The European Union
A GUIDE FOR AMERICANS

"The Union is founded on the principles of liberty, democracy, respect for human rights and fundamental freedoms, and the rule of law, principles which are common to the Member States."

EUROPEAN UNION
DELEGATION TO THE USA

EUintheUS.org

Editor's Notes

The entry into force of the European Union's Treaty of Lisbon, in December 2009, ushered in a more efficient, more democratic, more transparent, more united, and more secure EU than ever before. The treaty's provisions have modernized the EU's operations, reinforced its capacity to take action, enhanced democratic processes within the EU, and given the EU a single voice in external relations.

The evolution brought about by the Treaty of Lisbon is only one of the many aspects of the European Union covered by this "Guide for Americans." It also outlines the growth of the EU from its initial incarnation as the six-nation European Coal and Steel Community to today's 28-nation partnership; the day-to-day functioning of the EU; the EU's Economic and Monetary Union; the EU's relations with the United States as well as other international actors; and signature EU policy areas.

The term "European Union" (EU) is used in this brochure whenever appropriate. Other terms, such as "European Community" and "European Coal and Steel Community", are used when the historical context is appropriate or to describe the statutory functions of bodies that still have legal identities within the EU.

All information regarding EU institutions, policies, and programs is the most recent available at the time of publication. For updated information, please consult www.euintheus.org, the website of the Delegation of the European Union to the United States.

Where possible, financial amounts appear in U.S. dollars and are converted from euros using the appropriate annual dollar to euro exchange rate.

Contents

Ambassador's Welcome

As we progress into the 21st century, the European Union continues to be one of the world's most successful studies in economic and political integration. Rooted in democracy, the EU is a community based on law and values, and a society built on cooperation and solidarity. Through the years, the European Union has evolved like a living organism, and continues to grow, adapt, and develop to accommodate its citizens and the wider world, striving always to foster stability, security, and prosperity at home and abroad.

From the earliest days of European integration, we found a steadfast partner in the United States. Following World War II, the U.S. helped to ensure Western Europe's security, encouraged European cooperation by requiring joint administration of the U.S. Marshall Plan funds, and welcomed the initiative by the six founding nations of today's EU to place their coal and steel production under a common authority. The United States was the first non-member country to officially recognize the nascent European Coal and Steel Community, just months after its inception in 1952.

More than sixty years later, today's 28-member European Union has transformed the European continent, spanning a substantial part of its territory and counting a population of more than half a billion. The EU has made a lasting contribution to a Europe that is safer, stronger, more prosperous, and considerably more influential than the original European Coal and Steel Community. We have deepened our cooperation on foreign and security matters, created a single market, developed common policies, allowed citizens to circulate freely, and launched an economic and monetary union that includes a single currency shared by 19 of our countries… so far.

The transatlantic partnership has continued to prosper for more than six decades, constructed on a solid foundation of common values, including a commitment to the rule of law, the democratic process, respect for human rights, and alleviating poverty.

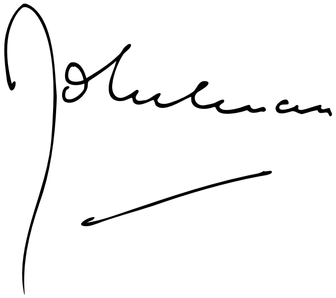
Together, the EU and the U.S. tackle global challenges and promote peace, democracy, and sustainable development around the world. Every day, we work side-by-side to help stabilize fragile states, end nuclear proliferation, fight terrorism, and eradicate deadly diseases. We strive to become energy independent, grow sustainably, and together combat the threat of climate change.

A deep-rooted part of our relationship revolves around our trade and investment ties, which already create millions of jobs on both sides of the Atlantic and account for approximately half of global gross domestic product and one-third of world trade. We want to create even more opportunity, by making it possible for our businesses and workers to succeed in a very competitive global economy. That is why the EU and the U.S. are working on a far-reaching transatlantic trade and investment partnership—known as TTIP—that is a once-in-a-generation opportunity to strengthen the greatest economic corridor in the world and give a significant boost to global trade and investment.

As we envisage the roles the EU and the United States will play in the years ahead in a globalized world, we need a deep mutual understanding of: each other's values; our respective histories and political evolutions; how decisions are made on each side of the Atlantic; how our economies and currencies work; and our respective and complementary actions on the world stage.

For these reasons, our Delegation has published, "The European Union: A Guide for Americans". In the pages that follow, we have endeavored to cover the most important details about the European Union—what it is, how it works, what it does—presented in the context of the EU-U.S. relationship. I also encourage you to visit our website at www.EUintheUS.org, which offers comprehensive details about many of the areas covered in this "Guide for Americans".

David O'Sullivan,
EU Ambassador to the United States



Chapter One
Introducing the European Union

The European Union is unique. It is not a federation like the United States. It is neither a state intended to replace existing states, nor an organization for cooperation between governments, like the United Nations. It is much more than any other international organization.

What makes the EU unique? Never before have countries voluntarily agreed to set up common institutions to which they delegate some of their sovereignty so that decisions on specific matters of joint interest, and which are directly applicable to citizens of all the countries, can be made democratically at a higher, in this case European, level.

All EU decisions and procedures are based on the treaties agreed to by all EU countries, under which sovereignty is shared in specified areas. The result is a union of 28 Member States covering 1.7 million square miles with half a billion people producing almost a third of the world's gross national product and speaking dozens of languages. The Member States are bound together by a desire to promote peace, democracy, prosperity, stability, and the rule of law.

The EU embraces the fundamental values shared by its Member States across a multitude of cultures, languages, and traditions. The Member States agree that democracy is the best form of government. They believe in societies that encourage pluralistic political thought and endorse freedom of speech and religion. They support free market economies—where economic development and growth are driven by the private sector and facilitated by governments. They believe prosperous countries have an obligation to help poorer and less developed regions and nations. And they value living together in peace and promoting these principles globally.

The EU sets high standards for membership. Candidate states must have stable democratic governments; respect for the rule of law, minorities, and human rights; a functioning market economy; and the ability to take on the obligations of EU membership. Prospective members must have the capacity to adopt and implement the body of EU laws and regulations that ensure cooperation in a multitude of areas in addition to trade and the economy, including citizens' rights, freedom, security, and justice, job creation, regional development, environmental protection, and making globalization work for everyone.

History: The Union's Origins

The economic integration that would lead to today's European Union was conceived in the wake of World War II, as a devastated Western Europe sought to rebuild its economy.

On May 9, 1950, French Foreign Minister Robert Schuman announced a plan—in a speech inspired by French businessman-turned-advisor Jean Monnet—that proposed pooling European coal and steel production under a common authority. While contributing to economic recovery, this plan would also control the raw materials of war. The Schuman Declaration was regarded as the first step toward achieving a united Europe—an ideal that in the past had been pursued only by force.

Belgium, the Federal Republic of Germany, Italy, Luxembourg, and the Netherlands accepted the French proposal and signed the European Coal and Steel Community (ECSC) Treaty in Paris on April 18, 1951.

The Six set up the ECSC High Authority, to which member governments transferred portions of their sovereign powers. Coal and steel trade increased by 129 percent over the next five years.

Encouraged by the success of the ECSC, the Six sought to pursue integration in the military and political fields. A European Defense Community treaty was signed, but not ratified and political cooperation—forerunner of the EU's Common Foreign and Security Policy—was not achieved until 1970. When these efforts were derailed, European leaders decided to continue the unification of Europe on the economic front alone. A historic meeting in Messina, Italy, in June 1955, launched the negotiations for two new treaties, the first to establish a European Economic Community (EEC) to merge separate national markets into a single market that would ensure the free movement of goods, people, capital, and services through development of common

economic policies; and the second to create a European Atomic Energy Community (EAEC or EURATOM) to further the use of nuclear energy for peaceful purposes.

The Six signed the treaties on March 25, 1957, in Rome. Often referred to as the "Rome Treaties", both the EEC and the EAEC Treaties came into force in January 1958.

Building a Union, Treaty by Treaty

The European Union has been built through a series of treaties that represent binding commitments by the Member States. Treaties are negotiated by Member States through intergovernmental conferences, which are followed by ratification of the treaties or agreed amendments by all Member States.

This process began with three separate treaties dating from the 1950s: the European Coal and Steel Community Treaty (ECSC),

Signing of the Treaty of Rome

the European Atomic Energy Community Treaty (EAEC), and the European Economic Community Treaty (EEC). In 1967, the ECSC, the EAEC, and the EEC collectively became known as the European Communities. The Single European Act in 1987 facilitated the creation of the "single market", gradually abolishing internal borders to allow for the free movement of goods, services, capital, and people.

Major elements of the Single European Act included institutional reform and the expansion of European Community powers in research and development, the environment, and common foreign policy.

The Treaty on European Union, signed in Maastricht, the Netherlands ("the Maastricht Treaty"), and in effect since November 1993, was a major overhaul of the founding treaties. Maastricht provided a blueprint to achieve Economic and Monetary Union (EMU), further developed the Union's inherent political dimension through the new Common Foreign and Security Policy (CFSP), and expanded cooperation in judicial and policing matters. Maastricht also created European citizenship and strengthened the European Parliament's legislative role in certain areas.

In 1999, the Treaty of Amsterdam reformed EU institutions to support its economic and security objectives. Major provisions include extending the scope of qualified majority voting, where each Member State's vote is given a weighting, with smaller countries getting a greater share than their populations alone would warrant; increasing the European Parliament's responsibilities by making the co-decision procedure for adopting legislation with the Council of the European Union the general rule; extending the number of policy areas—such as employment, social issues, and immigration—in which Parliament can exercise veto power; and strengthening the Common Foreign and Security Policy and the EU's ability to undertake joint foreign policy actions. Indeed, as few as two-thirds of Member States can act together on behalf of the EU. Member States that "constructively abstain" on CFSP issues are not able to take any action that impedes the majority decision.

The Treaty of Nice, which came into effect in 2003, set the stage for EU expansion by revising institutional policies. The treaty extended majority voting even further, re-weighted votes within the Council of the European Union, and extended the use of "enhanced cooperation", which allows groups of at least eight Member States to proceed with policy initiatives that do not infringe on the rights of other members. It also redistributed Member State representation within the European Parliament, restructured the European Commission, and strengthened its presidency.

From the European Constitutional Treaty to the Treaty of Lisbon

In 2004, EU heads of state and government and foreign ministers signed the Treaty establishing a Constitution for Europe, which provided for changes to the EU's governing institutions and decision-making processes. The treaty grew out of the 2002-2003 "Convention on the Future of Europe" and built upon previous efforts to institute internal reforms enabling an enlarged EU to function more effectively, more transparently, and closer to EU citizens. It also contained measures to raise the EU's visibility on the world stage.

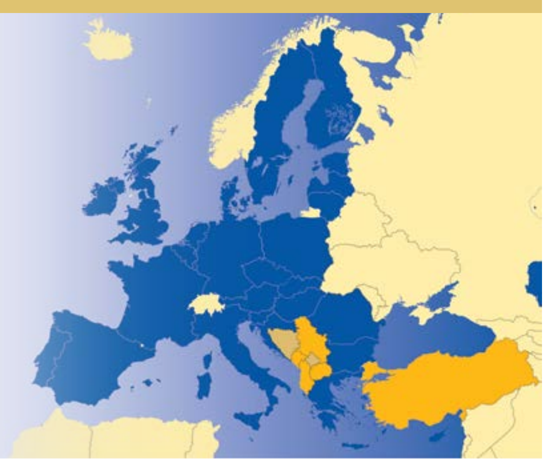
As with all treaties, to enter into force, the Constitutional Treaty required unanimous ratification by all EU Member States—by popular referendum or parliamentary vote, depending upon individual country requirements. Although a majority of Member States had ratified the Constitutional Treaty, the French and Dutch "No" votes prevailed.

Following an in-depth review, EU leaders re-worked the Constitutional Treaty and on December 13, 2007, signed the new Treaty of Lisbon. The Treaty of Lisbon, which entered into force on December 1, 2009, after ratification by all EU Member States, was designed to modernize the EU's operations, reinforce its capacity to take action, enhance democratic processes within the EU, and give the EU a single voice in external relations.

Innovations included appointing a single individual to serve as president of the European Council for up to five years; creating the inter-institutional post of EU High Representative for Foreign Affairs and Security Policy and a foreign service (known as the European External Action Service); increasing the powers of the European Parliament; and simplifying voting procedures. It also provides citizens with new avenues for direct participation in EU governance and more actively involves the national parliaments. Other changes improve operations and transparency. The Treaty also legally guarantees citizens' fundamental rights.

The EU Today

Member States:	28
Official languages:	24
Area:	4.3 million km² (1.7 million mi²)
Population:	510 million
GDP (2015):	$16.2 trillion



Chapter One
Introducing the European Union

The Lisbon Treaty amends the EU's two core treaties, the Treaty on European Union and the Treaty Establishing the European Community (which became The Treaty on the Functioning of the European Union). The amendments ended the distinction between the European Union and the European Community, providing the EU with a single legal personality, which enables the Union to conclude international agreements and join international organizations. The Lisbon Treaty also established a clear division of labor between the European and national levels. For the first time, the treaty includes provisions that would apply if a Member State decided to leave the EU.

The Impact of the EU

The European Union has delivered more than half a century of peace, stability, and prosperity, helped raise living standards, launched a single European currency (the euro), and is progressively building a single Europe-wide market in which people, goods, services, and capital move among Member States as freely as within one country.

EU residents benefit in numerous ways. They can expect consistent delivery of important services, from education to health care to transportation, which must meet agreed-upon standards. They know that products such as food or medical supplies will be safe and environmentally sound regardless of where they originate in the EU. They know that men and women must receive equal pay for equal work, a requirement that reflects the EU's pioneering role in the fight for women's rights. Citizens of the European Union know they are free to live in any EU country and have equal access to justice throughout the Union. Most importantly, they know that their fundamental rights, including the freedom of thought, conscience, and religion, are protected.

The EU has also strengthened Europe's voice in the world. The Union is engaged in rebuilding lives and communities in areas of conflict such as Afghanistan. The EU supports efforts to achieve peace in the Middle East, promotes sound environmental practices, and contributes to global efforts to control nuclear proliferation. Judicial, law enforcement, and security officials cooperate internationally to combat terrorism and transnational crime.

The EU and its Member States are the largest providers of official development assistance around the world—from combating poverty to fighting Ebola, malaria, HIV/AIDS, and other communicable diseases. And the Union is involved in other areas that support development and reduce poverty, such as peacekeeping, election observing, and providing humanitarian and reconstruction aid in the wake of natural disasters and conflict.

European and global markets benefit from the EU's ability to negotiate international trade agreements on behalf of its Member States. For example, open and uniform access to the European market for U.S. manufacturers, service companies, and investors has resulted in a vibrant economic relationship—the largest in the world—that provides more than two billion dollars in transatlantic trade each day and supports jobs for 7.5 million Americans and about the same number of Europeans.

UK Votes to Leave EU

By a margin of almost 52 percent to 48 percent in a June 23, 2016 referendum, the United Kingdom voted to leave the EU. The withdrawal process begins once the UK submits its formal notice under Article 50 of the Treaty on European Union, and the process could take approximately two years. Until the UK leaves, however, it remains a full member of the EU with all the rights and obligations this entails.

A United States of Europe?

The European Union is often compared to the United States, and some similarities in function and organization do exist. The Member States of the EU have agreed to pool some of their sovereign powers for the sake of unity and promotion of shared values, just as American states did to create a federal republic. In the fields where national sovereignty has been pooled, such as trade, the EU negotiates directly with the United States and other countries on behalf of all the Member States. So far, 19 Member States have also joined together their monetary policy and adopted the euro as their currency. All Member States are expected to join the euro area once they meet the economic criteria, with the exception of Denmark and the United Kingdom, which have officially opted out.

However, there are also many differences. Unlike the American states, EU Member States retain their individual authority in areas such as security and defense, although they now can take joint action in certain foreign and security policy areas. Additionally, the EU operates according to the principles of "subsidiarity"—meaning that responsibility for issues for which the EU and Member States have oversight devolves to the lowest level at which it can be effectively addressed—and "proportionality", which seeks to keep the content and form of EU action in proportion to the desired objective. The practical outcome is that the Union is granted jurisdiction only over those policies that can be handled more effectively at the EU level.

Europe is constructing its own unique model for integration, ensuring respect for the historical, cultural, and linguistic diversity of the European nations.

EU Awarded 2012 Nobel Peace Prize

The European Union's 2012 Nobel Peace Prize award reflects more than 60 years of EU contributions to peace, reconciliation, democracy, and human rights in Europe.

Twenty-Four Official Languages

The 24 official languages of the EU's 28 Member States represent the Union's broad cultural diversity:
Bulgarian, Croatian, Czech, Danish, Dutch, English, Estonian, Finnish, French, German, Greek, Hungarian, Irish, Italian, Latvian, Lithuanian, Maltese, Polish, Portuguese, Romanian, Slovak, Slovenian, Spanish, Swedish.

The EU and the U.S. – A Long-Standing Partnership

The United States has played an important role in the development of the European Union. From the very beginning, European integration has benefited from American support. The United States was the first nation to recognize the European Coal and Steel Community (1952) and the first to establish diplomatic relations (1956). And, more than 60 years ago, the ECSC—precursor to today's EU—launched its official presence in the U.S. in 1954.

The Marshall Plan was vital to launching Europe's post-war economic boom, and was made conditional on cooperation between European nations. NATO created a secure space in Western Europe where this new cooperation flourished, and the United States has consistently supported the EU's drive, through successive enlargements, to open its cooperation and structures to ever more people and countries.

The 28 European Union Member States

Country	MEPs (2014-2019)	Population 2015 (millions)	GDP 2015 ($ billions) World Bank	Currency
Austria	18	8.6	374	Euro
Belgium	21	11.3	454	Euro
Bulgaria	17	7.2	49	Lev
Croatia	11	4.2	49	Kuna
Cyprus	6	1.2	19	Euro
Czech Republic	21	10.6	182	Czech Koruna
Denmark	13	5.7	295	Danish Krone
Estonia	6	1.3	23	Euro
Finland	13	5.5	230	Euro
France	74	66.8	2,422	Euro
Germany	96	81.4	3,356	Euro
Greece	21	10.8	195	Euro
Hungary	21	9.8	121	Forint
Ireland	11	4.6	238	Euro
Italy	73	60.8	1,815	Euro
Latvia	8	2.0	27	Euro
Lithuania	11	2.9	41	Euro
Luxembourg	6	0.6	58	Euro
Malta	6	0.4	10	Euro
Netherlands	26	16.9	753	Euro
Poland	51	38.0	475	Zloty
Portugal	21	10.4	199	Euro
Romania	32	19.8	178	Leu
Slovakia	13	5.4	87	Euro
Slovenia	8	2.1	43	Euro
Spain	54	46.4	1,199	Euro
Sweden	20	9.8	493	Swedish Krona
United Kingdom	73	65.1	2,849	Pound Sterling
Total EU 28	751	510 million	$16.2 trillion	

Chapter Two

How is the EU Run?

A Unique Governing System

The European Union is governed by institutions that reflect the EU's unique, dual supranational and intergovernmental character. The EU has the power to enact laws that are directly binding on the citizens of the 28 Member States.

Member States have ceded part of their national sovereignty to EU institutions, leading to descriptions of the Union as a supranational entity, with many decisions made and final authority residing at the EU level. In specified areas, the Member States work together in their collective interest through EU institutions to administer sovereign powers jointly.

The general political direction and priorities of the European Union are defined by the European Council, which comprises the heads of state and/or government of the EU Member States.

The EU's decision-making process involves three main institutions, all set up in the 1950s under the EU's founding treaties. Through subsequent treaty changes—culminating in the 2009 Treaty of Lisbon—these institutions have adapted to a larger, more complex European Union than was envisaged more than half a century ago.

Generally, the European Commission proposes new legislation while the Council of the European Union and European Parliament adopt the laws. This institutional triangle produces policies and laws that apply throughout the EU. The Member States and the Commission then implement the laws. Three other institutions also play a vital role: the Court of Justice of the European Union upholds the rule of European law, the Court of Auditors checks the financing of Union activities, and the European Central Bank is responsible for the EU's single currency—the euro—and monetary policy in the euro area. Other bodies also play important roles, including the European Economic and Social Committee (EESC—made up of employers' and trade union representatives) and the Committee of Regions (COR—consisting of representatives of local and regional authorities), both of which support the institutions in advisory capacities.

Governing Institutions

The European Commission

The European Commission (EC) is the European Union's executive branch and has the sole right of legislative initiative, except where the Treaties provide otherwise. It is independent of national governments and represents the European (as opposed to individual Member State) perspective. The Commission comprises 28 appointed Commissioners—one from each EU country—each of whom is responsible for specific policy areas. Approximately 33,000 people work for the Commission, with the majority based in Brussels.

The Commission ensures that the provisions of the EU treaties are applied correctly, represents the EU internationally, and negotiates with non-EU countries in areas falling within its jurisdiction. The Commission also fulfills an administrative role.

The leadership of the European Commission consists of 28 Members—one from each Member State—who are appointed or re-appointed every five years, within six months of the European Parliament elections. The process involves several steps with input from Member States and the European Parliament:

- Member State governments agree on a new Commission President-designate.
- Parliament approves the Commission President-designate.
- The Commission President-designate chooses the other Members of the Commission, in consultation with Member State governments.
- Parliament interviews each Member and issues its opinion on the whole team. Once approved, the new Commission can officially start work.

The Commission has seven Vice-Presidents, one of whom is also the EU's High Representative for Foreign Affairs and Security Policy. This inter-institutional role—combining positions from both the Commission and the Council—helps to ensure consistency across the spectrum of EU external relations. The present Commission's term runs through October 31, 2019. The President of the European Commission is Jean-Claude Juncker of Luxembourg.

The Commission remains politically accountable to Parliament, which has the power to dismiss the entire Commission by adopting a motion of censure. Individual members of the Commission must resign if asked to do so by the President, provided the other Commissioners approve.

The Commission attends all the sessions of Parliament, where it must clarify and justify its policies, in addition to replying regularly to written and oral questions posed by Members of the European Parliament. The seat of the Commission is in Brussels (Belgium), but it also has offices in Luxembourg, and is represented in each EU Member State.

The European Commission has four main roles:

1. Proposing legislation to the Parliament and the Council.
Proposed legislation must defend the interests of the Union and its citizens, not those of specific countries or industries. The Commission also seeks the opinions of national parliaments and governments. To get the technical details right, the Commission consults experts through its various committees and groups.

2. Managing and implementing EU policies and the budget.
The Commission is responsible for administering and supervising expenditures under the oversight of the Court of Auditors. Most of the actual spending is done by national and local authorities.

3. Enforcing European law (jointly with the European Court of Justice).
The Commission acts as guardian of the Treaties and can take legal action and refer cases to the European Court of Justice against persons, companies, or Member States that violate EU rules. The Court has the power to impose penalties, and its judgments are binding on the Member States and the EU institutions.

4. Representing the EU internationally on certain key issues.
The Commission represents the EU on specific external policy issues, such as trade and the implementation of development assistance. It also negotiates agreements between the EU and other countries in areas falling within its jurisdiction (e.g. World Trade Organization negotiations). Both Commission and External Action Service officials are present throughout the EU's global network of approximately 140 external delegations.

Council of the European Union

The Council is one of the EU's main decision-making bodies and represents the Member States. One minister from each of the EU's national governments attends Council meetings. Different ministers are assigned to specific issue areas (e.g., agricultural ministers decide farm policy). Each minister in the Council is empowered to commit his or her government—the minister's signature represents the assent of the whole government. The Presidency of the Council, with the exception of the Foreign Affairs configuration, is held by a pre-established group of three Member States for an 18-month period, with each of the three countries acting as chair for one six-month rotation.

The Treaty of Lisbon formalized this cooperation between successive presidencies—a "team presidency"—which is guided by a common program for the 18-month period drawn up by all three Member States. Each EU country in turn takes charge of the Council agenda and chairs all the meetings for its six-month period, promoting legislative and political decisions and brokering compromises among the Member States.

The General Affairs Council oversees the operation of the different Council configurations. EU relations with the rest of the world are dealt with by the Foreign Affairs Council, chaired by High Representative Federica Mogherini.

The Council of the European Union has six key responsibilities:

1. Adopting European laws—jointly with the European Parliament in most policy areas.
2. Coordinating the economic policies of the Member States.
3. Concluding international agreements between the EU and other countries or international organizations.
4. Approving the EU's budget, jointly with the European Parliament.
5. Playing a key role in the development of the EU's Common Foreign and Security Policy (CFSP), based on guidelines set by the European Council.
6. Coordinating cooperation between the national courts and police forces in criminal matters (see the freedom, security, and justice section).

Who Does What? Shared Responsibility between the EU and Its Member States

The EU operates according to the principle of subsidiarity, which means that the European Union does not take action (except in the areas which fall within its exclusive jurisdiction) unless it is more effective than action taken at national, regional, or local level. It also adheres to the proportionality principle, which means that EU involvement is proportionate to agreed objectives.

Exclusive EU jurisdiction: Only the EU may legislate and adopt legally binding acts in fields including the customs union, the common commercial policy, competition rules, and monetary policy for euro countries.

Shared EU-Member State jurisdiction: Jurisdiction is shared between the EU and the Member States in specified areas including internal market rules; aspects of social policy; economic, social, and territorial cohesion; agriculture and aspects of fisheries; the environment; consumer protection; transport; trans-European networks; energy; the area of freedom, security, and justice; aspects of public health; aspects of research and technological development and space; and aspects of development cooperation and humanitarian aid.

Member State jurisdiction with support from the EU: Although Member States retain jurisdiction in areas related to the protection and improvement of human health; industry; culture; tourism; education, vocational training, youth and sport; civil protection; and administrative cooperation, EU actions can support, coordinate, or supplement Member State activities.

The EU also coordinates economic employment policy and a common foreign and security policy; however, these areas are managed separately from the above framework.

Chapter Two

How is the EU Run?

European Council, February 12, 2015

Most of these responsibilities relate to policy areas where the Member States have decided to pool their sovereignty and delegate decision-making powers to the EU institutions. However, the last two responsibilities listed above relate largely to areas in which the Member States have not delegated their powers but are simply working together. This is called intergovernmental cooperation.

The Council votes on measures either by a simple majority, a qualified majority, or unanimously, depending on the subject to be decided. Prior to November 1, 2014, most Council decisions were reached by a qualified majority of the weighted votes of Member State ministers. Since November 1, 2014, the system has been simplified. In most cases, decisions require a qualified majority vote (now based on the principle of a double majority: e.g., a majority of the Member States and of the population), and a measure will be adopted if 55 percent of the Member States (16) are in favor and if they represent at least 65 percent of the EU's population.

Co-Decision Procedure

Co-decision—where the European Parliament and the Council of the European Union share legislative power equally—is the "ordinary legislative procedure" now used for most EU law-making.

The co-decision procedure requires the two bodies to agree on identical text before a proposal becomes law. If the Council and Parliament cannot agree, a special Conciliation Committee is formed. Even if the committee agrees to a joint text, the Parliament may still reject the proposed act by a majority vote of its members.

Areas covered by the co-decision procedure include: agriculture, energy security, legal immigration, justice and home affairs, public health, the internal market, employment, customs cooperation, consumer protection, research, environment, and preventing and combating fraud.

In certain cases specified by the Treaty, legislative acts may be adopted by the Council alone rather than by the two institutions jointly. This "special legislative procedure" applies in certain areas of justice and home affairs (e.g., matters concerning the European public prosecutor's office, operational police cooperation, measures relating to passports, identity cards and residence permits, and family law measures with cross-border implications); budget and taxation; and specific aspects of certain policies—environmental measures of a fiscal nature, R & D programs; and social welfare and protection for workers.

Unanimity is required on important questions including taxation, Treaty amendments, the launch of a new common policy, or allowing a new country to join the EU. Effectively, each Member State has veto power in areas subject to unanimous votes.

When Member States are unable to get the agreement of all the other Member States, they may cooperate more closely in policy areas that are not within the EU's exclusive domain, by using "enhanced cooperation". At least nine Member States can use the EU institutions to achieve closer cooperation provided that it furthers EU objectives and is open to other Member States if they wish to join. The process has been used to find common solutions for divorce law for couples from different EU countries and for a unitary patenting system that involves most, but not all, Member States. To block a decision from being reached, at least four countries, representing more than 35 percent of the population, must vote against it.

These rules ensure that Council decisions not only have broad support across Europe, but that small minorities cannot block decisions.

European Council

The European Council, comprising the presidents or prime ministers of the Member States, together with the Presidents of the European Commission and the European Council, operates at a political level and does not legislate. European Council summits, which take place several times a year, set overall EU policy and resolve issues that could not be settled at the ministerial level (e.g., by the ministers at the Council of the EU meetings). The High Representative for Foreign Affairs and Security Policy/ Commission Vice-President also participates in the European Council's work.

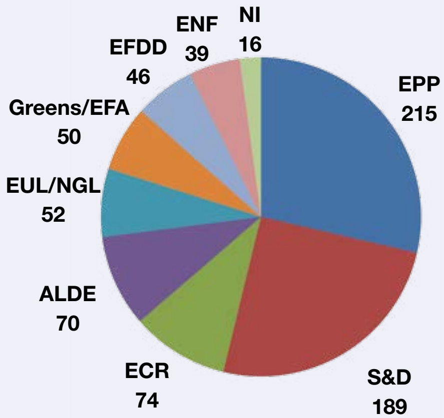
Under the Treaty of Lisbon the European Council became an official EU institution, and a new position was created—permanent president of the European Council—a 2 ½ year renewable term.

Donald Tusk of Poland, only the second permanent president of this institution, chairs the European Council and drives forward its work; ensures the preparation and continuity

The European External Action Service (EEAS)

The European External Action Service (EEAS) serves as the EU's foreign ministry and official diplomatic service. It was officially launched on January 1, 2011, to support the High Representative and assist the Presidents of the European Council and the European Commission with their functions in the areas of external relations. EEAS staff comprises expert staff transferred from the Council, the Member States, and the European Commission. High Representative Federica Mogherini heads the EEAS.

European Parliament: Number of seats per political group (2016)



TOTAL 751

EPP	European People's Party (Christian Democrats)
S&D	Progressive Alliance of Socialists and Democrats Group
ECR	European Conservatives and Reformists
ALDE	Alliance of Liberals and Democrats for Europe
EUL/NGL	European United Left-Nordic Green Left
Greens/EFA	Greens/ European Free Alliance
EFDD	Europe of Freedom and Direct Democracy
ENF	Europe of Nations and Freedom
NI	Non-aligned members

European Parliament.
Plenary session, January 2015
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of the Council's work; facilitates cohesion and consensus within the Council; and reports to the European Parliament following each European Council meeting. The President of the European Council also represents the EU abroad on foreign and security matters at the equivalent level.

European Parliament

Since 1979, the European Parliament (EP) has been directly elected by the EU's citizens, with each member serving a five-year term.

The present Parliament, elected in May 2014, has 751 members representing all 28 EU countries. The treaty sets the number of members per country according to a population-based proportional system, with no Member State having fewer than six representatives, nor more than 96. Nearly one-third of Parliament's members are women. Parliament elects a president who serves a 2 ½ year renewable term. In 2012, Martin Schulz of Germany was elected President of the European Parliament and re-elected in 2014 for a second term.

Parliament has three main roles:

1. Passing European laws jointly with the Council in most policy areas. All international treaties with the EU require the consent of the European Parliament.
2. Exercising democratic supervision over the other EU institutions, in particular the Commission. Parliament has the power to approve or reject the nomination of the European Commission President and the Commissioners, and it has the right to censure the Commission as a whole, and call for its mass resignation.
3. Full parity with the Council in the approval of the whole EU budget and of the legally binding multi-annual financial programming.

Members of the European Parliament (MEPs) do not sit in national blocks, but in Europe-wide political groups. Between them, they represent all views on European integration, from the strongly pro-federalist to the openly "Euroskeptic." Although the institution has three places of work (Strasbourg, France, Brussels, Belgium, and Luxembourg), the official seat of Parliament is in Strasbourg, France, where the main plenary sessions take place 12 times a year.

Court of Justice of the European Union

The Court of Justice of the European Union was set up under the ECSC Treaty in 1952. Based in Luxembourg, it acts as the European Union's Supreme Court. The Court ensures that EU legislation is interpreted and applied uniformly in all EU countries. The Court has the power to settle legal disputes between EU Member States, EU institutions, businesses, and individuals. Its rulings are binding. The Court is composed of one judge per Member State—28—who are appointed by joint agreement between the governments of the EU Member States for a renewable term of six years. The Court may sit as a full court, in a Grand Chamber of 15 judges or in Chambers of three or five judges, depending on the complexity and importance of the case. The Court is assisted by nine advocates-general who present reasoned opinions on the cases brought before the Court, publicly and impartially.

EU Law and Legislation

Legislation is drafted by the Commission and requires approval by the Council and the Parliament under the ordinary legislative procedure. The Commission considers legislation only when it believes an EU-level remedy is necessary for a problem that cannot be solved by national or local governments. Legislation takes different forms, depending on the objective to be achieved.

- Laws, called regulations, are binding in their entirety, self-executing, directly applicable, and obligatory throughout EU territory. They can be compared to U.S. federal laws passed by Congress.
- Directives are binding in terms of the results to be achieved and are addressed to individual Member States, which are free to choose the best forms and methods of implementation.
- Decisions are binding in their entirety upon those to whom they are addressed—Member States, companies, or persons.
- Recommendations and opinions are not binding and can be initiated by institutions other than the Commission.

Chapter Two

How is the EU Run?

To help the Court of Justice cope with a large caseload and to afford citizens better legal protection, the General Court was created in 1988. This court (which is attached to the Court of Justice) is responsible for certain kinds of cases, particularly actions brought by private individuals, companies, and some organizations, as well as cases relating to competition law.

The Court of Justice and the General Court each have a president chosen by their fellow judges to serve for a three-year renewable term.

European Court of Auditors

The European Court of Auditors (ECA) was set up in 1975 and is based in Luxembourg. The Court's job is to check that EU funds, which come from the taxpayers, are collected properly, spent legally and economically, and are used for their intended purpose. Functioning as an independent external audit institution of the EU, the ECA aims to ensure that taxpayers get maximum value for their money, and it has the right to audit any person or organization handling EU funds.

The Court is comprised of one member from each EU country, appointed by the Council for a renewable six year term. Members elect one of their number as President for a renewable term of three years.

Budget: Revenue and Expenditure Explained

The European Union finances its expenditures from its "own resources," which are made up of the following:

- Revenue collected from customs duties and import levies (around 10 percent of total revenue).
- A set share of the value-added tax collected by each Member State (9 percent).
- A further contribution from the Member States based on the size of their gross national income (GNI) and ability to pay (74 percent).
- Miscellaneous revenue from sources including income taxes paid by EU officials, contributions by non-EU countries to certain EU programs, and fines on companies that breach competition or other laws (7 percent).

The total EU budget for 2016 is approximately €155 billion. The European Union is required to balance its budget annually, so deficit financing is not permitted. In addition, the amount of EU revenue available for expenditure is capped and currently may not exceed 1.23 percent of the GNI of the EU as a whole.

The European Commission prepares the draft budget and submits it to the budgetary authority—the Council of the EU and the European Parliament—which amend and adopt the draft budget.

Should the Council and the Parliament disagree, a specific Conciliation Committee is convened, and given 21 days to reach agreement on a joint text that meets with the budgetary authority's approval. If rejected by the Council, the European Parliament has the right to ultimately approve or reject the budget. If the Parliament rejects the text, the Commission must submit a new draft budget, and if the budget is not adopted before the start of the new year, one twelfth of the previous year's budget may be spent each month under certain conditions before the new budget is finally agreed.

The EU's Court of Auditors regularly audits and reports on the EU's accounts and resource management.

Other Bodies

European Economic and Social Committee - the Voice of Civil Society

Founded in 1957 under the Treaty of Rome, the European Economic and Social Committee (EESC) is an advisory body representing employers, trade unions, farmers, consumers, and other sectors of organized civil society in policy discussions with the Commission, the Council, and the European Parliament. The Committee must be consulted before decisions are made on economic and social policy. It may also give its opinion on other matters on its own initiative or at the request of another EU institution.

The 353 members are nominated by the Member State governments and roughly reflect the size of each Member State's population. However, they work with complete political independence and are appointed by the Council for a five-year term.

Committee of the Regions - the Voice of Local Government

Set up in 1994, the Committee of the Regions (CoR) is an advisory body whose members represent Europe's regional and local authorities. The CoR must be consulted before EU decisions are made on matters which have local and regional repercussions. The Committee can also adopt opinions on its own initiative and present them to the Commission, Council, and Parliament.

The 353 members of the Committee are elected municipal or regional officials, often leaders of regional governments or city mayors, nominated by Member State governments and appointed by the Council for a five year renewable term.

European Central Bank

European Central Bank

The European Central Bank (ECB) was set up in 1998, and is based in Frankfurt, Germany. The ECB is responsible for framing and implementing the EU's monetary policy including managing the euro, the EU's single currency.

To carry out its role, the ECB works within the European System of Central Banks (ESCB), which covers all 28 EU countries. Nineteen EU Member States have adopted the euro to date. Collectively, these 19 make up the euro area and their central banks, together with the European Central Bank, comprise the Eurosystem.

The ECB works in complete independence. Neither the ECB, the national central banks of the Eurosystem, nor any member of their decision-making bodies can ask for or accept instructions from any other body. The ECB, working closely with the national central banks, prepares and implements the decisions made by the Eurosystem's decision-making bodies—the Governing Council, the Executive Board, and the General Council.

The ECB's main task is to maintain price stability in the euro area, ensuring that the euro's purchasing power is not eroded by inflation. The ECB strives to keep the year-to-year increase in consumer prices under 2 percent, controlling the money supply and monitoring price trends in order to assess the risk posed to price stability in the euro area. Controlling the money supply involves, among other things, setting interest rates throughout the euro area, one of the Bank's better known activities.

In response to the economic crisis, ECB oversight ensures that banks operate in a safe and reliable way. New banking rules set stricter conditions—including the amount of reserves banks must maintain. Under the Single Supervisory Mechanism (SSM), the ECB directly supervises the largest banks, while Member State authorities monitor the

EU Agencies

An EU agency is a body governed by European public law; it is distinct from the EU institutions (such as the Council, the Parliament, and the Commission) and has its own legal personality. It is set up by an act of secondary legislation in order to accomplish a very specific technical, scientific, or managerial task specified in the relevant EU act.

There are currently more than forty agencies set up to perform specific tasks under EU law, even though differing terms are used to designate them (e.g. center, foundation, agency, or office). Three of them—the European Defense Agency (EDA), the European Union Institute for Security Studies (EUISS), and the European Union Satellite Center (EUSC)—carry out tasks for the Common Foreign and Security Policy. Three others—CEPOL, Europol, and Eurojust—help coordinate police and judicial cooperation in criminal matters. CEPOL is the European Police College, Europol is the European Police Office, and Eurojust is a permanent network of judicial authorities.

The objectives of the EU's individual agencies and other bodies are many and varied, with each fulfilling a unique function defined at the time of its creation. These entities introduce a degree of decentralization to EU activities.

Federica Mogherini,
EU High Representative for Foreign Affairs and Security Policy
European Commission Vice-President

EU Foreign and Security Policy

In 2009, the Treaty of Lisbon combined three formerly separate functions—High Representative of the Council for Common Foreign and Security Policy (CFSP), President of the Foreign Affairs Council, and European Commissioner for External Relations—into the single inter-institutional position of the High Representative for Foreign Affairs and Security Policy/ European Commission Vice-President.

Designed to make the EU's conduct of foreign and security policy more coherent, more consistent, more effective, and more visible on the world stage, the High Representative is the counterpart to the U.S. Secretary of State, and steers foreign and security policy; represents the EU internationally on CFSP; and enhances the consistency and unity of the EU's external action. The High Representative is appointed for a five-year term and is assisted by the European External Action Service (EEAS), which is comparable to the U.S. Foreign Service.

Chapter Two
How is the EU Run?

smaller ones, under a common system. The SSM covers all euro area countries, and non-euro countries have the option to participate.

European Investment Bank

The European Investment Bank (EIB) was set up in Luxembourg in 1958 by the Treaty of Rome. Its job is to lend money for projects of European interest (such as rail and road links, airports, or environmental efforts), particularly in the less well-off regions, candidate countries, and the developing world. It also provides credit for small business investments.

The EIB is non-profit and financed through borrowing on the financial markets and by the Bank's shareholders—the Member States of the European Union. They contribute jointly to its capital, each country's contribution amount reflecting its economic weight within the Union. This Member State backing gives the EIB the highest possible credit rating (AAA) on the money markets, enabling it to raise large amounts of capital on very competitive terms. In turn, the Bank is able to invest in projects of public interest that would otherwise not get the money – or would be forced to borrow at a higher rate.

The EIB also supports sustainable development in Eastern Europe, the Mediterranean countries, Africa, the Caribbean, and the Pacific, as well as projects in Latin America and Asia. Finally, the EIB is the majority shareholder in the European Investment Fund.

The European Investment Fund

The European Investment Fund (EIF) was set up in 1994 to help small businesses. The EIB is its majority shareholder, with which it forms the "EIB Group". The EIF provides venture capital to small firms (SMEs), particularly new firms and technology-oriented businesses. It also provides guarantees to financial institutions (such as banks) to cover their loans to SMEs.

The EIF is not a lending institution: it does not grant loans or subsidies to businesses, nor does it invest directly in any firms. Instead, it works through banks and other financial intermediaries, using either its own funds or those entrusted to it by the EIB or the European Union.

The Fund is active in the Member States of the European Union, candidate and potential candidate countries, including Turkey, and four EFTA countries (Iceland, Liechtenstein, Norway, and Switzerland).

Noteworthy Innovations under the Treaty of Lisbon: Top Ten

The 2009 Treaty of Lisbon modernized the EU's operations, reinforced its capacity to take action, enhanced democratic processes within the EU, and gave the EU a single voice in external relations. It has improved the EU's ability to partner with others, including the U.S., to address global and regional concerns.

Major innovations include:

- **Citizens' Initiative.** One million EU citizens may sign a petition inviting the European Commission to submit a legislative proposal on any area within EU jurisdiction.
- **Lawmaking.** The European Parliament's role as co-legislator with the Council is substantially reinforced because the co-decision legislative procedure becomes the norm in most cases.
- **Simplification of Legislative Procedures.** The Treaty broadens the application of the ordinary legislative procedure (co-decision) and expands qualified majority voting.
- **National Parliaments.** Member State legislatures act as "watchdogs" on the subsidiarity principle—meaning that decisions/legislation must be made at the most appropriate level of government—regional, national, or European. Additionally, the national parliaments are consulted directly early in the EU decision-making process, and have the power to intervene when a legislative act is still a Commission proposal.
- **European Council President.** The first permanent president of the European Council provides cohesion and continuity for the Council's work and represents the EU abroad on matters of common foreign and security policy.
- **High Representative for Foreign Affairs and Security Policy/ Commission Vice-President.** This inter-institutional position—comparable to the U.S. Secretary of State—fuses several previous functions and enables the EU to act more coherently, consistently, effectively, and visibly in the international arena.
- **European External Action Service.** A professional diplomatic corps to support the HR/VP.
- **Single Legal Personality.** This enables the EU to conclude international agreements and join international organizations.
- **Charter of Fundamental Rights.** The Charter becomes legally binding.
- **Withdrawal.** For the first time, the EU treaty addresses a Member State's right to withdraw from the EU.

Chapter Three

The EU-U.S. Partnership

The historic relationship between the European Union and the United States is crucial and unique. Based on shared values and a strong fundamental belief in democratic government, the rule of law, human rights, and the market economy, the EU-U.S. partnership is not limited to trade relations and economic ties. Promoting energy security and efficiency, combating climate change, countering extremism and terrorism, helping developing nations lift themselves out of poverty, and fighting the spread of infectious diseases are only some of the global challenges that the EU and the U.S. face together.

Transatlantic Economic Ties

The economic relationship between the European Union and the United States is perhaps the most defining feature of the global economy. The integration is broader and deeper than between any two other political regions in the world. The EU and U.S. account for almost 30 percent of global merchandise trade, close to 40 percent of world trade in services, and about half of global GDP. The partnership is also the single most important driver of global economic growth, trade, and prosperity; bilateral economic ties are increasing every year.

The EU and the U.S. are each other's main trading partners in goods and services and account for the largest bilateral trade relationship in the world. The huge amount of bilateral trade and investment illustrates the high degree of interdependence of the two economies. In 2015, bilateral trade in goods alone was worth more than $700 billion.

Despite the impact of the worldwide financial crisis and recession, the EU-U.S. economic relationship remains on solid ground and is more important than ever. The two economies each provide the other with its most important sources of foreign direct investment (FDI), and close to a quarter of all EU-U.S. trade consists of transactions within firms based on their investments on either side of the Atlantic. The overall transatlantic workforce is estimated at 15 million workers, and approximately half are Americans who owe their jobs directly or indirectly to EU companies.

Addressing Global Challenges Together

The relationship between the two partners, however, goes beyond economic ties. The European Union and the United States increasingly share the opportunities and responsibilities of world leadership.

Together they work to promote common values, including peace, freedom, and the rule of law; create conditions for harmonious economic development worldwide; advance the stability of international trade, financial, and monetary systems; and strengthen the economies of developing countries and those in transition. Together, the EU and the U.S. provide the bulk (more than three-quarters in 2015) of official development assistance worldwide.

Acting on these shared values, the EU and U.S. have played a significant role in promoting the institutions and international norms that helped bring an end to the Cold War and subsequently encouraged global trends toward democratization and market integration.

John Kerry, U.S. Secretary of State and Federica Mogherini, EU High Representative for Foreign Affairs and Security Policy/ European Commission Vice-President

The EU and the U.S. work together to confront global challenges such as climate change, poverty, terrorism, threats to security and stability, weapons proliferation, drugs, and organized crime.

As partners promoting peace and stability, the EU and the United States recognize the impact of regional conflicts, both in the direct consequences of violence, and the wide-

Chapter Three
The EU-U.S. Partnership

ranging, spin-off impact of crime, terrorism, poverty, and disease that often result from such conflicts. The two partners worked side-by-side to bring stability to the Balkans in the years following the breakup of the former Yugoslavia. The EU and the U.S., through the Organization for Security and Cooperation in Europe (OSCE), have supported the Ukrainian government in adapting legislation, structures, and processes to the requirements of a modern democracy. EU actions in 2014 and beyond have bolstered the transatlantic approach, thanks to the EU-Ukraine Association Agreement, which includes a Deep and Comprehensive Free Trade Agreement.

In Afghanistan, the EU and the United States together have provided the lion's share of the international reconstruction effort, and the EU provides a vital component of the international drive to ensure security and stability in the country, while helping the Afghan government establish the rule of law and good governance.

In order to help the reconstruction of a democratic and stable Iraq, the European Union and U.S. government both contribute financial resources, technical expertise, and an unbending commitment to the principles of democracy and freedom.

Differing Approaches to Some Issues

Naturally, differences exist, just as they will between any partners. Differing positions on the U.S. death penalty and certain trade issues are among the most visible. However, 98 percent of economic relations between the two partners are dispute-free, and the EU and the U.S. share an overarching commitment to the democratic values that underpin their respective ways of life.

Structure of Transatlantic Relations

Transatlantic relations encompass more than EU-U.S. relations. The United States and many EU countries provide for their common security in the North Atlantic Treaty Organization (NATO). The U.S. also maintains strong political, economic, and cultural relations with many individual European nations, EU and non-EU countries alike. The European Union and the United States hold regular presidential summits, which were launched with the 1990 Transatlantic Declaration that formalized U.S. relations with what is now the EU.

The emergence of an EU Common Foreign and Security Policy in 1993 further strengthened the relationship by providing the United States with a stronger partner in areas beyond trade matters. An additional step was taken at the EU-U.S. Summit in December 1995 with the adoption of the New Transatlantic Agenda (NTA), which provided a new framework for the partnership to deal with the growing number of external challenges. The

Sizing Each Other Up

	EU28	U.S.
Population (2015)	510 million	321 million
Percent of global population	6.9 %	4.4 %
GDP (2015)	$16.2 trillion	$17.9 trillion
Percent of global GDP	21.8 %	24.4 %

Source: World Bank

The EU and the U.S. Launch Negotiations on a Transatlantic Trade and Investment Partnership

To further intensify the transatlantic economic relationship, in July 2013, the U.S. and the EU launched negotiations for a comprehensive Transatlantic Trade and Investment Partnership (TTIP). Designed to further liberalize all sectors of the transatlantic economy—including manufactured goods, agricultural products, services, and investment—TTIP is intended to eliminate border tariffs and as many investment restrictions as possible, and foster more compatible regulatory requirements. TTIP will enable European and American companies to compete on equal terms for public contracts in a truly transatlantic marketplace. A successful TTIP will benefit business, consumers, and regulators, and generate economic gains estimated at €220 billion and €240 billion in sales of goods and services for EU and U.S. producers.

All but a handful of conventional barriers to trade in goods, such as tariffs and tariff-rate quotas, are likely to be eliminated. Although tariffs are already fairly low, ranging between 3.5 to 5 percent, the massive transatlantic trade flows mean that even the smallest reduction will have considerable impact.

Costly non-tariff barriers, including regulatory issues and red tape, are even more important, and TTIP talks aim to increase the compatibility and interoperability of EU and U.S. regulations, while also preventing future regulatory barriers. The global economy stands to benefit from TTIP as the EU and the U.S. develop rules and principles on issues of common concern.

relationship moved from one of consultation to one of joint action in four major fields:

- Promoting peace, stability, democracy, and development.
- Responding to global challenges.
- Contributing to the liberalization and expansion of world trade.
- Improving communication and ensuring a long-term commitment to the partnership.

The NTA was accompanied by a Joint EU-U.S. Action Plan setting out specific actions ranging from promoting political and economic reform in Ukraine to combating AIDS; from reducing barriers to transatlantic trade and investment to promoting links between universities and professional associations. The EU and the United States also cooperate outside the NTA framework to improve the dialogue between EU and U.S. regulators and ensure that regulatory processes on both sides of the Atlantic are as open and transparent as possible for all given the intertwined transatlantic economies.

As the EU's political and legal structure has evolved, active cooperation between the EU and the U.S. has expanded to encompass areas beyond economic and trade relations, such as counterterrorism, crisis management, energy and energy security, the environment, research and development, and education and training.

The EU's Lisbon Treaty, which took effect on December 1, 2009, facilitates and strengthens the European Union's external relations—including its partnership with the United States—through provisions that increase the impact, coherence, consistency, and visibility of the EU's actions abroad.

The Transatlantic Economic Council: Integrating the Transatlantic Economy

Established in 2007, the Transatlantic Economic Council (TEC) advances EU-U.S. economic integration by bringing together governments, the business community, and consumers to work on key areas where greater regulatory convergence and understanding can reap rewards on both sides of the Atlantic.

Eurochallenge winners 2014

Euro Challenge

The Euro Challenge is an annual academic competition that tests U.S. high school students about their knowledge of European economic affairs and the euro. Student teams make presentations on specific aspects of the European economy and the EU's single currency. They are also asked to select one euro area country, examine an economic problem at the country level, and identify appropriate policy solutions. More than 100 schools from throughout the United States participate.

The program was developed by the Delegation of the European Union to the United States, with technical support provided by the Federal Reserve Bank of New York. The Moody's Foundation funds prize awards for the winning team. More information is available online at http://euro-challenge.org.

Chapter Three

The EU-U.S. Partnership

Chaired by the EU Trade Commissioner and the U.S. Deputy National Security Adviser for International Economic Affairs, the TEC provides a high-level forum to address such complex areas as investment, the financial markets, mutual recognition of accounting standards, and secure trade, as well as more technical regulatory issues.

Of particular value is the opportunity that TEC provides to defuse transatlantic trade disputes through consultation on standards as they are being formulated, rather than after-the-fact. A new EU-U.S. innovation dialogue aims at spurring growth, productivity, and entrepreneurial activity, by sharing best policy practices and improving the policy environment for innovative activities by drawing on talents and ideas from both markets.

At their 2011 summit, EU and U.S. leaders established a High-Level Working Group on Jobs and Growth, tasked with identifying policies and measures to increase EU-U.S. trade and investment to support mutually beneficial job creation, economic growth, and international competitiveness.

The Delegation of the European Union to the United States

The EU is represented in the United States by the Washington, DC Delegation of the European Union, which works in close coordination with the diplomatic and consular missions of the 28 EU Member States.

The EU Delegation presents and explains EU policy to the U.S. Administration and to Congress, and analyzes and reports on the political, social, and economic situation in the U.S. to its headquarters in Brussels. Through its engagement with political actors, the

The EU and the U.S.—Deep Integration

“Despite economic turbulence, the U.S. and Europe remain each other’s most important markets. No other commercial artery in the world is as integrated.”

“The transatlantic economy generates $5.5 trillion in total commercial sales a year and employs up to 15 million workers in “onshored” jobs on both sides of the Atlantic.”

“Europe remains the most profitable region of the world for U.S. companies… Total output of U.S. foreign affiliates in Europe in 2014 was $693 billion, surpassing the pre-crisis high of $660 billion in 2008.”

“The U.S. is the most important market for earnings of many European multinationals… European affiliate output in the U.S. in 2014 was $556 billion.”

Source: “The Transatlantic Economy 2016,” Daniel S. Hamilton and Joseph P. Quinlan, Center for Transatlantic Relations, Johns Hopkins University School for Advanced International Studies.

EU-U.S. merchandise trade climbed to more than $700 billion in 2015, double the level of 2000.

The U.S. and Europe continue to be each other’s primary source and destination for foreign direct investment: EU direct investment in the U.S.—on a historic cost basis—totaled $1.7 trillion in 2014, or 59 percent of total foreign direct investment in the U.S.; and U.S. direct investment in the EU—on a historic cost basis—totaled $2.5 trillion in 2014, or 51 percent of total U.S. foreign direct investment.

This means that EU FDI in the U.S. in 2014 was more than three times the total FDI in the U.S. by Asia and the Pacific, and U.S. FDI in the EU in 2014 is almost three and one-half times the FDI in the EU from all of Asia and the Pacific.

Source: U.S. Department of Commerce, Bureau of Economic Analysis

Official White House Photo by Lawrence Jackson

Ambassador David O’Sullivan presented his credentials to President Barack Obama at a White House ceremony on November 18, 2014, formally assuming the role of European Union Ambassador to the United States.

media, academia, business circles, and civil society, the EU Delegation raises awareness of EU issues and concerns, and promotes the importance of the EU-U.S. relationship among the broader American public.

The European Union has had a permanent presence in Washington since 1954; as the EU's first overseas representation, the Washington office is a testament to the deep and long-standing relationship between the United States and the European Union. Since 1964, the EU has also maintained an office in New York, which now serves as the EU's Delegation to the United Nations.

The European Union Delegation to the United States is headed by Ambassador David O'Sullivan, who is only the second EU Ambassador to the United States since the Lisbon Treaty entered into force on December 1, 2009.

How the Relationship Works

To ensure that EU-U.S. relations remain robust, the EU and the U.S. have developed formal and informal mechanisms to foster transatlantic cooperation.

Presidential summits, held alternately in the EU and the U.S., take place between the Presidents of the European Commission and the European Council and the President of the United States. The Senior Level Group (SLG), comprising senior EU and U.S. State Department officials, prepares for EU-U.S. summits with the support of a joint task force which meets regularly to oversee the day-to-day implementation of summit decisions.

Thematic dialogues ensure that a wide range of actors contributes to the EU-U.S. policy process by encouraging legislators, businesspeople, consumers, scientists, academics, and citizens' groups to build and sustain links with their transatlantic counterparts.

<u>Transatlantic Business Dialogue (TABD)</u>
The TABD's goal is to help establish a barrier-free transatlantic market which will serve as a catalyst for global trade liberalization and prosperity. Unified markets are needed to create a business environment that will stimulate innovation, economic growth, and more investment as well as create new jobs. TABD members include leading American and European companies both large and small and with strong transatlantic credentials. TABD is the highest forum of the Transatlantic Business Council, a cross-sectorial business association representing global companies with headquarters in the U.S. and the EU.

<u>Transatlantic Consumers' Dialogue (TACD)</u>
The TACD is a forum of EU and U.S. consumer organizations that develops joint consumer policy recommendations and works to promote consumer interest in EU and U.S. policymaking. TACD conferences take place once a year, alternately in the U.S. and the EU and produce recommendations related to food, nanotechnology, trade, health, and intellectual property issues.

<u>Transatlantic Legislators' Dialogue (TLD)</u>
The TLD involves biannual meetings of the European Parliament and U.S. Congressional delegations along with a series of teleconferences organized on specific topics of mutual concern with a view to fostering an ongoing and uninterrupted dialogue.

People-to-people contacts are vital to increasing awareness and understanding in the U.S. of the EU and its policies. Under Erasmus Plus (2014-2020), the EU's Jean Monnet program supports university-level teaching and research on European integration. Historically, the EU has awarded the highest number of Jean Monnet teaching projects outside Europe to projects at universities in the United States.

The EU's long-running Jean Monnet program supports excellence in the teaching, study, and research of the EU, its institutions, and policies by funding academic centers, professors, courses, and projects at leading universities across the United States. Such activities foster EU-U.S. relations and provide a platform for the EU Delegation to engage with communities and young people around the country.

In 2014, the European Commission established the Partnership Instrument (PI) to support conferences, briefing sessions, fellowships, and public outreach—activities designed to encourage reflection and discussion on the EU-U.S. relationship—at U.S. universities, think tanks, and public policy research centers. Additionally, under the "Europe and US: Getting to Know Europe" grant competition, the European Commission awards grants to U.S.-based non-governmental and civil society organizations for programs that promote a greater knowledge of the EU within communities around the U.S.

The EU's Horizon 2020 program (2014-2020) for research and innovation funds the very best basic or "frontier" science through the European Research Council, and its grants will reward the best ideas from top researchers of any nationality (including the U.S.) who are willing to do much of their work in Europe.

Through Marie Skłodowska-Curie Actions, the European Commission promotes the training and mobility of researchers through all stages of their careers by offering fellowships for Europeans to work in non-EU countries, including the U.S. Funding is also available for non-European researchers to work in the EU.

Programs such as the EU Visitors Program and the EU Visiting Fellows Program also help build long-term relationships and mutual understanding.

Chapter Four

Economic and Monetary Union and the Euro

The EU's Economic and Monetary Union (EMU) is unprecedented in modern history and has transformed the global economic landscape.

More than a decade after its launch, EMU's most visible accomplishment, the euro, provides transparency and predictability in terms of price stability for businesses and national economies. A single monetary policy for the 19 euro area Member States, combined with coordinated national fiscal policies, helps foster an area of macroeconomic stability, spurs the economic integration of Europe, and boosts cross-border trade, financial integration, and investment. These elements are essential conditions for growth. Fiscal responsibility has improved thanks to the rules-based Stability and Growth Pact, and the exchange rate realignments that periodically traumatized European economies have become a thing of the past.

EMU has also increased the EU's resilience to adverse shocks and fostered the EU's leadership in the global economy, as demonstrated by its response to the global economic and financial upheaval. The EU also addressed the sovereign debt crises in several euro area countries by creating firewalls and new instruments to provide appropriate frameworks to strengthen the banking and financial sectors.

Economic and Monetary Union

The EU's Economic and Monetary Union (EMU) encompasses the coordination of economic and fiscal policies, a common monetary policy, and a common currency, the euro.

Achieved in three main stages, EMU is based on the concept of a single market for sovereign nations. During the first stage, beginning in 1990, the EU ensured completely free movement of capital within the EU and established the single market. Stage two (1994–1999) included the introduction of the European Monetary Institute (EMI), the precursor to the European Central Bank. The final stage, launched in 1999, witnessed the birth of both the euro and the European Central Bank's single monetary policy for the euro area.

Who Uses the Euro?

Austria
Belgium
Cyprus
Estonia
Finland
France
Germany
Greece
Ireland
Italy
Latvia
Lithuania
Luxembourg
Malta
Netherlands
Portugal
Slovakia
Slovenia
Spain

Although all EU Member States are part of the Economic and Monetary Union, not all EU countries are part of the euro area, which includes only those that have adopted the euro as their currency. Within the euro area, monetary policy is conducted by the European Central Bank (ECB). All EU Member States—with the exception of Denmark and the United Kingdom, which negotiated "opt-out" clauses—are expected to join the euro area once specific economic convergence criteria are met.

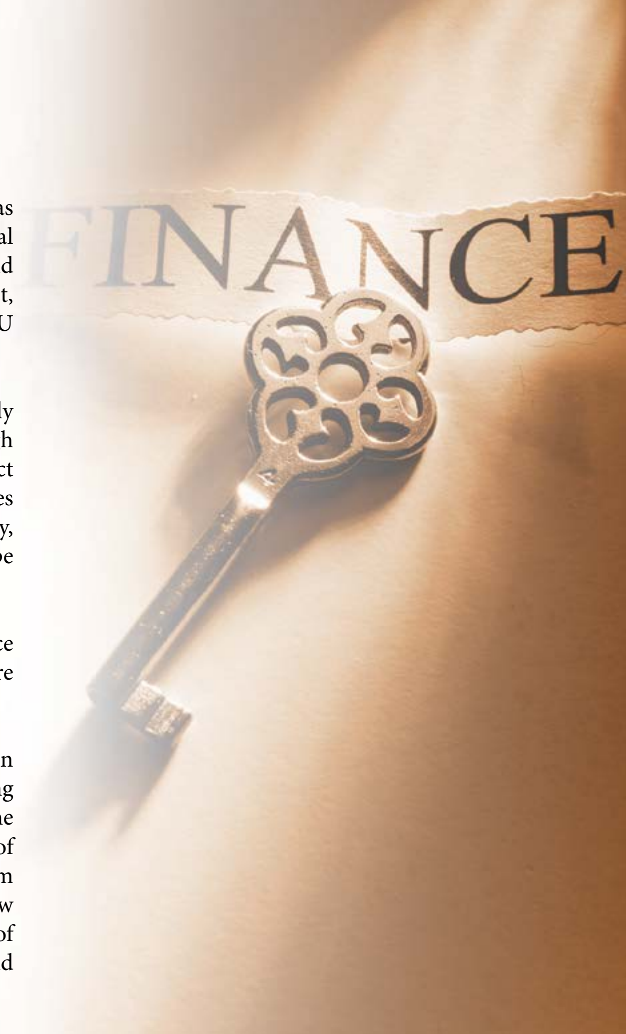
It was agreed that EU member countries that acceded since 2004 will join the euro area once they fulfill the necessary conditions; Estonia, Cyprus, Latvia, Lithuania, Malta, Slovakia, and Slovenia have already adopted the euro.

Economic policy under EMU requires that Member States ensure coordination of their economic policies, provide for multilateral surveillance of this coordination, and demonstrate financial and budgetary discipline. Monetary policy underpins the single currency's stability through price stability and respect for the market economy. Fiscal policy (tax and spending) remains in the hands of individual national governments, as do policies about labor, pensions, and capital markets. However, sound public finances and flexible and appropriately integrated product, labor, and financial markets are vital for EMU to function effectively.

Governments commit to respect commonly agreed rules on public finances through adherence to the Stability and Growth Pact (SGP), and coordinate their structural policies to better achieve continental level stability, growth, and development through the Europe 2020 strategy.

The Stability and Growth Pact helps to enforce fiscal discipline within the EMU and to ensure sound and sustainable public finances.

In mid-2010, the European Commission introduced a strategy for strengthening economic governance of the EU and the euro area, particularly in the aftermath of the sovereign debt crisis that resulted from the recession. Cornerstones of the new approach include enhanced surveillance of fiscal policies, macroeconomic policies, and structural reforms.



The Maastricht Economic Convergence Criteria

Five economic convergence criteria must be fulfilled before an EU Member State can adopt the euro:

- **Price stability.** The inflation rate should be no more than 1.5 percentage points above the previous year's rate for the three EU countries with the lowest inflation.
- **Budget deficit.** The national deficit generally must be below three percent of GDP.
- **Debt.** National debt should not exceed 60 percent of GDP, although a country with a higher rate can still adopt the euro, provided its debt level is falling steadily.
- **Interest rates.** Long-term rates should be no more than two percentage points above the previous year's rate in the three EU countries with the lowest interest rates.
- **Exchange rate stability.** The national currency's exchange rate should have remained within the authorized fluctuation margins for two years.

Chapter Four

Economic and Monetary Union and the Euro

Non-Euro Area Countries and ERM II

Once a Member State adopts the euro, an exchange rate is irrevocably fixed between its national currency and the euro throughout the transition to full use of the single currency. Member States outside the euro area can also choose to link their currencies to the euro under the Exchange Rate Mechanism (ERM II), in which participating currencies fluctuate within a specified margin around a stable but adjustable central rate. When necessary, a currency is supported by intervention (buying or selling) to maintain the exchange rate within the set limits.

ECB President Mario Draghi

ERM II ensures that exchange rate fluctuations between the euro and other EU currencies do not disrupt economic stability within the single market, and helps countries prepare to join the euro area. Euro area candidates are required to participate successfully in ERM II for at least two years before joining the euro area to satisfy the convergence criteria on exchange rate stability. Denmark is currently a member of ERM II, and other member countries will follow as part of their transition to the euro.

The Euro

The most visible symbol of European integration, the euro was launched as a "virtual currency" on January 1, 1999, followed by the introduction of banknotes and coins at the start of 2002. The euro area has expanded from its initial 11 members to 19 with the January 2015 addition of Lithuania.

Countries earn their way into the euro area through adopting the economic, monetary, and fiscal discipline necessary to comply with required economic convergence criteria, known as the "Maastricht criteria."

After just a decade, the euro was already the world's second most important international currency, after the U.S. dollar. It is the second most actively traded currency in foreign exchange markets worldwide, and is used in more than one-third of all foreign exchange transactions.

The European Central Bank and the Eurosystem

The Eurosystem, comprising the independent European Central Bank (ECB) and the national central banks (NCBs) of the EU Member States using the euro, is the monetary authority responsible for safeguarding price stability in the euro area. The Eurosystem also supports the EU's general economic policy objectives, including sustainable, non-inflationary economic growth and a high level of employment.

Unlike the Federal Reserve in the U.S., the European Central Bank does not have direct responsibility for bank supervision and financial stability, which remain under national jurisdiction in EU countries. However, the ECB is charged with "contributing to the smooth conduct of policies… relating to the prudential supervision of credit institutions and the stability of the financial system."

To fulfill this role, the ECB monitors and assesses financial stability at the euro area level; advises on the design and review of regulatory and supervisory requirements for financial institutions; and promotes cooperation between central banks and supervisory authorities on issues of common interest, such as payment system oversight and financial crisis management.

The Global Financial Crisis

EU leaders responded rapidly and resolutely to the global financial crisis in 2008, crafting a common approach for restoring business and consumer confidence and promoting economic growth. The rescue plan, which succeeded in preventing a meltdown of global and European financial markets, allowed governments to guarantee interbank lending, provide short-term liquidity, and buy into banks to increase their capital. The European Central Bank quickly and effectively injected liquidity into the financial system to get credit flowing again.

As the economic crisis evolved into a sovereign debt crisis in some Member States, the EU adopted new rules on hedge funds and private equity, a new financial supervision system for the 28 EU Member States, and a permanent crisis management mechanism (the ESM) to safeguard the financial stability of the Eurozone.

In January 2012, all EU countries, except the Czech Republic and the United Kingdom, agreed on a new Treaty on Stability, Coordination, and Governance in the economic and monetary union. The Treaty aims to strengthen fiscal discipline through automatic sanctions, stricter surveillance, and the "balanced budget rule".

Main Tasks of the European Central Bank and the Eurosystem

- Define and implement monetary policy for the euro area;
- Conduct foreign exchange operations;
- Hold and manage the official foreign reserves of participating EU Member States;
- Promote the smooth operation of payment systems;
- Authorize the issue of banknotes by NCBs in the euro area;
- Contribute to financial stability and supervision through monitoring, assessment, and advice to the national authorities.

The European Central Bank and the NCBs of all EU Member States comprise the European System of Central Banks (ESCB). As long as some EU states remain outside the euro area, the ESCB and the Eurosystem will co-exist.

Chapter Five

European Enlargement and the European Neighborhood: Europe Whole and Free

Enlargement

Enlargement—Now There Are 28

On July 1, 2013, Croatia became the 28th EU Member State, following ratification of the Accession Treaty by 27 EU countries and Croatia.

Despite the turmoil that besieged the countries that made up the former Yugoslavia, today, Croatia is a stable democracy with a functioning market economy. Croatia presented its application for membership in 2003 and was accepted as a candidate country the following year. Negotiations were launched on October 3, 2005, and concluded June 30, 2011.

The Historic "Fifth" Enlargement

The most expansive enlargement to date was the "fifth enlargement", which took place in 2004 and 2007 and added 12 new Member States to the European Union.

On January 1, 2007, Bulgaria and Romania joined the European Union, completing the EU's historic fifth enlargement. It was a momentous achievement, symbolizing Europe's unification after 50 years of artificial division, and created a new political order based on common values and a shared desire to construct a space of stability, security, and prosperity.

Eight countries from Central and Eastern Europe, along with Cyprus and Malta, acceded to the EU on May 1, 2004, when the European Union enlarged from 15 to 25 member countries. The EU invested more than $85 billion between 1990 and 1999 to support the new Member States during the accession process, approximately what the U.S. Marshall Plan provided to aid the reconstruction of Europe after World War II. Previous enlargements occurred in 1973 (Denmark, Ireland, and the United Kingdom), 1981 (Greece), 1986 (Spain and Portugal), and 1995 (Austria, Finland, and Sweden).

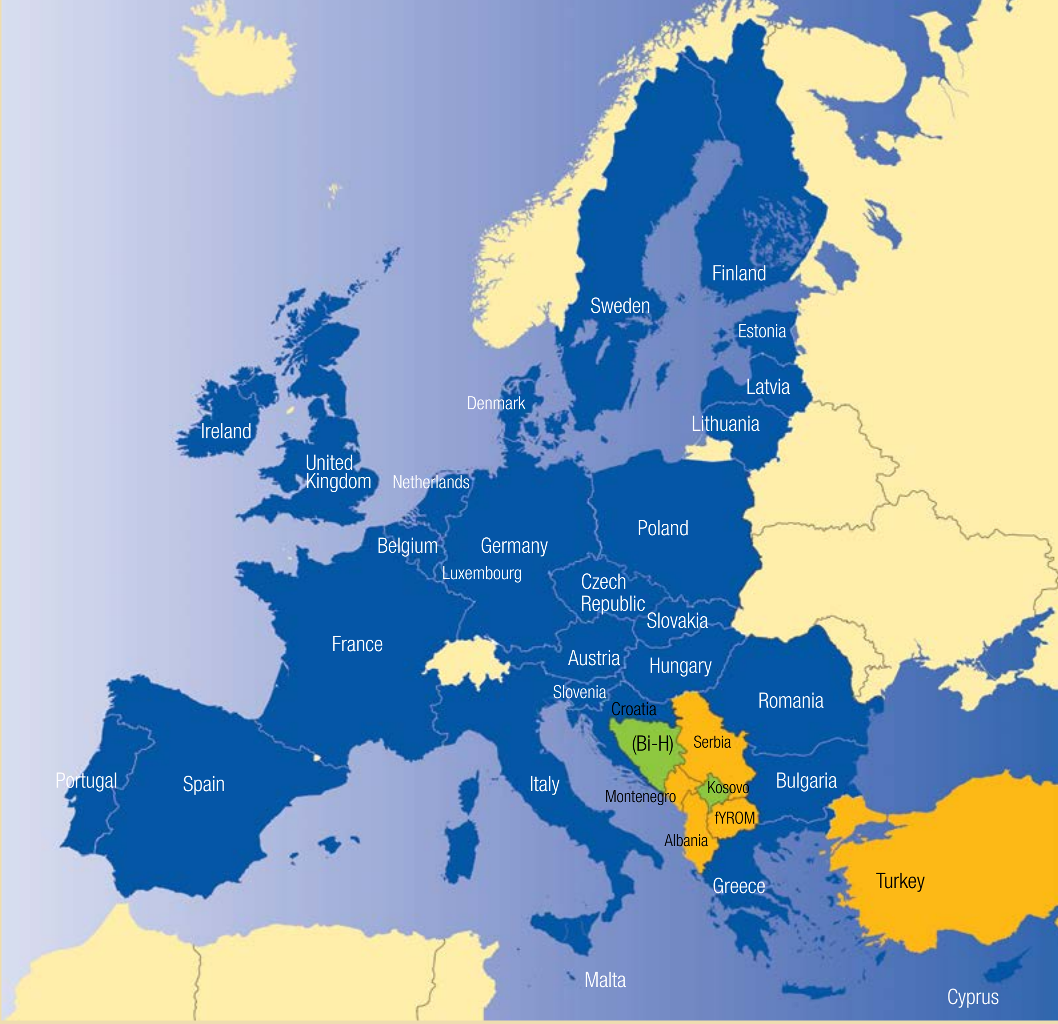
EU enlargement is a historic step toward the long-cherished goal, supported by all U.S. presidents since Eisenhower, of a Europe "whole, free, at peace, and growing in prosperity."

Any European state that respects liberty, democracy, human rights and fundamental freedoms, and the rule of law is eligible to apply for EU membership, and must satisfy the Copenhagen Criteria for the process to begin.

Copenhagen Criteria

Any European country that adheres to the following principles is considered eligible for membership in the EU:

1. Stable institutions that can sustain democracy, the rule of law, human rights, and respect for minorities.
2. A functioning market economy and the capacity to cope with competitive pressures.
3. The ability to apply the EU's rules and policies (known as the acquis communautaire).



28 EU Member States

5 EU candidates: Albania, former Yugoslav Republic of Macedonia (fYROM), Montenegro, Serbia, and Turkey

2 Potential EU Candidates: Bosnia-Herzegovina (Bi-H), Kosovo (under UNSCR 1244)

On the Path to EU Membership

According to EU nomenclature, "candidate countries" are those whose EU membership application has been accepted by all relevant EU institutions, allowing the applicant to begin accession negotiations. Currently, there are five candidate countries: Albania, the former Yugoslav Republic of Macedonia (fYROM), Montenegro, Serbia, and Turkey.

"Potential candidate countries" encompass the remaining Western Balkan nations whose future lies within the EU. Potential candidates are Bosnia-Herzegovina and Kosovo (under UNSCR 1244).

Because accession often requires major political and economic reforms within the candidate country, the process moves forward at a pace which is largely determined by the applicant's proven ability to take on the obligations of membership.

Chapter Five

European Enlargement and the European Neighborhood: Europe Whole and Free

Photo by Kevin Botto

Candidate Countries

Albania

Albania submitted its formal application for EU membership in 2009, and was granted candidate status on June 24, 2014, as a result of its accomplishments in areas including judicial reform and the fight against corruption and organized crime. To advance further on its path of EU integration and toward eventual membership, however, Albania must continue and consolidate its systematic approach to reforms, address existing shortcomings, and tackle remaining EU-related challenges.

Candidate country status is an important political signal for Albania and its citizens, showing that the country is moving to the next phase of the European integration process. From an economic perspective, candidate status will encourage foreign investments and, as a result, lead to job creation.

former Yugoslav Republic of Macedonia (fYROM)

fYROM became a candidate country in December 2005 and is well on its way to satisfying the political criteria for EU membership. It is a functioning democracy, with stable institutions that generally guarantee the rule of law and respect for human rights. Additional work is necessary to improve the electoral process, implement judicial and police reform, and strengthen anti-corruption efforts.

The country has made major strides toward establishing a functioning market economy, and economic reform continues, particularly in the areas of property ownership, the business and investment climate, and labor and financial markets.

Montenegro

Since gaining its independence in 2006, Montenegro has made significant progress in building stable democratic institutions; fostering the rule of law, human rights, and respect for and protection of minorities; and establishing a degree of macroeconomic stability. As a result, on December 17, 2010, the European Council granted Montenegro the status of candidate country.

Before accession negotiations could begin, Montenegro had to address specific areas including the rule of law; judicial, electoral, and administrative reform; the role of Parliament; freedom of the press; cooperation with civil society; and the fight against organized crime and corruption.

Reform efforts paid off and the EU opened accession negotiations with Montenegro on June 29, 2012.

Serbia

In March 2012, Serbia became a candidate country. Serbia applied for EU membership in December 2009, and already has close ties with the EU. The European Union is the country's main trading partner and visa liberalization for Serbian citizens traveling to the Schengen area entered into force in 2009, making it easier to establish contacts across borders.

The EU Accession Process

Applying for EU membership is the start of a long and rigorous process. When a country submits an application to the Council of the EU, it triggers a sequence of EU evaluation procedures that may, or may not, result in the country being invited to become a member.

The European Commission issues a formal opinion on the applicant country, after which the Council of the EU decides whether to accept the application. Once the Council unanimously agrees to begin accession negotiations, discussions may be formally opened provided that the applicant country has met the core conditions—the Copenhagen criteria.

Negotiations in 35 separate policy areas (known as "chapters") are conducted individually with each candidate country, proceeding from one stage of the process to the next, but only moving forward once all conditions have been met at each stage. Because of this meticulously managed process, the prospect of accession acts as a powerful incentive for reform, providing simultaneous benefits to the EU and to its acceding members.

Once negotiations are concluded to the satisfaction of both sides, a detailed, comprehensive Draft Accession Treaty is submitted for approval by the Council of the EU, the European Commission, and the European Parliament. Once approved, the treaty is signed by the candidate country and the representatives of all EU Member States, after which it is submitted to all Member States and the candidate country for ratification, according to their respective constitutional rules. When the ratification process is complete, the treaty enters into force on its scheduled date, and the candidate country becomes an EU Member State.

Photo by Nikos Koutoulas

Photo from World Bank Photo Collection

The EU opened accession negotiations with Serbia on January 21, 2014.

Turkey

Turkey stands both as an anchor of stability in one of the most unstable and insecure regions in the world and as a benchmark of democracy for the wider Middle East. Its formal relations with the EU date back to the 1963 Turkish Association Agreement—the Ankara Agreement—which envisioned closer relations through a customs union, closer economic and trade ties, and Turkey's eventual membership in the EU. The customs union, which allows most goods to cross the border in both directions without customs restrictions, became reality in 1995, jump-starting bilateral trade.

Turkey attained candidate country status in 1999, and accession negotiations began in late 2005. The country has undertaken notable political and human rights reforms: abolition of the death penalty; increased civilian control of the military; abolition of State Security Courts; recognition of the supremacy of international human rights conventions over domestic law; progress in the fight against torture; and greater gender equality in the constitution and civil code.

Turkey benefits from considerable pre-accession assistance—€4.5 billion for the 2014-2020 period, including €626.4 million in 2015—focused on: the rule of law and judicial reforms; adoption of EU law on transport, agriculture, food safety, environment, climate change, and energy; competitiveness and economic and social development; and development of good relations with neighboring nations. This is in addition to more than €4.8 billion between 2007-2013 to support infrastructure and social improvements.

In addition, €259 million in EU aid and trade measures are designed to encourage the economic development of the Turkish Cypriot community and help facilitate the reunification of the island of Cyprus.

In December 2006, the EU decided to delay the opening of certain "chapters" (subject areas) of the accession negotiations with Turkey pending Turkey's compliance with an "Additional Protocol" to the Ankara Agreement, under which Turkey agreed to open its ports and airports to goods transported from the Republic of Cyprus, an EU Member State.

Turkey's screening process continues and negotiations on other chapters will be opened when ready, but no negotiations can be concluded without resolution of the outstanding issue related to the Additional Protocol. The EU expects Turkey to actively support the negotiations toward a fair, comprehensive, and viable settlement of the Cyprus issue within the UN framework and in line with the EU's founding principles.

The EU is committed to keeping Turkey's accession negotiations on track, even if at a somewhat slower speed.

Potential Candidate Countries

Since the 1990s, the EU has been working in Southeast Europe to help the region achieve peace, stability, prosperity, and freedom. And the progression of a number of Western Balkan nations toward EU membership is evidence that the EU approach is bearing fruit. Through the Stabilization and Association Process (SAP), which includes the prospect of EU membership, the Union is working to strengthen democracy and speed the transition to market economies (including, eventually, a free trade area), while also promoting regional cooperation.

Individual Stabilization and Association Agreements provide a mix of trade concessions and EU economic and technical assistance designed to help the EU's Balkan neighbors build capacity and adapt to European standards, including the EU acquis communautaire—the full body of EU laws and policies—as required for eventual EU membership.

Chapter Five

European Enlargement and the European Neighborhood: Europe Whole and Free

The EU is by far the single largest donor of assistance to the Western Balkans as a whole. Substantial EU financial aid and has helped establish numerous security, economic development, and law enforcement programs to help countries in the region rebuild their economies and rejoin the mainstream of European development.

The EU and its Member States also lead on the ground, having committed thousands of troops and military police, the lion's share of the international force, to peacekeeping and relief missions in the region.

Bosnia-Herzegovina

The EU's Stabilization and Association Agreement (SAA) with Bosnia-Herzegovina (Bi-H) was signed in 2008 and ratified in 2011. In 2015, the EU concluded that Bi-H had met the necessary conditions to proceed with the conclusion and the June 1, 2015 entry into force of the SAA, which is a testament to the reform process in Bi-H and a milestone toward eventual EU membership.

The EU continues to fund pre-accession reforms in BiH with €165.8 million between 2014-2020. The EU's financial and technical support helps the beneficiary country make the political and economic reforms that prepare them to take on the rights and obligations that accompany EU membership.

Kosovo (under UNSCR 1244)

The EU has been providing significant support to Kosovo under UNSCR 1244 since 1999, when the UN Security Council authorized a civilian and military presence there under UN authority. EU Member States continue to provide about 75 percent of the forces in the NATO-led KFOR peacekeeping force.

The European Commission Liaison Office supports the Stabilization and Association Process and helps drive through reforms that strengthen institutions, develop the economy, and adopt European standards.

In 2008 the EU established its largest ever civilian mission in Kosovo—EULEX. This Rule of Law mission helps to develop an independent and multi-ethnic justice system and police and customs service, and to ensure that these institutions are free from political interference and adhere to internationally-recognized standards and best practices. The EULEX Kosovo mission has been extended until June 14, 2018.

EU Facilitated Dialogue between Serbia and Kosovo

The EU facilitates a dialogue between Belgrade and Pristina that aims to promote cooperation; achieve progress toward integration with the EU; and generally improve people's lives. The historic "First agreement of principles governing the normalization of relations" was reached April 19, 2013. The accord and its implementation are a breakthrough in relations between both sides and led to concrete changes on the ground.

EU High Representative Mogherini Visits Pristina

The EU's political envoy to Kosovo—the EU Special Representative (EUSR)—promotes overall coordination among the EU presences on the ground by providing political guidance to the Head of the EULEX rule of law mission and contributing to the development and consolidation of human rights and fundamental freedoms in the country.

The EU and Kosovo concluded a Stabilization and Association Agreement, which entered into force on April 1, 2016. A milestone on Kosovo's path to European integration, the SAA will provide for enhanced political dialogue, closer trade integration, and other new forms of cooperation. All of this hinges on Kosovo's continued commitment to comprehensive reform and legislative alignment with the EU laws and practices, particularly in such sectors as the rule of law, public administration, economy, competition, and trade.

EFTA and the EEA

The European Free Trade Association (EFTA) is an intergovernmental organization set up more than fifty years ago to promote free trade and economic integration among its Member States. Originally comprising Austria, Denmark, Norway, Portugal, Switzerland, and the UK, and joined later by Finland, Iceland, and Liechtenstein, EFTA nations were not at that time EU Member States. (Once a country becomes an EU Member State, it relinquishes its EFTA membership.)

Instead, EFTA members sought a different relationship with the EU, but one that was characterized by robust and progressively freer trade. Current members of the

EFTA—Norway, Iceland, Liechtenstein, and Switzerland—have chosen not to become part of the Union at this time.

In referenda in 1973 and 1994, Norway decided against EU membership; Switzerland has applied for EU membership in the past, but has not actively pursued it, choosing instead to conclude agreements in specific policy sectors including transport, the environment, free movement of people, procurement, research, agricultural trade, and conformity assessment.

As members of the 1994 European Economic Area (EEA), Norway, Iceland, and Liechtenstein participate in the EU's internal market while not assuming the full responsibilities of EU membership.

Iceland

Iceland applied for EU membership in July 2009 and began accession negotiations in July 2010 that were put on hold by the Icelandic government in May 2013.

Iceland has deep democratic roots, a tradition of good governance, high social and environmental standards, and historically close ties with other European countries. It already has a high degree of integration with the EU thanks to its long-term membership in the European Economic Area (EEA) and participation in the Schengen area, which allows its citizens to work and travel freely throughout the EU. Through the EEA, Iceland already participates in the single market, and a significant number of EU laws apply in Iceland.

Iceland officially withdrew its candidacy for EU membership in March 2015.

The European Neighborhood Policy and the Eastern Partnership

The EU launched the European Neighborhood Policy (ENP) in 2004 to promote democracy, economic development, stability, and security in the countries around the borders of the expanded EU. The idea was to create a ring of friends with the Union's immediate neighbors and to avoid the emergence of new dividing lines between the enlarged EU and its neighbors.

Through agreed upon programs of financial and technical support, the EU provides incentives for political and economic reform in neighborhood countries, including access to the Union's single market, closer energy and transportation links, and a chance to participate in certain internal EU programs.

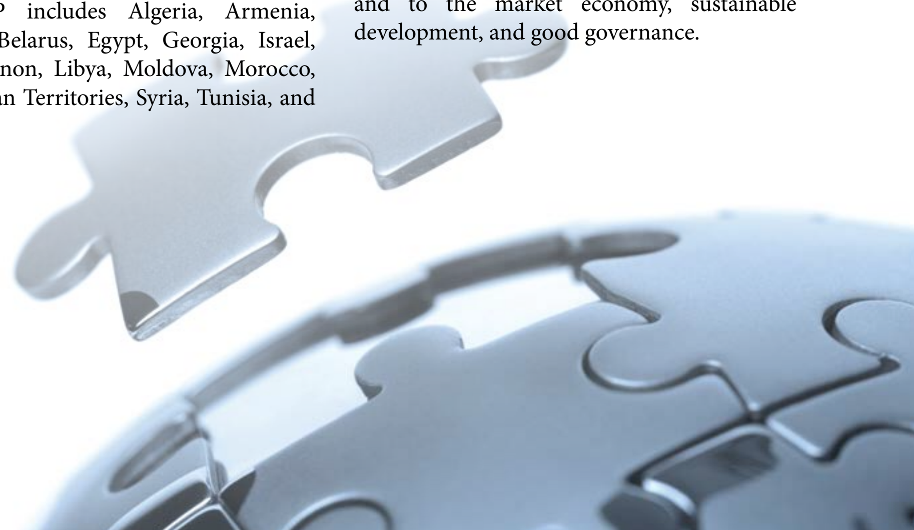
ENP is helping countries strengthen the rule of law, democracy, and respect for human rights, while enabling market-oriented economic reforms.

Distinct from the enlargement process (although eventual membership is not precluded for otherwise qualified European states), ENP includes Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, the Palestinian Territories, Syria, Tunisia, and Ukraine.

The ENP is complemented by the Eastern Partnership, which fosters further engagement with the EU's eastern neighbors—Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine—and offers them concrete, far-reaching support for democratic and market-oriented reforms that contribute to their political and economic stability.

Under the Eastern Partnership, existing Partnership and Cooperation Agreements (PCAs) negotiated in the 1990s are being replaced by more ambitious Association Agreements and Deep and Comprehensive Free Trade Agreements. In June 2014, Georgia, Moldova, and Ukraine signed Association Agreements with the EU that include Deep and Comprehensive Free Trade Agreements.

The Eastern Partnership enables the EU's neighbors to the east that are interested in moving toward greater integration with the EU to increase their political, economic, and cultural links with the EU. And, the process is underpinned by a shared commitment to international law and fundamental values—democracy, the rule of law, and respect for human rights and fundamental freedoms—and to the market economy, sustainable development, and good governance.



Chapter Six

The EU on the World Stage – Policies, Tools, and Global Relationships

The EU's Common Foreign and Security Policy (CFSP)

In parallel with its growing economic and political power, the EU has created its own foreign and security policy which enables it to speak—and act—as one in world affairs.

The need for European political cooperation first emerged in the 1970s, and in 1974, EU ministers of foreign affairs began meeting regularly to coordinate their foreign policy. Regional conflicts in Europe and elsewhere in the 1990s, along with the emerging threat of international terrorism, persuaded EU leaders to go beyond the original system of political cooperation and create formal instruments for both joint diplomacy and intervention. The Common Foreign and Security Policy (CFSP), established in 1993 when the Maastricht Treaty took effect, provides a formal structure that allows Member States to coordinate consistent policies and assert the EU's inherent political identity.

Global Strategy for the EU's Foreign and Security Policy

The EU's Global Strategy for Foreign and Security Policy, presented in mid-2016, responds and adapts to a dramatically different security environment in the second decade of the 21st century. The strategy defines how the European Union will engage with the world, while remaining true to its defining values, principles, and interests, including the rule of law, democracy, and respect for human rights. The goal is security and prosperity for the EU and beyond. To accomplish this, the EU invests in its partnerships and promotes a rules-based global order with multilateralism as its key principle and the United Nations at its core.

EUNAVFOR Med-Operation Sophia responds to the refugee crisis in the central Mediterranean Sea.

Security challenges increasingly require a response that combines aspects of both internal and external policies. The strategy aims at greater EU effectiveness in tackling challenges such as energy security, migration, climate change, terrorism, and hybrid warfare. While continuing to use its "soft power", the EU is also determined to stand together internally on security and defense and take responsibility in neighboring regions to promote resilience and address conflicts and crises.

CFSP is designed to safeguard the values, interests, independence, and integrity of the Union; to strengthen the Union's security; to preserve peace and strengthen international security; to promote international cooperation; to develop and consolidate democracy and the rule of law, and respect for human rights and fundamental freedoms.

Because foreign and security policy is one area where essential authority remains with the governments of the EU Member States, CFSP decision-making procedures are intergovernmental. However, all of the EU's major institutions play a role. Decisions under CFSP are reached unanimously, except where the treaties provide otherwise.

The European Council, consisting of heads of state and/or government, is responsible for foreign policy, defining policy principles and general guidelines, agreeing on common strategies for activities with individual countries, and adopting joint actions and common positions within the CFSP framework. The President of the European Council ensures the external representation of the EU in the area of Common Foreign and Security Policy at the level of heads of state and government.

The EU's High Representative for Foreign Affairs and Security Policy (EUHR) is charged with coordinating and carrying out the EU's CFSP and the Common Security and Defense Policy (CSDP).The EUHR also serves as the

EUFOR Tchad/RCA

Chair of the Foreign Affairs Council—made up of the foreign ministers of the Member States—and is a Vice-President of the Commission. As such, the High Representative ensures effective inter-institutional coordination leading to the implementation of coherent external policies. The EUHR is supported by the European External Action Service (EEAS), comprising staff recruited from the Council Secretariat, the European Commission, and the diplomatic corps of the EU Member States.

The European Parliament is consulted regularly, although it has no direct powers in this realm.

Member States not willing to participate in a particular foreign policy or security action may opt out without holding back the rest of the Union through a process called "constructive abstention."

Common Security and Defense Policy (CSDP)

In 1999, as part of the EU's Common Foreign and Security Policy, European leaders decided to put in place the EU Security and Defense Policy (ESDP) to develop the international crisis management capacity needed to undertake security-related operations, such as peacekeeping, monitoring, and conflict prevention.

In March 2003, the EU deployed its first military operation to the former Yugoslav Republic of Macedonia. Since then, the EU has launched more than 30 civilian and/or military operations worldwide within the ESDP framework, including actions in Southeast Europe, the Middle East, Africa, South Asia, and Georgia. To allow for such a rapid expansion of the ESDP, substantial institutional and conceptual innovations were introduced in 2009 under the Lisbon Treaty, and the ESDP became the Common Security and Defense Policy (CSDP).

The Treaty of Lisbon introduced a solidarity and mutual assistance clause that obliges all EU Member States to provide aid and assistance in the event that another Member State were to become a victim of armed aggression. (It does not, however, affect the specific character of the security and defense policies of certain EU Member States, their neutrality, or their commitments under NATO.)

In addition, the Lisbon Treaty introduced a provision, known as "enhanced cooperation" that enables a group of at least nine willing Member States to deepen their cooperation in the field of military crisis management following the unanimous approval of the Council. A second measure, "permanent structured cooperation", provides for a flexible and permanent defense mechanism which does not require a minimum number of participating countries to proceed, and within which the European Defense Agency plays a key role.

Finally, the Treaty of Lisbon codifies and updates the scope of CSDP operations. In addition to traditional humanitarian and relief work, peacekeeping and post-conflict stabilization, and the use of combat forces in crisis management, the treaty provides for joint disarmament operations, military advice and assistance, and a contribution to the fight against terrorism.

The EU and NATO

The European Union and the North Atlantic Treaty Organization—to which 22* of the 28 Member States belong—have built a genuine strategic partnership with the shared goal of regional stability and peace.

The initial framework for EU-NATO cooperation was the 1999 "Berlin Plus" arrangement, which first granted the EU access to NATO operational planning assets when leading crisis management operations; made NATO capabilities and common assets available to the EU; offered NATO European command options for EU-led operations; and took the possibility of making NATO forces available for EU operations into account during the NATO planning cycle.

Today, agreements between the EU and NATO also provide for specific cooperation on crisis management, anti-terrorism, nonproliferation of weapons of mass destruction, and the exchange of classified information. In addition, the EU has access to NATO's planning capability.

The culmination of those agreements was the EU's assumption on March 31, 2003, of NATO's mission in the former Yugoslav Republic of Macedonia. Called Operation Concordia, the deployment of about 400 troops from EU Member States and other nations marked the first time the Union led a military mission.

Collaboration between the EU and NATO is likely to grow in the future.

**Austria, Cyprus, Finland, Ireland, Malta, and Sweden are not NATO members.*

Bilateral and Multilateral Relationships across the Globe

Since its inception, the EU has developed a network of bilateral and multilateral agreements designed to continually expand and deepen relations with its partners. As a major global actor, the EU is at the forefront of promoting free trade, sustainable development, freedom, democracy, respect for human rights, and the fight against poverty.

EULEX Kosovo

The European Union's Rule of Law Mission in Kosovo (EULEX) is the largest civilian mission ever launched under the CSDP. It assists the Kosovo authorities in implementing the rule of law, particularly by helping to develop an independent and multi-ethnic justice system and police and customs service, and by ensuring that these institutions are free from political interference and adhere to internationally-recognized standards and best practices.

Fully deployed, EULEX included nearly 2,000 international police officers, judges, prosecutors, and customs officials, supported by around 1,200 local staff. Its mandate extends until June 14, 2018.

EU NAVFOR Atalanta

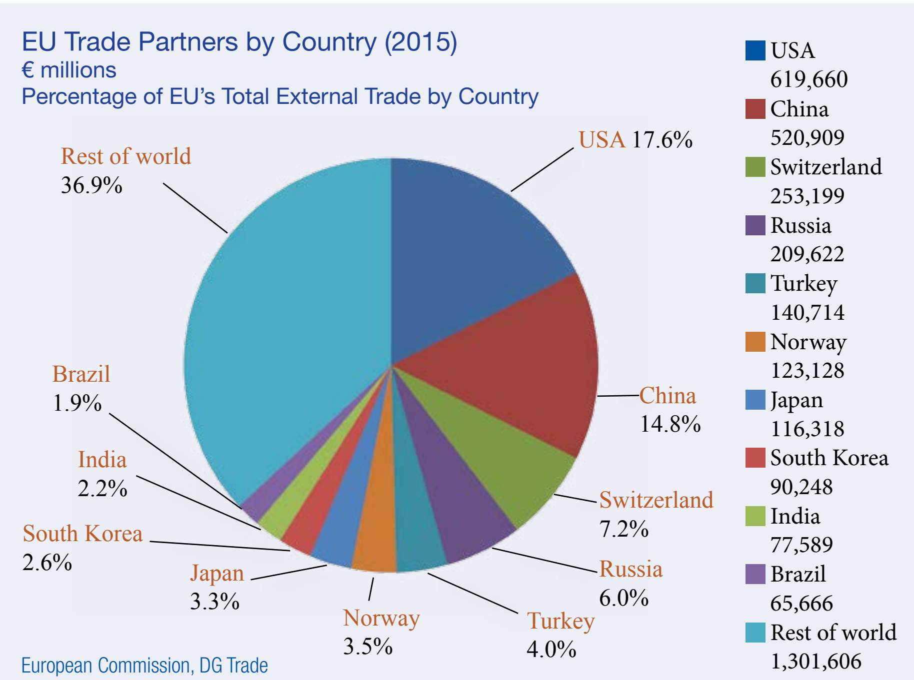
Since 2005, commercial shipping in the Gulf of Aden, off the Somali coast, and in the western Indian Ocean increasingly has been prey to modern-day pirates, who not only endanger cargo and crew, but also threaten the free movement of commerce and humanitarian aid. The EU battles such modern-day piracy through its first Common Security and Defense Policy (CSDP) naval operation, EU NAVFOR Somalia/Operation Atalanta.

Conducted in support of 2008 UN Security Council Resolutions calling on maritime nations to deploy naval vessels and military aircraft to fight piracy and armed robbery on the high seas, Operation Atalanta protects vulnerable vessels cruising off the Somali coast, including World Food Program vessels delivering food aid to displaced persons in Somalia. Up to 12 EU ships and a number of Maritime Patrol Aircraft operate at any given time, and aid ships protected by the EU carry supplies to feed approximately 1.6 million Somalis every day. EU NAVFOR Atalanta's mission has been extended until December 2016.

Chapter Six

The EU on the World Stage – Policies, Tools, and Global Relationships

Container terminal Hamburg Harbor. Credit: Raimond Spekking



To advance its aims, the EU holds regular summit meetings with major partners such as the United States, Japan, Canada, Russia, Ukraine, India, China, and Brazil. The Union also holds regional dialogues with other countries in Asia, the Mediterranean, the Middle East, Latin America, and Africa. These relationships cover political dialogue, investment, economic cooperation, finance, energy, science and technology, human rights, environmental protection, counterterrorism, and international crime.

The EU is a staunch proponent of multilateralism—relying on an effective multilateral system—a principle at the core of its external relations, whether in international trade, development, human rights, or foreign and security policy.

International Trade and the World Trade Organization

Because the harmonization of trade policies was central to European integration, the EU has been a key player in the successive rounds of international negotiations on trade liberalization. The World Trade Organization (WTO) and the multilateral trading system are at the core of EU trade policy—the EU believes that a system of global rules is the best way to ensure that trade between countries is fair and open.

Although all EU Member States are individually members of the WTO, trade policy is the exclusive jurisdiction of the European Union, which represents the interests of all 28 EU Member States at bilateral and multilateral levels. Trade agreements are authorized by the Council of the EU, negotiated by the European Commission, and require the approval of both the Council and the European Parliament before entering into force.

As a strong advocate of multilateral action, the EU has firmly supported the WTO's Doha Development Round of trade negotiations since it was launched to negotiate further trade liberalization for goods and services, improve market access for developing countries, and review trade rules.

At the 9th WTO Ministerial Conference in 2014, ministers finalized the negotiation of the Trade Facilitation Agreement (TFA) which, once implemented, will boost global economic growth and provide significant benefits to economic operators around the world. The agreement aims to make importing and exporting more efficient and less costly by increasing transparency and improving customs procedures. Ministers also agreed on a series of Doha Development Agenda (DDA) issues related to agriculture and development, including areas of concern to the Least Developed Countries. WTO members continue to reflect on the best way to move forward on the remaining DDA issues.

The EU has complemented its Doha strategy by launching a series of negotiations on deep and comprehensive bilateral agreements, particularly free trade agreements (FTAs). The Comprehensive Economic and Trade Agreement between the EU and Canada was completed in 2014. Once the agreement is implemented, 99 percent of customs duties will be eliminated along with many other obstacles affecting business. Negotiations are ongoing with a number of other trading partners, including Japan and Malaysia.

The EU and the United States launched negotiations on the Transatlantic Trade and Investment Partnership (TTIP) in July 2013 to help deliver new rules, better access to the partners' respective markets, and decrease red tape for businesses.

In addition to opening its markets to trading partners that reciprocate, the EU employs a combination of preferential trade arrangements, technical assistance, and grant funding to contribute to the economic development, stability, and prosperity of developing and least developed countries.

The 2030 Agenda for Sustainable Development, Adopted by the United Nations, Targets Key Areas

- Poverty, inequality, food security, and health;
- Sustainable production and consumption;
- Growth, employment, and infrastructure;
- Sustainable management of natural resources;
- Climate change and oceans;
- Gender equality;
- Peaceful, inclusive societies;
- Access to justice and accountable institutions.

Foreign Aid and Development

In 2000, 189 world leaders adopted the eight Millennium Development Goals (MDGs)—the first ever set of shared development targets at global level—to address the world's major development challenges by 2015. While dramatic progress was achieved, in 2015, the international community, including the EU and its Member States, followed up by adopting the 2030 Sustainable Development Agenda, which sets specific targets to help progress further toward eradicating poverty and achieving sustainable development by 2030.

The European Union has been active in development cooperation from its start in the late 1950s. As enshrined in its treaty, the reduction and eradication of poverty is the EU's primary objective in development cooperation policy. Since adopting the MDGs, development assistance provided by the EU and its Member States has nearly doubled, and this aid now provides two-thirds of the world's official development assistance—67 percent in 2015 (approximately $87 billion).

Humanitarian Aid. The EU is a leading donor of emergency and humanitarian assistance, and delivers aid to those in need regardless of race, religion, or politics. Through the European Commission's Directorate-General for Humanitarian Aid and Civil Protection (ECHO), the EU has supported humanitarian aid programs in more than 140 countries by providing funding, technical expertise, and operational coordination.

ECHO funding aids millions of people each year, and its assistance, relief and protection operations, along with its actions to facilitate the free flow of assistance, play a key role in alleviating the worst effects of serious humanitarian crises.

Global Governance and Effective Multilateralism

United Nations

Today's global challenges—sustainable development, climate change, and humanitarian crises, among others—can only be managed by nations working in partnership.

To respond successfully, the international community needs an efficient multilateral system founded on universal rules and values.

In addition to the active participation of the EU Member States, the European Union has been a permanent observer at the United Nations since 1974, with Delegations at major UN sites: New York, Geneva, Vienna, Rome, and Paris.

With the entry into force of the Treaty of Lisbon, the European Union replaced and succeeded the European Community, and the European Union now exercises all rights and assumes all obligations of the European Community, including its status within the United Nations. Talks are ongoing to shift the EU from observer status to full member of the United Nations.

EU-UN cooperation occurs on a broad range of issues: human rights; development; climate change; peace-building in conflict-ridden countries; humanitarian assistance in crises; fighting corruption and crime; addressing global health concerns; labor issues; and culture. The partnership reflects the European Union's commitment to "effective multilateralism", with the United Nations at its core—a central element of the EU's foreign policy.

Together, the 28 EU Member States comprise more than one-eighth of all votes in the UN General Assembly and one-fifth of the membership in the UN Security Council. EU Member States together are the single largest financial contributor to the UN system, funding 30 percent of the organization's regular budget, 33 percent of UN peacekeeping operations, and about one-half of all UN member countries' contributions to UN funds and programs. The European Commission also contributes more than $1.5 billion to support external assistance programs and projects. With the United States providing around one-quarter of UN resources, the EU and the U.S. together account for more than 60 percent of the United Nations' budget.

The EU Member States, the Council of the EU, and the European Commission meet regularly to coordinate their positions and give their collective weight greater impact. Since the mid-1990s, they have stood together on about 95 percent of all resolutions passed by the UN General Assembly. EU candidate countries,

Chapter Six
The EU on the World Stage – Policies, Tools, and Global Relationships

potential candidate countries, and members of the European Free Trade Association and European Economic Area also frequently align their positions with those of the EU.

The EU is party to more than 50 UN multilateral agreements and conventions as the only non-state participant, and has obtained "full participant" status in many major UN conferences.

Council of Europe

The Council of Europe (COE), an international organization established in 1949, in Strasbourg, France, to promote democracy and protect human rights and the rule of law in Europe, counts all 28 EU countries among its 47 member states. The COE's European Convention for the Protection of Human Rights and Fundamental Freedoms (ECHR) lies at the heart of both organizations' activities, and is enshrined in the EU's treaty.

The EU cooperates with the Council of Europe on issues including protection of persons belonging to national minorities, the fight against discrimination, racism and xenophobia, the fight against torture and ill-treatment, the fight against human trafficking, and freedom of expression and information. The EU Agency for Fundamental Rights also works with the Council of Europe to promote respect for human rights inside the EU.

All EU Member States have acceded to the ECHR, and the Treaty of Lisbon requires the EU itself to accede, placing it on the same footing as its Member States vis-à-vis the system of fundamental rights protection supervised by the European Court of Human Rights. With accession, the EU becomes the 48th signatory of the ECHR and will have its own judge at the Strasbourg court. Accession negotiations began in 2010.

G7 and G20

The European Union is a full member of both the G7 and the G20; it is represented at summits by both the European Commission and European Council presidents.

G7. The Group of Seven (G-7), launched in 1975 (initially as the G6, then G7 when Canada joined in 1976, and G8 when Russia joined in 1998) is a forum for the leaders of seven of the world's most industrialized countries. It aims to find solutions to global issues, including international development, health, peace and security, and climate change. G7 members include Canada, France, Germany, Italy, Japan, the United Kingdom, the United States, and the European Union (as a "non-enumerated" member). In 2014, the G8 reverted back to the G7, as members met without Russia due to Russian activities in Ukrainian territory.

G20. Since 1999, the Group of Twenty (G20) has contributed to strengthening the international financial architecture and fostering sustainable economic growth and development. Established in the wake of the 1997 Asian financial crisis, the G20 brought together the finance ministers and central bank governors of the major advanced and emerging economies to stabilize the global financial market.

To address the global financial and economic crisis that began in 2008, G20 summits were held twice in 2009 and again in 2010. G20 members are Argentina, Australia, Brazil, Canada, China, the European Union, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, Republic of Korea, Turkey, United Kingdom, and the United States.

EU Delegations

The European External Action Service is supported by a network of approximately 140 EU delegations throughout the world, staffed by EU diplomats and locally recruited employees. With the status of diplomatic missions, the delegations officially represent the EU to their host countries, and in several cases to international organizations, including the United Nations.

Each delegation has a mandate that reflects the specific EU relationship with the individual country, whether it is an applicant for EU membership, a neighboring nation that benefits from the European Neighborhood Policy, an industrial nation with which the EU has specific strategic and trade relations, or one of the many beneficiaries of development assistance.

The delegations are essential to the promotion of EU interests and values around the world, and are at the front line in delivering EU external relations policy and action, from the common foreign and security policy through trade and development cooperation to scientific and technical relations. They work in close cooperation with the local diplomatic missions of the EU Member States.

Specific Relationships

Africa, Caribbean, and Pacific

The EU maintains special links to African, Caribbean, and Pacific (ACP) countries that were already in place, based on colonial and other historical and geographic ties. The EU is also Africa's biggest trading partner and largest donor, providing more than 50 percent of development aid to the region.

Following decades of special cooperation and assistance to ACP countries, in 2000 the EU and the ACP—which now includes 79 countries and acts as a group within a legal framework—signed the 20-year Cotonou Partnership Agreement to facilitate development, cooperation, and dialogue. Cotonou establishes a comprehensive EU-ACP partnership that seeks to reduce and eventually eradicate poverty in ACP countries, promoting sustainable development and the gradual integration of the regions into the world economy through cooperation on development, economic, and trade matters, and also in the political sphere.

Economic Partnership Agreements. For more than 30 years, ACP exports to the EU market were granted non-reciprocal preferential access (i.e., reduced import tariffs). Today, the EU and ACP countries instead work together through regional Economic Partnership Agreements (EPAs), specialized and "tailor made" to take account of the specific socio-economic circumstances of the various ACP regions.

EPAs seek to kick-start reform, strengthening economic and institutional change and the rule of law, helping to attract foreign direct investment and generate sustainable economic growth, and leading to the gradual integration of ACP countries into the world economy. EPAs have been concluded with the Caribbean, the Southern Africa Development Community, West Africa, and the East African Community. Negotiations are progressing in the Pacific and the remaining African regions. As part of the EPAs, the EU provides considerable cooperation and assistance to ACP countries and works to ensure that efforts are complementary to the countries' own strategies to reduce poverty. EU funding supports economic reform efforts of ACP governments, expansion of the private sector, and improved social services, including better water supplies and modern energy services.

Everything but Arms. Since 2001, the EU has offered "duty-free/quota-free" or DFQF access (no tariffs, no restrictions on quantity) to imports of all products except arms and ammunition from the 49 countries on the UN Least Developed Countries list, including many ACP countries.

EU-Africa Strategic Partnership. Established in 2007 at the second EU-Africa summit, this strategic relationship is designed to further develop dialogue and cooperation in areas of joint political concern; openly address not only African issues but also those at a European and global level; find regional and continental responses to Africa's most important challenges; and leverage the involvement of stakeholders including national parliaments, civil society, the private sector, and the African diaspora. Roadmap 2014-2017, adopted at the 4th EU-Africa summit in Brussels in 2014, focuses on jointly identified priorities including: peace and security; democratic governance and human rights; human development; sustainable and inclusive development and growth and continental integration; and global and emerging issues.

African Union. With the creation of the African Union in 2002, the European Union took a broader approach to its relations with Africa. The European Commission quickly initiated strategic support of the African Union Commission by funding its institutional development and core activities, including initiatives to promote peace and security, good governance, regional integration, and increased trade. The EU has had a delegation to the African Union in Addis Ababa, Ethiopia, since 2008.

Russia

The Russian Federation's role in Ukraine has seriously impacted EU-Russian relations. Consequently, many bilateral activities have been halted, and sanctions have been adopted in response to Russia's illegal annexation of Crimea and continuing destabilization of Ukraine, including aggression by Russian armed forces on Ukrainian soil. Nevertheless, the EU and Russia are global players bonded by proximity and shared interests.

Chapter Six

The EU on the World Stage – Policies, Tools, and Global Relationships

Ukraine, Georgia, and Moldova

Ukraine, Georgia, and Moldova are all participants in the EU's European Neighborhood Policy as well as the EU's Eastern Partnership program (described in chapter five). The EU concluded and signed comprehensive Association Agreements (AAs) with Ukraine, Georgia, and Moldova in 2014. The agreements include provisions for a Deep and Comprehensive Free Trade Area (DCFTA). The EU-Georgia agreement entered into force July 1, 2016. Implementation of the agreements is underway in all three countries.

EU Response to Russian Actions in Ukraine

- **Suspended:** talks on visas, a new EU-Russia agreement, and most EU-Russia cooperation programs.
- **Targeted Measures Imposed:** on access to capital markets, defense, dual-use goods, sensitive technologies (including those in the energy sector).
- **Suspended:** signing of new financing operations in Russia by the European Investment Bank and the European Bank for Reconstruction and Development.
- **Ban:** on trade and investment for Crimea/Sevastopol (supporting the EU's non-recognition of the annexation of Crimea).
- **Travel Bans and Frozen Assets:** apply to specified individuals and bodies in Russia and Ukraine.

The Deep and Comprehensive Free Trade Area agreements will boost bilateral trade in goods and services and gradually align the partners' trade-related rules and standards with those of the EU. It will also provide the basis for modernizing and developing Georgia's, Moldova's, and Ukraine's economies.

Central Asia

Following the 2004 and 2007 enlargements, the EU moved closer to Central Asia geographically, politically, and economically, and is intent on strengthening and deepening its relationship with Central Asian countries: Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan.

The EU has established Partnership and Cooperation Agreements with each country, which encompass political dialogue, trade and economic relations, and cooperation in a variety of sectors, including energy, environment, transport, security, and education. EU priorities in Central Asia include promoting stability and security, contributing to sustainable economic development and poverty reduction, promoting good governance and economic reform, and facilitating closer regional cooperation both within Central Asia and with the EU.

In late 2008, the EU launched a Rule of Law Initiative for Central Asia to foster exchanges of experience in the legal and judicial spheres. Under this program, EU and Member State projects work toward reinforcing cooperation between constitutional courts, modernizing legal training, and implementing the legal guarantees for those accused in court.

The Mediterranean Region

The Euro-Mediterranean Partnership, introduced in 1995 and formerly known as the Barcelona Process, was re-launched in 2008 as the Union for the Mediterranean (UfM). The partnership includes all 28 EU Member States plus 15 partners ringing the Mediterranean: Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, the Palestinian Territories, Syria (suspended), Tunisia, Turkey, other Mediterranean coastal states (Albania, Bosnia & Herzegovina, Montenegro, Monaco), and Mauritania. The Arab League has observer status.

The Union for the Mediterranean has a special role, because it complements bilateral relations, which will continue to develop under the European Neighborhood Policy (ENP) and the pre-accession framework (for the Western Balkan countries and Turkey). UfM priorities include reversing Mediterranean Sea pollution; developing transportation corridors to enhance the free flow of people and goods; establishing a civil protection scheme focused on prevention, preparation, and response

to disasters; creating alternative energy sources, including a Mediterranean solar plan; establishing the Euro-Mediterranean Higher Education, Science, and Research Area; and supporting micro-, small-, and medium-sized businesses with technical and financial assistance.

In addition, the EU's European Neighborhood Policy encompasses strong political and economic relations with partners in the region, underpinned by Association Agreements with countries including Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Tunisia, and an Interim Association Agreement on Trade and Cooperation with the Palestinian Authority.

The Middle East and Northern Africa

In early 2011, populations in several countries in the Middle East and North Africa forced out autocratic rulers and began a process of political transformation. Such democratic change is consistent with the EU's core values of human rights, pluralism, the rule of law, and democracy, and the European Union is prepared to commit important technical and financial resources, as well as its extensive experience on transition, at the request of countries in the region. Priorities include supporting democratic transformation and institution building; increasing dialogue with and support to civil society; promoting mobility and people-to-people contacts; and buttressing economic growth, notably by improving market access.

Israel and the Palestinian Territories

The EU is firmly committed to the objective of two States, Israel and a democratic, viable Palestine, living side-by-side in peace and security, in the framework of a comprehensive Middle East peace. With Russia, the United States, and the United Nations, the EU forms the "Quartet" that drafted the 2002 roadmap of goals and timelines to encourage progress. In addition to diplomatic efforts, the EU also supports or runs various civic, business, and social initiatives to promote peace and tolerance in the region.

The EU is the biggest donor to the Palestinians and the biggest trading partner and major economic, scientific and research partner of Israel. Israel and the Palestinian Authority are partner countries in the European Neighborhood Policy, and have agreed to action plans with commitments on issues relevant to the peace process.

Afghanistan

The EU has a long-term commitment to help Afghanistan and its people achieve a secure, stable, free, prosperous, and democratic society. The overarching strategy is the development of Afghanistan's institutions to provide the resilience needed to safeguard progress to date and provide the platform for an effective and sustainable Afghan state. The specific focus encompasses:

- Promoting peace, security, and regional stability;
- Reinforcing democracy;
- Encouraging economic and human development;
- Fostering the rule of law and respect for human rights, particularly for women.

Afghanistan received more development aid from the EU and its Member States than from any other country. The European Commission alone has committed €1.4 billion in development assistance over seven years (2014-2020)—the largest EU program in any country. Funds will focus on vital sectors for growth and stability, including rural development and agriculture, improvements in health, policing and the democratic oversight of government.

Since 2007, the EU's EUPOL Afghanistan—a civilian Common Security and Defense Policy operation—has functioned as part of the international effort to help Afghans take responsibility for maintaining law and order. The police training mission supports the development of sustainable and effective civil policing arrangements that ensure appropriate interaction with the wider criminal justice system under Afghan ownership.

Iraq

On May 11, 2012, the EU and Iraq signed a Partnership and Cooperation Agreement (PCA), a landmark achievement representing the first ever contractual agreement between the partners. The PCA provides a comprehensive platform for engagement in areas including: political and social issues; human rights; the rule of law; migration; the environment; trade; culture; energy; transport; and security. Experts from both sides meet regularly in technical working groups to discuss cooperation in these fields.

The EU has been one of the largest donors supporting the Iraqi political and electoral process, with more than €94 million since 2004, including the deployment of an Electoral Assessment Team for the March 2010 general elections. EU support also targets the refugee crisis and the rule of law. The EU's first CSDP integrated rule of law mission—EUJUST LEX—ran from July 2005 through December 2013.

The EU continues to provide financial support to Iraq—more than €1 billion since 2003, which includes both reconstruction and humanitarian assistance. The EU has earmarked an additional €75 million (2014-2020) for strengthening human rights and the rule of law; improving primary and secondary education; and providing access to sustainable energy for all.

In addition, as the EU develops a regional strategy for Iraq and Syria and the threat from Da'esh (also referred to as ISIS or ISIL), in February 2015, the European Commission proposed a €1 billion aid package (2015-2016) to help cope with the region's profound humanitarian crisis, counter terrorism and violent extremism, and stem regional instability.

Chapter Six
The EU on the World Stage – Policies, Tools, and Global Relationships

Iran

Relations between the EU and Iran have evolved considerably in recent years, progressing from the international dispute over Iran's nuclear program and the consequent sanctions regime imposed against Iran to the agreement on a Joint Comprehensive Plan of Action (JCPOA) by the EU3 + 3 (EU, France, Germany, the United Kingdom, Russia, China, and the United States) and Iran.

Negotiations on the Iranian nuclear program, co-chaired by Federica Mogherini, the EU High Representative for Foreign Affairs and Security Policy, resulted in the JCPOA agreement of July 14, 2015, by the E3+3 with Iran. The agreement aims to ensure the exclusively peaceful nature of Iran's nuclear program. In return, sanctions (imposed by the UN Security Council, the EU, and the U.S.) related to Iran's nuclear program were to be removed.

On January 16, 2016—Implementation Day—the EU lifted all nuclear-related economic and financial sanctions against Iran following verification by the International Atomic Energy Agency that Iran had implemented the nuclear related measures as agreed in the JCPOA. The conclusion and implementation of this agreement have opened the way for a renewal of broader relations between the EU and Iran.

To facilitate further cooperation and prepare for the future opening of an EU Delegation, an EU liaison team was sent to Tehran in May 2016.

ASEAN

The EU and the Association of South East Asian Nations (ASEAN) share a commitment to regional integration, as a means of fostering regional stability, building prosperity, and addressing global challenges.

The EU holds regular dialogues on regional political and security issues with ASEAN through the ASEAN Regional Forum, which is the only intergovernmental forum aimed at promoting peace and security through dialogue and cooperation in Asia Pacific.

EU and ASEAN negotiations for a regional free trade agreement (FTA), launched in 2007, have slowed and are temporarily suspended. Meanwhile, the EU is pursuing bilateral FTAs with some ASEAN countries. The EU has concluded Free Trade Agreements with Singapore and Vietnam and is negotiating FTAs with the Philippines, Malaysia, and Thailand (although talks with the latter two are on hold). These agreements are stepping stones toward an eventual full agreement between the EU and ASEAN.

The ten ASEAN countries are Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar (Burma), Philippines, Singapore, Thailand, and Vietnam.

China

Europe has a major political and economic stake in supporting China's full and successful transition into a prosperous, stable, and open country that embraces the rule of law and free market principles.

EU policy toward China is centered on several principal objectives:

- Broadening and deepening dialogue with China bilaterally and on the world stage.
- Supporting China's transition to an open society based on the rule of law and respect for human rights.
- Encouraging China's ongoing integration in the global economy and trading system, while supporting the economic and social reform process.
- Raising the EU's profile in China to enhance mutual understanding.

To reflect the growing depth of their relations, the EU and China upgraded their strategic partnership in 2010 to include foreign affairs, security matters, and global challenges, such as climate change and global economic governance. The institutional architecture of the EU-China relationship is based on three pillars: political, economic and trade, and people-to-people contacts. The EU—China Strategic 2020 Agenda for cooperation is the guiding document underpinning EU—China relations. Both sides will fully implement the Agenda through their annual summit, regular meetings of counterparts, and their broad range of sectorial dialogues. Human rights are discussed regularly as part of the regular political dialogues, as well as through specific Human Rights dialogues held biannually since 1995.

In 2008, the EU and China launched a High-level Economic and Trade Dialogue as a platform for tackling issues of mutual concern in trade, investment, market access, and protection of intellectual property rights. In late 2013, negotiations were launched on a comprehensive EU-China Investment Agreement designed to provide a simpler and more secure legal framework for investors on both sides.

The EU and China are two of the world's biggest traders, and the EU is committed to open trading relations with China, provided that China trades fairly, respects intellectual property rights, and meets its WTO obligations.

Japan

As democracies sharing the same values and beliefs in the rule of law, human rights, and sustainable economic development, the EU and Japan together have the potential to project joint interests and ideals on a global scale. Both provide support internationally where it is needed most: stabilization and democratization work in Afghanistan and Pakistan, help in Sudan's Darfur region, and participation in anti-piracy efforts off the coast of Somalia.

To form a solid strategic partnership, the EU and Japan agreed to a ten-year Joint Action Plan designed to promote peace and security, enhance the economic and trade partnership, work together to tackle global challenges, and bring people and cultures together.

The EU and Japan are working together toward a new Framework Agreement covering political dialogue, policy cooperation, and regional and global challenges. Negotiations underway since 2013 on an EU-Japan Free Trade Agreement are designed to stimulate jobs and growth on both sides.

Cooperation occurs at all levels, and covers foreign policy, economic and trade relations, and regional and global issues. Ongoing bilateral dialogues address the environment, information society, science and technology, trade, financial services, and industrial policy.

South Korea

Since 2010, the EU and South Korea have upgraded to a strategic relationship. The EU-South Korea Framework Agreement addresses a wide range of international concerns, including non-proliferation of weapons of mass destruction, human rights, cooperation in the fight against terrorism, climate change, energy security, and development assistance.

In late 2010, EU and South Korean leaders concluded the landmark EU-South Korea Free Trade Agreement (FTA), which is predicted to generate up to a 40 percent increase in bilateral trade. The FTA will eliminate tariffs on industrial and agricultural goods, break down non-tariff barriers in areas including automobiles, electronics, pharmaceuticals, and medical devices, and boost market access in the services area. The FTA, which entered into force in 2011, also includes chapters on protection of intellectual property rights, government procurement and sustainable development (environmental and labor rights protections).

South Asia

India

The EU is India's largest trading partner, accounting for roughly one-fifth of India's trade, and India is the EU's ninth largest trading partner. Both partners are committed to further increase their bilateral trade in goods and services and access to public procurement through the Free Trade negotiations that were launched in 2007, and are ongoing.

The EU and India have also agreed to intensify their cooperation in areas of mutual concern, from climate change, renewable energy, and promoting multilateral trade liberalization to nuclear non-proliferation, good governance, human rights, and the fight against terrorism.

Chapter Six

The EU on the World Stage –
Policies, Tools, and Global Relationships

Areas of particular focus include the following:

- Strengthening dialogue and consultation mechanisms.
- Deepening political dialogue and cooperation.
- Bringing together people and cultures.
- Enhancing economic policy dialogue and cooperation.
- Developing trade and investment opportunities.

Pakistan

From the start of bilateral relations in the mid-1970s, the EU has committed more than €500 million to projects and programs aimed at poverty reduction in Pakistan. The EU has also provided timely humanitarian assistance over the years, including assistance to the most vulnerable victims of Pakistan's severe flooding in 2010, 2011, and 2012.

Relations between the EU and Pakistan are based on a Cooperation Agreement on Partnership and Development, in force since 2004, which seeks to enhance bilateral trade, support comprehensive and sustainable development, and promote investment and mutually beneficial economic, technical, and cultural links.

The EU and Pakistan are working together to eradicate poverty and extremism by advancing economic and development goals and supporting sustained economic governance. The EU values Pakistan's resolve to fight terrorism in its own territory and seeks a long-term, high-level political engagement with Pakistan that addresses the root causes of the violent extremism, radicalization, and terrorism. The EU is working with Pakistan to develop its democratic structures, its counterterrorism capacity, its police, law enforcement, and criminal justice sectors.

In March 2012, the EU and Pakistan agreed to a new political framework—the Five Year Engagement Plan—to enhance relations by intensifying bilateral dialogues in areas including: political cooperation, security, governance, and human rights, trade, and energy.

North and South America
Canada

The EU and Canada marked the end of successful negotiations for a Strategic Partnership Agreement (SPA) in 2014. The SPA complements the EU-Canada economic relationship and encompasses the political and value-based dimension of the strategic partnership. The SPA will: strengthen sectorial and foreign policy cooperation, with an increased focus on CSDP issues—crisis management and security; bolster cooperation on issues including education, migration, consular protection, people-to-people relations, youth and the promotion of cultural diversity; and, deepen ties in areas such as energy, transport, and the Arctic.

In 1976, Canada became the first industrialized country to sign a commercial and economic agreement with the EU. In 2014, negotiations were concluded on an ambitious new EU-Canada Comprehensive Economic and Trade Agreement (CETA) that will provide a new impetus to trade, investment, innovation, and job creation.

The EU and Canada work together on global challenges including the environment, climate change, energy security, and regional stability throughout the world. Cooperation ranges from research into alternative energy sources to providing police training in Afghanistan. In foreign and security policy, the EU and Canada draw on a shared commitment to effective multilateral institutions and good global governance to project common values on the world stage.

Latin America and the Caribbean

The EU and Latin America and the Caribbean have enjoyed privileged relations since the first region-to-region summit, held in Rio de Janeiro in 1999, established a strategic partnership. The partners cooperate closely at the international level and maintain an intensive political dialogue at the regional, sub-regional (Central American, the Caribbean, Andean Community, and Mercosur), and bilateral levels. The EU's regional counterpart is the Community of Latin American and Caribbean States (CELAC), launched in 2010 and encompassing all 33 LAC countries. The EU and CELAC advance the bi-regional partnership process through political dialogue and cooperation and biennial summits. The partners are also engaged in a Joint Initiative on Research and Innovation; a Structured Dialogue on Migration; and a Coordination and Cooperation Mechanism on Drugs.

As the region's primary foreign investor and second most important trade partner, the EU is an important economic and political partner for Latin America. The EU is the leading provider of development cooperation to Latin America and the Caribbean and supports the region's efforts at economic and social reform and regional integration.

Combined contributions from the EU and its Member States aim to reduce poverty, inequality, and exclusion; support regional integration and economic cooperation; and develop human resources and promote mutual understanding between the EU and Latin America. EU funding (2014-2020) targets areas including climate change, sustainability, security, good governance, higher education, and regional economic integration.

Mercosur. The EU is negotiating an association agreement with the Mercosur countries (Argentina, Brazil, Paraguay, Uruguay, and Venezuela) that encompasses political dialogue, cooperation, and the creation of a free trade area.

Central America. In 2010, EU and Central American leaders concluded an association agreement that includes a free trade area, reinforces the political and economic stability of Central American nations, fosters sustainable development, and deepens regional integration. Central American countries are Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama. The Association Agreement, the EU's first region-to-region accord, encompasses all aspects of the EU-Central American relationship—political dialogue, cooperation, and a free trade area.

Andean Community (Bolivia, Colombia, Ecuador, Peru). In 2003, the EU-Andean Community Political Dialogue and Cooperation Agreement institutionalized the existing political dialogue and extended its scope to include conflict prevention, good governance, immigration, money laundering, and the fight against organized crime and terrorism.

Negotiations toward an association agreement stalled in 2008, resulting in a split negotiating format: continued regional negotiations with the Andean Community on political dialogue and cooperation, plus multi-party WTO-compatible trade negotiations with individual states.

Colombia and Peru reached an agreement with the EU in 2010 on a multi-party trade accord that provides for progressive and reciprocal liberalization through creation of a comprehensive and balanced free trade area for goods and services.

The EU's FTAs with Peru and Colombia have been in force since 2013, and according to estimates, once fully implemented, the FTAs will save half a billion euros in customs duties alone and are expected to boost the economies of Colombia and Peru by 1 percent of GDP.

Negotiations with Ecuador concluded in July 2014. And the two sides are exploring the possibility of integrating Bolivia into the trade deal with the EU.

Chile. Through an association agreement in force since 2005, the EU and Chile coordinate their positions in international forums, and the EU helps fund Chilean modernization programs, encouraging innovation in Chilean business and supporting sustainable development. The agreement also establishes a free trade area for goods, services, and government procurement; liberalizes investment and capital flows; and strengthens the protection of intellectual property rights.

Mexico. In 2000, Mexico became the first Latin American country to sign a Comprehensive Partnership Agreement with the EU. The accord enhances EU-Mexican cooperation on a range of political, security, environmental, and socio-economic issues; strives for closer coordination on global issues of common concern in multilateral forums; and aims to jointly promote common values and principles in the international arena. The agreement also established a comprehensive free trade area, which covers trade in goods and services and contains specific provisions on public procurement, competition, intellectual property rights, and investment. Negotiations are underway to modernize and update the agreement.

The EU and Mexico are strategic partners and engage in productive dialogue on multilateral and global issues including: climate change; sustainable development, international peace and security; democracy and human rights; and global economic governance.

Brazil. EU relations with Brazil are governed by the 1992 EU-Brazil framework cooperation agreement and the 1995 EU-Mercosur framework cooperation agreement. In 2007, the EU and Brazil formalized a strategic partnership with an emphasis on effective multilateralism; the environment, particularly climate change; sustainable energy; the fight against poverty; Mercosur's integration process; and Latin America's stability and prosperity.

The EU and Brazil also cooperate on political issues, energy and climate change, macroeconomic and financial affairs, and science and technology.

Chapter Seven
Signature EU Policies

For a comprehensive overview of all EU policies—including business, culture, education and youth, health, regional policy, the information society, transport, and more—see: http://europa.eu/pol/index_en.htm

Agriculture

Created in 1962 to guarantee food supply and farm incomes in Europe, the Common Agricultural Policy (CAP) comprises a set of rules and mechanisms which regulate the production, trade, and processing of agricultural products in the European Union. Initially, CAP was designed to increase agricultural productivity and help farmers attain a fair standard of living; stabilize markets; and ensure a secure supply of affordable food.

Since the 1990s, CAP has moved away from supporting product prices, and today's CAP has been transformed into a multi-functional policy, supporting market-oriented agricultural production throughout Europe while contributing to vibrant rural areas and environmentally sustainable production.

Aviation

Aviation plays a fundamental role in the European economy both for EU citizens and industry. By supporting 5.1 million jobs and contributing €365 billion, or 2.4 percent to European GDP, it makes a vital contribution to economic growth, employment, tourism, people-to-people contacts, and the EU's regional and social cohesion. Over the last two decades, by removing historic barriers, the EU has transformed and integrated fragmented national aviation markets into the single largest and most open regional aviation market in the world.

The EU has established common aviation safety rules which apply to both industry and the civil aviation authorities across the EU. The European Aviation Safety Agency (EASA) was established in 2002 and is responsible for aviation safety strategy, certification of aviation products, and safety oversight of approved organizations and EU Member States. The Single European Sky initiative, launched in 2004, is an ambitious program to create an EU-wide air traffic management system where airspace is configured on the basis of operational efficiency instead of national frontiers, thereby reducing delays and congestion and increasing safety standards. The technological pillar of this initiative, the SESAR program, aims to develop and deploy new air traffic management technologies and capabilities. The EU has also adopted important legislation in the fields of aviation security, environmental rules, and passenger protection.

EU-U.S. aviation relations. The EU-U.S. "Open Skies" Air Transport Agreement was signed in 2007, ushering in unprecedented liberalization of the transatlantic aviation market by removing restrictions on routes, prices, and number of flights, and resulting in increases in transatlantic air services. The second stage of the Agreement, signed in 2010, includes additional market access opportunities and strengthens the cooperative framework in regulatory areas such as safety, security, and the environment. From 2011, the Agreement also applies to Iceland and Norway.

The EU and U.S. have also signed a Bilateral Aviation Safety Agreement and a Memorandum of Cooperation on civil aviation research and development.

Competition

Competition encourages companies to offer consumers goods and services on the most favorable terms, promoting efficiency, innovation, and lower prices. For effective competition, companies must act independently of each other, yet subject to the competitive pressures from other economic operators. EU law covers several aspects of competition policy.

EU Antitrust policy is based on two main provisions in the EU's treaty:

- Agreements between two or more independent market operators that restrict competition are prohibited. This applies to actual or potential competitors operating at the same level of the supply chain (horizontal agreements) and to firms operating at different levels, for example between a supplier and its distributor (vertical agreements). Cartels between competitors that involve price-fixing or market sharing, are strictly prohibited.
- Firms holding a dominant market position are prohibited from abusing that position with actions that include unfair pricing, limiting production, or refusing to innovate to the detriment of customers.

The European Commission is empowered to apply these rules and is given the tools to do so, including a number of investigative powers and the ability to impose fines.

Mergers. The EU prohibits mergers and acquisitions that would significantly reduce competition in the single market, for example, by creating a dominant company likely to impose price hikes on consumers. The European Commission only examines larger mergers (exceeding a certain turnover threshold) with an EU dimension.

State Aid. EU rules prohibit state aid (government support) that distorts competition in the internal market and gives the subsidized company an unfair advantage over its competitors.

Internationally, the EU's main objective has been to promote the convergence of competition policy instruments and practices across jurisdictions and facilitate cooperation in enforcement activities with competition authorities in other jurisdictions.

EU-U.S. Cooperation. The EU cooperates with the U.S. competition authorities—the Department of Justice and the Federal Trade Commission—primarily on the basis of the 1991 Cooperation Agreement and the 1998 Positive Comity Agreement. Cooperation is intensified if the parties to a case have granted a waiver allowing the exchange of otherwise protected information.

Democracy, Freedom, and Human Rights

Human rights, democracy, and the rule of law are core EU principles, embedded in the European Union's treaty, and reinforced by its Charter of Fundamental Rights. The EU views human rights as universal and indivisible and actively promotes and defends them within its borders, in its external relations, and across its policies.

EU human rights policy focuses on protecting the rights of women, children, minorities, and displaced persons. The EU opposes the death penalty, torture, human trafficking, and discrimination. Human rights policies in the EU defend civil, political, economic, social, and cultural rights.

The EU's 2012 Strategic Framework on Human Rights and Democracy and its Action Plans are designed to advance human rights and democracy worldwide in partnership with Member States, partner governments, the United Nations, and civil society. Their aim is to make EU human rights policy more effective and consistent and to raise the profile of human rights in the EU's foreign policy. To this end, the EU appointed its first ever EU Special Representative (EUSR) for Human Rights in 2012.

The EU publicly condemns human rights violations wherever they occur, appealing to the countries concerned to end such violations and pressuring the authorities in question. All trade and cooperation agreements—more than 120—include a human rights clause stipulating that respect for human rights is central to relations with the EU. In a number of instances, the EU has imposed sanctions for human rights breaches. The EU also pursues human rights dialogues with numerous countries and organizations. And respect for human rights is a precondition for countries seeking to join the Union.

Election Monitoring. Credible and fair elections are vital to democracy, the rule of law, and respect for human rights, and EU election observation missions (EOMs) assess whether the electoral process conforms to international standards for democratic elections. Observers examine whether political parties can participate freely and openly in the electoral process; the level of access candidates have to the media; voter education; and the safety and security of voters. Since 2000, the EU has deployed more than 130 election observation missions in more than 60 countries.

European Instrument for Democracy and Human Rights. The EU provides direct funding for human rights and democratization through the European Instrument for Democracy and Human Rights (EIDHR). Launched originally in 1994, EIDHR's current annual budget (between 2014 and 2020) of around €190 million supports activities including global campaigns against the death penalty, the rehabilitation of torture victims, assistance for human rights defenders at risk, support for free media organizations, and election observation. More than 90 percent of EIDHR partners are local and international civil society organizations; the remainder are international intergovernmental bodies with special expertise, such as the Office of the UN High Commissioner for Human Rights and the Council of Europe. Additional EU funding supports projects with partner governments to improve the implementation of human rights in areas such as police training and prison and judicial reform. EIDHR funds more than 1200 projects in more than 100 countries.

Torture and Capital Punishment. The EU unconditionally supports the right to life and the right not to be subject to cruel, inhuman, and degrading treatment or punishment—standards recognized in the Universal Declaration of Human Rights, other international human rights agreements, and many national constitutions. The EU's Charter of Fundamental Rights—a legally binding document—states, "Everyone has a right to life. No one shall be condemned to the death penalty, or executed."

Abolition of the death penalty is a prerequisite for EU membership, and the European Union actively promotes a global moratorium on the use of the death penalty and protests against

Chapter Seven

Signature EU Policies

the practice in individual cases throughout the world. The EU has insisted that bilateral extradition treaties with non-EU countries automatically preclude the use of the death penalty in all cases of extradited prisoners from EU Member States.

As a global leader in the fight against torture and other forms of ill treatment, the EU works to prevent and eliminate torture and to end the impunity of those responsible. Through its Guidelines on Torture and Other Cruel, Inhuman and Degrading Treatment, the EU strives to persuade non-EU countries to produce and apply effective measures to outlaw torture. The EU also champions anti-torture initiatives in international forums, consistently raises its concerns with other countries through political dialogue and bilateral initiatives, and provides substantial funding for relevant projects by civil society organizations.

Growth and Jobs

The EU's strategy for creating sustainable growth and jobs promotes innovation within businesses and investment in people to create a knowledge-based society. The strategy also seeks to attract more people into employment, keep them in work longer as life expectancy rises, improve the adaptability of workers and enterprises, provide better education and skills, and adapt social protection systems to the challenges of innovation, globalization and mobility.

Through the Europe 2020 strategy, the EU has identified three key drivers for European growth in the 21st century—smart growth (fostering knowledge, innovation, education, and digital society), sustainable growth (making EU production greener and more resource efficient while boosting competitiveness), and inclusive growth (enhancing labor market participation, skills acquisition, and the fight against poverty)—designed to help Europe emerge stronger from the economic crisis and prepare the EU economy for the coming decade.

The European Commission's (2014-2019) priorities, billed as a new start for Europe, highlight jobs, growth, fairness, and democratic change and include:

- Boosting jobs, growth, and investment;
- Creating a connected digital single market in Europe;
- Creating a new European Energy Union that encompasses a forward-looking climate change policy;
- Bolstering the internal market with a strengthened industrial base;
- Deepening the Economic and Monetary Union and making it more fair;
- Achieving a reasonable and balanced free trade agreement (TTIP) with the United States;
- Strengthening the area of justice and fundamental rights based on mutual trust and shared values;
- Developing a new migration policy that encompasses a common asylum policy and a European policy on legal migration;
- Fortifying Europe's role in foreign policy and generally as a global actor;
- Ensuring democratic change in Europe through political dialogue, enhanced transparency, and by bringing Europe closer to citizens.

EU Energy and Climate Goals for 2020 include:

- 20 percent reduction of GHG emissions over 1990 levels;
- 20 percent share of renewables in energy consumption;
- 20 percent increase in EU energy efficiency;
- Binding targets reducing CO^2 emissions from new cars and vans.

Energy and Environment

The EU has set and achieved sustainable energy goals since 2008 that are helping to advance Europe's transition to a low carbon economy. Responding to geopolitical, environmental, and economic imperatives to diversify energy sources away from fossil fuels, Europe is setting the bar even higher for 2030 and beyond.

Aiming beyond its 2020 goals, the EU's 2030 Framework for Climate and Energy sets even more ambitious targets for greenhouse gas emissions (GHG), renewable energy, and energy efficiency that will also provide stability and predictability for Europe's economic operators:

- A 40 percent cut in GHG compared to 1990 levels;
- A minimum 27 percent share of renewable energy consumption;
- A 30 percent improvement in energy efficiency (compared to projections);
- Completion of the internal energy market: reaching an electricity interconnection rate of 15 percent between Member States and pushing forward important infrastructure projects.

Progress on the internal energy market has already delivered positive results including: a decline in wholesale electricity prices; increased consumer choice in energy suppliers; construction of missing infrastructure links between EU countries; increased trade in gas and electricity among Member States; more efficient use of pipelines; and regulatory progress ensuring fair and competitive practices.

Toward a European Energy Union

In 2015, the European Commission adopted its strategy for achieving a resilient European Energy Union, an initiative that integrates a series of policy areas into one cohesive strategy. To reach the long-established EU energy policy goals—security of supply, sustainability, and competitiveness—the Energy Union focuses on five mutually supportive dimensions: energy security; solidarity and trust; the internal energy market; energy efficiency (moderating demand); decarbonization of the economy; and research, innovation, and competitiveness.

The results are expected to include a free flow of energy across borders and a secure supply in every EU country, for every citizen. New technologies and renewed infrastructure will cut household bills and create new jobs and skills, as companies expand exports and boost growth. The Energy Union will lead to a sustainable, low carbon and environmentally friendly economy, putting Europe at the forefront of renewable energy production and the fight against global warming.

EU measures also aim to reduce dependence on imports of gas and oil and help shelter the economy from volatile energy prices and uncertain supplies. More than 50 percent of the EU's energy comes from countries outside the Union.

The EU-U.S. Energy Council improves transatlantic coordination on strategic energy issues, bringing together key EU and U.S. actors to collaborate in the areas of energy security. This includes cooperation on the Southern Gas Corridor to bring gas from the Caspian Sea region; addressing energy security concerns for the EU's eastern neighbors, including Ukraine and Moldova; advancing energy research in areas including clean energy technologies and electric vehicles; and pursuing energy policies in areas such as smart grids and other smart technologies.

Climate Action. Climate change is one of the gravest challenges facing humanity. The EU is leading global action on climate change, both by setting out what needs to be done internationally and by committing to and achieving significant cuts in its own greenhouse gases. In parallel, the European Commission and a number of Member States have developed adaptation strategies to help strengthen Europe's resilience to the inevitable impacts of climate change.

The EU fights climate change through the EU Emissions Trading Scheme (EU ETS), the world's first and largest international trading system for greenhouse gas emissions (GHG). The EU ETS uses a binding cap-and-trade market mechanism to put a price on carbon and allow companies to cut emissions cost-effectively. The EU has set one of the most ambitious climate targets for 2020, and is on track to reach and even exceed the GHG emissions goal of a 20 percent decrease over 1990 levels. By 2013, the EU had already achieved a 19 percent drop, while the economy maintained a healthy growth rate (45 percent) over the same period, breaking the link between economic growth and increased emissions in all Member States.

In parallel, EU legislation now requires significant reductions in CO^2 emissions from cars and vans, which are responsible for roughly 15 percent of CO^2 emissions in the EU. By 2015, new passenger cars, for example, must meet an emissions standard of 130 grams per kilometer on average, and by 2020, this number falls to 95 grams per kilometer.

The EU's 2030 climate and energy objectives that include a 40 percent reduction in GHG emissions go even further. And, by mid-century, the strategy aims to fully transform the EU into a competitive low-carbon economy through measures including GHG emissions reductions of 80 to 95 percent over 1990. Achieving this goal relies on long-term investment in new low-carbon technologies, renewable energy, energy efficiency, and smart grid infrastructure.

International action is essential since climate change does not respect national boundaries. The EU was instrumental in the development of the United Nations Framework Convention on Climate Change, signed in 1992, and the 1997 Kyoto Protocol, which limits GHG emissions from developed countries. Today, however, more than half of global emissions come from developing countries. To address this, the EU led an international effort to reach a new UN global climate agreement, adopted in late 2015 in Paris, to be implemented by 2020.

Freedom, Security, and Justice

One of the fundamental objectives of the European Union is to offer its citizens an area of freedom, security, and justice without internal borders. The Union spearheads a full range of policy areas to fight terrorism; tackle organized crime; manage migration; establish a common asylum area; develop supportive measures on integration to maximize the positive impact of migrants in the EU; and further develop an integrated management of the external borders and a common visa policy to guarantee the free movement of people within the EU.

The European Agenda on Security prioritizes the fight against terrorism, organized crime, and cybercrime—interlinked areas with a strong cross-border dimension, where EU action can make a real difference. The Agenda focuses on improving information exchanges and operational cooperation between Member State law enforcement authorities, and supports actions through training, funding, research, and innovation.

The EU focuses on preventing radicalization by tackling the root causes that attract individuals to terrorist groups; protecting its citizens and infrastructure and reducing their vulnerability to attack through improved security of borders, transport, and critical infrastructure; pursuing and investigating terrorists across borders and globally; and developing systems to respond rapidly and effectively to a terrorist attack.

While the individual EU Member States have the primary responsibility for combating terrorism, the EU adds value by strengthening

The Schengen Area

The Schengen area, which encompasses 22 EU countries plus several non-EU states, is an area without internal borders within which citizens, many non-EU nationals, business people, and tourists can circulate freely without being subject to border checks. Most EU Member States participate along with Iceland, Norway, Switzerland, and Liechtenstein. Ireland, the United Kingdom, Cyprus, Bulgaria, Romania, and Croatia are not currently part of the Schengen area, although Bulgaria and Romania are in the process of joining. With internal borders abolished, Schengen countries have tightened controls at their common external borders according to Schengen rules to ensure the security of those living or traveling within their borders.

Chapter Seven

Signature EU Policies

national capabilities, facilitating European cooperation, developing collective capabilities and standards, and promoting international partnership. The EU has agreed collectively on a common list of terrorist organizations and provided Europol, which assists the EU Member States in preventing and combating all forms of terrorism and other serious crime (including human and drug trafficking), with additional resources to analyze terrorist threats and further improve information exchange.

Europol—the European Police Office—supports EU Member State law enforcement agencies through fast information exchange, sophisticated intelligence analysis, coordination, expertise, and training. Unlike national police forces, Europol does not have any autonomous investigative or coercive powers—its officials are not entitled to arrest suspects or act without the approval of national authorities.

In 2002, EUROJUST—a "college" of experienced judges and prosecutors—was established to facilitate interaction between the judicial authorities of the different Member State legal systems, through international mutual legal assistance, extradition requests, and cross-border criminal investigations.

Consolidation of a genuine common immigration and asylum policy—including the development of a new and flexible admission system for economic immigration; initiatives to support smooth integration of immigrants into society; and a common European Migration and Asylum system based on solidarity and respect of human rights—is also a priority. FRONTEX, the European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the EU, assists Member States in applying EU measures relating to the management of the EU's common external border.

Research, Development, and Innovation

Europe has a long tradition of excellence in research and innovation. The European Union has its own research and innovation policies and programs as does each individual EU Member State, given the shared nature of policy jurisdiction in this area. Since 2000, the "European research area" (ERA) has been gradually taking shape. ERA is the research and innovation equivalent of the "common market" for goods and services. It aims to enable the free flow of researchers and knowledge across borders, better coordination of research programs and coherent research and innovation policies at national and EU levels, thus securing the competitive future of the EU and prosperity of its citizens. Recognizing that future economic growth and jobs will increasingly come from innovative products, services, and business models, EU leaders have made reaching an R&D investment level of 3 percent of GDP a central goal in the Europe 2020 strategy to achieve smart growth and expand employment.

The EU's Framework Programs for research and technological development, multiannual funding programs which began in 1984, are vital to stimulating cooperation among partners in different countries by funding transnational research and promoting coordination among scientific and technological facilities and national programs.

In 2014, the EU launched Horizon 2020, the latest seven-year Framework Program to fund research and innovation with three main objectives and corresponding components: ensure scientific excellence; boost industrial leadership and competitiveness; and tackle societal challenges. Between 2014 and 2020, almost €80 billion will be provided under the Horizon 2020 framework to research institutions, universities, innovative private companies, and small businesses. The program is expected to lead to more breakthroughs, discoveries, and world firsts by taking great ideas from lab to market.

Although the funds provided by the EU account for only around 10 percent of the overall civilian public research funds in Europe (most research is funded nationally), this funding is a major instrument for encouraging research collaboration in Europe and beyond. Central to the success of the Framework Programs is their relevance to European industry.

The EU-U.S. Science and Technology Agreement, originally signed in 1998 and renewed in 2014 until 2018, brings a pan-European dimension to transatlantic S & T cooperation to complement the many bilateral arrangements with individual Member States. Collaboration occurs in such areas as Marine and Arctic science, transportation technologies, nanotechnology, health research and energy technologies.

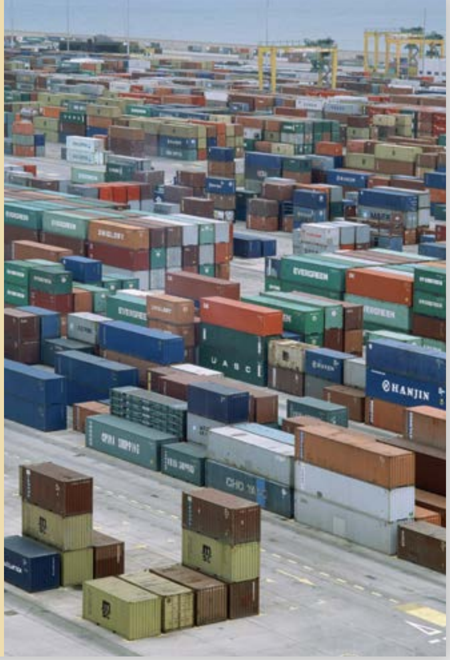
Single Internal Market

The single market is at the core of today's European Union. To make it happen, the EU institutions and the Member States worked doggedly to draft and adopt the hundreds of directives needed to sweep away the technical, regulatory, legal, and bureaucratic barriers that stifled free trade and free movement within the Union.

During its 20-plus years of existence, the single market has grown from 345 million consumers in 1992 to over 500 million today. Cross-border trade between EU countries has also grown from €800 billion in 1992 to €3 trillion in 2015 in terms of the value of goods exchanged. During the same time period, trade between the EU and the rest of the world tripled, from €500 billion in 1992 to more than €1.7 trillion in 2015. This is in addition to a greater choice of goods and services, lower prices for the EU's consumers, creation of economies of scale and improved efficiency, and the enhanced capacity of European firms to compete in today's globalized markets.

The four freedoms of movement (enshrined in the Treaties)—for goods, services, people, and capital—are underpinned by a range of supporting policies.

Firms are prevented from fixing prices or carving up markets among them by the EU's robust antitrust policy. EU citizens can work throughout the EU territory because Member States recognize many other individual Member States' academic and professional certifications.



The creation of the single market gave European Union countries a stronger incentive to liberalize previously protected monopoly markets for utilities such as telecommunications, electricity, gas, and water. The independent national regulators who supervise the now-liberalized markets for telecommunications and energy coordinate their activity at EU level. Not only big industries, but also households and small businesses across Europe, are increasingly able to choose their suppliers for electricity and gas.

Still, more red tape must be eliminated—such as those administrative and technical barriers to the free flow of goods and services, including Member State reluctance to accept other Member State standards and norms or, at times, to recognize the equivalence of professional qualifications. The fragmented nature of national tax systems also puts a brake on market integration and efficiency. Currently, remedial action is under way, although neither at a uniform pace nor in all sectors.

Digital Agenda

Too many barriers still block the free flow of online services and entertainment across national borders in the EU. The Digital Agenda, a top Commission priority, will update EU single market rules for the digital era. The aims are to boost the music download business, establish a single area for online payments, and further protect EU consumers in cyberspace. Creating a connected digital single market could generate an additional €250 billion in growth by 2019, leading to the creation of thousands of new jobs and a vibrant knowledge-based society.

Trade and Customs

Trade policy is the exclusive jurisdiction of the European Union, which represents the interests of all 28 EU Member States at bilateral and multilateral levels, including the WTO.

Within the Union, Member States have removed all tariffs on trade, while having unified tariffs on imports from outside the EU (the "common external tariff"). This means that the same tariff is paid on products regardless of which EU country is the entry point to the EU market, and once customs procedures are complete, goods can be shipped throughout the EU without additional duties. The achievement of this "customs union" in 1968 is one of the EU's earliest milestones.

EU customs authorities also ensure the smooth flow of trade while protecting the environment and citizens' health and safety. Customs authorities are on the front lines in the fight against terrorism and organized crime. Transatlantic cooperation in these areas is particularly active, with EU and U.S. customs officials working together to ensure container security and combat counterfeiting. Generally, EU trade policy aims to:

1. Create a global system for fair and open trade. The EU adheres to the World Trade Organization's system of global trade rules as an effective method for keeping the global economy open for trade. All 28 EU Member States are members of the WTO individually, but the EU negotiates and acts as a single body within the WTO.

2. Open up markets with key partner countries. The EU is negotiating better access and conditions for trade and investment through free trade agreements (FTAs). The EU has concluded a number of FTAs (including with Canada, Singapore, and Vietnam) and negotiations are ongoing with others, including Japan and Malaysia.

3. Ensure that rules are respected. By using the WTO court system or trade defense mechanisms, the EU ensures that imports entering the EU are traded at fair prices and do not cause unfair damage to European companies or their workers.

4. Ensure trade is a force for sustainable development. This entails helping poor countries trade their way out of poverty, ensuring the highest health and safety standards for the products we buy and sell, and supporting environmental protection and working conditions.

The Negotiation Process. The European Commission sets and carries forward the EU priorities and objectives as spelled out in guidelines from the Council of the EU. Officials from the Commission's Directorate-General for Trade, under the Trade Commissioner's authority, are charged with actually conducting the negotiations, and speak on behalf of the EU as a whole. Coordination with Member States is assured at all times, while the Commission keeps the European Parliament regularly informed. The Council and the European Parliament must formally agree to the outcome of bilateral and multilateral negotiations.

Chronology : Milestones on the Road to European Integration

May 9, 1950:
French Foreign Minister Robert Schuman proposes pooling Europe's coal and steel industries. May 9 is commemorated each year as Europe Day.

April 18, 1951:
The European Coal and Steel Community (ECSC) Treaty is signed in Paris by Belgium, France, Germany, Italy, Luxembourg, and the Netherlands; it enters into force in 1952.

March 25, 1957:
The European Economic Community (EEC) and European Atomic Energy Community (EURATOM) Treaties are signed in Rome; they enter into force in 1958.

April 8, 1965:
The Treaty merging the institutions of the three European Communities (the European Coal and Steel Community, the European Economic Community, and the European Atomic Energy Community) is signed, and enters into force in 1967.

July 1, 1968:
The customs union is completed.

January 1, 1973:
Denmark, Ireland, and the United Kingdom join the Community.

February 28, 1975:
The first Lomé Convention with African, Caribbean, and Pacific (ACP) countries is signed.

March 13, 1979:
The European Monetary System (EMS) becomes operational.

June 1979:
The European Parliament becomes the first directly-elected transnational political body.

January 1, 1981:
Greece joins the European Community.

June 29, 1985:
The European Council endorses the "White Paper" plan to complete the single market by the end of 1992.

January 1, 1986:
Spain and Portugal join the Community.

July 1, 1987:
The Single European Act (SEA), which (among other innovative measures) provides for the creation of a single internal market, enters into force.

June 26-27, 1989:
The Madrid European Council endorses a plan for Economic and Monetary Union (EMU).

November 9, 1989:
The Berlin Wall falls.

October 3, 1990:
The five Länder of the former German Democratic Republic enter the Community as part of a united Germany.

October 21, 1991:
The European Community and European Free Trade Association (EFTA) agree to form the European Economic Area (EEA). The EEA enters into force January 1, 1994.

December 8, 1991:
The USSR dissolves, and the Commonwealth of Independent States is formed.

December 11, 1991:
European Council meeting in Maastricht agrees on Treaty on European Union, which enters into force November 1, 1993. In addition to creating the EU, the Maastricht Treaty establishes the Common Foreign and Security Policy and lays the groundwork for European Economic and Monetary Union and a single European currency.

December 16, 1991:
Poland, Hungary, and Czechoslovakia sign the first Europe Agreements on trade and political cooperation.

January 1, 1993:
The European single market is achieved on schedule.

January 1, 1995:
Austria, Finland, and Sweden join the European Union.

March 26, 1995:
The Schengen Area is created and border checks are abolished between seven EU countries. Belgium, Germany, France, Luxembourg, the Netherlands, Spain, and Portugal agree to adopt a common border security area.

December 3, 1995:
The EU-U.S. Summit in Madrid launches the New Transatlantic Agenda (NTA), providing a new framework for the transatlantic partnership, moving it from one of consultation to one of joint action in four major fields: promoting peace and stability, democracy, and development around the world; responding to global challenges; contributing to the expansion of world trade and closer economic relations; and building bridges across the Atlantic.

June 17, 1997:
The Treaty of Amsterdam is concluded, and enters into force May 1, 1999.

May 2, 1998:
Eleven EU Member States qualify to launch the euro on January 1, 1999.

June 1, 1998:
The European Central Bank, responsible for framing and implementing the EU's monetary policy and managing the euro, is inaugurated in Frankfurt, Germany.

January 1, 1999:
Eleven EU Member States are the first to adopt the euro (as a "virtual" currency).

June 23, 2000:
A new partnership agreement (2000-2020) between the EU and the ACP countries is signed in Cotonou, Benin.

December 7-11, 2000:
EU leaders formally proclaim the Charter of Fundamental Rights of the European Union, outlining fundamental rights for all EU citizens, including dignity, freedoms, equality, solidarity, citizens' rights, and justice.

January 1, 2001:
Greece joins the euro area.

February 26, 2001:
The Regulation establishing the Rapid Reaction Force is adopted.

February 26, 2001:
The Treaty of Nice is signed, and enters into force February 1, 2003.

January–February 2002:
Twelve EU countries begin using the euro as a legal tender for daily transactions.

January 1, 2003:
The first European Security and Defense Policy mission launches with the deployment of 500 European Union Police Mission officers to Bosnia-Herzegovina to train local police officers and establish sustainable policing arrangements.

December 2003:
EU leaders adopt the European Security Strategy.

May 1, 2004:
Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, and Slovenia join the European Union, bringing membership to 25.

June 2004:
The European Council endorses the European Neighborhood Policy.

October 29, 2004:
The Treaty establishing the Constitution for Europe is signed by Heads of State and Government and EU foreign ministers. The Constitution requires approval by Member States.

June 16-17, 2005:
The European Council, following the French and Dutch negative referenda on the Constitutional Treaty, agree to a period of reflection in order to determine how best to proceed with the Constitutional process.

October 3, 2005:
Accession negotiations begin with Croatia and Turkey.

January 1, 2007:
Bulgaria and Romania join the EU and complete the fifth round of enlargement; EU membership expands to 27 and brings the total EU population to 500 million people.

January 1, 2007:
Slovenia adopts the euro.

December 13, 2007:
The Treaty of Lisbon, intended to optimize the EU's institutions and working methods, is signed in Lisbon and enters into force December 1, 2009.

December 21, 2007:
The Schengen area is enlarged to include Estonia, the Czech Republic, Lithuania, Hungary, Latvia, Malta, Poland, Slovakia, and Slovenia.

January 1, 2008:
Cyprus and Malta adopt the euro, bringing euro-area membership to 15 EU countries and a population of around 320 million.

March 30, 2008:
The new EU-U.S. Air Transport "Open Skies" Agreement takes effect; European and American airlines can now fly without restrictions from any point in the EU to any point in the U.S., and vice-versa.

December 13, 2008:
The EU launches Operation Atalanta, the EU's first joint naval operation, to deter attacks by pirates on vessels off the Somali coast.

December 12, 2008:
The EU welcomes Switzerland to the Schengen area.

January 1, 2009:
Slovakia adopts the euro.

January 1, 2011:
Estonia adopts the euro.

December 18, 2011:
Liechtenstein joins the Schengen area.

January 30, 2012:
Treaty on Stability, Coordination, and Governance in the Economic and Monetary Union, agreed by 25 of 27 EU Member States (no the United Kingdom or Czech Republic).

December 10, 2012:
The European Union is awarded the 2012 Nobel Peace Prize in recognition of the EU's contribution to the promotion of peace, reconciliation, democracy, and human rights.

July 1, 2013:
Croatia joins the EU as its 28th Member State.

January 1, 2014:
Latvia adopts the euro.

January 1, 2015:
Lithuania adopts the euro.

June 23, 2016:
UK referendum: UK votes to leave EU

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