

Background: The European Union Demystified

Because of the direct applicability and supremacy of the European Union (EU) Regulations over national legislation and mandatory transposition of the EU Directives into national laws, decisions taken at the EU level in Brussels influence every aspect of society Europe-wide and even globally. No sector can afford to have a blind spot for European Union policies, as it can cost them substantial resources when European legislation is adopted or altered against the interests of their sector.

The European Union is an intergovernmental and supranational economic and political union of twenty-seven democratic European countries and was established under its current name in 1992 by the Maastricht Treaty. However, some of its predecessors (European Economic Community, Western European Union, European Community for Coal and Steel, Euratom, etc.) date back to 1951.

The EU is a unique, treaty-based, institutional framework that defines and manages economic and political co-operation among its Member States. Although the Member States ceded a degree of sovereignty to the EU, the EU is not the same as the United States. Individual Member States are linguistically and culturally diverse, and retain substantial sovereign powers. However, the EU is more than an international organisation, since it has the power to create legislation that is binding for all EU citizens.

The EU currently has a common single market consisting of a customs union, a single currency, managed by the European Central Bank (so far adopted by 16 of the 27 member states), common agriculture, fisheries, environment, competition, and trade policies. The EU's GDP was estimated to be over €10 trillion (over \$15 trillion) in 2008, which makes it as the largest economy in the world.

The EU has also established a Common Foreign and Security Policy (CFSP). The Schengen Agreement abolished passport control between most EU Member States, and customs checks were also abolished at many of the EU's internal borders, creating a single space of mobility for 500 million EU citizens to live, travel, work, trade and invest.

The three main decision making bodies of the EU are: the European Commission, the Council of the European Union and the European Parliament. This institutional triangle produces, through complex procedures, the policies and legislation that apply throughout the EU, as well as in such non-EU Member States as Norway, Switzerland and Iceland. In addition the Lisbon Treaty that entered into force on 1 December 2009 created two new positions: the President of the European Council and the High Representative of the Union for Foreign Affairs and Security Policy.

The European Commission is the EU's executive branch. It is responsible for administration and the implementation of EU policy. Significantly, it is also responsible for drafting and proposing legislation. Twenty six Commissioners and one President (one per each Member State) are at the head of the Commission, appointed for a five-year term.

The Council of the European Union (often referred to by its old name, the 'Council of Ministers' or more commonly 'the Council') enacts EU law and was the most powerful institution before the adoption of the Lisbon Treaty which reviewed the repartition of powers between the Council and the European Parliament. It consists of Ministers from the National Governments of each of the twenty seven Member States. The ministers change according to the topic (so, for example, for taxation

issues, it is the finance ministers from each country; for farm issues, the agriculture ministers; and so on). On most issues there is majority voting (through a 'qualified majority' system, where a piece of legislation is adopted if 55% of the EU Member States representing 65% of the EU population are in favour of the proposal). The Council of the European Union should be distinguished from the European Council, which meets at least four times a year in what is informally known as the 'European Summit' and is a closely related but separate body, made up of the Heads of Government of the Member States.

The European Parliament is not a legislature in the strict sense of the term, since it cannot initiate legislation. However, its legislative role has grown substantially in recent years. Following the adoption of the Lisbon Treaty, the Parliament can adopt legislation in areas such as: agriculture, energy and in justice and home affairs, among others. The Parliament adopts bills jointly with the Council of the EU through a procedure that was called 'co-decision' and which is called the ordinary legislative procedure by the Lisbon Treaty.

The President of the European Council is a position created by the Lisbon Treaty. He is responsible for chairing and driving forward the work of the European Council. The President is appointed by the European Council for a two-and-a-half year term which can be renewed once. This new position replaces the rotating presidency of the European Council. The goal of this creation is to give more visibility to the European Council and to give more continuity to its work.

The **High Representative of the Union for Foreign Affairs and Security Policy** is the main co-ordinator and representative of the Common Foreign and Security Policy (CFSP) within the European Union (EU). The post was introduced by the Treaty of Amsterdam as the High Representative for Common Foreign and Security Policy and was expanded by the Lisbon Treaty. The High Representative is the vice-president of the European Commission and chairs the Council of EU foreign ministers. The High Representative will be backed by a European External Action Service once it will be established.

The ground rules and procedures that the institutions and Member States must follow are laid down in the treaties. The commission acts as '*Guardian of the Treaties*'. The European Court of Justice upholds the rule of European law and the Court of Auditors checks the financing of the Union's activities.

Apart from a multitude of semi-autonomous agencies, five other bodies form part of the system:

- The European Economic and Social Committee is the consultative assembly of European "social and economic partners" (employers and trade unions).
- The Committee of the Regions is the consultative assembly representing regional and local authorities.
- The European Central Bank is responsible for Eurozone's monetary policy.
- The European Investment Bank finances the EU investment projects.
- The European Ombudsman guards EU citizens and organisations against maladministration.
- The European Data Protection Supervisor supervises data protection in EU institutions and bodies and advises on data protection legislation

Almost every business sector is now represented in Brussels through a trade or professional association, including hundreds of non-EU interest groups. An important function of a Brussels-based representation is to act as a regional centre for Public

Affairs. Data indicates that around three quarters of all European trade associations have as their main function the monitoring and analysis of political developments for their members as well as representing and furthering members' interests vis-à-vis key decision makers in the European Institutions and National Governments. For example, the European Chemical Industry Federation (CEFIC) alone has more lobbyists in Brussels than all environmental organisations brought together.

Many multinational companies, and by extension, the trade and professional associations that represent their interests, industries and professions, have a critical stake in European Union issues. To influence the process requires participation. To participate requires an understanding of the rules of the game, who the players are and to obtain knowledgeable, expert, local guidance.