joins the EU.

(Source: Europa, [The History of the European Union](#), accessed 24 January 2014)

2.2 1940s and 1950s

The present European Union emerged in the aftermath of the Second World War. Jean Monnet, Economic Advisor to the French Government, developed a plan for joint control of France and Germany's coal and steel resources to avoid a further outbreak of war.¹ At the planning phase of what became the [European Coal and Steel Community \(ECSC\)](#), just nine people knew about Monnet's plans before he presented them to Robert Schuman, the then French Foreign Minister. It was this 'veil of vagueness' surrounding the ECSC project that ultimately led to the British decision not to participate.²

Nonetheless, Schuman went on to become the political advocate of what became known as the 'Schuman Plan', published on 9 May 1950, the date now regarded as the birth of what would become the European Union. Some criticised the Schuman Plan for lacking detail and being vague,³ with the then British Prime Minister, Harold Macmillan, referring to the Schuman Plan as "a plan to have a plan".⁴ Nonetheless, six countries, Belgium, France, Italy, Luxembourg, the Netherlands and West Germany, signed the Treaty of Paris on 18 April 1951 establishing the [European Coal and Steel Community \(ECSC\)](#), which came into force on 23 July 1952 and expired in 2002.⁵

The success of the ECSC led the six signatories to further develop economic cooperation, including energy and transport supply, signing the Treaties of Rome on 25 March 1957, which came into effect on 1 January 1958.⁶ The Treaties established the [European Economic Community \(EEC\)](#) and [the European Atomic Agency Community \(Euratom\)](#). The EEC provided

¹ Europa, [The Founding Fathers of the EU](#), accessed 24 January 2014; *Current Concerns* No 31, 'The Monnet Method is the Key to Understanding the Euro Crisis', 31 December 2011; and Neill Nugent, *The Government and Politics of the European Union*, 2010, p 19.

² Trygvy Uglund, 'Designer Europeanisation: Lessons from Jean Monnet', in *The European Legacy: Toward New Paradigms*, 14:2, 2009, p 155.

³ *ibid*, p 154.

⁴ Francois Duchene, *Jean Monnet*, 209, cited in Trygvy Uglund, 'Designer Europeanization: Lessons from Jean Monnet', in *The European Legacy: Toward New Paradigms*, 14:2, 2009, p 154.

⁵ Europa, [A Peaceful Europe—The Beginnings of Cooperation](#), accessed 24 January 2014.

⁶ *ibid*.

for, amongst other things, the removal of obstacles to the free movement of people, capital and services; the elimination of customs and quantitative restrictions; a common agricultural policy; a common transport policy; and the creation of the European Investment Bank. The formation of the EEC was based upon what became known as a ‘common market’,⁷ although the four freedoms of the EEC (the free movement of goods, services, people and money) was not fully achieved until the end of 1992. Nonetheless, the Treaty of Paris and the two Treaties of Rome sowed the seeds of the future EU—together they constitute the founding treaties of the EU.⁸

The full text of the founding treaties and subsequent accession and amending treaties can be found on the Europa [website](#). Jean Monnet was, and remains, a hugely influential figure in European politics and policy. He was appointed first head of the “High Authority” of the European Coal and Steel Community in 1952, before moving on to found an Action Committee with representatives from political parties and trade unions from the six countries within the ECSC.⁹ Today there are approximately 200 chairs in Jean Monnet’s name at universities across Europe. In 1978, shortly before his death, he established the [Foundation Jean Monnet pour l’Europe](#), donating his entire collection of archives to “constitute a living testimonial to European reconciliation and union”.¹⁰ The Foundation’s mission is to create a living memory of European reconciliation and union, and “a centre for research, reflection and contact in the heart of a united Europe”.¹¹

2.3 1960s to 1990s

In 1960, along with Austria, Denmark, Norway, Portugal, Sweden and Switzerland, the UK joined the [European Free Trade Association \(EFTA\)](#).¹² EFTA aimed to promote economic cooperation between countries. Shortly afterwards, the UK applied to join the EEC in 1961 and in 1967, but was vetoed by President de Gaulle on both occasions.¹³ When de Gaulle was succeeded as French President by Georges Pompidou, and following a change of position in both France and the UK, a further UK application to the EEC eventually succeeded. Parliamentary approval was secured on 28 October 1971 with 356 MPs to 244 voting in favour of accession to the EEC.¹⁴

The six original EEC members were joined on 1 January 1973 by the UK, Ireland and Denmark.¹⁵ Negotiations on the UK’s membership of the EEC were led by Edward Heath as Prime Minister. A new Government in the UK under Harold Wilson led to a referendum in 1975 on continued membership of the EEC. The Government recommended continued membership and the public voted to stay in by a ratio of 2:1.¹⁶

Further expansion occurred during the 1980s, with the accession of Greece in 1981 and of Portugal and Spain in 1986, bringing about a rebalancing of the European Communities from the north to the south and increasing the total membership to twelve.¹⁷

⁷ Europa, [One Market Without Borders](#), accessed 24 January 2014.

⁸ Neill Nugent, *The Government and Politics of the European Union*, 2010, p 27.

⁹ *Current Concerns* No 31: ‘The Monnet Method is the Key to Understanding the Euro Crisis’, 31 December 2011.

¹⁰ Foundation Jean Monnet pour l’Europe, [Origins](#), accessed 26 March 2014.

¹¹ *ibid.*

¹² Europa, [A Period of Economic Growth](#), accessed 24 January 2014.

¹³ Neill Nugent, *The Government and Politics of the European Union*, 2010, p 36.

¹⁴ Andrew Geddes, *The European Union and British Politics*, 2004, pp 69–72.

¹⁵ Europa, [A Growing Community](#), accessed 24 January 2014.

¹⁶ Andrew Geddes, *The European Union and British Politics*, 2004, pp 71–2.

¹⁷ Europa, [The Changing Face of Europe—The Fall of the Berlin Wall](#), accessed 24 January 2014.

The next key development involved a major revision of the founding treaties of Paris and Rome. The [Single European Act \(SEA\)](#) came into effect on 1 July 1987, and aimed to add momentum to European integration.¹⁸ The SEA had a specific objective to complete the internal market by 1992 and to facilitate this, and avoid the delays brought about by the requirement of unanimous agreement, the SEA extended [qualified majority voting](#) in the Council of Ministers. Other key developments brought in by the SEA included: legal recognition of the European Council (meetings between the Heads of Government); the introduction of a new ‘cooperation procedure’ giving the European Parliament the opportunity to amend legislation; and the creation of a new Court of the First Instance to increase the capacity of the European Court of Justice.

2.4 From the 1990s to the present

The [Treaty on European Union](#) (TEU), signed in Maastricht on 7 February 1992 and entering into force on 1 November 1993, significantly amended existing treaties and officially created the European Union.¹⁹ The TEU was based on three pillars:

- Pillar I: the European Community (replacing the EEC).
- Pillar II: Common Foreign and Security Policy (CFSP).
- Pillar III: Cooperation in Justice and Home Affairs (JHA).²⁰

A major milestone was achieved by the TEU with the setting out of a clear path to a single currency and full economic and monetary union (EMU), from which the UK opted out.²¹ The TEU introduced the co-decision procedure between the European Council and the European Parliament, thus increasing Parliament’s powers and giving it the authority to reject legislation in key policy areas. The TEU also included a Social Charter on workers’ rights and other social issues from which John Major, the then Prime Minister, negotiated an opt-out.²² The next Government, led by Tony Blair as Prime Minister, did opt into the Social Chapter in 1997.

Further EU enlargement occurred with the accession of Austria, Finland and Sweden in 1995, bringing the number of member states to 15. Two further treaties shortly followed. The [Treaty of Amsterdam](#), which was signed in October 1997 and came into force on 1 May 1999, was essentially a revising treaty.²³ The third pillar was refocused and re-titled from ‘Justice and Home Affairs’ to ‘Police and Judicial Cooperation in Criminal Matters’, and various policy areas (including asylum, immigration and visas) were transferred from this pillar into the first pillar and therefore became supranational rather than intergovernmental in nature. The UK negotiated a protocol to this Treaty which automatically excluded it from all measures concerning asylum, immigration and visas unless it chose to ‘opt-in’ to each measure on a case-by-case basis. The Treaty of Amsterdam also strengthened the potential of the Common Foreign and Security Policy (CFSP) pillar. The Treaty of Nice was signed on 11 December 2000

¹⁸ Neill Nugent, *The Government and Politics of the European Union*, 2010, pp 54–5.

¹⁹ Europa, [Europe Without Frontiers](#), accessed 24 January 2014.

²⁰ For more information on the three pillars and the Social Chapter, see Europa, [Pillars of the European Union](#), accessed 7 March 2014; and Andrew Geddes, 2004, *The European Union and British Politics*, pp 141–2.

²¹ Neill Nugent, *The Government and Politics of the European Union*, 2010, p 58.

²² Further information on the TEU can be found in, for example, Neill Nugent, *The Government and Politics of the European Union*, 2010, pp 55–9.

²³ *ibid*, pp 59–61.

and came into force in February 2003.²⁴ It continued with the reforms of the EU institutions in preparation for future expansion.

Several major developments occurred during the first part of the new millennium. The landmark arrival of Euro notes and coins in twelve member states occurred on 1 January 2002.²⁵ Less than two years later there was a significant EU expansion with the accession of Poland, Hungary, the Czech Republic, Slovakia, Slovenia, Estonia, Latvia, Lithuania, Malta and Cyprus on 1 May 2004. Following this enlargement, the [Treaty Establishing a Constitution for Europe](#) (TCE) was signed in Brussels on 18 June 2004, the main aims of which were: to codify fundamental rights throughout the EU; to replace existing treaties; and to streamline decision-making in the now significantly enlarged EU. The resulting document also proposed the appointment of an EU President and Foreign Minister.

As with all treaties, for the TCE to come into force it had to be ratified by all member states. Some states chose to put the constitution to a public referendum rather than ratifying in parliament, and others (for example Ireland) were constitutionally obliged to put treaty changes to a referendum.²⁶ Citizens in France and the Netherlands rejected the constitution in public referenda, leading to a “period of reflection” which lasted until January 2007. The TCE was abandoned and was replaced by a new treaty—the [Treaty of Lisbon](#). This Treaty removed the “symbolic, high-profile aspects” of the TCE—the constitutional aspects—that had led many member state governments to hold referenda.²⁷ The Treaty of Lisbon was signed by national leaders in December 2007.

The Treaty of Rome that had established the EEC in 1957 was renamed by the Treaty of Lisbon, the [Treaty on the Functioning of Europe \(TFEU\)](#). This new Treaty introduced: a strengthened role for the European Parliament; provided greater involvement of national parliaments through a new mechanism (subsidiarity) to ensure that the Union only acts where results can be better attained at EU level; a greater use of qualified majority voting in the Council, with a simplified double-majority system to be phased in from 2014; and a renamed Minister for Foreign Affairs to ‘[High Representative of the Union for Foreign Affairs and Security Policy](#)’.²⁸ The Treaty also provided the European Union with a legal personality and set out an ‘exit’ procedure should a member state wish to leave.

One of the most notable changes brought about by the Treaty of Lisbon was the abolition of the ‘Pillar’ structure. As a consequence: Pillar I, the European Community, disappeared and was replaced by the European Union; Pillar II, the Common Foreign and Security Policy (CFSP), continued unchanged; and Pillar III was moved into the TFEU and merged with other justice and home affairs policies.²⁹

In terms of policy responsibility, the Treaty of Lisbon described the distribution of competences between the EU and member states. It distinguished between three types of competence and drew up a non-exhaustive list of the fields concerned in each case (see Box 1 for policy areas):

²⁴ Europa, [EU Treaties](#), accessed 24 January 2014.

²⁵ Europa, [Further Expansion](#), accessed 24 January 2014.

²⁶ Neill Nugent, *The Government and Politics of the European Union*, 2010, pp 73–4.

²⁷ *ibid* p 78.

²⁸ Europa, [The Treaty at a Glance](#), accessed 24 January 2014.

²⁹ Europa, [Division of Competences within the European Union](#), accessed 26 January 2014; and Neill Nugent, *The Government and Politics of the European Union*, 2010, p 81.

- **Exclusive** competences (Article 3 of the TFEU): the EU alone is able to legislate and adopt binding acts in these fields. The member states role is limited to applying these acts.
- **Shared** competences (Article 4 of the TFEU): the EU and member states are authorised to adopt binding acts in these fields. Member states may exercise their competence only if the EU has chosen not to exercise its own competence.
- **Supporting** competences (Article 6 of the TFEU): the EU can only intervene to support, coordinate or complement the action of member states. The EU has no legislative power in these fields and may not interfere in the exercise of these competences reserved for member states.

(Source: Europa, [Division of Competences within the European Union](#), accessed 26 March 2014)

Box I: Policy areas

Exclusive competences

Customs union; competition rules; monetary policy (for Eurozone countries); conservation of marine biological resources under common fisheries policy; common commercial policy and international agreements (to complete Union action).

Shared competences

Internal market; aspects of social policy; economic and social and territorial cohesion; agriculture and fisheries (except marine conservation); environment; consumer protection; transport and trans-European networks; energy; freedom, security and justice; common safety concerns in public health matters; research, technological development and space; and international development cooperation and humanitarian aid.

Supporting competences

Protection and improvement of human health; industry; culture and tourism; education and vocational training; youth and sport; civil protection.

(Source: Europa, [What are the Competences? Where are they defined?](#), accessed 26 March 2014)

The EU also has special competences in certain fields:

- The coordination of economic and employment policies (Article 5 of the TFEU): the EU is responsible for ensuring the coordination of these policies. It is required to define the broad direction and guidelines to be followed by member states.
- The Common Foreign and Security Policy (Article 24 of the Treaty on EU): the EU has competence in all fields connected with the CFSP. It defines and implements this policy through, among others, the President of the European Council and the High Representative of the Union for Foreign Affairs and Security Policy, whose roles and status have been recognised by the Treaty of

Lisbon. However, the EU may not adopt legislative acts in this field, nor may the European Court of Justice of the EU give judgment in this area.

- The “flexibility clause” (Article 352 of the TFEU): this clause enables the EU to act beyond the power of action conferred upon it by the treaties if the objective pursued so requires. However, this clause is framed by a strict procedure and by certain restrictions in terms of its application.

The UK ratified the Treaty of Lisbon in July 2008. Ireland had initially rejected the Treaty in a referendum in June 2008. A second referendum in October 2009 reversed the result and the Treaty of Lisbon came into force on 1 December 2009.³⁰ The table in Appendix 3 shows the ratification method of the Treaty of Lisbon in each member state. Additional comparative statistics of the EU and major countries of the world, and a chart of EU members’ key statistics can be found in Appendices 1 and 2 of this Note.

Further EU expansion occurred on 1 July 2013 when Croatia became the 28th EU country.³¹ Like all EU countries, Croatia must implement EU laws, although transition periods have been agreed in others. Croatia will join the Euro when its economy meets the criteria on inflation, public finances, exchange-rate stability and interest rates.³²

For further information on candidate countries see Appendix 4.

3. Institutional Structure

3.1 European Council

Role and Powers

On 1 December 2009, with the Treaty of Lisbon coming into force, the European Council became an institution of the EU.³³ Twice a year, each member state’s Head of State or Government will attend a ‘summit’ meeting to decide the EU’s general policy direction and its priorities, and to determine any issues unresolved at the Council of the European Union meetings.³⁴ Decisions are taken by consensus although depending on what the Treaty of Lisbon provides for, it adopts decisions by unanimity or by qualified majority.³⁵ Although it takes decisions with complete independence, the European Council does not have legislative functions and has no powers to pass any laws. The formal recognition of the Council as an institution of the EU also means that it is subject to the European Court of Justice.³⁶

Organisation

The Treaty of Lisbon provided for the appointment of a full-time [President](#) and [High Representative of the Union for Foreign Affairs and Security Policy](#), both chosen by the

³⁰ For further information on the Treaty of Lisbon, see House of Commons Library, [Implementing the Lisbon Treaty](#), 8 February 2010, SN/IA/5331.

³¹ Europa, [‘Croatia Becomes the 28th Member State of the European Union’](#), 28 June 2013.

³² Europa, [Croatia](#), accessed 26 March 2014.

³³ European Council, [The European Council—An Official Institution of the EU](#), accessed 26 March 2014.

³⁴ Europa, [‘Institutions and Bodies: European Council’](#), accessed 24 January 2012.

³⁵ European Council, [The European Council—An Official Institution of the EU](#), accessed 26 March 2014.

³⁶ Rose M D’Sa, ‘The Legal Framework of the European Union’, in *Dod’s European Union and Public Affairs Directory 2012*, p 209.

European Council by a qualified majority.³⁷ The President serves for a term of two and a half years, renewable once, and the High Representative a term of five years. The appointment of the High Representative also requires the agreement of the President of the Commission, as the holder is also Vice-President of the Commission.

The President chairs the European Council, makes the correct preparations for its meetings to ensure there is continuity in its work, facilitates consensus and compromise within the European Council, and reports to the European Parliament after each summit.³⁸ Currently the post of President is filled by Herman Van Rompuy whose second term of office runs until 30 November 2014. The High Representative of the Union for Foreign Affairs and Security Policy proposes and carries out foreign policy on the European Council's behalf. The post of High Representative is held by Baroness Ashton of Upholland, who was appointed in November 2009. Baroness Ashton's term in office also expires on 30 November 2014.

3.2 Council of the European Union

Role and Powers

The Council of the European Union, sometimes known as the Council of Ministers, is the EU's main decision making body.³⁹ The Council has five main functions. To:

- negotiate and adopt legislation, usually with the European Parliament;
- co-ordinate member states' policies in specific fields, including economic and fiscal policies and employment policies;
- conclude agreements between the EU and other countries. The Council adopts the final Decision to conclude international agreements once the Parliament has given its consent and it has been ratified by all member states;
- adopt the annual EU budget together with the Parliament; and
- develop the EU's foreign and defence policies on the basis of guidelines set by the Council.⁴⁰

It is at the meetings of the Council that these functions are carried out. These meetings are usually held to discuss issues in one of the following ten subject areas: general affairs; economic and financial affairs; justice and home affairs; employment, social policy, health and consumer affairs; competitiveness; transport, telecommunications and energy; agriculture and fisheries; environment; and education, youth and culture.⁴¹ A minister from each of the member states represents their national position in these discussions, but exactly which minister attends depends on which of these subjects is on the Council's agenda.

Decisions in Council meetings are made by simple majority, qualified majority or unanimously. Simple majority (a vote each) only applies to a small number of decisions, for example to

³⁷ *ibid.*

³⁸ *ibid.*

³⁹ Europa, [Council of the European Union](#), accessed 7 March 2014.

⁴⁰ Council of the European Union, [What does the Council of the EU do?](#), accessed 7 March 2014.

⁴¹ Council of the European Union, [The Council is an Essential EU Decision-Maker](#), accessed 24 January 2014.

change internal Council rules. Decisions are most often made by qualified majority. A qualified majority is reached if the following two conditions are met:⁴²

- a majority (sometimes even two thirds) of the 28 EU countries vote in favour; and
- at least 260 of the possible 352 votes are cast.

In addition, a member state may ask for confirmation that the votes in favour represent at least 62 percent of the total population of the Union. If this is found not to be the case, the decision will not be adopted.

The table in Appendix 3 gives the current country QMV weights. For voting on sensitive topics—such as, security and external affairs and taxation—decisions taken by the Council have to be unanimous.⁴³ This means that one single member state can veto a decision.

From 1 November 2014, a system known as ‘double majority voting’ will be introduced.⁴⁴ For a proposal to succeed, it will need the support of two types of majority: a majority of countries (at least 15) and a majority of the total EU population (the countries in favour must represent at least 65 percent of the EU population).

The Council of the European Union is often confused with the [Council of Europe](#), which has its own set of institutions but pre-dates the creation of the EU.⁴⁵ Set up in 1949 and based in Strasbourg, the Council of Europe is an intergovernmental body of 47 members that aims “to guarantee the dignity of the nations and citizens of Europe by enforcing respect for our fundamental values: democracy, human rights and the rule of law”. In 1950, the members of the Council of Europe signed the Convention for the Protection of Human Rights and Fundamental Freedoms—more commonly referred to as the [European Convention on Human Rights](#).⁴⁶ The European Union’s accession to the European Convention on Human Rights is required under Article 6 of the Treaty of Lisbon.⁴⁷ In April 2013, the draft accession agreement was finalised after several years of negotiations. The draft agreement has been passed to the EU Court of Justice for its opinion on the compatibility of the draft agreement with EU treaties.⁴⁸

Organisation

The Permanent Representative Committee (COREPER) prepares the work of the Council, with the exception of agriculture (which is the role of the Special Committee on Agriculture) in advance of its meetings.⁴⁹ COREPER I is composed of the heads of each EU member state’s permanent team in Brussels, and COREPER II of the deputy heads.

⁴² *ibid.*

⁴³ Europa, [The Council of European Union](#), accessed 24 January 2014.

⁴⁴ *ibid.*

⁴⁵ Council of Europe, [Who We Are, What We Do](#), accessed 24 January 2014.

⁴⁶ Council of Europe, [European Convention on Human Rights](#), accessed 24 January 2014.

⁴⁷ *ibid.*

⁴⁸ Council of Europe, [European Convention on Human Rights: Accession of the European Union](#), accessed 5 March 2014; and Council of Europe, [Accession of the European Union to the European Convention on Human Rights](#), accessed 12 March 2014.

⁴⁹ Europa, [Coreper](#), accessed 24 January 2014.

At the Council meetings, the Presidency of the Council takes charge of the agenda, promotes legislative decisions and encourages compromise between members.⁵⁰ The Presidency rotates every six months, with each member state taking turns to carry out these functions (see the table in Appendix 3 for when each member state will assume this role).

The General Secretariat assists the Presidency in preparing the Council's work and ensuring that this is carried out efficiently and effectively.⁵¹ The General Secretariat is headed by a Secretary-General, a position currently held by Uwe Corsepius.

3.3 European Commission

Role and Powers

The Commission is the executive arm of the EU.⁵² Its main roles are as follows:

- Proposing new laws to Parliament and the Council;
- Managing the EU's budget and allocating funding;
- Enforcing EU law (together with the Court of Justice); and
- Representing the EU internationally, for example, by negotiating agreements between the EU and other countries.

The Commission is largely based in Brussels, but also has representation in all member states and delegations in many capital cities around the world.

Organisation

The Commission has two elements: the commissioners and the staff. The 28 commissioners—one from each member state—are appointed every five years, within six months of the election of the European Parliament.⁵³ The commissioners (including its President) act in the interests of the EU as a whole, and do not take instructions from their national governments. Each commissioner is given responsibility for a policy area.⁵⁴ Under the Treaty of Lisbon, the Council's nomination for President of the Commission must take into account the results of the European elections. The current President of the Commission is José Manuel Barroso, whose second term of office began in February 2010 and ends on 31 October 2014. See Appendix 6 for a list of the political groups in the European Parliament.

The staff of the Commission, currently 23,000 in total,⁵⁵ are organised into departments, which are called either directorates-general (DGs) or 'services' (for example Legal Services).⁵⁶ Each department is headed by a director-general, who is responsible to the commissioner with the

⁵⁰ Europa, [The Presidency of the Council of the EU](#), accessed 24 January 2014.

⁵¹ Europa, [The General Secretariat of the Council of the EU](#), accessed at 24 January 2014.

⁵² Europa, [The European Commission](#), accessed 24 January 2014.

⁵³ *ibid.*

⁵⁴ For a list of the policy areas and the corresponding commissioner, see European Commission, [Who is Who—Barroso Commission—European Commission](#), accessed 7 March 2014.

⁵⁵ European Commission, [About the European Commission](#), accessed 31 January 2014.

⁵⁶ Europa, [European Commission](#), accessed 24 January 2014.

relevant policy portfolio.⁵⁷ Overall coordination of the departments is headed by the Secretary-General, who is accountable to the Commission President. Each DG devises and drafts proposals in its specific policy area. Once a proposal is drafted, following consultation and checks, 14 of the 28 commissioners must approve it before it can be adopted and sent to the Council and the European Parliament for consideration.

The European Commission published its [Work Programme and Roadmaps for 2014](#) on 22 October 2013.⁵⁸ It focused on four priority areas: Economic and Monetary Union; smart, sustainable and inclusive growth; justice and security; and external action.⁵⁹

3.4 European Parliament

Role and Powers

The [European Parliament](#) (EP) was set up by the EEC Treaty, signed in Rome in 1958, although direct EP elections did not start until 1979.⁶⁰ Elections to the EP are held across the EU every five years, returning 766 MEPs (see the table in Appendix 3 for figures on the numbers of MEPs returned by each member state).⁶¹ This number will be reduced to 751 in May 2014, as set out by the Treaty of Lisbon.⁶² The next elections to the European Parliament will be held from 22 to 25 May 2014.

The Parliament's main roles are:⁶³

- Passing European laws—in most policy areas, Parliament works with the Council to decide on the content of EU laws and officially adopt them. This process is called the ordinary legislative procedure.⁶⁴ The vast majority of European laws are adopted jointly by the European Parliament and the Council.⁶⁵
- Control of the executive—Parliament supervises the other EU institutions, and in particular the Commission.⁶⁶ It has the power to approve or reject the nomination of commissioners, and it has the right to censure the Commission as a whole. This requires a two thirds majority of the EP. On the eight motions of censure since 1958, there has been no occasion when the motion has been adopted. However, the potential use of this motion, alongside pressure applied by the Parliament, ultimately led to the resignation of the entire Santer Commission in 1999.⁶⁷ Similar pressure has also led to the withdrawal of individual commissioner-nominees in 2004 and 2010. The Council and

⁵⁷ Europa, [Directorates-General](#), accessed 24 January 2014.

⁵⁸ European Commission, Commission Work Programme, [COM \(2013\) 739 Final](#), 22 October 2013.

⁵⁹ For a useful summary of the Work Programme see House of Commons Library, [The Commission Work Programme 2014](#), 17 January 2014, SN/IA/6797.

⁶⁰ European Parliament, [About Parliament](#), accessed 29 January 2014.

⁶¹ European Parliament, [MEPs](#), accessed 24 January 2014.

⁶² European Parliament, [Elections 2014: Share-Out of MEPs' Seats Among 28 EU Countries](#), 12 June 2013; and the [Treaty of Lisbon](#), 13 December 2007.

⁶³ Europa, [European Parliament](#), accessed 24 January 2014.

⁶⁴ For more information on the ordinary legislative procedure see European Parliament, [Legislative Powers](#), accessed 7 February 2014. Also see section 4 and Appendix 5 of this Note.

⁶⁵ *ibid.*

⁶⁶ Europa, [European Parliament](#), accessed 24 January 2014.

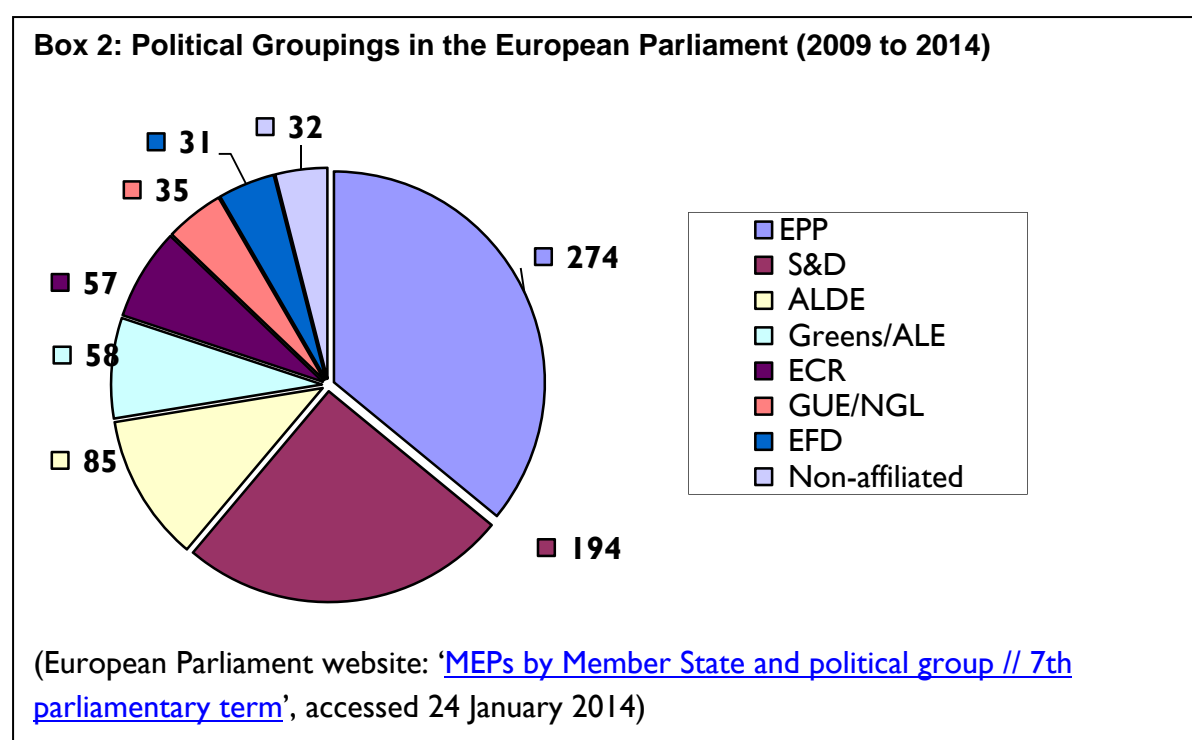
⁶⁷ European Parliament, [Powers and Procedures](#), accessed 24 January 2014; and Neill Nugent, *The Government and Politics of the European Union*, pp 107–9 and 187.

Commission are scrutinised through their reports, and written and oral questions, which both bodies are required to answer.⁶⁸

- Influence over the budget—Parliament shares authority over the EU budget with the Council.⁶⁹ Parliament has a committee that monitors how the budget is spent, and passes judgement annually on the Commission’s handling of the previous year’s budget.
- On issues such as taxation, the EP gives only an advisory opinion—the ‘consultation procedure’. In some cases the Treaty of Lisbon provides that consultation is obligatory and the proposal cannot acquire the force of law unless Parliament has delivered an opinion. In this case the Council is not empowered to take a decision alone.⁷⁰

Organisation

The EP’s main work takes place in plenary sessions. In preparation for the plenary, however, committees of MEPs examine particular areas of EU activity.⁷¹ In the plenary sessions the EP examines proposed legislation, votes on amendments and makes a decision on the whole text of a proposal.⁷² These sessions are usually held for four days a month in Strasbourg and also every second month in Brussels (for two days). Committee sessions are usually only held in Brussels. In session, MEPs do not sit in national delegations, but according to their political affinities. The chart in Box 2 shows the current numbers in each group (a full list of the names of these groups is at Appendix 6).



⁶⁸ Europa, [European Parliament](#), accessed 24 January 2014.

⁶⁹ *ibid.*

⁷⁰ European Parliament, [Legislative Powers](#), accessed 28 January 2014.

⁷¹ European Parliament, [Organisation and Work](#), accessed 24 January 2014.

⁷² European Parliament, [How Plenary Works](#), accessed 24 January 2014.

3.5 Courts

Established in 1952, the [Court of Justice of the European Union](#) ensures that “the law is observed” “in the interpretation and application” of the EU treaties.⁷³ The Court ensures that EU legislation is interpreted and applied in the same way throughout all EU member states.⁷⁴ For example, the Court ensures that national courts do not give different rulings on the same matter, and that member states and institutions do what the law requires of them. It also settles disputes between members, institutions, businesses and individuals.

The Court of Justice of the European Union, consists of three courts: the Court of Justice (ECJ); the General Court (formerly known as the Court of the First Instance); and the Civil Service Tribunal. Since they were established, approximately 15,000 judgments have been delivered by the three courts.⁷⁵ The judgments of the ECJ, which was first established in 1952, have been instrumental in furthering the process of European integration.⁷⁶ The General Court was created in 1988 to help the Court of Justice deal with the larger number of cases before it.⁷⁷ The Civil Service Tribunal was created in 2004 and has jurisdiction to hear and determine at first instance disputes between the European Union and its staff, currently around 120 cases per year.⁷⁸

The ECJ and the General Court both draw one judge from each member state (appointed for renewable six year terms).⁷⁹ The ECJ’s President is Vassilios Skouris and Marc Jaeger is the President of the General Court. It is usual in ‘grand chamber’ for 13 judges to hear a case or when sitting ‘in chambers’ for only five or three judges to hear a case. The Court is assisted by nine advocates-general, who give reasoned and impartial opinions on cases brought before the Court.⁸⁰ The advocates-general have also been required to give an opinion on a case if the Court considers it raises a new point of law. However, the Court does not necessarily follow the advocate-general’s opinion. Judgments of the Court are decided by a majority and made at a public hearing.

The [European Court of Human Rights](#) is not an institution of the European Union. It is an international court set up by the Council of Europe in 1959 to rule on “individual or State applications alleging violations of the civil and political rights set out in the European Convention on Human Rights”.⁸¹

4. EU Law

The European Union is based on the rule of law. Treaty provisions that have been approved by all EU member states serve as the legal basis for EU action and constitute the EU’s primary legislation.⁸² The primary sources of EU law, therefore, are the founding treaties and the

⁷³ Curia, [General Presentation](#), accessed 9 March 2014.

⁷⁴ *ibid*; and Europa, [Court of Justice of the European Union](#), accessed 9 March 2014.

⁷⁵ Curia, [General Presentation](#), accessed 9 March 2014.

⁷⁶ Rose M D’Sa, ‘The Legal Framework of the European Union’, in *Dod’s European Union and Public Affairs Directory 2012*, p 212.

⁷⁷ Neill Nugent, *The Government and Politics of the European Union*, 2010, p 210.

⁷⁸ Curia, [Civil Service Tribunal](#), accessed 9 March 2014.

⁷⁹ Europa, [Court of Justice of the European Union](#), accessed 9 March 2014; and Curia, [Court of Justice](#), accessed 26 January 2014.

⁸⁰ Curia, [Court of Justice](#), accessed 26 January 2014.

⁸¹ European Court of Human Rights, [The Court in Brief](#), accessed 26 January 2014.

⁸² K St Clair Bradley, ‘Powers and Procedures in the EU Constitution’, in P Craig and G De Burca (eds), *The Evolution of EU Law*, 2011, p 89.

instruments amending and supplementing them, chiefly, the Treaty of Lisbon as well as the Treaty on the Functioning of the European Union (TFEU) (see section 2 of this Note).⁸³ Law made by the European Union institutions through exercising the powers conferred on them is referred to as secondary legislation.⁸⁴ Further details on the different types of EU legislation are set out in section 4.1.

Both the Council and the Commission are empowered under the TFEU to make laws, although the Council is the main decision-making body.⁸⁵ EU law has equal force with national law,⁸⁶ yet it is not as wide-ranging as national law—EU law is primarily concerned with economic matters.⁸⁷ However, EU law has expanded into the areas of freedom, security, justice and environmental law. The national authorities in each member country are responsible for implementing EU legislation in national law and enforcing it correctly. They must also guarantee citizens' rights under these laws.⁸⁸

A list that illustrates the volume of EU legislation currently in force, is at Appendix 7.

4.1 Legislative Instruments

The Treaty on the Functioning of the European Union (TFEU) distinguishes between directives, decisions, recommendations and opinions:⁸⁹

Regulations

A “regulation” is a binding legislative act. It must be applied in its entirety across the EU and it must apply to all member states. Most regulations concern highly specific and technical adjustments to existing EU law.

Directives

A “directive” is a legislative act that sets out a goal that all EU countries must achieve and is not binding. It is up to member states to decide how a directive is applied. Directives tend to be more general in nature and primarily concerned with the application of policy principles rather than uniform application of policy.

Decisions

A “decision” is binding on those to whom it is addressed (eg an EU country or an individual company) and is directly applicable. Decisions can be adopted in a range of circumstances. For example, to allow an exemption from an existing measure or to fine a company for abusing its dominant market position.

⁸³ For discussion of the attempts to formalise a constitution for the EU and whether the EU can be said to have a constitution, see, for example, Prof Klaus-Dieter Borchardt, [The ABC of European Union Law](#), 2010, p 29; Neill Nugent, *The Government and Politics of the European Union*, 2010; and Rose M D'Sa, 'The Legal Framework of the European Union', in *Dod's European Union and Public Affairs Directory 2012*, p 210.

⁸⁴ *ibid.*

⁸⁵ *ibid.*

⁸⁶ Europa, [EU Law](#), accessed 23 January 2014.

⁸⁷ Neill Nugent, *Government and Politics of the European Union*, 2010, p 212.

⁸⁸ Europa, [EU Law](#), accessed 23 January 2014.

⁸⁹ See, for example, Neill Nugent, *Government and Politics of the European Union*, 2010, pp 210–1; and Europa, [Regulations, Directives and Other Acts](#), accessed 23 January 2014.

Recommendations

A “recommendation” is not binding, but this does not mean that it has no legal effect. A recommendation allows the institutions to make their views known and to suggest a line of action without imposing any legal obligation on those to whom it is addressed.

Opinions

An “opinion” is an instrument that allows the institutions to make a statement in a non-binding fashion, that is, without imposing any legal obligation on those to whom it is addressed. An opinion is not binding and can be issued by the main EU institutions (Commission, Council, Parliament), the Committee of the Regions and the European Economic and Social Committee.

A chart showing the number of regulations, directives and recommendations passed in 2013, 2012 and 2011 by the European Parliament, Council and Commission can be found in Appendix 8.

4.2 The Legislative Process

The EU’s standard decision-making procedure is called [Ordinary Legislative Procedure](#) (OLP), formerly the codecision procedure. Using OLP, the European Parliament approves EU legislation together with the Council. The Commission can propose new laws, draft and also implement legislation.⁹⁰ This revised decision-making process is intended to be more democratic compared with the previous system where the European Parliament was only consulted on legislation.⁹¹ After the Treaty of Lisbon took effect, OLP became the main legislative procedure of the EU’s decision-making system—it also increased the number of policy areas where OLP is used.⁹² For a chart showing the stages in OLP, see Appendix 5.⁹³

5. Budget

The EU Annual Budget is negotiated beneath the ceilings set in the [Multi-Annual Financial Framework \(MFF\)](#).⁹⁴ The European Commission prepares the draft budget, which is based on the MFF in force and the budget guidelines for the coming year, and submits it to the Council and Parliament.⁹⁵ The budgetary authority, comprised of the Council and the Parliament, amends and adopts the draft budget. In case of disagreement between Parliament and Council a specific Conciliation Committee is convened.

The MFF for 2007–13, agreed in 2005, set the ceiling for the 2013 EU Annual Budget. The MFF for 2014–20 was agreed on February 2013 with HM Treasury (HMT) claiming “an unprecedented real-terms cut to the payment limit at the European Council (the first time in

⁹⁰ Europa, [EU Law](#), accessed 23 January 2014.

⁹¹ Klaus-Dieter Borchardt, [ABC of European Union Law](#), 2010, pp 82, 87 and 98.

⁹² *ibid.*

⁹³ For further details on OLP and other EU legislative procedures see, for example, European Parliament, [Legislative Procedures](#), accessed 26 January 2014; and Neill Nugent, *Government and Politics of the European Union*, 2010, pp 180–1.

⁹⁴ HM Treasury, [European Union Finances 2013: Statement on the 2013 EU Budget and Measures to Counter Fraud and Financial Mismanagement](#), November 2013, Cm 8740, p 5.

⁹⁵ European Commission, [How is the Budget Decided?](#), accessed 30 January 2014.

history these EU Budget frameworks have been cut”).⁹⁶ Throughout the negotiations, the UK consistently called for budgetary restraint and voted against the final adopted Budget.⁹⁷

The 2013 EU Budget was agreed in the second half of 2012 under the Cypriot Presidency of the EU.⁹⁸ Announcing the budget agreement, the European Commissioner for Financial Programming and Budget, Janusz Lewandowski, said that although the budget was 6 percent smaller than the previous year, “the EU will do far more than in the past with far less”.⁹⁹ The adopted 2013 EU Budget provided for commitment appropriations of €150.9 billion or 1.13 percent of EU GNI and payment appropriations, of €132.8 billion, equivalent to 0.99 percent of EU GNI.¹⁰⁰

The MFF set binding limits to different classes of expenditure (see box 3) and to the overall level of expenditure.

Box 3: Expenditure

The financial framework breaks down EU expenditure into five categories (the approximate proportion of the total budget for 2013 in each category is shown in brackets):

- Sustainable growth: funding aimed at building Europe’s growth potential and building prosperity across EU regions (45 percent).
- Preservation and management of natural resources: expenditure that includes CAP, rural development and fisheries policy (43 percent).
- Citizenship, freedom, security and justice: expenditure covering immigration, migration, security and fundamental rights and justice (1 percent).
- The EU as a global player: includes EU foreign policy and international development expenditure (5 percent).
- Administration: expenditure on the functioning of the EU institutions, including staff remuneration and building costs (6 percent).

(HM Treasury, [European Union Finances: Statement on the 2013 EU Budget and Measures to Counter Fraud and Financial Mismanagement](#), November 2013, Cm 8740, pp 8–9)

⁹⁶ HM Treasury, [European Union Finances 2013: Statement on the 2013 EU Budget and Measures to Counter Fraud and Financial Mismanagement](#), November 2013, Cm 8740, p 5.

⁹⁷ Further information on the MFF 2014–20 and the UK Government’s position can be found in HM Treasury, [European Union Finances 2013: Statement on the 2013 EU Budget and Measures to Counter Fraud and Financial Mismanagement](#) November 2013, Cm 8740, p 6 and the House of Commons Library, [EU Multiannual Financial Framework \(MFF\) 2014–2020](#), 22 March 2013, SN06455.

⁹⁸ *ibid.*

⁹⁹ Europa, [EU Budget 2014: Statement by Commissioner Lewandowski](#), 20 November 2013.

¹⁰⁰ *ibid.*

5.1 Contributions by Member States

Contributions to the Budget are made by each member state and consist of four elements:¹⁰¹

1. Customs duties, including those on agricultural products, paid on a range of commodities imported from non-member countries.
2. Sugar levies charged on the production of sugar to recover part of the cost of subsidising the export of surplus EU sugar onto the world market.
3. Contributions based on VAT: the amount yielded by applying a notional rate of 1 percent to a VAT base, assuming an identical range of goods and services in each member state and subject to a cap of 50 percent of the member state's GNI.
4. GNI-based contributions calculated by taking the same proportion of each member state's GNI. Because the Community is not allowed to borrow, revenue must equal expenditure. The GNI-based resource is the budget-balancing item covering the difference between total expenditure in the Budget and the revenue from the other three resources. The GNI contribution is now the largest element of revenue and accounts for 74 percent of the 2013 Budget.

The first two categories are known as Traditional Own Resources (TOR). VAT and GNI-based contributions are often referred to as the third and fourth resources.

The table in Appendix I shows EU Budget contributions and expenditure by member state for the 2007–12 period. These figures are based on data published by the European Commission and show the budgetary balance excluding non-EU related funding. The figures do include administration expenditure, which can have a significant effect on the contributions of some member states, such as Belgium and Luxembourg, where in 2012 the EU spent €4,628 million and €1,331 million respectively.¹⁰²

Using the European Commission's calculations, the table shows that the UK's net contribution on this basis was €7,255 million in 2011 and €9,244 million in 2012.

Each year the Treasury explains the differences between the figures published by the Commission and those published by the UK Government.¹⁰³ [European Union Finances: Statement on the 2013 EU Budget and Measures to Counter Fraud and Financial Mismanagement](#), is an annual statement to Parliament giving details of the EU Budget for the UK. The Treasury estimated the UK's net contribution in 2011 was £8,082 million—€9,314.4 million compared with €7,255 million as calculated by the Commission. The differences with the Commission's figures were attributed to a number of factors:

1. Private sector receipts are counted in the European Commission figures (a difference of £1,500 million in 2011), while the Treasury considers public sector receipts only.

¹⁰¹ HM Treasury, [European Union Finances: Statement on the 2013 EU Budget and Measures to Counter Fraud and Financial Mismanagement](#), November 2013, Cm 8740, p 32.

¹⁰² European Commission, [EU Expenditure and Revenue](#), accessed 5 February 2014.

¹⁰³ HM Treasury, [European Union Finances: Statement on the 2013 EU Budget and Measures to Counter Fraud and Financial Mismanagement](#), November 2013, Cm 8740, pp 36–7.

2. The late adoption of an amending Budget for 2012 meant that implementation of this was not until 2011, meaning the Government's figures are £132 million higher than if the Amending Budget changes had been implemented in 2011.
3. The UK's outturn figure is based on cash flow within the calendar year, whereas the Commission figures attempt to match transactions to a particular budget.

The Treasury's EU Finances Statement stated that:

Some receipts from an EU Budget for a given year take place in the early weeks of the subsequent year. These are shown in UK figures in the year in which the transaction occurred and by the European Commission to the Budget for the previous year. Up to £95 million of Structural Funds payments to the UK in 2012 may have been in respect of the 2011 EU Budget.¹⁰⁴

5.2 UK's Abatement

The UK's financial contribution to the EU is abated (or rebated) according to a formula set out in the [Own Resources Decision \(ORD\)](#) 1988 and revised in 1994, 2000 and 2007.¹⁰⁵ The abatement was negotiated in Fountainebleau in 1984 in response to the high proportion of the EU Budget which was then spent on the Common Agricultural Policy (CAP) and which benefits the UK less than other countries with a larger farming sector.

The UK abatement equates to roughly 66 percent of the difference between what the UK contributes to the Budget and the receipts it gets back, for example in terms of receipts from EU grants, and is subject to the following points:

- The abatement only applies in respect of spending within the EU;
- The UK's contribution is calculated as if the Budget were entirely financed by VAT; and
- The abatement is deducted from the UK's VAT contribution a year in arrears.

The Commission calculates the abatement on the basis of forecast contributions to the Budget and of receipts from it.¹⁰⁶ This is then corrected in the light of outturn figures. Corrections may be made up to three years after the year in respect of which the abatement relates, with a final reckoning being made in the fourth year. Full details on the formula for the calculation of the UK abatement is set out in Article 4 of the EU [Own Resources Decision](#) of 7 June 2007 (2007/436/EC), which stated that, "the United Kingdom shall be granted a correction in respect of budgetary imbalances".¹⁰⁷ The estimated value of the abatement in 2013 was €4.1 billion (£3.3 billion) compared with €3.7 billion (£3.0 billion) in the 2012 EU Budget.¹⁰⁸

¹⁰⁴ *ibid.* p 37.

¹⁰⁵ House of Commons Library, [The EU Budget 2007–13](#), 14 December 2012, SN06463, p 8.

¹⁰⁶ *ibid.* p 8.

¹⁰⁷ OJ L, 23.06.2007, L 163/19.

¹⁰⁸ HM Treasury, [European Union Finances 2013: Statement on the 2013 EU Budget and Measures to Counter Fraud and Financial Mismanagement](#), November 2013, Cm 8740, p 10.

Germany, Austria, the Netherlands and Sweden are entitled to a reduction in their share of the financing of the UK abatement, which is reduced to one quarter of its normal value.¹⁰⁹

For additional information on the UK abatement and the UK's contributions to the EU budget, see, House of Commons Library, [The EU Budget 2007–13](#), 14 December 2012, SN06463.

The Court of Auditors

The Court of Auditors checks that the EU budget is correctly collected and spent.¹¹⁰ Its President is Vítor Manuel da Silva Caldeira. With around 800 staff (which includes administrators and translators in addition to the auditors), the Court examines the records of any individual or organisation that handles the EU's income or expenditure. It reports to the Commission and the member states, and produces an annual audit report to the EP and Council. It does not have any legal powers—fraud or irregularities are reported to the [European Anti-Fraud Office \(OLAF\)](#).

¹⁰⁹ Europa, [Decision on the System of Own Resources](#), accessed 12 March 2014.

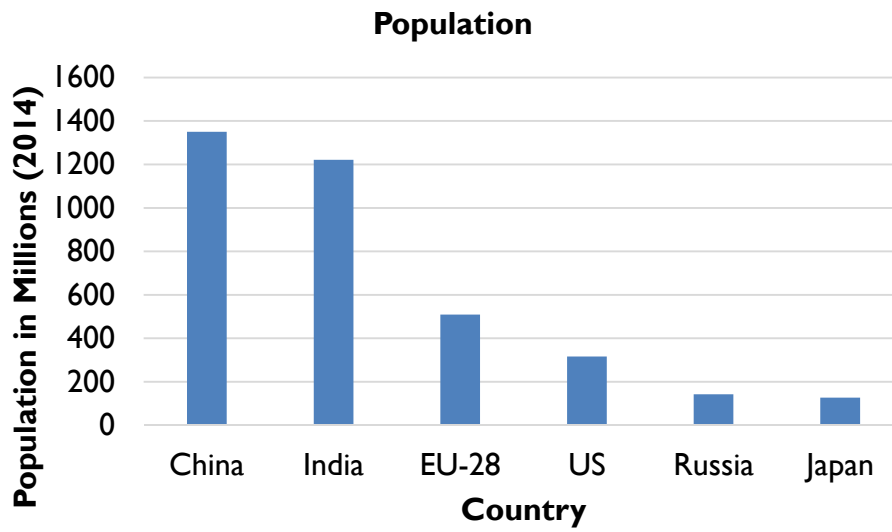
¹¹⁰ Europa, [Court of Auditors](#), accessed 26 January 2014.

Appendix I: Budgetary Balances by Member State 2010–12 (€ million, includes administrative expenditure)

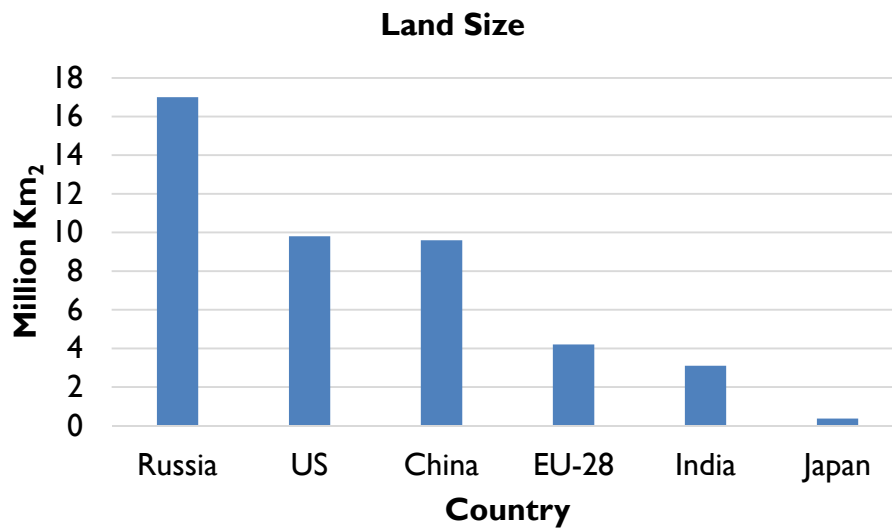
	Expenditure			Contributions			Net Contribution			Per head in €
	2010	2011	2012	2010	2011	2012	2010	2011	2012	2012
Belgium	6,145	6,797	6,969	4,783	4,927	5,244	-1,362	-1,870	-1,726	-160
Bulgaria	1,223	1,107	1,733	353	395	416.9	-870	-712	-1,316	-178
Czech Republic	3,416	3,029	4,529	1,498	1,683	1,594	-1,918	-1,347	-2,935	-282
Denmark	1,526	1,473	1,441	2,381	2,448	2,698	855	975	1,257	224
Germany	11,825	12,133	12,245	23,773	23,127	26,214	11,948	10,994	13,969	170
Estonia	808	505	954.2	142	159	175.7	-666	-346	-779	-599
Ireland	2,066	1,639	2,013	1,394	1,339	1,439	-672	-301	-574	-125
Greece	5,749	6,537	6,353	2,310	1,903	1,805	-3,439	-4,634	-4,548	-399
Spain	13,191	13,599	14,257	10,095	11,046	10,747	-3,096	-2,553	-3,511	-75
France	13,105	13,162	12,890	19,581	19,617	21,296	6,476	6,455	8,406	132
Italy	9,498	9,586	10,957	15,332	16,078	16,544	5,834	6,492	5,587	92
Cyprus	178	184	155	185	185	185.2	7	1	31	28
Latvia	844	911	1,179.5	175	182	229.1	-669	-729	-950	-432
Lithuania	1,602	1,653	1,833	269	302	342.7	-1,333	-1,351	-1,490	-452
Luxembourg	1,554	1,549	1,530	261	293	276.4	-1,293	-1,255	-1,254	-2,397
Hungary	3,650	5,331	4,177	955	937	928.4	-2,695	-4,394	-3,249	-325
Malta	112	135	141.2	61	66	68.6	-51	-69	-73	-174
Netherlands	2,146	2,064	2,124	5,614	5,869	6,080	3,468	3,805	3,957	237
Austria	1,822	1,876	1,856	2,627	2,689	2,942	805	813	1,086	129
Poland	11,822	14,441	15,736	3,657	3,580	3,908	-8,165	-10,860	-11,828	-309
Portugal	4,379	4,715	6,789	1,848	1,734	1,766	-2,531	-2,981	-5,023	-189
Romania	2,317	2,659	3,446	1,143	1,226	1,457	-1,174	-1,434	-1,988	-93
Slovenia	756	847	931.8	387	401	398.5	-369	-446	-533	-267

	Expenditure			Contributions			Net Contribution			Per head in €
Slovakia	1,905	1,785	2,287	647	694	742.8	-1,258	-1,091	-1,544	-281
	2010	2011	2012	2010	2011	2012	2010	2011	2012	2012
Finland	1,310	1,293	1,324	1,702	1,955	2,002	392	662	678	126
Sweden	1,646	1,757	1,566	3,243	3,334	3,754	1,597	1,577	2,188	230
United Kingdom	6,746	6,570	6,934	14,659	13,825	16,178	7,913	7,255	9,244	147
Total (a)	122,231	129,395	126,349	127,795	130,000	129,430
<p>Note: Negative net contribution indicates Member State is a net recipient; (a) Total includes non-EU revenue and expenditure and therefore is not the sum of expenditure and revenue by Member State; (b) Total revenue includes surplus from previous year; Net contribution per head based population estimates in Table 5 (pages 18–19).</p>										
<p>Source: European Commission, EU Budget 2012—Financial Report, September 2013, Population Estimates (Appendix 2, pp 27–8)</p>										

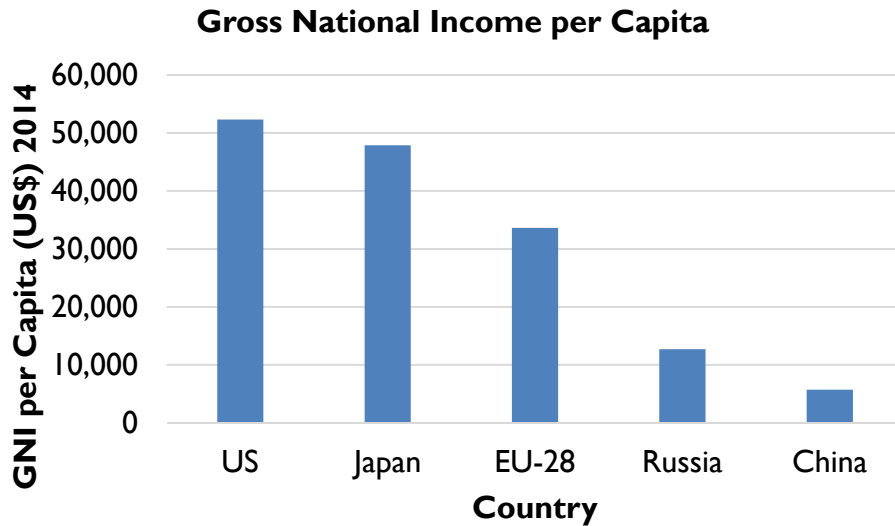
Appendix 2: EU in the World: Comparative Statistics



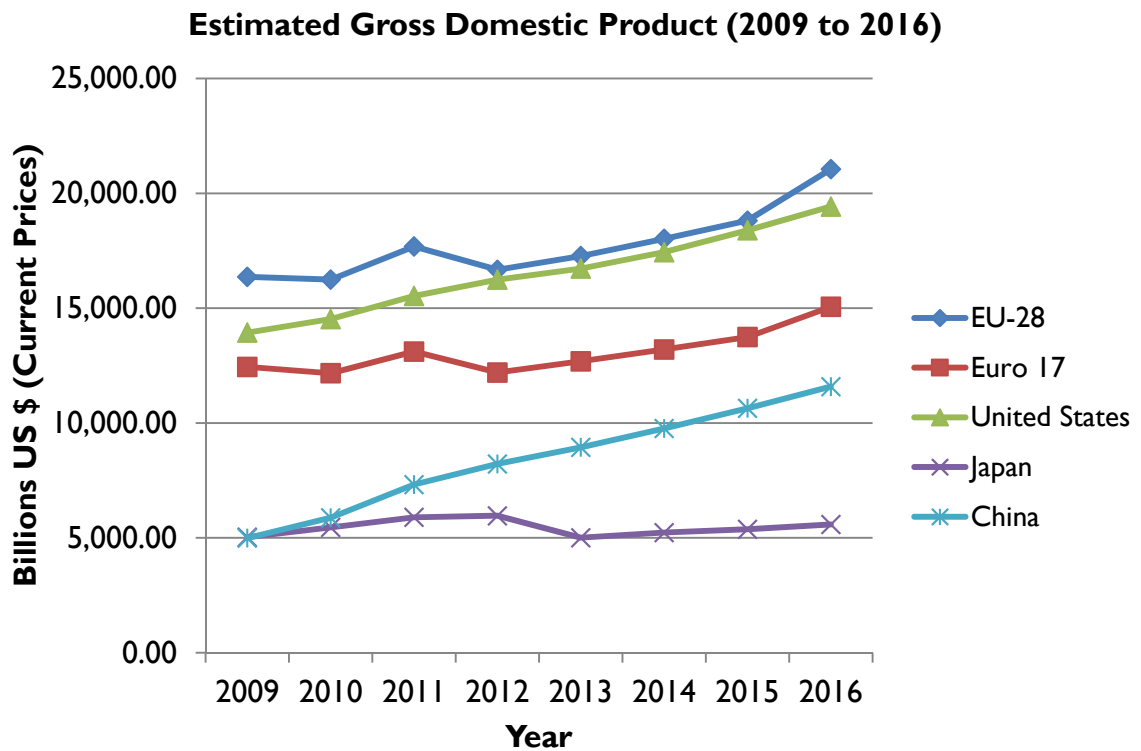
(Source: Central Intelligence Agency, [World Factbook](#), accessed 12 March 2014)



(Source: Central Intelligence Agency, [World Factbook](#), accessed 12 March 2014)



(World Bank, [GNI Per Capita, Atlas Method \(US\\$\) 2012](#), accessed 12 March 2014)



(International Monetary Fund, [World Economic Outlook Database, October 2013](#), accessed 7 February 2014)

Appendix 3: Table of EU Members

Member	Population (2012)	Land Size (1000 km ²)	GNI per Head (US\$)(2012)	Date Joined	Treaty of Lisbon		European Parliament Number of MEPs [^]	Euro Zone		Council of the European Union Presidency 2007–2020	QMV Number of Votes
					Ratification Date	Ratification Method [#]		Member (Y/N)	Year Adopted		
Austria	8.4m	83.8	47,660	1995	13/05/08	PV	18	Y	1999	Jan–June	10
Belgium	10.8m	30.5	44,660	1958	15/10/08	PV	21	Y	1999	Jul–Dec 2010	12
Bulgaria	7.4m	111	6,840	2007	28/04/08	PV	17	N	N/A	Jul–Dec 2018	10
Croatia	4.4m	56.6	13,490	2013	09/03/12	PV	11	N	N/A		7
Cyprus*	1.1m (combined)	9.3	29,110	2004	26/08/08	PV	6	Y	2008	Jul–Dec 2012	4
Czech Republic	10.4m	78.8	18,120	2004	13/11/08	PV	22	N	N/A	Jan–Jun 2009	12
Denmark	5.6m	43.1	59,850	1973	29/05/08	PV	13	N	N/A	Jan–Jun 2012	7
Estonia	1.3m	45.2	16,150	2004	23/09/08	PV	6	Y	2011	Jan–Jun 2018	4
Finland	5.4m	338.1	46,490	1995	30/09/08	PV	13	Y	1999	Jan–Jun 2020	7
France	63.5m	544	41,750	1958	14/02/08	PV	74	Y	1999	Jul–Dec 2008	29
Germany	82m	357	44,260	1958	25/09/09	PV	96	Y	1999	Jan–Jun 2007	29
Greece	11.4m	131.9	23,260	1981	12/08/08	PV	21	Y	2001	Jan–Jun 2014	12
Hungary	10m	93	12,380	2004	06/02/08	PV	22	N	N/A	Jan–Jun 2011	12
Ireland	4.6m	70.1	39,110	1973	23/10/09	R	11	Y	1999	Jan–Jun 2013	7
Italy	61m	301.3	33,860	1958	08/08/08	PV	73	Y	1999	Jul–Dec 2014	29
Latvia	2.2m	64.5	14,120	2004	16/06/08	PV	8	Y	2014	Jan–Jun 2015	4
Lithuania	3.3m	65.3	13,830	2004	26/08/08	PV	11	N	N/A	Jul–Dec 2013	7
Luxembourg	523,000	2.6	71,620	1958	21/07/08	PV	6	Y	1999	Jul–Dec 2015	4
Malta	419,000	0.3	19,790	2004	06/02/08	PV	6	Y	2008	Jan–Jun 2017	3
Netherlands	16.7m	41.8	47,970	1958	12/09/08	PV	26	Y	1999	Jan–Jun 2016	13
Poland	38.3m	312.7	12,660	2004	13/10/09	PV	51	N	N/A	Jul–Dec 2011	27
Portugal	10.7m	92.3	20,620	1986	17/06/08	PV	21	Y	1999	Jul–Dec 2007	12
Romania	21.4m	238	8,820	2007	11/03/08	PV	32	N	N/A	Jul–Dec 2019	14

Slovakia	5.5m	49	17,180	2004	24/06/08	PV	13	Y	2009	Jul–Dec 2016	7
Slovenia	2m	20.2	22,800	2004	24/04/08	PV	8	Y	2007	Jan–Jun 2008	4
Spain	46.7m	506	29,620	1986	08/10/08	PV	54	Y	1999	Jan–Jun 2010	27
Sweden	9.5m	449.9	55,970	1995	10/12/08	PV	20	N	N/A	Jul–Dec 2009	10
United Kingdom	62.8m	242.5	38,670	1973	16/07/08	PV	73	N	N/A	Jul–Dec 2017	29
Total	508.4m	4,378.8					751				359

PV: Parliamentary Vote; R: Referendum

^ In the 2014 European elections 12 EU member states will each lose one seat and none will gain any. See section 3.4 for more details. Also see, Europa website, '[Elections 2014: share-out of MEPs' seats among 28 EU countries](#)', 12 June 2013.

* The whole of the island is in the EU. However, in the northern part of the island, in the areas in which the Government of Cyprus does not exercise effective control, EU legislation is suspended in line with Protocol 10 of the [Accession Treaty 2003](#).

(Sources: European Commission, '[The Euro](#)', and BBC, '[Country Profiles](#)'; Europa, '[Treaty of Lisbon—In Your Country](#)', Europa, '[Institutions and Bodies: The European Parliament](#)'; Europa, '[Elections 2014: share-out of MEPs' seats among 28 EU countries](#)', 12 June 2013, and Europa, '[Council Decision of 1st January 2007 order in which the office of President of the Council shall be held](#)'—all accessed 7 February 2014.)

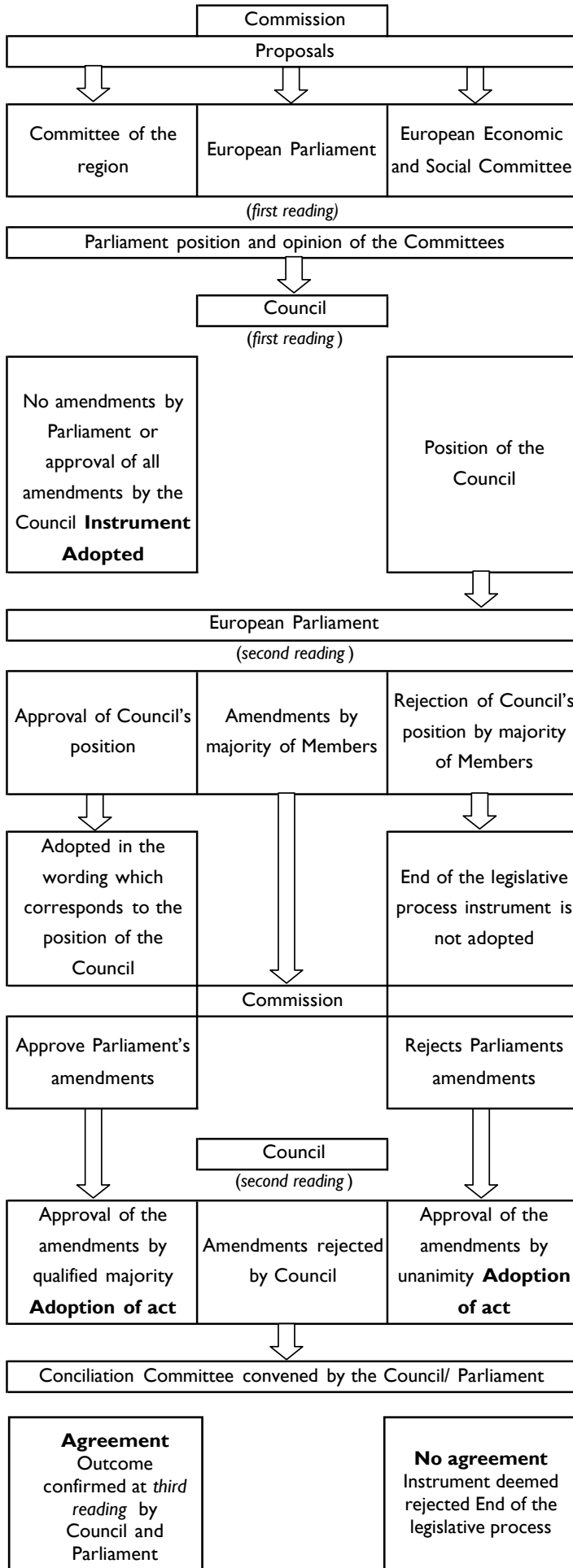
Appendix 4: Enlargement: Applicants, Candidates and Potential Candidates

There are currently five candidate countries and a further three potential candidates to join the EU.

Country	Population (2012)	Land size (1000 km)	GNI per head (US\$) (2011)	Membership status
Serbia	9.8m (inc Kosovo, circa 2m)	88.3	5,280	Candidate Accession negotiations (January 2014)
Turkey	73.6m	779	10,830	Candidate Accession negotiations (October 2005)
Former Yugoslav Republic of Macedonia (FYOM)	2.1m	25.7	4,620	Candidate Opening of accession negotiations recommended (October 2009)
Iceland	328,000	103	38,330	Candidate Accession negotiations (June 2010)
Montenegro	633,000	14	7,220	Candidate Status granted (December 2010)
Albania	3.2m	28.7	4,030	Potential candidate
Bosnia-Herzegovina	3.7m	51.1	4,750	Potential candidate
Kosovo	2m	10.8	3,600	Potential candidate

(Europa, '[On the Road to EU Membership](#)', accessed 22 January 2014; BBC, '[Country Profiles](#)', accessed 7 February 2014; Europa, '[On the Road to EU Membership](#)', accessed 22 January 2014; World Bank, '[GNI per capita, Atlas Method \(current US\\$\)](#)', accessed 7 February 2014.)

Appendix 5: Ordinary Legislative Procedure—Flowchart



(Source: Klaus-Dieter Borchardt, [The ABC of European Union Law](#), 2010)

Appendix 6: Political Groups in the European Parliament (2009–14)

EPP	Group of the European People's Party (Christian Democrats)
S&D	Group of the Progressive Alliance of Socialists and Democrats in the European Parliament
ALDE	Group of the Alliance of Liberals and Democrats for Europe
Greens/ALE	Group of the Greens/European Free Alliance
ECR	European Conservatives and Reformists
GUE/NGL	Confederal Group of the European United Left-Nordic Green Left
EFD	Europe of Freedom and Democracy Group
NI	Non-attached Members

(Source: European Parliament, [MEPs](#), accessed 6 February 2014)

Appendix 7: European Union Legislation in Force

Legislation	Number of Acts
General, financial and institutional matters	1370
Customs Union and free movement of goods	1011
Agriculture	3360
Fisheries	1273
Freedom of movement for workers and social policy	605
Right of establishment and freedom to provide services	296
Transport policy	793
Competition policy	1812
Taxation	192
Economic and monetary policy and free movement of capital	563
External relations	3848
Energy	421
Industrial policy and internal market	1670
Regional policy and coordination of structural instruments	362
Environment, consumers and health protection	1974
Science, information, education and culture	458
Law relating to undertakings	124
Common Foreign and Security Policy	579
Area of freedom, security and justice	675
People's Europe	24

(Source: Europa, [Directory of EU Legislation in Force](#), accessed 28 March 2014)

Appendix 8: Number of Legislative Acts Adopted, 2011–13

	2013		2012		2011	
	Basic Acts	Amending Acts	Basic Acts	Amending Acts	Basic Acts	Amending Acts
Regulations	973	286	913	360	1050	335
EP and Council	17	16	29	17	23	25
Council	49	34	44	70	66	62
Commission	905	235	839	273	961	246
Other	2	1	1	0	0	2
Directives						
Directives	26	68	11	42	29	70
EP and Council	13	2	9	8	15	8
Council	3	5	0	1	5	2
Commission	10	61	2	33	9	60
Other	0	0	0	0	0	0
Decisions						
Decisions	551	163	530	201	633	215
EP and Council	40	2	26	5	35	1
Council	221	54	251	92	251	103
Commission	249	98	234	92	318	101
Other	41	9	19	12	29	10
Total	1550	517	1454	603	1712	620

(Source: Europa, [Directory of European Union Consolidated Legislation](#), accessed 28 March 2014)