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THE EUROPEAN COMMUNITY AND THE NETHERLANDS PRESIDENCY : PROSPECTS FOR EUROPEAN INTEGRATION*

Will the European Council held in Maastricht, the Netherlands, on December 9-11, 1991 have signalled the countdown to a new Europe as envisaged by its hosts or will it go down in history as a missed opportunity"? Will "Maastricht" provide the culmination hoped for and set the stage for further European integration ? In this paper an attempt is made to provide some elements for answering that question. It aims at summarizing some recent and, in many ways, historic developments within the European Community.¹

During the second half of 1991 the Netherlands held the presidency of the Council of the European Community. This time the European summit represented a particularly momentous event for a Europe at crossroads. Far-reaching changes are taking place in Europe not only affecting the daily life of its 340 million men and women, but also of great significance to the rest of the world. Even for Europeans things are moving much faster than is sometimes realized. It is, therefore, important that academic circles and foreign policy practitioners study and keep fully abreast of the strategic implications

* This article is based on a lecture given by the author at the Bangladesh Institute of International and Strategic Studies, on December 11, 1991.

1. *The Netherlands Presidency, Countdown to a New Europe*, Publication of the Netherlands Foreign Trade Agency EVD and the Ministry of Foreign Affairs, The Hague 1991.

of these developments which will have a profound influence on the world political scene in the years ahead.

Immediately following the assumption of the presidency on July 1, 1991—the ninth time for the Netherlands to hold that position which rotates every half year in alphabetical order among its twelve members — it became clear that holding EC presidency during the second half of 1991 would be a major undertaking facing challenges from both within and from outside the Community. Challenges from outside with consequences for the Community, its member states and its policies included the aftermath of the Gulf War, developments in Central and Eastern Europe, the Soviet Union, the Uruguay Round, and the relations with the European Free Trade Association. The outbreak of violence in Yugoslavia was added to the agenda of the Dutch presidency right at its beginning. From the inside challenges include the completion of the process of unification of the single market "Europe (after) 1992" and, as time went by, more and more prominently the conclusion of the two agreements on the Economic and Monetary Union and on the Political Union.

While international attention increasingly focussed on these two agreements vitally important for the future of European integration, the Netherlands presidency regarded further steps towards the establishment of the single market as the "priority of priorities". One single market will require an economic and monetary union, a common monetary policy and coordination of national economic policies. At the same time, however, the quality of life in the future Europe (EC) including its social and environmental dimensions, needs increasingly to be dealt with at the Community level. During the recent discussions a critical question has been to what extent the Community

will have to expand its activities in these and other fields. In Maastricht these focussed on the extent to which social policies including labour laws, working conditions and such will be subject to community legislation and action.²

The debate on the issue touched upon the very nature of the European integration. On the occasion of the presentation of the programme of the Dutch Presidency before the European Parliament on July 9, 1991, the Netherlands Minister for Foreign Affairs, Hans van den Broek, while referring to the expansion of Community powers, had put it as follows : "the Community should do what it could do better; what member states or regions could do better, the Community should leave to them. Integration is not the same as centralisation, and federalism is at right angles to the unitary state". While in Maastricht complete agreement appeared to be impossible to achieve, the meeting did succeed in agreeing on a considerable expansion of the activities of the Community.³

2. It appeared impossible to reach complete agreement in Maastricht on this issue among the twelve member states. As a result, eleven of them other than the United Kingdom concluded a protocol — annexed to the Treaty — concerning social policy which will commit the institutions of the Community to take and implement the necessary decisions while adapting the decision making procedures for application by eleven member states.
3. Article 3 of the Treaty establishing the European Economic Community will henceforth include activities of the Community in the fields of the elimination of customs duties and quantitative restrictions; a common commercial policy; an internal market characterized by the abolition of obstacles to the free movement of goods, persons, services and capital; measures concerning the entry and movement of persons in the internal market; common policies on agriculture, fisheries, and transport; a system ensuring that competition in the internal market is not distorted; the approximation of laws of member states required for the functioning of the common market; a social policy; the strengthening of economic and social

It has now generally become recognized that the establishment of a single market is a condition for further integration. Without it there can be no economic and monetary union (EMU); without EMU there can be no political union. Political integration and economic integration go hand in hand. However modest and diluted the steps taken in Maastricht may seem to some and however far-reaching to others, "Maastricht" has clearly borne that out.

SINGLE MARKET : PRIORITY OF PRIORITIES

The completion of the Single Market by the end of 1992 dominates any discussion on European integration: one single European market with freedom of movement for individuals - perhaps the most tangible proof to the people of Europe that they are part of a community - and of goods, services and capital. The Community with its 340 million inhabitants has the world's largest internal market (US 240, USSR 280, and Japan 120 million). In addition, the Community is the world's largest trading partner with more than one-third of the world's imports and exports.

One single European market will mean that there will no longer be import and export duties nor import restrictions among the twelve countries. Trade with the rest of the world will be subject to a common

cohesion; a policy on environment; the strengthening of the competitiveness of the Community's industry; research and technological development; trans-European networks; contributions to attainment of a high level of health protection; to education and training as well as to flowering of the cultures of member states; a policy regarding development co-operation; the association of overseas countries and territories in order to increase trade and promote jointly economic and social development; strengthening of consumer protection; and measures in the spheres of energy, civil protection and tourism.

European external tariff. With that the Community will constitute a customs union, which forms the basis for the free movement of goods and individuals.

At present the movement of trade across the borders among the EC countries is still frequently hampered by complicated customs procedures. Long lines of trucks have too long been all too common at borders in many EC countries. Existing procedures are cumbersome and costly: it is estimated that annually billions of dollars are being wasted by such procedures, which are a consequence of still existing differences among the EC countries in regulations on consumer protection for imported products, health standards, environmental and technical specification. Apart from that there are differences in value added taxes, duties and so on.

The preparations for the Single Market include the adoption of some 282 measures to be taken at the Community level to remove the barriers for a single European market. By mid 1991 more than 80 were still to be adopted; two hundred had already been put in place including directives on the equivalence of higher education diplomas, on competition policy, on provisions for corporate mergers and so on. These legislative steps relate to all policy fields including safety norms ranging from toys to building materials, from electronics to food products and from air traffic to capital movements within the Community, each of the member states has to transpose these European laws into national legislation: a major legislative effort for many of the twelve countries. The speed with which this is done follows national legislative procedures; some are faster than others.

Issues to which the Netherlands presidency has devoted special attention included financial services (banking, insurance and securities), company law, intellectual property, transport and

fytosanitary and veterinary regulations; all of them will have to be solved before the opening of the borders by the end of 1992. Agreement on such matters as liberalisation and deregulation in the transport sectors - international road transport, air transport and shipping - have similarly continued to play an important role in Dutch EC policies.

The complete opening of the borders between the Community countries would not only entail the freedom of movement across borders but also full implementation of the rights of citizens of one Community country to work and live in another Community country on the same terms as citizens of the host country.

To illustrate its ramifications, two million Europeans live and work in other Community countries. At present national laws stand in the way of the full exercise of the freedom of movement for individuals including students, retired people, entrepreneurs and persons who do not have the nationality of one of the member states. Mutual recognition of educational diplomas and occupational qualifications is still to be regulated: an independent plumber from Amsterdam can not simply move to Paris, Rome or Athens and open his shop, but he or she has to get the host country's qualifying papers first. Each of the EC countries still has its own rules and regulations. Progress has already been made in sectors such as health where diplomas of physicians, nurses, dentists, pharmacists and other occupations are now recognized throughout the EC.

Another important and sensitive issue relates to immigration not only in terms of access to Community territory, but also items of integration of migrant workers already legally established within Community borders. It is not likely that the "Europe without borders" will be achieved in 1991. By mid 1991 eight countries will have

acceded to the limited Schengen Agreement (Benelux, Germany, France, Italy, Spain and Portugal) aimed at a complete opening of the mutual borders. The agreement provides for common identity and hand luggage control system at the external borders, while a common visa and staying permit policy will also be developed. The Netherlands aims at one single regulation for the free movement of persons within the whole Community on the basis of what has so far been achieved with the Schengen Agreement.

BEYOND 1992 : ECONOMIC, MONETARY AND POLITICAL UNION

The European Council held in Maastricht was envisaged to be the final destination of two intergovernmental conferences of the twelve member states: on the economic and monetary union (EMU), and on the political union (EPU). The conferences were to provide the vision of a Europe beyond the establishment of the single market, beyond 1992. They were convened following the adoption of the European Act in 1985 which aimed at transforming the European Community gradually into a European Union, which would comprise an economic and monetary union. EMU would in the future determine the economic and monetary policies of the Community. In 1990 it was decided that together with the negotiations on the expansion of the economic and monetary powers of the Community, negotiations would be held to expand the political union among the member states. These negotiations would open a perspective for European integration entailing a considerable transfer of power presently still within the realm of the member states. At the conferences differences of approach between the member states became apparent which go to the heart of the future of European integration and the Community: should it develop in a more federal direction or should the emphasis be on more intergovernmental co-operation ?

A government's approach to the other issues - concerning the respective future positions of the European Council, the Commission and the European Parliament - depends on the answer it gives to this overriding question; also at issue are the democratic content of the Community and the efficiency of the institutions and decision-making. While during the final negotiations in Maastricht the word "federal" was ultimately removed, the preamble of the treaty provides reference to the common goal of an "ever closer union".

During the negotiations some favoured strengthening of the position of the European Council by giving it a general directing and co-ordinating role. Others including the Netherlands are of the view that a strengthening of inter governmental - rather than "community" - character of the EPU and of the EC as a whole would go at the expense of the Community's established legal order of "acquis". According to the former view, the enhanced role of the European Council should not be confined to the envisaged common foreign policy and security policy, but should also extend to Community matters proper - a field which should be further expanded. In other words, the Community's "acquis" should be subordinated to the intergovernmental structure. The result would be a system consisting of a number of pillars - EPC, EMU, EPU and even WEU - with the European Council as an umbrella body for decision-making.

In the view of the latter this would remove vital elements in European decision-making from proper democratic accountability and control by the European Parliament. It would undermine the ultimate objective of creating a federal and democratic Europe based on a Community legal order. The arguments for pursuing this objective are not only ideological but practical as well. The Community legal order provides a firmer basis for the proper representation of respective national interests than intergovernmental co-operation, the results of

which are dependent on occasional coalitions of interests, which are subject to change. More generally speaking, a Community legal order provides better guarantees that the interests of all member states will be taken into account in a balanced manner. This internal balance could ensure that the member states are more willing to surrender powers or sovereignty to Community institutions and procedures. This is the essence of European integration, and it is a necessary precondition for the gradual and evolutionary process which is ultimately intended to lead to the "*finalite politique*" of European Union.

The Netherlands' concern is that this evolutionary process towards a federal community should not be interrupted or blocked by introducing forms of intergovernmental cooperation which do not lend themselves to subsequent incorporation in a Community legal order. An essential element in such a legal order - indeed a precondition for it - is that the role of the European Parliament be strengthened as the powers of the Community are augmented. In other words, the further transfer of national powers - that is sovereignty - must be accompanied by a corresponding strengthening and expansion of the powers of the Parliament. This is necessary in order to give the Community sufficient democratic legitimacy in the eyes of its citizens.

In order to improve the efficiency of the institutions and of Community decision-making, the Council must increasingly take decisions by majority voting in areas covered by the EC Treaty. In the present state of the Community, it has been furthermore argued that improving the efficiency of decision-making alone would further make up the already substantial democratic deficit.⁴

4. The Netherlands State Secretary for European Affairs, Piet Dankert, at a seminar "The European Community in the 1990s", 21 March 1991, The Hague.

EMU : One Policy, One Bank, One Currency

EMU means that within the European Community there will be one financial policy, one central bank, and one monetary unit - the European Currency Unit (ECU) - and a coherent economic policy for the European Community. It should mark the peak of the process of economic integration. With one market, one currency and one bank the EC will be able to reap fully the fruits of economic integration. The economies of the member states will have to be dovetailed with monetary integration through budgetary discipline and multilateral surveillance. The institutional arrangements of the monetary union should follow the institutional structure of the Community while recognizing the need for an independent position of the future European Central Bank.

EMU would entail the substitution of one European Currency Unit (ECU) for the various existing European currencies. The present non-existence of a single monetary unit means that companies lose money unnecessarily because of exchange rate fluctuations. EMU would allow companies to calculate and cash in their transaction of ECU's, which would mean an enormous saving. Presently the ECU is used in transactions on paper but, because of the lack of a monetary unit, the paper transactions have to be recalculated in the national currency. The value of the ECU is a basket value; its rate is determined by the value and weighting of the currencies determined by the GNP of the member states. If the ECU were accepted in retail trade, it would be most advantageous, not only for companies but also for individuals. At present tourists from one member state visiting another member state must exchange their money. One currency unit will furthermore make it easier to compare prices of a given product in different countries, which is as important to the consumer as to the business community. The hope is that within six years one currency unit will be used within the member states.

The closer the EMU gets to its final goal, the more member states will cede to the European government the authority to set economic and monetary policies. National budget policies will increasingly be influenced by Community agencies and member states will slowly but surely lose the power to influence the economic process with monetary instruments. In order to guide European monetary policies in the right direction, a European Central Bank will be founded which will gradually take over the responsibilities of the national central banks.

After difficult negotiations during the last few months agreement on the EMU at the Maastricht meeting was successfully negotiated. The broad lines of this agreement are as follows: after the first phase which include the completion of the single market, the establishment of free movement of capital and the accession of Greece and Portugal to the existing European Monetary System, a second phase will start in January 1994. By that time there will not yet be a European Central Bank, but a European Monetary Institute in which the existing central banks of the member states will participate. This institute will be the forerunner of the European Central Bank which will as final third phase - when the single currency will be introduced - have the full responsibility for the monetary policy.

With respect to the decision making process it was agreed that no country would be allowed to veto the final step towards the single currency, no country would be forced to participate and no country would be arbitrarily excluded. The latter relates to the strict criteria to be applied to countries in order to accede to one currency: the degree of price stability apparent from a rate of inflation, which is close (not more than 1.5 percentage points) to that of at most the three best performing member states in terms of price stability; sustainability of government financial position apparent from having achieved budgetary positions without a government deficit that is excessive to

be determined by a qualified majority on a recommendation by the Commission; and, two year narrow currency stability within EMS without devaluing against any other member state currency. As for the timing and decision making the EC countries will take the final step together if possible in 1996 leading to total integration in the field of monetary and economic policies. At the latest the third stage will start on January 1, 1999.

While for political reasons certain "opt-out" provisions enabling countries to maintain their ultimate freedom of action regarding the decision to move to the third stage in 1999 were incorporated⁵, there is little doubt about the momentous nature of the Maastricht agreements. While the final destination may still be some years away the process of monetary union including the common European currency has definitely and, for that matter, irreversibly been set into motion.

EPU : Integration and Democratisation

The second aim of the European Council in Maastricht was agreement on the European Political Union (EPU).

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5. A protocol relating to the United Kingdom to be annexed to the EEC Treaty was agreed upon according to which, *inter alia*, the UK would notify the Council whether it intends to move to the third stage before the Council makes its assessment under the provisions on the economic and monetary union. Unless it notifies the Council accordingly it shall be under no obligation to do so. The UK shall retain its powers in the field of monetary policy according to national law. In view of the fact that the Danish constitution contains provision which may imply a referendum in Denmark prior to Danish participation in the third stage, a protocol was also agreed upon which allowed for a notification by the Danish government to the Council before the latter makes its assessment under the EMU procedures.

The political developments during the last two years in Central and Eastern Europe have highlighted the juxtaposition of the expansion and the deepening of European integration. Should the process be broadened beyond the present Twelve or should the Twelve accelerate their political and economic integration first and then enter into negotiations with new applicants? Is it wise to let others wait, and first put the house of the Twelve in order or is it desirable to start negotiating with new applicants, with the possibility that the integration process be slowed down? It seems clear that the events in Central and Eastern Europe have forced the Community to dovetail the two approaches more closely.

In the economic field this was signalled by the agreement on the European Economic Area earlier in 1991 reached between the EC and the seven countries of European Free Trade Association (Austria, Finland, Iceland, Liechtenstein, Norway, Sweden and Switzerland).

General Objectives and Range of Cooperation

Article 2 of the Treaty of Rome of 1957 included two major objectives: the promotion of social-economic development and raising of the standards of life; and the increased stability in the relations among the members. Over the years other broad areas of concern have generally been recognized, such as the quality of life and the external responsibility of the Community. This recognition has broadened the discussions on the scope and range of subjects of community concerns and responsibilities.

Broadly speaking, there is agreement on the principle of subsidiarity, but there are differences in application. To say: "what national governments can do well together, should not necessarily be transferred to "Brussels" is one thing, to reach agreement on "which areas" and "to what extent" is quite another. While the individual

member states know how this principle functions in their own country, to know - or for that matter to reach agreement on - how it must function in a political union is quite something else.⁶

As indicated above considerable expansion covering a wide range of areas for Community policy and activities has now been agreed upon in Maastricht. Among these are free movement of people, research, health, environment, energy, development cooperation, transport and defense industrial policy.

Democratic Legitimization

This relates to the problem of the "democratic deficit" and the role of the European Parliament. As integration proceeds, the need for erasing the democratic deficit in the Community has become stronger and more urgent. In a democracy citizens require accountability from their governors through parliamentary and other procedures. The European citizen will estrange from a Europe without effective democratic influence while his own national government gradually loses its accountability to his national parliament since more and more decisions are taken at the European level. Within the European (Community) context the role of the European Parliament in controlling the Community institutions and the intergovernmental cooperation among the member states is still weak. Expansion of its role should include the right of legislative initiative, strengthening of its controlling function vis-a-vis the European Commission, and budget right. The Netherlands has regarded it essential that the broadening of the objectives of the Community, the expansion of its dimensions and its effectiveness, and the elimination of its

6. The Netherlands Prime Minister, R. F. M. Lubbers, at the European University Institute (EUI) in Florence, Italy on November 26, 1991.

"democratic gap" be pursued on the basis of the Community legal order. The success of the European integration is founded on the guarantees which that very order has provided for member states whether small or large. The Dutch view has, therefore, been that any divergence from the "community model" to be decided upon with respect to EPU should keep open the road to further "Communitization".

Efficiency and Effectiveness of the Community Institutions

Under this heading the function of the European Council and its relation with the Community institutions is relevant; the former basically being an "inter-governmental chapeau" of government leaders put on the institutional framework based on the Treaty of Rome;

Of even greater importance is the question to what extent the unanimity rule regarding decision-making in the Council of Ministers needs to be modified towards decision-making by qualified majority.

To enhance the efficiency of the Commission and to control effectively the growth of the "Euro-cracy" in Brussels, agreement has now been reached to reduce the present number of commissioners to 12.

Other issues include the effectiveness of Community law and its implementation and enforcement, the enforceability vis-a-vis member states of judgements by the Court of Justice, the strengthening of the Court of Accounts, etc.

Unity and External Cohesion of the Community

In the integration process the need for an integration of the European Community framework and the European political co-

operation is increasingly felt. The need for a common foreign policy including defense and security issues will inevitably follow a similar pattern. Decisions in this field have to be carefully crafted: the relationship may affect the very character of the process of European integration: communitization or inter-governmentalization.

Among security policy items that will be included within the EPU are the Conferences on Security and Co-operation in Europe (CSCE) and arms control, including a more restrictive arms export policy and the policies against proliferation of dangerous weapons. Already harmonization of national criteria for arms exports had been taken up.

In this discussion on the need for a stronger and more identifiable European identity in the security and defense field, the role of the Western European Union as a pillar of the Community or as a bridge between the Community and NATO indicates the involvement of these three fora in this matter.⁷

The Community has been called an economic giant who is still a political dwarf. On the world political scene the EC countries need to learn to speak with one voice. To this end, not only new institutional

7. During the Maastricht meeting a declaration by the nine EC member states that are members of the Western European Union was agreed upon on the role of the WEU and on their relations with the European Union and with NATO. It stressed the need to develop the WEU as the defense component of the European Union and as a means to strengthen the European pillar of the Atlantic Alliance; to this end a common European defense policy will be formulated. A separate declaration specified that the members of the European Union are invited to become member or observers of the WEU under conditions to be agreed upon and that simultaneously other members of NATO be invited to become associate member of the WEU. Such negotiations shall be finalized before the end of 1992. The applications for memberships related to Greece and Turkey.

arrangements have been made, but national traditions and perceptions have to converge and to merge in common perspectives and common actions. A common foreign policy will inevitably have consequences for positions taken by France and the United Kingdom as permanent members of the UN Security Council.

The Treaty of the European Union agreed upon in Maastricht has incorporated existing procedures for European Political Cooperation (EPC) — which had been developed separately from the community institutions established under the Treaty of Rome — into the European Union. As one of the five objectives the Union is "to assert its identity on the international scene, in particular through the implementation of a common foreign and security policy which shall include the eventual framing of a common defense policy".

Political cooperation involves the exchange of information and consultation on any foreign policy matter of general interest so as to ensure that the combined influence is exercised as effectively as possible through coordination, convergence of positions and implementation of joint action and consultation through consensus among governments. The Presidency regularly reports to the European Parliament and makes sure that the Parliament's positions are taken into account.

During the last few years it had become increasingly recognised that there exists an anomalous division between foreign policy issues which are dealt with in the EPC on the one hand and issues of external economic policy which are dealt with within the framework of the Community on the other. The rapid growth in Europe's external political responsibilities — an intergovernmental matter which for the time being will have mainly financial or economic consequences (and is in principle a Community matter) — has highlighted the need for bringing closer together the intergovernmental and Community

procedures. The Treaty of the European Union concluded in Maastricht provides an important step forward in this respect.

The internal strengthening of the Community also aims at enabling the Community to expand and intensify its external relations more effectively. In particular, it should enable the Community to accommodate any new member states which may accede without decision-making becoming paralysed as a result. It is now envisaged that negotiations with a number of other European countries, including Sweden and Austria, will start in 1992.

CONCLUDING REMARKS

Where is Europe going after Maastricht ? On October 26, 1991, the Netherlands Prime Minister in a speech at the European University Institute in Florence, Italy, identified five main objectives during the Netherlands Presidency : First the realisation of the economic area (EC-EFTA); secondly the economic and monetary union; thirdly a political union with a common European defense perspective and with the extension to new areas, European citizenship and others; fourthly at least a major step forward in the Uruguay GATT negotiations; and finally the signing of a European energy charter.

With the results of Maastricht — both treaties on EMU and on EPU have been agreed to — there is no doubt that the overall balance has been positive. Important steps have been taken, bridging and narrowing major differences (with some accommodating "opt-out" clauses) while embarking on what might be called an extended and promising framework towards the European integration, and on their way to a coherent "ever closer union".

While in other parts of Europe forces of disintegration are changing existing political structures, the European Community and its

twelve member states are engaged in a historic integrative process the irreversible nature of which is now increasingly accepted. Charting its future course the new Europe will not only have a far-reaching impact on the daily lives of Europeans, but will also be called upon to play a responsible and increased role in world politics.

ANNEX

Four European (EC) Institutions

As signatories to the Treaty of Rome in 1957 the six original members of the European Community are Belgium, France, Federal Republic of Germany, Italy, Luxembourg and The Netherlands. They were joined by the United Kingdom, Ireland and Denmark on 1 January 1973, by Greece on 1 January 1981 and by Spain and Portugal on 1 January 1986.

The task of achieving the aims of the three European communities — the European Coal and Steel Community (ECSC, established in 1952), the European Economic Community (EEC, 1958) and the European Atomic Energy Community (Euratom, 1958) — rests with four institutions : the European Parliament, the Council, the Commission and the Court of Justice (with the support of the Court of Auditors).

1. The Assembly of the EUROPEAN PARLIAMENT consists of 518 members elected by direct universal suffrage: 81 from France, Germany, Italy and the UK each; 60 from Spain; 25 from The Netherlands; 24 from Belgium, Greece and Portugal each; 16 from Denmark; 15 from Ireland and 6 from Luxembourg. The most recent European parliamentary elections took place in 1989. Each state uses its own national electoral system to elect its slot of Euro-parliamentarians : eleven states with varying degrees of proportional

representation while the UK using the single-ballot majority voting by constituency.

The budgetary powers of the European Parliament relate basically to all "non-compulsory" expenditure, i. e. expenditure that is not the inevitable consequence of Community legislation. They cover the institution's administrative costs, and certain operational expenditure. As far as "compulsory" expenditure (on common agricultural policy, which stands for more than 60% of the budget), the Parliament can propose certain modifications provided they do not increase the total amount of the expenditure and the Council does not reject them by a qualified majority. Parliament has the right to reject the budget as a whole.

With respect to the Parliament's legislative powers, the Commission is the driving force behind the drafting of legislation, the power - essentially a joint decision making power - has been conferred on it in relation to accession and agreements such as co-operation with the Mediterranean countries, Rome Convention, etc.

2. The COUNCIL is made up of representatives of the governments of the 12 member states. The Foreign Minister is regarded as his country's "main representative" in the Council, but Ministers for Agriculture, Transport, Economic Affairs, Finance, Social Affairs, Industry, Environment, Development Cooperation and so on also meet frequently for specialized Council.

The Council is presided over by the Minister for Foreign Affairs; the presidency rotates every half year in alphabetical order among the member states. The Council is assisted by a large number of working parties and by a Permanent Representatives Committee which play an important role in the work of the Community. This Committee is primarily to prepare the ground for Council meetings.

Since their 1974 summit meeting, the heads of state and government have been meeting regularly together with the President of the Commission as the "European Council" - not to be confused with the Council of Europe located in Strassbourg with its larger membership beyond the 12 EC countries and with different functions. The "European Council" meets both as the Council for the Communities (to deal with Community matters) and as a forum for political co-operation. This European summit is convened twice a year; in December 1991, it met in Maastricht, the Netherlands.

3. The COMMISSION consists of 17 members (to be reduced to twelve) appointed by agreement between the member governments. In broad terms the Commission's role is:

- a) to act as the guardian of the Treaties (to oversee its provisions are properly implemented, to investigate presumed infringements on its own authority or on the basis of complaints from governments, firms or private individuals, with referral to the Court of Justice);
- b) to serve as the main executive arm of the communities (issuing of decisions and regulations (1987: 3650 mostly relating to common agricultural policy) implementing certain Treaty provisions or Council acts; application of Treaty rules competition, internal market etc.); administration of safeguard clauses; and, administration of Community funds (European Social Fund, European Agricultural Guidance and Guarantee Fund, European Regional Development Fund, and the European Development Fund);
- c) to initiate Community policy and to defend the Community interest in the Council. The EEC Treaty confines itself to sketching out the policy lines to be pursued in the main areas of economic activity, leaving it to the Community's institu-

tions, and more specifically the Council and the Commission in conjunction with Parliament, to work out the actual arrangements to be applied within that framework (Examples: monetary policy, regional policy, environment, consumer protection and so on).

The Commissioners are appointed for a four-year term throughout which they remain independent of the governments and the Council. The Commissioners cannot be removed by the Council; the European parliament can pass a motion of censure compelling the Commission as a body to resign.

4. The COURT OF JUSTICE is composed of 13 judges appointed for six years by agreement among the governments. It ensures the implementation of the Treaties in accordance with the rule of law. The judges are assisted by six Advocates-General. It has its seat in Luxembourg. Cases can be brought before the Court by the Commission against governments for infringements of the Treaties or by governments against decisions of the Commission or by individuals.

The four institutions are supported by the Court of Auditors set up in 1975. It draws up annual reports at the end of each financial year as well as a large number of special reports on individual issues, e. g. the operation of the EAGGF (European Agricultural Guidance and Guarantee Fund) Guarantee sector of food aid to developing countries. The European Parliament makes full use of the opportunities offered by the Court's investigatory powers, opinions and annual reports to reinforce its own control over Community expenditure and give full weight to its annual decision granting a discharge in respect of implementation of the Community budget.