

European Parliament Resolution concerning the substance of the preliminary draft Treaty establishing the European Union (14 September 1983)

The European Parliament,

- having regard to its decision of 9 July 1981 setting up a committee on institutional affairs(1),
- having regard to its resolution of 6 July 1982 on the European Parliament's position concerning the reform of the Treaties and the achievement of European Union (2),
- having regard to the following motions for resolutions:
 - motion for a resolution by Mr Lomas and others proposing changes to the Treaty of Rome (Doc. 1-926/81),
 - motion for a resolution by Mr Jonker and others on behalf of the European People's Party on a draft Treaty relating to the first step towards European Union (Doc. 1-940/81/rev. II),
 - motion for a resolution by Mr Nord on behalf of the Liberal and Democratic Group on European Union (Doc. 1-301/82),
- having regard to the report of the Committee on Institutional Affairs (Doc. 1-575/83),
- whereas in a world of change and crisis it is becoming increasingly essential for the European Community to assert its identity:
 - to that it can make its voice heard between the two great powers, the USSR and the USA,
 - to that it constitutes a transforming force in the unequal and explosive relations that currently exist between North and South,
 - so that it constitutes an original political, economic and social model of democracy in which its citizens can develop fully;
 - whereas the forthcoming decisions to be taken by the Community, the prospects of a revival foreseen through the reform of certain existing Community policies and the implementation of new policies represent the best means of tackling these objectives in the immediate future;
 - whereas the draft Treaty outlined below thus constitutes an institutional basis on which to implement those policies;
- A. Conscious of the growing mutual interdependence of the nations of Western Europe, both among themselves and in their relations with the rest of the world;

- B. Aware of the world's susceptibility to economic, social and political crises much more profound and long-lasting than those of the period in which the Communities began;
- C. Deeply conscious of the continuing threat to world peace and security;
- D. Deeply perturbed at the damage to the environment which is assuming alarming proportions;
- E. Convinced that many of the problems which arise are too great and their effects too widespread to be solved by uncoordinated efforts of individual nations;
- F. Aware of the great economic, political and security advantages of progress towards economic and political union,

1. Instructs its Committee on Institutional Affairs to draw up and submit for its approval before the end of 1983 a preliminary draft Treaty establishing the European Union (hereinafter referred to as "the Treaty") on the basis of the following principles and

Preamble

- 2. The European Union shall be constituted between the Member States of the European Communities.
- 3. The aim of the Union shall be to help its peoples to develop the solidarity which binds them and to retain their historical identity, their dignity and their freedom within the framework of freely-accepted common laws and institutions whose aim is progress and peace.
- 4. The citizens of the Member States shall also be citizens of the Union. They shall take part in the political life of the Union in the forms laid down by the Treaty, enjoy the rights granted by the Union and be subject to its laws as to their own national laws.
- 5. The territory of the Union shall consist of the territories of the Member States as defined in the Treaties, conventions and protocols establishing the European Communities, including the maritime, submarine and air space, account being taken of obligations under international law.
- 6. Being the continuation of the work to unite the democratic nations of Europe, of which the European Communities, the European Monetary System, European Political Cooperation and other related organs represent the first achievements, the Union shall be based on:
 - the acceptance of the positive results of their experiences,
 - the awareness of their limitations and inadequacies,
 - the desire to bring coherence into these various achievements.
 - the re-defining of common objective and the means of attaining them,
 - the need for more democratic and more efficient institutions.
- 7. The evolutionary nature of European unification already provided for in the preambles to the Community Treaties requires a flexible and gradual approach, laid down in the Treaty,

which will provide for transitional periods and ensure that all further development will be based on the consent of its citizens and the Member States.

8. The Union and its Member States consider the underlying principles of European society to be pluralist democracy, the rule of law, freedom, the exercise and protection of fundamental civil, economic, social and political rights, the preservation of the natural bases of life and cultural values, the fulfilment of resulting obligations and the principle of resolving international disputes through the intermediary of international organizations and negotiations; respect for these principles is necessary for the existence of the Union and for membership thereof.

9. Civil and political rights: The Union and the Member States undertake to protect the dignity of the individual and to respect and grant to any person coming within their jurisdiction the rights and freedoms that shall be contained in the Treaty and those stemming from the common principles embodied in the Constitutions of the Member States and the European Convention for the Protection of Human Rights and Fundamental Freedoms.

10. Economic, social and cultural rights: The Union and the Member States undertake to maintain and develop, within the limits of their respective competences, the rights and principles that shall be contained in the Treaty and those stemming from the Constitutions of the Member States and the European Social Charter.

11. During the first five years of its existence, the Union shall take a decision on the ratification of the abovementioned Convention and Charter, as well as the United Nations International Conventions on Civil and Political Rights and on Economic, Social and Cultural Rights.

12. The aim of the Union shall be to contribute, according to the principle of subsidiarity:

(a) towards the stable economic development of its peoples, without discrimination between nationals and undertakings of the Member States, by strengthening the capacity of its Member States, its citizens and their undertakings to adapt their structures and activities to present-day economic change;

(b) towards the elaboration and carrying out of the structural and conjunctural policies of the Union with the aim of achieving, together with balanced expansion throughout the Union, the progressive removal of the existing disequilibria between the various areas and regions;

(c) towards putting the Member States into a position where they can respond jointly and in solidarity to the technological, financial, monetary and other challenges with which they are all confronted;

(d) towards promoting the human and harmonious development of society by endeavouring to attain full employment, roughly comparable living conditions in all the regions, and a high level of social justice, to create a lifestyle which guarantees a permanently high quality of environment and respects the ecological balance, and to support and strengthen the scientific and cultural development of its peoples;

(e) towards the harmonious and equitable development of all the peoples of the world to enable them to escape from underdevelopment and hunger and to exercise their full political, economic and social rights;

(f) towards promoting, by its international action, security, peace, cooperation, disarmament and freedom of movement for people and ideas;

(g) towards enabling local and regional authorities to participate — in an appropriate manner — in the unification of Europe;

(h) towards the measures necessary to create and develop a European public spirit;

13. Any democratic European State may become a member of the Union; the details of accession shall be set out in a treaty between the Union and the applicant country.

The legal structure of the Union

14. To achieve these objectives, the Union shall act either by common action or by cooperation between the Member States. The Treaty shall set out the fields within which each method applies and their implementing procedures. These fields may be widened by the procedures laid down in the Treaty, but any extension of cooperation may not encroach on the fields covered by common action.

15. The Union shall only act to undertake those tasks which can be executed more effectively in common than by the Member States acting separately, or those whose execution requires a contribution from the Union because their dimension or effects extend beyond national frontiers (principle of subsidiarity).

16. The institutions of the Union shall be as follows:

- the European Parliament,
- the Council of the Union,
- the Commission,
- the Court of Justice,
- the European Council.

17. Where the Union acts within the context of cooperation, decisions shall be taken by the European Council; they shall be implemented by the Member States,

18. Where the Union takes common action, it shall adopt laws, implementing regulations, executive decisions and judicial acts, and conclude international treaties.

Acts arising from common action shall be directly applicable and binding upon the citizens and their Member States as soon as they have been published or notified by the institutions of the Union.

19. In the fields of Union competence, the law of the Union shall take precedence over that of the Member States; national courts must apply the law of the Union.

20. In certain fields specified by the Treaty, the institutions of the Union shall have sole power to act (exclusive competence). In these fields, national authorities may not legislate, or may only do so within the limits of framework-laws of the Union. Until the Union has legislated, national regulations shall continue to apply as laws of the Union.

In certain other fields, also specified by the Treaty, the latter shall recognize that the Union has a competence, but the Member States shall continue to act so long as the Union has not taken action (concurrent competence). A law which initiates common action in a field where the Union has hitherto not taken action must be approved by a qualified majority of each branch of the legislative authority.

Some sectors, specified in the Treaty and administered in accordance with the method of cooperation between the Member States, shall be acknowledged as capable of becoming the subject of common action. In such cases, the European Council, with the consent of the European Parliament by a simple majority, shall have power to decide to introduce a concurrent or exclusive competence of the Union (potential competence).

21. The Treaty establishing the Union⁽³⁾, as well as those parts of the Treaties establishing the European Communities⁽⁴⁾ which have not been modified by the Treaty and which concern the objectives and the institutions of the Communities, may only be amended by the procedure for revising the Treaty.

The measures which, although included in the Treaties, only deal with the achievement of these objectives, may only be amended by the procedure of organic laws.

The Regulations, Directives, Decisions and jurisprudence of the European Communities, together with the decisions taken in the context of the European Monetary System and European Political Cooperation, shall be binding as laws, implementing regulations, decisions or jurisprudence of the Union and shall remain in force until such time as they have been amended by laws, regulations, decisions or jurisprudence of the Union.

22. The law shall lay down the framework, principles and objectives of common action by the Union and, where necessary, further details while respecting its general nature; as far as possible, it shall leave room for decentralized decisions and participation.

Budgetary laws shall lay down in detail the annual revenue and expenditure of the Union.

Organic laws shall, where stipulated by the Treaty, lay down the organization of the institutions and other organs of the Union, having regard to the powers and competences accorded to them.

Laws shall be adopted in compliance with the Treaty. The adoption of organic laws shall require approval by a special majority.

Wherever possible, the Union should enact framework legislation which leaves the national legislative authority room for manoeuvre when taking a decision on content, rather than legislation which covers every possible eventuality.

23. The regulations and decisions required in order to implement the Treaty and the laws duly adopted under paragraph 22 above shall be determined by the Commission, in

accordance with the criteria and limits laid down in the law. They must, however, be formally notified to the legislative authority;

24. The law of the Union shall be directly applicable in the Member States; without prejudice to the executive powers conferred on the Commission, national, regional and local authorities shall be responsible for implementing it. The Commission shall oversee this implementation. An organic law shall govern the extent and nature of this supervision.

25. A law of the Union may provide that its entry into force shall be linked to transitional periods which shall be limited in time and accompanied by appropriate measures.

The Union may also establish specific transitional measures or periods to cope with individual problems faced by certain Member States, regions or undertakings; however, such specific measures may be designed solely to facilitate the subsequent application of the law in the State, region or undertaking in question.

The Union and the Member States shall cooperate in good faith in the implementation of the law of the Union and its administrative execution. The institutions of the Union and the Member States shall guarantee the proper application of the law in its entirety.

The institutions of the Union shall be obliged to respect the law and the Treaties.

In the implementation of the law of the Union, the institutions of the Union shall be guided by the principle that matters which are essentially different must be dealt with according to their individual features.

The traditional distribution of tasks shall be maintained for the implementation of the law of the Union. Its application is principally a matter for the Member States. Its application shall involve the individual citizen as closely as possible.

Where the Union acts in an administrative capacity, the Commission shall act on its behalf.

The Union must ensure that, wherever possible, the hearing of those concerned by its measures is encouraged and extended. This is particularly true in the case of decisions by the competent authorities concerning investment using the financial resources of the Union (EAGGF, Regional Fund, Social Fund, etc.).

The principle that those directly affected should be heard must apply:

- wherever the Union itself acts in an administrative capacity,
- in all appropriate cases where the Union issues binding provisions to national or subordinate authorities for its administrative action in connection with the implementation of the law of the Union.

As a basic principle, hearings should be made accessible to pressure groups concerned and the general public. National or conventional administrative boundaries shall be ignored when the effect of measures is determined.

26. In the case of serious and persistent infringement of democratic principles or fundamental rights — established by the Court of Justice at the request of the Parliament or of

the Commission — the European Council, on receiving the endorsement of the legislative and executive bodies, shall take measures:

— suspending the application of part or the whole of the Treaty mechanisms to the State in question and its nationals,

— which may go as far as suspending participation in the institutions of the Union by the State in question and its nationals who are members of the institutions of the Union.

27. The same procedure may apply in cases of serious and persistent infringement of the provisions of the Treaty.

28. In addition to the development of the law of the Union based on the Treaty and common action of the Union, the latter, in accordance with the method of cooperation, shall proceed with the harmonization of national legislation with a view to forming a homogeneous judicial area within the Union.

The Commission and the Parliament may submit recommendations along these lines to the European Council.

The development of European citizenship beyond the Treaty and the fight against international forms of crime including terrorism shall in particular be the subject of cooperation within the framework of the European Council.

The Economy

29. Stating from the Community patrimony and experience in the economic field deriving from the three Treaties establishing the European Communities, the Union shall have, in particular, the tasks, competences and powers set out below.

Internal market

30. The Union shall have exclusive competence to achieve, safeguard and extend the free movement of persons, services, goods and capital within its territory.

31. This liberalization process, based on the Community patrimony, shall take place according to detailed and binding programmes and timetables drawn up by the legislative authority after consultation of the Economic and Social Committee; the Commission shall be empowered independently to adopt the rules for implementing these programmes.

For persons and goods, free movement shall be completed at the latest within two years of the entry into force of this Treaty; this shall include the complete abolition of checks on passenger transport at the internal frontiers of the Community. The free movement of services, including banking and all forms of insurance, shall be completed over a transitional period of five years and that of capital gradually over a transitional period of 10 years.

Competition

32. The Union shall have exclusive competence as regards competition policy to complete, safeguard and extend the competition policy laid down in the Treaties and the action taken pursuant thereto.

However:

- (a) the Commission's power to authorize concentrations of undertakings pursuant to Article 66 of the ECSC Treaty may be extended by law to other sectors of an oligopolistic nature;
- (b) the competition policy of the Union shall take account of the need to strengthen and restructure the Union's economy and industry, particularly with regard to the profound disturbances which may be caused by international competition.

The Union shall have the competences laid down in Articles 85 to 94 of the EEC Treaty and Articles 65 to 67 of the ECSC Treaty for the drawing up and monitoring of rules on competition.

This shall include the power to lay down a statutory requirement of authorization for concentrations of undertakings. Equality of opportunity in the field of competition shall prohibit any discrimination between private sector and public undertakings.

The legal framework of undertakings

33. The Union shall harmonize the legal framework of undertakings; it shall adopt by law:

- (a) an optional statute for 'European undertakings', and
- (b) measures to approximate and harmonize national legislation (especially in respect of industrial property and taxation) as required for the proper operation of a common policy.

Conjunctural policy

34. The Union shall have concurrent competence with the Member States in respect of conjunctural policy. It shall, in particular, promote greater coordination between the objectives and measures of the Member States in the economic field, thereby paving the way for the convergence of economic policy within the Union, and also aiming at the progressive reduction of existing disequilibria between the various areas and regions of the Union.

35. The law of the Union shall lay down the criteria on the basis of which the Commission shall define the economic policy guidelines, objectives and, possibly, measures applying to the Member States of the Union, in particular in the budgetary, monetary and credit fields.

36. The Commission shall also be empowered by law to monitor national action to achieve these objectives. The Union may make its monetary, budgetary or financial aid to individual Member States conditional on compliance with the decisions taken under the previous paragraph.

37. A law of the Union may lay down the conditions under which the Commission, in conjunction with the Member States, shall utilize the budgetary or financial mechanisms of the Union to influence the economic situation.

The European Monetary System

38. The European Monetary System shall be integrated into the institutional and decision-making framework of the Union; all the Member States shall participate, possibly with adjustments to allow for certain special circumstances in accordance with paragraph 25 above.

39. On the basis of existing cooperation in respect of balance of payments and the EMS, the Union shall have concurrent competence with the Member States for the gradual and irreversible achievement of full monetary union.

40. The legislative authority of the Union shall decide on:

(a) the establishment and the statute of the European Monetary Fund, in particular defining the extent of its autonomy necessary to stabilize the value of money, and the forms of its responsibility to the institutions of the Union;

(b) the actual transfer to the European Monetary Fund of part of the reserve', of the Member States;

(c) the progressive conversion of the ECU into a reserve and payment currency and its wider use;

(d) the procedures for attaining monetary union in successive stages.

41. The Union shall have concurrent competence for European monetary and credit policies, with the particular objective of coordinating the use of capital market resources by the creation of a European capital market committee and the establishment of a European bank supervisory authority;

42. During the first five years of the Union, the European Council may refer the decisions set out above back to the legislative authority for fresh consideration or block them.

Financial mechanisms

43. On a proposal from the Commission, the legislative authority shall rationalize, expand and, where appropriate, amend the financial mechanisms and instruments required for its economic policy.

Overall political control of these mechanisms and instruments shall be exercised by the legislative authority of the Union, and accounting control by the Court of Auditors.

Sectoral policies

44. Where harmonization of the general framework of economic activity seems inadequate to meet the particular need for the organization, coordination or development of specific sectors, the Union shall carry out policies appropriate to the special circumstances in those

areas, notably to promote decisions concerning investment and innovation by undertakings subject to competition and by establishing reliable framework conditions in this area. In such cases, the legislative and financial competence of the Union shall be concurrent with that of the Member States.

45. The sectors concerned are in particular:

- agriculture and fisheries,
- transport,
- telecommunications,
- research and development,
- industry,
- energy.

Agriculture and fisheries

46. In the field of agriculture and fisheries, the Union shall have concurrent competence which has already been exercised to some degree under the common agricultural policy pursued to date in the Community.

The objectives of the common agricultural policy as set out in Article 39 of the EEC Treaty shall be embodied in the Treaty as objectives of the Union.

The other articles of the EEC Treaty concerning agriculture and fisheries, and regulations adopted pursuant to those articles, shall become laws and implementing regulations of the Union but may be amended in accordance with paragraphs 21 and 22 above.

Transport

47. The Union shall pursue a global policy in the various sectors of the transport sector (road, rail, inland waterways, shipping and air) in order, through the harmonious development of the transport system, to contribute as far as possible to the integration of the Member States. In so doing, it shall endeavour to ensure the optimum operation of the economy, guarantee the social security of workers, ensure the rational use of energy and safeguard the environment.

In the transport field the Union shall exercise concurrent competence. On the basis of joint action, the Union shall:

- end all forms of discrimination in the carriage of goods and persons between Member States,
- harmonize the basic terms of competition between the various modes of transport,
- dismantle obstacles to trans-frontier traffic,
- develop the capacity of transport routes so as to make the transport network commensurate with European needs,

— take any other measure it sees fit if the above goals can thereby be reached more readily than by measures taken by the individual Member States.

48. The Union shall have concurrent competence in respect of telecommunications which it shall exercise in particular, under the principle of subsidiarity, in respect of advanced technology sectors, research and development and public procurement policy.

It shall take common action to produce, over as short a period as possible, a telecommunications network with common standards (including, in particular, harmonization of tariffs, technical standards and costs).

In areas not covered by common action by the Union, the Member States shall pursue an active cooperation policy.

Research and development

49. Starting from the Community patrimony, and to prevent the overlapping of programmes, the employment of large numbers of staff and, consequently, the squandering of material resources and dispersion of intellects, the Union shall have concurrent competence in the entire field of research and development. It may coordinate and direct national activities on the basis of common strategies, encourage cooperation between undertakings, provide financial assistance for projects of common interest and itself undertake research in Union establishments.

In this context, the Union may establish, in particular, mechanisms for 'development-contracts', contribute to the financing of appropriate operations, and thereby take over part of the risk.

The European Council may confer on the Union certain competences in the field of space.

Industry

50. The legislative authority of the Union shall be able to request the Commission to draw up industrial development strategies as guidelines for coordinating policies and actions by the Member States in certain industries of particular significance to the economic and political security of the Union.

It shall consult the Economic and Social Committee about these strategies.

51. The Commission shall act in particular by:

— recommendations addressed to the undertakings, Member States and local authorities involved,

— cooperation schemes submitted to the European Council,

— action of a legislative or financial nature on the basis of decisions taken by the legislative authority.

52. To this end, the Commission shall submit to the legislative authority periodic overall reports on these problems and how to approach them.

Energy

53. The competences of the ECSC and EAEC in respect of energy shall be assumed by the Union. The articles of these Treaties and the regulations adopted in pursuance of them shall become the laws and implementing regulations of the Union and may be amended only by legislations and regulations adopted by the Union.

54. The Union shall have concurrent competence with the Member States in respect of overall energy policy in order to guarantee all its citizens:

- security of supplies,
- stability of the market within the Union by means of stockpiles which may be drawn on without discrimination in cases of need,
- a harmonized pricing policy — where prices are regulated in one form or another — compatible with fair competitive practices,
- a sustained research effort to reduce the cost of energy, to promote exploitation of available resources and to develop alternative and renewable energy sources,
- the establishment of common technical standards of efficiency, safety and environmental control,
- reasonable and effective encouragement and support of European sources of energy, as far as possible without causing costs to rise.

Other forms of cooperation

55. The Union shall leave open the possibility for European or international ventures undertaken by certain Member States outside the legal framework of the Treaty (for example, Ariane, Airbus, CERN, etc.) where such action does not replace a competence of the Union; if the common interest and the principle of subsidiarity justify it, these ventures may be subsequently integrated in a common policy of the Union.

56. In certain special sectors where combined and exclusive action by the Union seems desirable, on a proposal from the Commission, specialized European agencies could be established by the legislative authority which will define and supervise their activities.

Policy for Society

57. In order to permit the humane and harmonious development of European society, remove obstacles to individual development and the free movement and integration of its citizens and maintain social consensus, the Union shall pursue an adequate policy for society that builds on Community achievements in the fields of social, regional, educational, cultural, environmental and consumer policies and equal opportunities for women.

Social policy

58. Starting from the Community patrimony, the Union shall exercise concurrent competence in the field of social policy and health, in matters relating to:

- law on labour and working conditions,
- equality between men and women,
- vocational training and further training,
- social security,
- protection against occupational accidents and diseases,
- work hygiene,
- trade union rights and collective negotiations between employers and employees,
- forms of worker participation in decisions affecting their working life.

59. To fulfil this task, the Union shall in particular have concurrent competence for drawing up rules and effecting expenditure in the following areas:

(a) to eliminate any discrimination at work and in the allocation of social security benefits between employees of the Member States of the Union and their families on grounds of their origin in a different Member State;

(b) to encourage integration into the legal and social system of the country of residence, where residence is transferred to a different Member State;

(c) to eliminate any discrimination whatsoever and devise a policy of active support for equal opportunities for men and women;

(d) to approximate social security and assistance rules drawn up to cover unemployment, maternity, children's allowances, sickness, disability, old age and death;

(e) to maintain social and pension insurance rights in transfers between Member States;

(f) to determine the extent of equal treatment for persons from non-Union countries;

(g) to devise comparable outline conditions for the preservation and creation of jobs and access thereto;

(h) to promote qualified, practical and work-related vocational training leading to a career, with Union-wide validity of diplomas and qualifications;

(i) to prevent accidents at work and occupational diseases;

(j) to approximate the rules governing research into and the manufacture, efficacy and marketing of pharmaceutical products;

(k) to guard against the risks of addiction;

(l) to coordinate mutual aid for disasters and epidemics;

(m) to create outline conditions for the social dialogue and Union-wide wage contracts and collective agreements between employers' and employees' organisations;

(n) to devise rules for the participation of employees in decisions at work and for the organization of undertakings.

Consumer policy

60. Starting from the Community patrimony, the Union shall exercise concurrent competence in the field of consumer policy.

Its task shall be to provide consumer protection in the common market. This may include Union rules on:

(a) the protection of consumer health and safety;

(b) the protection of consumers' economic interests;

(c) the improvement of the consumers' legal position in the event of damage.

In addition, the Union may promote consumer education, information and consultation at Union level.

Regional policy

61. Starting from the Community patrimony, the Union shall exercise concurrent competence in the field of regional policy.

Its task shall be to reduce the disparity between the various regions and the underdevelopment of less-favoured regions, whilst taking into account national programmes. Its objective shall be a comprehensive structural policy based on specific investment promotion and infrastructure projects. Appropriate living, working and market conditions shall be created in the less-favoured regions in order to put an end to the concentration of migration towards the traditional industrial centres and to inject new life into the Union's peripheral areas by helping them to assume responsibility for their own development.

The correction and prevention of regional imbalances shall also be included among the priority objectives of all common policies.

62. To this end, the Union shall develop a European framework for regional planning policies and adopt special programmes to promote trans-frontier regional cooperation.

63. To promote regional development, it shall draw up its own integrated programmes in collaboration with the people concerned and their representatives at regional, municipal and local level, making funds available as directly as possible to the regions concerned.

64. The Union shall base its regional policy on a concept of additionally determined not solely by quantitative criteria, but also by the development of specific Union policies which, while respecting national public expenditure targets and complementing national regional

policies, shall be distinguishable from the latter and shall conform to specific Union objectives.

Environmental policy

65. Starting from the Community patrimony, the Union shall exercise concurrent competence in the field of the environment. Its task shall be to prevent or redress loss or damage which:

- (a) is of the same nature throughout the Union, or
- (b) occurs in more than one Member State, or
- (c) originates or terminates in the Union.

The subject matter and objectives of the Community action programme for the protection of the environment shall also apply to the Union's environmental policy.

Here, the Union shall adopt rules for the preventive protection of the environment. The Union shall also have the power to ensure the elimination of any damage which may occur and to impose sanctions with the aid of the law of the Union, where possible, on the basis of the 'polluter pays' principle.

66. The Union shall take action to safeguard the rational use of existing raw materials and of renewable raw materials and recycling waste.

67. The Union may represent the Member States in international organizations or in connection with international agreements in the field of environmental protection.

68. The Union shall pursue a concurrent policy concerning animal protection in so far as this is necessary throughout the Union for commercial, competitive or moral reasons.

Education and research

69. In the field of education and research, the Union's task shall be:

- (a) to create a context that will help inculcate in the public an awareness of the Union's own identity;
- (b) to ensure a minimum standard of training creating the opportunity for free choice of career, job or training establishment anywhere in the Union;
- (c) to promote scientific research of Union-wide importance.

70. To this end, the Union shall have concurrent competence to adopt the following regulations:

- (a) the Union-wide validity of diplomas, examination certificates and other qualifications and the equal recognition of school, study and training periods;

(b) to promote the development of common or comparable training programmes through training establishments and in the school and higher education system through the ministries or universities of the Member States;

(c) to promote scientific research of Union-wide importance directly through the Union's own research establishments as well as indirectly.

Cultural policy

71. It shall be the Union's task to strengthen and develop Community action in the cultural sector with all due respect for freedom of expression, pluralism and national values. It may:

(a) present the development of cultural life within the Union both in the Member States and elsewhere and promote cultural exchanges;

(b) promote cultural understanding between citizens of the Union;

(c) use every appropriate means to enable the citizens of the Union to learn and become fluent in languages of member countries other than their own;

(d) improve the situation of persons working in the Union in the cultural sector.

To this end, the Union may cooperate with the Council of Europe and make use of such organs as the European University Institute and the European Foundation, which shall be within the Union framework. The Union may also promote a European youth exchange programme.

72. The Union may enact rules to approximate the law of copyright and the free movement of cultural goods.

Information policy

73. The Union's task shall be to encourage a comprehensive Union-wide exchange of information and access to information for its citizens.

It shall, therefore, have competence to guarantee, through a variety of organizational forms, a comprehensive supply of information and as much competition as possible. Obstacles to the circulation of information throughout the Union must be eliminated by means of appropriate regulations of the Union.

74. The Union may promote cooperation between radio and television companies for the purpose of Union-wide programmes.

75. The detailed description of the tasks of the Union given most frequently as a guide in paragraphs 29 to 74 shall be neither fixed nor restrictive. It shall be finalized in the draft preliminary Treaty referred to in paragraph 1.

International Relations of the Union

Principles and objectives

76. The Union shall direct its efforts in international relations towards the achievement of peace through the peaceful settlement of conflicts, respect for human rights, detente, the deterrence of aggression, the mutual balanced and verifiable reduction of military forces and armaments, the raising of living standards in the Third World and the expansion and improvement of international economic and monetary relations in general and trade in particular, as well as the strengthening of international organization. To this end, the Union shall assume responsibilities:

- (a) in matters, policies and areas in which all or several of the Member States of the Union have a dear, direct interest;
- (b) in fields where the Member States acting individually cannot act as effectively as the Union acting jointly;
- (c) in fields where a common external policy is necessary in order for the Union to pursue its internal policy objectives;
- (d) in fields where a Union policy or Union action would effectively supplement foreign policies carried out within the competence of the Member States.

77. The Union's external policy shall be guided by the following principles;

- awareness of the deadly danger of war, and the overriding need to avoid conflicts wherever they may threaten and to resolve those conflicts which arise,
- awareness also of the need for the Union to be able to safeguard effectively its legitimate interests,
- recognition of the close connection between the economic and political aspects of external policy and, in particular, of the dangers of protectionism,
- recognition of its close political and economic interdependence and involvement with the Third World and of the fact that an effective development policy is not only important for the developing countries but is a safeguard of prosperity for the industrialized world and of peace for the world as a whole,
- awareness of the growing need to discuss security issues together and in certain fields to evolve common security views and concepts,
- recognition that a genuine and lasting peace can be achieved not least through the recognition and attainment of the right of self-determination for those peoples of Europe who do not yet belong to our Community,
- acceptance that many aspects of security policy are in the long run inseparable from the rest of external policy,
- determination that the Union's external policies, in all their aspects, should form a coherent whole,
- determination that these actions shall be subject to democratic control,

— determination that the Union's external relations and policies shall provide active support for the attainment of the aims of the UN.

External relations of an economic nature

78. The Union shall have exclusive competence in all those areas in which exclusive competence is allotted to the European Communities under the existing Treaties.

79. In the areas of export credit policies and the negotiation of trade and cooperation agreements in which the exclusive competences provided for in the existing Treaties has not been implemented, these competences shall be assumed progressively over a period of not more than five years according to procedures and time limits established by the legislative authority on proposal from the Commission.

80. Development policy shall, over a transitional period of 10 years become subject to a common policy within the framework of which all development aid to, and trade with, developing countries will be dealt with on the basis of the principles and responsibilities set out in paragraphs 76 and 77 above; as long as separate development programmes by the Union and its Member States continue, the Union shall be responsible for coordinating them while respecting existing Treaties, Conventions, and other international legal obligations.

81. The Union shall be responsible for the external policy aspects of policies.

82. In the exercise of its competence in the field of external economic relations, the Union shall be represented by the Commission in its relations with third countries and international organizations; the Commission shall act on behalf of the Union; the Council of the Union may issue guidelines for its actions.

Where the exercise of the Union's competences involves the signature of conventions or agreements with third countries or international organizations, these shall be negotiated and concluded by the Commission on the basis of guidelines furnished by the Council of the Union.

The Commission shall report to the European Parliament before the opening of the negotiations; during the course of negotiations, the Commission shall inform confidentially the appropriate parliamentary committees. Such conventions and agreements shall require ratification by the Council of the Union and the European Parliament by an absolute majority in order to enter into force.

83. The Commission shall include an outline of its policies in this field in the programme it presents to the Parliament.

Diplomatic and political relations

84. (a) The Union shall also have competence for the political aspects of external relations. It shall deal with them and take whatever decisions may prove necessary through the method of cooperation. It shall ensure consistent and united action by the Member States of the Union in international affairs;

(b) The European Council, acting unanimously, on a proposal from the Commission, the Council of the Union, the Parliament, or one or more Member States may transfer a particular matter or matters to the field of common action;

(c) Where a matter has been made subject to common action, a decision to return it to the method of cooperation or to national competence shall require a unanimous vote of the European Council; however, if the matter is of a transitory nature, obligation to common action shall cease with the end of the matter.

85. (a) The Union shall define common standpoints in international organizations and negotiations in accordance with the principle set out in paragraph 77 above and may decide on specific common action in pursuance of agreed aims;

(b) it may formulate proposals for resolving conflicts in the world.

86. In matters on which the Union has agreed to follow common action:

(a) The Council of the Union shall act by in absolute majority. A member State, in order to defend a vital national interest relevant to the subject under discussion, may request that voting be postponed, giving its reasons, such reasons to be published, and asking that the subject be re-examined in order to take due account of this interest;

(b) In order to reach agreement on a specific policy or subject, the Council of the Union may exceptionally, and by unanimous vote, grant exemptions from the provisions of such policy or subject to one or more Member States, in accordance with the provisions of paragraph 25 above;

(c) Agreements and treaties shall be negotiated by the Commission on the basis of a mandate defined by the Council of the Union in accordance with the procedures set out above. They shall be ratified by the Council and the Parliament by an absolute majority. Council and Commission shall report periodically to the Parliament on the progress and prospects of negotiations;

(d) The Commission shall have the task of carrying out the policies agreed by the Council of the Union and shall act as spokesman of the Union.

87. In all matters in which the interests of more than one Member State are involved, but where no common action has been introduced, Member States shall cooperate through the European Council and shall consult each other before taking action. However, in cases where immediate action is necessary, a Member State may simply inform the European Council before taking action.

88. In areas subject to cooperation, the European Council may ask its President, the President of the Council of the Union, or the Commission to act as spokesman of the Union.

Security

89. The Union has competence for political and economic aspects of security.

In addition, the European Council, acting unanimously, may attribute to the Union responsibilities for specific fields of security policy, such as disarmament, arms procurement, sales of arms to third countries, defence policy or any other matter relating to security.

Representation abroad

90. The Commission may, with the approval of the Council of the Union, establish representations in third countries.

They shall be responsible for all matters subject to common action and, in collaboration with the representative of the Member States holding the presidency of the Council of the Union, shall also coordinate the diplomatic activity of the Member States in all fields subject to cooperation.

91. In countries where there is no representation by the Commission, the Union shall be represented, wherever possible, by the representative of the Member State currently holding the presidency of the Council of the Union or else by the representative of another Member State.

The Finances of the Union

Principles

92. The Union shall have its own financial system distinct from that of its Member States and managed by its institutions pursuant to the provisions of the Treaty and relevant law.

93. The Union shall use its own revenue to finance responsibilities transferred from the Member States. Where responsibilities are transferred from Member States to the Union, the means required to perform them shall also be transferred, so that in principle the overall financial burden on the taxpayer is not increased.

94. Revenue shall be collected and expenditure effected on the basis of a budget duly approved by the budgetary authority.

95. The Union shall be competent to enact, as far as necessary for the economic integration of the Union, framework laws for fiscal harmonization (concerning, for example, the taxes levied on income, consumption, added value, trading profits, petroleum and on exchange, cheque and stock exchange business).

Resources

96. The finances of the Union at the time when it is established shall be those of the European Communities. The Union shall receive a fixed percentage of the basis for assessing value added tax, established on the basis of the financial programme provided in paragraph 106 below.

97. The Union may by organic law, modify existing sources of revenue or create new ones and by law authorize the Commission to issue loans.

98. In principle, the tax authorities of the Member States shall be entrusted with the collection of the Union's revenue; the Union shall pay them compensation in respect thereof. However, the Union may by legislation set up its own revenue-collecting authorities.

99. The revenue collected by the Member States for the Union shall not pass through the national budgets or treasuries but shall be paid direct to the Union as soon as it is collected.

100. In tax documents sent to the public, the amount payable to the Union shall be indicated.

101. An organic law shall introduce into the financial system of the Union a particular form of financial equalization applicable to both revenue and expenditure and designed to alleviate excessive unbalances of economic development between different regions. This financial equalization shall be carried out primarily through the expenditure side of the budget of the Union.

Expenditure

102. The Union shall ensure that its expenditure is effective by means of systematic cost-benefit analyses and periodic revision of the activities and policies which it is pursuing. The Commission shall regularly report on them to the budgetary authority.

103. All expenditure by the Union shall be subject to the same budgetary procedure without distinction between compulsory and non-compulsory expenditure.

104. The expenditure of the Union shall be directly related to policies and common actions, and shall be tailored to precise financial forecasts attached each year to every policy or action as well as to the availability of resources.

Financial programmes

105. After each occasion when Parliament is elected and a new Commission appointed, the Commission shall propose a revision of the distribution of tasks and financing costs between the Union and the Member States for the legislative period.

106. In this connection, the legislative authority shall adopt a multiannual financial programme containing estimates of revenue and expenditure. The programme shall be revised annually and be used as a guide in the preparation of the budget of the Union.

Budget

107. The Union shall adopt the procedure for the adoption of the budget and the implementing Financial Regulation by organic law.

108. All revenue and expenditure of the institutions of the Union for the financial year (calendar year) shall be consolidated in the budget and shall be subject to a single decision-making procedure. Compensation for receipts and expenditure shall not be admissible. The revenue of the Union shall not be earmarked for specific purposes.

Borrowing and lending operations shall be entered in the budget in a form to be laid down by the Financial Regulation. In the course of any one financial year, borrowing and lending operations shall be permissible up to the level laid down in the budget. In principle, only investment may be financed with borrowed funds. As a general rule, the budgetary authority shall take a decision on any exceptions to this principle, especially in periods of economic crisis, when it adopts the budget.

109. The budgets of all the institutions of the Union other than the Commission shall include only administrative expenditure. These budgets shall be proposed and managed by each of those institutions.

110. The Commission shall prepare the draft budget and forward it to the budgetary authority.

111. Within the time limits laid down by the Financial Regulation:

- (a) on first reading the Council of the Union may propose amendments by a simple majority; it shall forward them to the Parliament;
- (b) on first reading the Parliament may modify by an absolute majority the amendments proposed by the Council and adopt other amendments by a simple majority;
- (c) on second reading the Council may amend by a qualified majority the amendments made by the Parliament; it may refer the whole draft budget with the Parliament's amendments back to the Commission and request it to submit a new draft;
- (d) on second reading the parliament may only reject amendments adopted by the Council by a qualified majority; at the end of this procedure, the Parliament shall adopt the budget by an absolute majority.

112. The absence of a decision by one of the two branches of the budgetary authority within the time limit laid down by the Financial Regulation is equivalent to its consent to the draft in question.

113. The Commission may oppose amendments made by the Council or the Parliament on first reading. These amendments shall be maintained only if on second reading they are adopted once again by the relevant branch of the budgetary authority by a qualified majority.

If the Commission opposes decisions causing expenditure by the Council or the Parliament outside the annual budgetary procedure, these decisions shall likewise be maintained only if they are adopted once again by the same majority of the relevant branch of the budgetary authority.

114. When the budgetary procedure has been duly completed, the President of Parliament shall declare the budget adopted.

115. If the budget is not adopted within the time limit laid down, the provisional twelfths procedure shall apply, calculated on the basis of the previous year's budget including all supplementary and amending budgets. This arrangement shall end after six months.

Thereafter, the Commission shall only effect expenditure required to fulfil the legal or contractual obligations of the Union.

Implementation and control of the budget

116. The Union's budget shall be implemented by the Commission on its own responsibility. It shall be bound by it. The Commission may prepare and the budgetary authority may adopt, in accordance with the procedures laid down in the Financial Regulation, supplementary and amending budgets in the course of the financial year; the Financial Regulation shall also establish the procedures for transfers.

117. Verification of the implementation of the budget shall be the responsibility of the Court of Auditors, acting independently, with powers of investigation laid down by law with regard both to the Union's institutions and organs and to the relevant authorities of the Member States.

118. The Parliament shall grant the Commission a discharge.

Revenue and expenditure account

119. At the conclusion of a financial year, the Commission shall submit the revenue and expenditure account to the budgetary authority. If the financial year should end with a surplus, this shall be added to revenue for the following financial year or used for the early settlement of borrowings; should the financial year end with a deficit, it and the interest incurred shall be entered as expenditure for the following year.

The Institutions of the Union

Basic principles

120. The institution of the Union shall be based on the following principles as regards their composition and powers:

- (a) participation by the Member States;
- (b) democratic legitimacy;
- (c) separation of powers;
- (d) operational efficiency.

The European Parliament

121. The Parliament shall be elected by direct universal suffrage in a free and secret vote by the citizens of the Union every five years. Its Members shall not be bound by any instructions and shall not receive a binding mandate.

122. The rules governing the election of the Parliament shall be set out in an appropriate organic law.

123. Except where specified in the Treaty, Parliament shall vote by a majority of votes cast, abstentions not counted (simple majority).

Where specified in the Treaty, the Parliament shall vote either:

- (a) by a majority of its members (absolute majority);
- (b) by a majority of its members, and of two-thirds of votes cast, abstentions not counted; in the second reading of the budget the two-thirds shall be replaced by three-fifths (qualified majority).

The Parliament shall adopt its own Rules of Procedure by an absolute majority; the Rules of Procedure shall determine the quorum.

The Council of the Union

124. The Council shall consist of representations of Member States. Each representation shall be appointed by the government concerned and chaired by a minister who is permanently and specifically responsible for Union affairs. Meetings in which the Council is acting as a legislature shall be open to the press and to the public.

125. The votes of the representations shall be weighted as provided for in the Community Treaties.

126. Except where specified in the Treaty, the Council shall vote by a majority of the weighted votes cast, abstentions not counted (simple majority).

Where specified in the Treaty, the Council shall vote either:

- (a) by a majority of the weighted votes cast, abstentions not counted, comprising at least half the representations (absolute majority);
- (b) by a majority of two-thirds of the weighted votes cast, abstentions not counted, comprising a majority of the representations; in the second reading of the budget, the two-thirds shall be replaced by three-fifths (qualified majority);
- (c) unanimity of representations, abstentions not counted. Council shall adopt its Rules of Procedure by a majority of representations (one vote per representation).

127. During a transitional period of 10 year, in order to preserve a vital national interest recognized by the Commission and relevant to the subject under discussion, a national representation may ask that the vote be postponed stating its reasons, such reasons to be published, and asking that the subject be re-examined in order to take account of this interest. Within a period of one year after the entry into force of the Treaty, Parliament and the Council shall adopt the procedure to be followed.

Powers of the European Parliament and of the Council of the Union

128 The Parliament shall approve the political programme of the Commission and thereby allow the Commission to take office; it shall supervise the proceedings of the Commission; it

shall have the power to adopt by a qualified majority a motion of censure requiring the Members of the Commission to resign.

129. The Parliament shall have the right to conduct inquiries. This right shall be governed by law.

130. The Parliament and the Council shall jointly exercise legislative power with the active participation of the Commission. This power shall be exercised in the following manner:

Initiative

(i) The Commission shall have the right to present draft laws to the Parliament. The Parliament and the Council shall also enjoy a right of initiative which can be exercised according to the conditions laid down in the following subparagraphs;

(ii) On a reasoned request of the Parliament or the Council, the Commission shall prepare and present a draft law conforming to this request; it can also decline to do so, giving its reasons;

(iii) In the case of the Commission declining, the Parliament or the Council may, in accordance with procedures laid down in their own rules, introduce a draft law conforming to their original request. The Commission must express its opinion on the draft;

Role of the Commission

(iv) Throughout the legislative procedure, the Commission may put forward amendments that must be discussed and voted on in priority. It also has the right to withdraw its own proposals;

First reading

(v) All draft laws are forwarded to the Parliament for a first reading. It may by a simple majority, and within a six-month period, amend a draft law, approve it, or refer it back to the Commission with a reasoned opinion inviting the Commission to modify or to withdraw its proposal; in the case of organic laws, the Parliament may either amend them by an absolute majority or approve them by a qualified majority;

(vi) At the end of the first reading in Parliament, the Commission, whilst retaining the prerogatives foreseen in subparagraph (iv) above, shall express its opinion on Parliament's draft as a whole; this draft and the opinion of the Commission shall be submitted to the Council;

(vii) The Council may within a six-month period:

(a) approve the draft without amendment, by an absolute majority, or,

(b) reject it unanimously, or,

(c) amend it by a simple majority.

In the first two cases the legislative procedure shall be concluded; in the third case, a conciliation procedure shall be opened;

(viii) However, if the Commission has explicitly given an unfavourable opinion to the draft adopted by Parliament, and also in the case of draft organic laws, the Council may within a six-month period:

- (a) approve the draft without amendment, by a qualified majority,
- (b) reject it by a qualified majority,
- (c) amend it by a simple majority, or, in the case of organic laws, by an absolute majority.

In the first two cases the legislative procedure shall be concluded; in the third case a conciliation procedure shall be opened.

Conciliation committee

(ix) If the texts approved by the Parliament and the Council diverge, a conciliation committee shall be invited to propose a compromise solution, within a three-month period;

(x) The composition and the procedures of the conciliation committee shall be laid down in a regulation adopted by the Parliament and the Council;

Second reading

(xi) The text drawn up by the conciliation committee shall be submitted for a second reading to the Parliament and the Council which shall vote on it without amendment by an absolute majority, or in the case of organic laws, by a qualified majority, within a three-month period;

(xii) If the conciliation committee fails to propose a compromise, Parliament in a second reading, and within a three-month period, may vote by an absolute majority only on amendments presented by the Commission to the draft adopted by the Council; Parliament may adopt this text by an absolute majority or, in the case of organic laws, a qualified majority;

(xiii) The Council, in a second reading, and within a three-month period, may without amendment reject the text adopted by the Parliament by a qualified majority;

Deadlines

(xiv) Throughout the legislative procedure, the absence of a decision on a text by the Parliament or the Council within the deadline laid down shall be considered to be equivalent to its approval;

(xv) Parliament and Council may by joint agreement change the deadlines foreseen above.

131. Furthermore, the Parliament and the Council shall:

- (a) jointly determine the budget. The procedure for the adoption of the budget shall be determined by an appropriate organic law, whose underlying principles are set out in the section relating to finance;
- (b) ratify treaties. International treaties shall be entered into by the Commission, on the basis of directives given by the Council after consulting the Parliament, and shall be ratified by the Parliament and the Council in accordance with the procedures laid down in the section relating to international relations.

132. A new Commission shall take office within a six-month period following the election of the Parliament. The President of the Commission shall be appointed by the European Council; after consulting the European Council, he shall form the Commission which shall prepare its political programme.

Before it can take office the Commission must obtain the approval of the Parliament, both for itself and for the political programme which it shall submit as soon as possible after its designation.

133. The composition and organization of the Commission shall be set out in an appropriate organic law. Until such a law is adopted, the rules in force when the Treaty establishing the Union enters into force shall remain applicable.

The Commission shall:

- define the guidelines for Union action and introduce the measures needed to initiate that action;
- formulate draft laws;
- issue the regulations needed to implement the laws;
- prepare a draft budget;
- implement the budget;
- represent the Union in external relations in accordance with paragraphs 86 (d) and 90 above;
- ensure that the Treaty and laws of the Union are applied.

The Court of Justice

134. Half the Members of the Court of Justice shall be appointed by the Parliament and half by the Council of the Union.

135. The organization of the Court of Justice, the number of its Members, the conditions for their appointment and the duration of their term of office shall be set out in an appropriate organic law. Until such a law is adopted, the rules in force when the Treaty enters into force shall remain applicable.

136. The Court of Justice shall be responsible for judicial review, subject to the same conditions as those laid down in the Community Treaties, with the following additional details and amendments which shall be specified by the law of the Union:

- wider access for individuals by means of individual applications to the Court of Justice in cases where the rights and interests of a person have been adversely affected by any Union act concerning them,
- express jurisdiction of the Court in respect of the protection of fundamental rights,
- right of annulment by the Court of Justice where reference to the Court for a preliminary ruling is refused or where a preliminary ruling has been disregarded,
- equality of access and of review of their acts before the Court of Justice for all the institutions,
- power of the Court of Justice to impose penalties in cases of failure by the Member States to fulfil obligations under the law of the Union,
- power of the Court to repeal an act of the Union within the context of an application for a preliminary ruling or for a declaration of illegality,
- jurisdiction of the Court of Justice in any dispute between the Member States in connection with the tasks and principles of the Union.

The European Council

137. The European Council shall consist of Heads of State or Government and the President of the Commission. The latter shall not participate in the work of the European Council concerning the nomination of the President of the Commission nor concerning recommendations to the Commission. The European Council shall represent the identity of the European Union.

138. The European Council shall:

- appoint the President of the Commission;
- address communications to the institutions of the Union;
- take decisions for transforming potential competence into effective competence, after consulting the Parliament and the Commission;
- formulate recommendations and directives in matters of cooperation;
- perform the other tasks assigned to it by the Treaty.

Organs of the Union

139. The Union shall have the following organs:

- (a) The Court of Auditors;
- (b) The Economic and Social Committee;
- (c) The European Investment Bank;
- (d) The common autonomous Monetary Fund.

The Union may create other organs necessary for its functioning by means of an organic law.

The Court of Auditors

140. Half the Members of the Court of Auditors shall be appointed by the Parliament and half by the Council of the Union.

141. The organization of the Court of Auditors, the number of its members, the conditions for their appointment and the duration of their term of office shall be laid down by organic law. Until such a law is adopted, all the provisions in force when the Treaty enters into force shall remain applicable.

The Economic and Social Committee

142. The Economic and Social Committee shall be an organ which advises the Commission, the Parliament, the Council of the Union and the European Council; it may address to them opinions drawn up on its own initiative.

143. The Economic and Social Committee shall retain all the functions provided for in the Community Treaties.

144. The composition and the organization of the Committee shall be laid down in an organic law. The composition of the Committee shall take account of the need to ensure adequate representation of the various categories of economic and social activity.

145. The Committee shall adopt its own Rules of Procedure.

The European Investment Bank

146. The organization, functioning and aims of the European Investment Bank shall be laid down in an organic law. Until such a law is adopted, the rules in force when the Treaty enters into force shall remain applicable.

(1) OJ N° C 234, 14.9.1981, p.48

(2) OJ N° C 238, 13.9.1982, p.25

(3) The word 'Treaty' means the Treaty establishing the European Union and all the Conventions and Protocols annexed thereto.

(4) The word 'Treaties' means the Treaties establishing the three Communities and the Conventions and Protocols annexed thereto, as well as the other Treaties relating to the Communities.