

THE EUROPEAN UNION DEMYSTIFIED

BECAUSE OF THE DIRECT APPLICABILITY AND SUPREMACY OF THE EUROPEAN UNION (EU) REGULATIONS OVER NATIONAL LEGISLATION AND THE 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.

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The European Union is an intergovernmental and supranational economic and political union of twenty-five democratic European countries and was established under its current name in 1992 by the 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 organization, 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 12 of the 25 member states), common agriculture, fisheries, environment, competition, and trade policies. The EU's GDP was estimated to be over €10 trillion (over \$13 trillion) in 2005, putting it on a par with the United States.

The EU has also established a Common Foreign and Security Policy (CFSP) as the second of the three pillars of the European Union. 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 more than 450 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.

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 four 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 is the most powerful

institution. It consists of Ministers from the National Governments of each of the twenty-five 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 some issues, such as defence and foreign policy, the Member States retain a veto, but on most issues there is majority voting (through a 'qualified majority' system, where votes are weighted according to a formula based on the population size of each member state). The Council of the European Union should be distinguished from the European Council, which meets 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 and it now has the power to reject and amend bills in most policy areas and to confer with the Council on the drafting of legislation, through a procedure called 'co-decision'.

The ground rules and procedures that the institutions and Member States must follow

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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 mal-administration.

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 organizations 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.

This article was prepared by **Michiel Gen** and **Val Popovici**, European Union Public Affairs specialists with Association Global Services (AGS), the premier professional management services firm for international trade, professional and not-for-profit organizations. A detailed White Paper exploring the issue of international associations' representation in Brussels can be found on http://smooz.4your.net/agshq/files/EU_White_Paper_Nov06.pdf
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THE EU "PLAYERS"

The European policy scene is represented by a large pool of players that shape the European policy agenda. It consists of:

- ✦ The Headquarters of the European Institutions: European Commission, European Parliament (*headquartered in Strasbourg, France, but with three quarters of its sessions taking place in Brussels*), Council of the European Union, Committee of Regions, European Economic and Social Committee, European Standardisation Committee
- ✦ The Headquarters of the North-Atlantic Treaty Organisation (NATO)
- ✦ Over 850 European and international associations
- ✦ Over 400 interest groups and non-governmental organisations
- ✦ Over 350 multinational companies
- ✦ Over 200 national associations
- ✦ Over 200 regional representations
- ✦ Over 150 public affairs consultancies
- ✦ Over 150 law firms
- ✦ Over 40 chambers of commerce
- ✦ Over 1,100 journalists (*the largest foreign press corps in the world*)
- ✦ Over 120 international government organisations
- ✦ Over 160 embassies and 2,500 diplomats
- ✦ 15,000-20,000 lobbyists in Brussels alone
- ✦ And many more informal networks and players