Consolidated Readable Edition
as amended by the Treaty of Lisbon in 2009,
with all amendments until 2016

Treaty on European Union – TEU

Treaty on the Functioning of the European Union - TFEU

Protocols and Declarations

Charter of Fundamental Rights

New EMU rules

Irish and British agreements

Fourth extended edition, 2016

euABC.com

– An internet lexicon on the EU
## Voting in the Council of Ministers

December 2015 figures governing voting for 2016 – it changes slightly every year

<table>
<thead>
<tr>
<th>MEMBER STATE</th>
<th>POPULATION</th>
<th>PERCENTAGE OF TOTAL EU POPULATION</th>
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<td>BLOCKING MINORITY 35%</td>
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<tr>
<td>QUALIFIED MAJORITY 65%</td>
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A blocking minority is anything over 35% of the total EU population
Introduction

The Treaty of Lisbon consisted of a long list of amendments to previous treaties. They cannot be understood unless they are inserted into the treaty provisions they amend. This has been done in this consolidated version of the EU treaties. The text has been taken from the Council website in January 2016. References to previous treaty numbers have been deleted. They can be found in my third edition with many more comparisons to the previous treaties.

Explanatory notes have been inserted in the margin of each page as a guide to the content of the nearby provisions. A letter “U” in bold type has been inserted to indicate the few policy areas where Council of Ministers voting still requires unanimity.

The Lisbon Treaty changed its name from the “Reform Treaty” when it was amended and signed in Lisbon, Portugal, by the prime ministers and foreign ministers on 13 December 2007.

It retained most of the content of the proposed Treaty Establishing a Constitution for Europe which was rejected in the French and Dutch referendums on 29 May and 1 June 2005, respectively.

The Lisbon Treaty amended the Treaty on European Union (TEU) and the Treaty Establishing the European Community (TEC), which is renamed “Treaty on the Functioning of the European Union” (TFEU).

The Lisbon Treaty entered into force on 1 December 2009 when it was ratified by the then 27 member states. It covers the 28th member state, Croatia, from its accession in 2013.

This is a consolidated version of the European Union treaties, including all articles in the TEU and the TFEU as amended by the Lisbon Treaty. It also contains the 11 new protocols annexed by Lisbon, as well as the previously existing Protocols, amounting to 37 in all.

This consolidated version includes an alphabetical index with over 4000 entries with hyper-links to the treaty articles in the coming e-book version at euabc.com.

In the third edition on euabc.com you can easily see the changes which the Lisbon Treaty made to the previous EU treaties. New text is written in bold. Deleted text in italics. Use the index from the new edition with less mistakes. If you find old numbers, real mistakes or missing words, please notify jp@bonde.dk

On 19 February 2016, the United Kingdom obtained a legally binding decision in the European Council with a commitment to certain future treaty changes if UK voters would vote by referendum to remain in the EU. We include the document referring to this decision as it was adopted by the Heads of Government. You will find the text of this British agreement at the end of the book.

We also include an Irish Protocol published in the Official Journal, 13 June 2012. This was obtained in the European Council before the second Irish referendum on the Lisbon Treaty 2 October 2009. You will find it also at the end of the book.
In 2011, the European Council added a new article 136.3 TFEU as the legal base for the stability mechanism for the Euro countries, you will find it included in this edition.

The European Fiscal Compact Pact of 1 February 2012 and the Euro Plus-agreement of 21 February 2012 are intergovernmental agreements between most of the 28 member states. They are included here because of their importance. Please also see at the end of this book.

This edition also includes amendments of 11 August 2012 to the functioning of the Court of Justice and European Council decisions of 29 October 2010 and 11 July 2012 changing the status of Saint-Berthélemy and Mayotte. Amendments from the Act of accession of Croatia are also included.

16 December 2015 Protocol number 3 on the EU Court was amended. You can find the amendments in art. 9 and 48 in this important Protocol.

Explanations of all terms and changes in the new consolidated treaties can be found in the web lexicon at www.EUABC.com

**HOW EU LAWS ARE MADE**

According to the EU Treaties, most laws will be decided by the “ordinary legislative procedure” referred to in Article 294 TFEU.

- The Commission has the monopoly in proposing new legislation and amendments to existing laws.
- The European Parliament has the right to table amendments and to reject the entire proposed law by an absolute majority of its members.
- The Council of Ministers decides on EU laws by a “qualified majority”. The definition of qualified majority has been changed by the Treaty of Lisbon.

Since 1 November 2014, a qualified majority requires 55% of the member states representing 65% of the total EU population. See the adjacent table on the numbers of citizens in 2016. The voting weights are changed once a year.

When a proposal does NOT originate from the Commission, it must be supported by 72% of the member states still representing 65% of the total population. This is called an enlarged qualified majority and comprises 21 of the 28 government leaders representing at least 65% of the population.

**IMPORTANT:** IN REALITY, THE FULL FORMALITIES OF THIS GENERAL PROCEDURE ARE ONLY USED FOR 10% OF EU LAWS. SOME 90% OF THE LAWS ARE DECIDED IN PRACTICE BY INFORMAL COMPROMISES BETWEEN THE COMMISSION, THE COUNCIL AND THE PARLIAMENT. THEY ARE WORKED OUT IN SO-CALLED "TRIALOGUE MEETINGS" BEFORE THE FIRST FORMAL READING IN THE COUNCIL. THERE IS NO TRANSPARENCY AROUND THESE IMPORTANT MEETINGS.

The EU Court of Justice has decided that the EU treaties constitute the European Constitution and prevail over national law and national constitutions. The Charter of Fundamental Rights is legally binding according to art. 6 TEU. It prevails over national constitutions when EU law is being
implemented by the member states – according to the Melloni-case from 2013.

The EU Treaties can be amended by unanimous agreement among all member states and national ratifications.

A member state can withdraw from the European Union on its own decision following two years of negotiations for an agreement of withdrawal. See Article 50 TEU.

“The Lisbon Treaty, instead of simplifying the structure and the readability of the treaties, adds one more layer of complexity. One has to admit that, on its own, this Treaty is simply unreadable”, writes Jean-Claude Piris (The Lisbon Treaty, A legal and political Analysis”, Cambridge University Press, 2010).

Piris is the leading legal specialist who wrote a good part of the treaty articles. He notes there are 17 foundational treaties and acts still valid. We include the two being far the most important.
I agree with Piris in the need to simplify the 3,000 pages of constitutional and primary law. I have made a draft to prove it is possible to establish a short and comprehensive basic treaty or constitution for the EU.

An elected European Convention could be called to establish a draft of a simpler basic treaty or constitution, which can be easier read and understood by the citizens of Europe. All citizens deserve a simpler basic treaty or constitution, which would be easier for the citizens of the European Union to read and to understand, for surely all citizens deserve a readable treaty.

Jens-Peter Bonde
12 June 2016
Table of Contents

(PLACED AT THE END OF THE BOOK AFTER THE ALPHABETICAL INDEX)

BRITISH AGREEMENT 19 FEBRUARY 2016

IRISH PROTOCOL TO THE LISBON TREATY 13 JUNE 2012

EURO PLUS PACT 21 FEBRUARY 2012

EUROPEAN FISCAL COMPACT 1 FEBRUARY 2012 – Treaty on Stability, Coordination and Governance in the Economic and Monetary Union

Introduction

CONSOLIDATED VERSION OF THE TREATY ON EUROPEAN UNION

PREAMBLE: ........................................................................................................................................... 18

TITLE I Common Provisions: ................................................................................................................. 20

TITLE II PROVISIONS ON DEMOCRATIC PRINCIPLES: ................................................................. 23

TITLE III PROVISIONS ON THE INSTITUTIONS: .................................................................................. 25

TITLE IV PROVISIONS ON ENHANCED COOPERATION: ................................................................. 31

TITLE V GENERAL PROVISIONS ON THE UNION'S EXTERNAL ACTION

AND SPECIFIC PROVISIONS ON THE COMMON FOREIGN

AND SECURITY POLICY: ....................................................................................................................... 32

Chapter 1 General provisions on the Union's external action: .............................................................. 32

Chapter 2 Specific provisions on the common foreign and security policy: .......................................... 33

Section 1 Common provisions: ................................................................................................................ 33

Section 2 Provisions on the common security and defence policy: ...................................................... 41

TITLE VI FINAL PROVISIONS: ............................................................................................................. 45

CONSOLIDATED VERSION OF THE TREATY ON THE FUNCTIONING OF THE

EUROPEAN UNION: ................................................................................................................................. 49

PREAMBLE: ............................................................................................................................................ 49

PART ONE PRINCIPLES: ........................................................................................................................ 50

TITLE I CATEGORIES AND AREAS OF UNION COMPETENCE: ..................................................... 50

TITLE II PROVISIONS HAVING GENERAL APPLICATION: ................................................................. 52

PART TWO NON-DISCRIMINATION AND CITIZENSHIP OF THE UNION: ....................................... 55

PART THREE UNION POLICIES AND INTERNAL ACTIONS: ............................................................... 58

TITLE I THE INTERNAL MARKET: ........................................................................................................... 58
| TITLE II   | FREE MOVEMENT OF GOODS: | 58 |
| Chapter 1 | The Customs Union:      | 59 |
| Chapter 2 | Customs Cooperation:    | 60 |
| Chapter 3 | Prohibition of quantitative restrictions between Member States: | 60 |
| TITLE III | AGRICULTURE AND FISHERIES: | 61 |
| TITLE IV  | FREE MOVEMENT OF PERSONS, SERVICES AND CAPITAL: | 64 |
| Chapter 1 | Workers:                | 64 |
| Chapter 2 | Right of Establishment: | 66 |
| Chapter 3 | Service:                | 68 |
| Chapter 4 | Capital and Payments:   | 70 |
| TITLE V   | AREA OF FREEDOM, SECURITY AND JUSTICE: | 71 |
| Chapter 1 | General provisions:     | 71 |
| Chapter 2 | Policies on border checks, asylum and immigration: | 74 |
| Chapter 4 | Judicial cooperation in criminal matters: | 76 |
| Chapter 5 | Police cooperation:     | 81 |
| TITLE VI  | TRANSPORT:              | 82 |
| TITLE VII | COMMON RULES ON COMPETITION, TAXATION AND APPROXIMATION OF LAWS: | 85 |
| Chapter 1 | Rules on competition:   | 85 |
| Section 1 | Rules applying to undertakings: | 85 |
| Section 2 | Aids granted by States: | 88 |
| Chapter 2 | Tax provisions:         | 90 |
| Chapter 3 | Approximation of laws:  | 91 |
| TITLE VII | ECONOMIC AND MONETARY POLICY: | 93 |
| Chapter 1 | Economic policy:        | 94 |
| Chapter 2 | Monetary policy:        | 98 |
| Chapter 3 | Institutional provisions: | 101 |
| Chapter 4 | Provisions specific to Member States who’s Currency is the Euro: | 102 |
| Chapter 5 | Transitional provisions: | 103 |
| TITLE IX  | EMPLOYMENT:             | 107 |
| TITLE X   | SOCIAL POLICY:          | 109 |
| TITLE XI  | THE EUROPEAN SOCIAL FUND: | 114 |
| TITLE XII | EDUCATION, VOCATIONAL TRAINING, YOUTH AND SPORT: | 114 |
| TITLE XIII| CULTURE:                | 116 |
| TITLE XIV | PUBLIC HEALTH:          | 117 |
TITLE XV CONSUMER PROTECTION: ................................................................. 118
TITLE XVI TRANS-EUROPEAN NETWORKS: .................................................. 119
TITLE XVII INDUSTRY: ............................................................................... 120
TITLE XVIII ECONOMIC, SOCIAL AND TERRITORIAL COHESION: ........ 121
TITLE XIX RESEARCH AND TECHNOLOGICAL DEVELOPMENT AND SPACE: 122
TITLE XX ENVIRONMENT: .......................................................................... 126
TITLE XXI ENERGY: ..................................................................................... 128
TITLE XXII TOURISM: .................................................................................. 128
TITLE XXIII CIVIL PROTECTION: ................................................................. 129
TITLE XXIV ADMINISTRATIVE COOPERATION: ......................................... 129
PART FOUR ASSOCIATION OF THE OVERSEAS COUNTRIES AND TERRITORIES: .... 130
PART FIVE THE UNION'S EXTERNAL ACTION: .............................................. 132
TITLE I GENERAL PROVISIONS ON THE UNION'S EXTERNAL ACTION: .... 132
TITLE II COMMON COMMERCIAL POLICY: ............................................... 132
TITLE III COOPERATION WITH THIRD COUNTRIES AND HUMANITARIAN AID: ...... 133
Chapter 1 Development cooperation: ............................................................. 133
Chapter 2 Economic, financial and technical cooperation with third countries: ....... 135
Chapter 3 Humanitarian aid: ....................................................................... 135
TITLE IV RESTRICTIVE MEASURES: ............................................................ 136
TITLE V INTERNATIONAL AGREEMENTS: ................................................... 137
TITLE VI THE UNION'S RELATIONS WITH INTERNATIONAL
ORGANISATIONS AND THIRD COUNTRIES AND
UNION DELEGATIONS: ............................................................................... 140
TITLE VII SOLIDARITY CLAUSE: ............................................................... 140
PART SIX INSTITUTIONAL AND FINANCIAL PROVISIONS: ......................... 141
TITLE I INSTITUTIONAL PROVISIONS: ...................................................... 141
Chapter 1 The Institutions: ......................................................................... 141
Section 1 The European Parliament: .............................................................. 141
Section 2 The European Council: ................................................................. 144
Section 3 The Council: ............................................................................... 145
Section 4 The Commission: ........................................................................ 147
Section 5 The Court of Justice of the European Union: .................................. 149
Section 6 The European Central Bank: ......................................................... 158
Section 7 The Court of Auditors: ................................................................. 159
Chapter 2 Legal acts of the Union, adoption procedures and other provisions: .... 162
Section 1 The legal acts of the Union: .......................................................... 162
Section 2 Procedures for the adoption of acts and other provisions: .......................... 164
Chapter 3 The Union's advisory bodies: .............................................................. 167
Section 1 The Economic and Social Committee: ............................................... 168
Section 2 The Committee of the Regions: ............................................................. 169
Chapter 4 The European Investment Bank: ......................................................... 170
TITLE II FINANCIAL PROVISIONS: ................................................................. 171
Chapter 1 The Union's own resources: ............................................................... 172
Chapter 2 The Multiannual financial framework: .................................................. 172
Chapter 3 The Union's annual budget: ............................................................... 173
Chapter 4 Implementation of the budget and discharge: ......................................... 176
Chapter 5 Common provisions: ....................................................................... 177
Chapter 6 Combatting fraud: ........................................................................... 178
TITLE III ENHANCED COOPERATION: ....................................................... 179
PART SEVEN GENERAL AND FINAL PROVISIONS: ........................................ 182
PROTOCOLS: ....................................................................................................... 189
PROTOCOL (No 1) ON THE ROLE OF NATIONAL PARLIAMENTS IN THE
EUROPEAN UNION: ............................................................................................ 189
PROTOCOL (No 2) ON THE APPLICATION OF THE PRINCIPLES OF
SUBSIDIARITY AND PROPORTIONALITY: .................................................... 191
PROTOCOL (No 3) ON THE STATUTE OF THE COURT OF JUSTICE OF THE
EUROPEAN UNION: ............................................................................................ 195
PROTOCOL (No 4) ON THE STATUTE OF THE EUROPEAN SYSTEM OF
CENTRAL BANKS AND OF THE EUROPEAN CENTRAL BANK: .................... 217
PROTOCOL (No 5) ON THE STATUTE OF THE EUROPEAN INVESTMENT BANK: ...... 237
PROTOCOL (No 6) ON THE LOCATION OF THE SEATS OF THE INSTITUTIONS
AND OF CERTAIN BODIES, OFFICES, AGENCIES AND DEPARTMENTS
OF THE EUROPEAN UNION: .............................................................................. 250
PROTOCOL (No 7) ON THE PRIVILEGES AND IMMUNITIES OF THE
EUROPEAN UNION: ............................................................................................ 251
PROTOCOL (No 8) RELATING TO ARTICLE 6(2) OF THE TREATY ON EUROPEAN
UNION ON THE ACCESSION OF THE UNION TO THE EUROPEAN
CONVENTION ON THE PROTECTION OF HUMAN RIGHTS AND
FUNDAMENTAL FREEDOMS: .............................................................................. 257

PROTOCOL (No 10) ON PERMANENT STRUCTURED COOPERATION ESTABLISHED BY ARTICLE 42 OF THE TREATY ON EUROPEAN UNION: .................................................. 258

PROTOCOL (No 11) ON ARTICLE 42 OF THE TREATY ON EUROPEAN UNION: ........ 260

PROTOCOL (No 12) ON THE EXCESSIVE DEFICIT PROCEDURE: .......................... 261

PROTOCOL (No 13) ON THE CONVERGENCE CRITERIA: ........................................ 262

PROTOCOL (No 14) ON THE EURO GROUP: .......................................................... 263

PROTOCOL (No 15) ON CERTAIN PROVISIONS RELATING TO THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND: ................................. 264

PROTOCOL (No 16) ON CERTAIN PROVISIONS RELATING TO DENMARK: ............. 266

PROTOCOL (No 17) ON DENMARK: ................................................................. 266

PROTOCOL (No 18) ON FRANCE: ................................................................. 267

PROTOCOL (No 19) ON THE SCHENGEN ACQUIS INTEGRATED INTO THE FRAMEWORK OF THE EUROPEAN UNION: .................................................. 267

PROTOCOL (No 20) ON THE APPLICATION OF CERTAIN ASPECTS OF ARTICLE 26 OF THE TREATY ON THE FUNCTIONING OF THE EUROPEAN UNION TO THE UNITED KINGDOM AND TO IRELAND: .............................................................. 270

PROTOCOL (No 21) ON THE POSITION OF THE UNITED KINGDOM AND IRELAND IN RESPECT OF THE AREA OF FREEDOM, SECURITY AND JUSTICE: .............................................................. 271

PROTOCOL (No 22) ON THE POSITION OF DENMARK: ........................................ 275

PROTOCOL (No 23) ON EXTERNAL RELATIONS OF THE MEMBER STATES WITH REGARD TO THE CROSSING OF EXTERNAL BORDERS: ............ 280

PROTOCOL (No 24) ON ASYLUM FOR NATIONALS OF MEMBER STATES OF THE EUROPEAN UNION: .............................................................. 280

PROTOCOL (No 25) ON THE EXERCISE OF SHARED COMPETENCE: ........................ 282

PROTOCOL (No 26) ON SERVICES OF GENERAL INTEREST: ................................ 282

PROTOCOL (No 27) ON THE INTERNAL MARKET AND COMPETITION: .................... 283
PROTOCOL (No 28) ON ECONOMIC, SOCIAL AND TERRITORIAL COHESION: ............................. 283
PROTOCOL (No 29) ON THE SYSTEM OF PUBLIC BROADCASTING
IN THE MEMBER STATES: ........................................................................................................ 285
PROTOCOL (No 30) ON THE APPLICATION OF THE CHARTER OF
FUNDAMENTAL RIGHTS OF THE EUROPEAN UNION TO POLAND
AND TO THE UNITED KINGDOM: ......................................................................................... 285
PROTOCOL (No 31) CONCERNING IMPORTS INTO THE EUROPEAN UNION
OF PETROLEUM PRODUCTS REFINED IN THE NETHERLANDS ANTILLES: ........ 287
PROTOCOL (No 32) ON THE ACQUISITION OF PROPERTY IN DENMARK: ................ 289
PROTOCOL (No 33) CONCERNING ARTICLE 157 OF THE
TREATY ON THE FUNCTIONING OF THE EUROPEAN UNION: ........................................ 289
PROTOCOL (No 34) ON SPECIAL ARRANGEMENTS FOR GREENLAND: ...................... 290
PROTOCOL (No 35) ON ARTICLE 40.3.3 OF THE CONSTITUTION OF IRELAND: .......... 290
PROTOCOL (No 36) ON TRANSITIONAL PROVISIONS: .................................................. 290
PROTOCOL (No 37) ON THE FINANCIAL CONSEQUENCES OF THE EXPIRY
OF THE ECSC TREATY AND ON THE RESEARCH FUND FOR COAL
AND STEEL: .......................................................................................................................... 297

ANNEXES TO THE TREATY ON THE FUNCTIONING OF
THE EUROPEAN UNION: ........................................................................................................ 298

ANNEX I LIST REFERRED TO IN ARTICLE 38 OF THE TREATY ON
THE FUNCTIONING OF THE EUROPEAN UNION: .............................................................. 298

ANNEX II OVERSEAS COUNTRIES AND TERRITORIES TO WHICH THE
PROVISIONS OF PART FOUR OF THE TREATY ON THE FUNCTIONING
OF THE EUROPEAN UNION APPLY: ..................................................................................... 300

DECLARATIONS: ..................................................................................................................... 301

ANNEXED TO THE FINAL ACT OF THE INTERGOVERNMENTAL
CONFERENCE WHICH ADOPTED THE TREATY OF LISBON,
Signed on 13 December 2007: .............................................................................................. 301

A. DECLARATIONS CONCERNING PROVISIONS OF THE TREATIES: ............ 301
1. Declaration concerning the Charter of Fundamental Rights of the European Union: .......... 301
2. Declaration on Article 6(2) of the Treaty on European Union: ........................................... 301
3. Declaration on Article 8 of the Treaty on European Union: .................................................. 301
4. Declaration on the composition of the European Parliament: ............................................. 301
5. Declaration on the political agreement by the European Council concerning the draft
decision on the composition of the European Parliament: .................................................... 301
| 6. | Declaration on Article 15(5) and (6), Article 17(6) and (7) and Article 18 of the Treaty on European Union: | 301 |
| 7. | Declaration on Article 16(4) of the Treaty on European Union and Article 238(2) of the Treaty on the Functioning of the European Union: | 302 |
| 8. | Declaration on practical measures to be taken upon the entry into force of the Treaty of Lisbon as regards the Presidency of the European Council and of the Foreign Affairs Council: | 304 |
| 9. | Declaration on Article 16(9) of the Treaty on European Union concerning the European Council decision on the exercise of the Presidency of the Council: | 304 |
| 10. | Declaration on Article 17 of the Treaty on European Union: | 305 |
| 11. | Declaration on Article 17(6) and (7) of the Treaty on European Union: | 305 |
| 12. | Declaration on Article 18 of the Treaty on European Union: | 306 |
| 13. | Declaration concerning the common foreign and security policy: | 306 |
| 14. | Declaration concerning the common foreign and security policy: | 306 |
| 15. | Declaration on Article 27 of the Treaty on European Union: | 307 |
| 16. | Declaration on Article 55(2) of the Treaty on European Union: | 307 |
| 17. | Declaration concerning primacy: | 307 |
| 18. | Declaration in relation to the delimitation of competences: | 308 |
| 19. | Declaration on Article 8 of the Treaty on the Functioning of the European Union: | 308 |
| 20. | Declaration on Article 16 of the Treaty on the Functioning of the European Union: | 308 |
| 21. | Declaration on the protection of personal data in the fields of judicial cooperation in criminal matters and police cooperation: | 308 |
| 22. | Declaration on Articles 48 and 79 of the Treaty on the Functioning of the European Union: | 309 |
| 23. | Declaration on the second paragraph of Article 48 of the Treaty on the Functioning of the European Union: | 309 |
| 24. | Declaration concerning the legal personality of the European Union: | 309 |
| 25. | Declaration on Articles 75 and 215 of the Treaty on the Functioning of the European Union: | 309 |
| 26. | Declaration on non-participation by a Member State in a measure based on Title V of Part Three of the Treaty on the Functioning of the European Union: | 309 |
| 27. | Declaration on Article 85(1), second subparagraph, of the Treaty on the Functioning of the European Union: | 310 |
| 28. | Declaration on Article 98 of the Treaty on the Functioning of the European Union: | 310 |
| 29. | Declaration on Article 107(2) (c) of the Treaty on the Functioning of the European Union: | 310 |
30. Declaration on Article 126 of the Treaty on the Functioning of the European Union: ........ 310
31. Declaration on Article 156 of the Treaty on the Functioning of the European Union: ........ 311
32. Declaration on Article 168(4) (c) of the Treaty on the Functioning of the European Union: ................................................................. 311
33. Declaration on Article 174 of the Treaty on the Functioning of the European Union: ................................................................. 311
34. Declaration on Article 179 of the Treaty on the Functioning of the European Union: ................................................................. 311
35. Declaration on Article 194 of the Treaty on the Functioning of the European Union: ................................................................. 312
36. Declaration on Article 218 of the Treaty on the Functioning of the European Union concerning the negotiation and conclusion of international agreements by Member States relating to the area of freedom, security and justice: ............ 312
37. Declaration on Article 222 of the Treaty on the Functioning of the European Union: ........ 312
38. Declaration on Article 252 of the Treaty on the Functioning of the European Union regarding the number of Advocates-General in the Court of Justice: ......................... 312
39. Declaration on Article 290 of the Treaty on the Functioning of the European Union: ................................................................. 312
40. Declaration on Article 329 of the Treaty on the Functioning of the European Union: ................................................................. 313
41. Declaration on Article 352 of the Treaty on the Functioning of the European Union: ................................................................. 313
42. Declaration on Article 352 of the Treaty on the Functioning of the European Union: ................................................................. 313
43. Declaration on Article 355(6) of the Treaty on the Functioning of the European Union: ................................................................. 313
B. DECLARATIONS CONCERNING PROTOCOLS ANNEXED TO THE TREATIES: ........ 314
44. Declaration on Article 5 of the Protocol on the Schengen acquis integrated into the framework of the European Union: ................................................................. 314
45. Declaration on Article 5(2) of the Protocol on the Schengen acquis integrated into the framework of the European Union: ................................................................. 314
46. Declaration on Article 5(3) of the Protocol on the Schengen acquis integrated into the framework of the European Union: ................................................................. 314
47. Declaration on Article 5(3), (4) and (5) of the Protocol on the Schengen Acquis integrated into the framework of the European Union: ................................................................. 314

14
48. Declaration concerning the Protocol on the position of Denmark: ............................................. 314
49. Declaration concerning Italy: ........................................................................................................ 315
50. Declaration concerning Article 10 of the Protocol on transitional provisions: ...................... 316
C. DECLARATIONS BY MEMBER STATES: .................................................................................... 316
51. Declaration by the Kingdom of Belgium on national Parliaments: ........................................ 316
52. Declaration by the Kingdom of Belgium, the Republic of Bulgaria, the Federal Republic of Germany, the Hellenic Republic, the Kingdom of Spain, the Italian Republic, the Republic of Cyprus, the Republic of Lithuania, the Grand-Duchy of Luxembourg, the Republic of Hungary, the Republic of Malta, the Republic of Austria, the Portuguese Republic, Romania, the Republic of Slovenia and the Slovak Republic on the symbols of the European Union: ................................................ 316
53. Declaration by the Czech Republic on the Charter of Fundamental Rights of the European Union: ......................................................................................................................................................................................... 316
54. Declaration by the Federal Republic of Germany, Ireland, the Republic of Hungary, the Republic of Austria and the Kingdom of Sweden: ................................................................. 317
55. Declaration by the Kingdom of Spain and the United Kingdom of Great Britain and Northern Ireland: ........................................................................................................................................................................... 317
56. Declaration by Ireland on Article 3 of the Protocol on the position of the United Kingdom and Ireland in respect of the area of freedom, security and justice: ............ 317
57. Declaration by the Italian Republic on the composition of the European Parliament: ....... 318
58. Declaration by the Republic of Latvia, the Republic of Hungary and the Republic of Malta on the spelling of the name of the single currency in the Treaties: ....... 318
59. Declaration by the Kingdom of the Netherlands on Article 312 of the Treaty on the Functioning of the European Union: ................................................................. 318
60. Declaration by the Kingdom of the Netherlands on Article 355 of the Treaty on the Functioning of the European Union: ........................................................................ 318
61. Declaration by the Republic of Poland on the Charter of Fundamental Rights of the European Union: ...................................................................................................................... 319
62. Declaration by the Republic of Poland concerning the Protocol on the application of the Charter of Fundamental Rights of the European Union in relation to Poland and the United Kingdom: ............................................................. 319
63. Declaration by the United Kingdom of Great Britain and Northern Ireland on the definition of the term "nationals": ................................................................. 319
64. Declaration by the United Kingdom of Great Britain and Northern Ireland on the franchise for elections to the European Parliament: .......................................................... 319
65. Declaration by the United Kingdom of Great Britain and Northern Ireland

on Article 75 of the Treaty on the Functioning of the European Union: .......................... 319

TABLES OF EQUIVALENCES: ......................................................................................... 319

CHARTER OF FUNDAMENTAL RIGHTS OF THE EUROPEAN UNION: .................. 320

Preamble: .......................................................................................................................... 320

TITLE I  DIGNITY: .............................................................................................................. 321

TITLE II  FREEDOMS: ......................................................................................................... 322

TITLE III  EQUALITY: ......................................................................................................... 325

TITLE IV  SOLIDARITY: ..................................................................................................... 326

TITLE V  CITIZENS’ RIGHTS: ............................................................................................ 328

TITLE VI  JUSTICE: .............................................................................................................. 330

TITLE VII  GENERAL PROVISIONS GOVERNING THE INTERPRETATION

AND APPLICATION OF THE CHARTER: ............................................................................. 331
CONSOLIDATED VERSION OF
THE TREATY ON EUROPEAN UNION
PREAMBLE


RESOLVED to mark a new stage in the process of European integration undertaken with the establishment of the European Communities,

DRAWING INSPIRATION from the cultural, religious and humanist inheritance of Europe, from which have developed the universal values of the inviolable and inalienable rights of the human person, freedom, democracy, equality and the rule of law,

RECALLING the historic importance of the ending of the division of the European continent and the need to create firm bases for the construction of the future Europe,

CONFIRMING their attachment to the principles of liberty, democracy and respect for human rights and fundamental freedoms and of the rule of law,

CONFIRMING their attachment to fundamental social rights as defined in the European Social Charter signed at Turin on 18 October 1961 and in the 1989 Community Charter of the Fundamental Social Rights of Workers,

DESIRING to deepen the solidarity between their peoples while respecting their history, their culture and their traditions,

DESIRING to enhance further the democratic and efficient functioning of the institutions so as to enable them better to carry out, within a single institutional framework, the tasks entrusted to them,

RESOLVED to achieve the strengthening and the convergence of their economies and to establish an economic and monetary union including, in accordance with the provisions of this Treaty and of the Treaty on the Functioning of the European Union, a single and stable currency,

¹ The Republic of Bulgaria, the Czech Republic, the Republic of Estonia, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Republic of Hungary, the Republic of Malta, the Republic of Austria, the Republic of Poland, Romania, the Republic of Slovenia, the Slovak Republic, the Republic of Finland and the Kingdom of Sweden have since become members of the European Union.
Establishment of the Security and Justice Area of Freedom, Security and defence
Foreign policy, Environment and
Internal Market
sustainable
development
Union citizenship
“Ever closer union”

RESOLVED to establish a citizenship common to nationals of their countries,
RESOLVED to implement a common foreign and security policy including the
progressive framing of a common defence policy, which might lead to a common
defence in accordance with the provisions of Article 42, thereby reinforcing the
European identity and its independence in order to promote peace, security and
progress in Europe and in the world,
RESOLVED to facilitate the free movement of persons, while ensuring the safety
and security of their peoples, by establishing an area of freedom, security and
justice, in accordance with the provisions of this Treaty and of the Treaty on the
Functioning of the European Union,
RESOLVED to continue the process of creating an ever closer union among the
peoples of Europe, in which decisions are taken as closely as possible to the
citizen in accordance with the principle of subsidiarity,

IN VIEW of further steps to be taken in order to advance European integration,

HAVE DECIDED to establish a European Union and to this end have designated
as their Plenipotentiaries:

(List of plenipotentiaries not reproduced)

WHO, having exchanged their full powers, found in good and due form, have
agreed as follows:
TITLE I

Common Provisions

Article 1 (ex Article 1 TEU)

By this Treaty, the HIGH CONTRACTING PARTIES establish among themselves a EUROPEAN UNION, hereinafter called "the Union", on which the Member States confer competences to attain objectives they have in common.

This Treaty marks a new stage in the process of creating an ever closer union among the peoples of Europe, in which decisions are taken as openly as possible and as closely as possible to the citizen.

The Union shall be founded on the present Treaty and on the Treaty on the Functioning of the European Union (hereinafter referred to as "the Treaties"). Those two Treaties shall have the same legal value. The Union shall replace and succeed the European Community.

Article 2

The Union is founded on the values of respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities. These values are common to the Member States in a society in which pluralism, non-discrimination, tolerance, justice, solidarity and equality between women and men prevail.

Article 3 (ex Article 2 TEU)

1. The Union's aim is to promote peace, its values and the well-being of its peoples

2. The Union shall offer its citizens an area of freedom, security and justice without internal frontiers, in which the free movement of persons is ensured in conjunction with appropriate measures with respect to external border controls, asylum, immigration and the prevention and combating of crime.

3. The Union shall establish an internal market. It shall work for the sustainable development of Europe based on balanced economic growth and price stability, a highly competitive social market economy, aiming at full employment and social progress, and a high level of protection and improvement of the quality of the environment. It shall promote scientific and technological advance.

It shall combat social exclusion and discrimination, and shall promote social justice and protection, equality between women and men, solidarity between generations and protection of the rights of the child.

These references are merely indicative. For more ample information, please refer to the tables of equivalences between the old and the new numbering of the Treaties.
It shall promote economic, social and territorial cohesion, and solidarity among Member States. It shall respect its rich cultural and linguistic diversity, and shall ensure that Europe’s cultural heritage is safeguarded and enhanced.

4. The Union shall establish an economic and monetary union whose currency is the euro.

5. In its relations with the wider world, the Union shall uphold and promote its values and interests and contribute to the protection of its citizens. It shall contribute to peace, security, the sustainable development of the Earth, solidarity and mutual respect among peoples, free and fair trade, eradication of poverty and the protection of human rights, in particular the rights of the child, as well as to the strict observance and the development of international law, including respect for the principles of the United Nations Charter.

6. The Union shall pursue its objectives by appropriate means commensurate with the competences which are conferred upon it in the Treaties.

Article 4

1. In accordance with Article 5, competences not conferred upon the Union in the Treaties remain with the Member States.

2. The Union shall respect the equality of Member States before the Treaties as well as their national identities, inherent in their fundamental structures, political and constitutional, inclusive of regional and local self-government. It shall respect their essential State functions, including ensuring the territorial integrity of the State, maintaining law and order and safeguarding national security. In particular, national security remains the sole responsibility of each Member State.

3. Pursuant to the principle of sincere cooperation, the Union and the Member States shall, in full mutual respect, assist each other in carrying out tasks which flow from the Treaties.

The Member States shall take any appropriate measure, general or particular, to ensure fulfilment of the obligations arising out of the Treaties or resulting from the acts of the institutions of the Union.

The Member States shall facilitate the achievement of the Union’s tasks and refrain from any measure which could jeopardise the attainment of the Union's objectives.

Article 5 (ex Article 5 TEC)

1. The limits of Union competences are governed by the principle of conferral. The use of Union competences is governed by the principles of subsidiarity and proportionality.

2. Under the principle of conferral, the Union shall act only within the limits of the competences conferred upon it by the Member States in the Treaties to attain the objectives set out therein. Competences not conferred upon the Union in the Treaties remain with the Member States.
3. Under the principle of subsidiarity, in areas which do not fall within its exclusive competence, the Union shall act only if and in so far as the objectives of the proposed action cannot be sufficiently achieved by the Member States, either at central level or at regional and local level, but can rather, by reason of the scale or effects of the proposed action, be better achieved at Union level.

The institutions of the Union shall apply the principle of subsidiarity as laid down in the Protocol on the application of the principles of subsidiarity and proportionality. National Parliaments ensure compliance with the principle of subsidiarity in accordance with the procedure set out in that Protocol.

4. Under the principle of proportionality, the content and form of Union action shall not exceed what is necessary to achieve the objectives of the Treaties.

The institutions of the Union shall apply the principle of proportionality as laid down in the Protocol on the application of the principles of subsidiarity and proportionality.

Article 6 (ex Article 6 TEU)

1. The Union recognises the rights, freedoms and principles set out in the Charter of Fundamental Rights of the European Union of 7 December 2000, as adapted at Strasbourg, on 12 December 2007, which shall have the same legal value as the Treaties.

The provisions of the Charter shall not extend in any way the competences of the Union as defined in the Treaties.

The rights, freedoms and principles in the Charter shall be interpreted in accordance with the general provisions in Title VII of the Charter governing its interpretation and application and with due regard to the explanations referred to in the Charter, that set out the sources of those provisions.

2. The Union shall accede to the European Convention for the Protection of Human Rights and Fundamental Freedoms. Such accession shall not affect the Union's competences as defined in the Treaties.

3. Fundamental rights, as guaranteed by the European Convention for the Protection of Human Rights and Fundamental Freedoms and as they result from the constitutional traditions common to the Member States, shall constitute general principles of the Union's law.

Article 7 (ex Article 7 TEU)

1. On a reasoned proposal by one third of the Member States, by the European Parliament or by the European Commission, the Council, acting by a majority of four fifths of its members after obtaining the consent of the European Parliament, may determine that there is a clear risk of a serious breach by a Member State of the values referred to in Article 2. Before making such a determination, the Council shall hear the Member State in question and may address recommendations to it, acting in accordance with the same procedure.
The Council shall regularly verify that the grounds on which such a determination was made continue to apply.

2. The European Council, acting by unanimity on a proposal by one third of the Member States or by the Commission and after obtaining the consent of the European Parliament, may determine the existence of a serious and persistent breach by a Member State of the values referred to in Article 2, after inviting the Member State in question to submit its observations.

3. Where a determination under paragraph 2 has been made, the Council, acting by a qualified majority, may decide to suspend certain of the rights deriving from the application of the Treaties to the Member State in question, including the voting rights of the representative of the government of that Member State in the Council. In doing so, the Council shall take into account the possible consequences of such a suspension on the rights and obligations of natural and legal persons.

The obligations of the Member State in question under the Treaties shall in any case continue to be binding on that State.

4. The Council, acting by a qualified majority, may decide subsequently to vary or revoke measures taken under paragraph 3 in response to changes in the situation which led to their being imposed.

5. The voting arrangements applying to the European Parliament, the European Council and the Council for the purposes of this Article are laid down in Article 354 of the Treaty on the Functioning of the European Union.

Article 8

1. The Union shall develop a special relationship with neighbouring countries, aiming to establish an area of prosperity and good neighbourliness, founded on the values of the Union and characterised by close and peaceful relations based on cooperation.

2. For the purposes of paragraph 1, the Union may conclude specific agreements with the countries concerned. These agreements may contain reciprocal rights and obligations as well as the possibility of undertaking activities jointly. Their implementation shall be the subject of periodic consultation.

**TITLE II**

**PROVISIONS ON DEMOCRATIC PRINCIPLES**

Article 9

In all its activities, the Union shall observe the principle of the equality of its citizens, who shall receive equal attention from its institutions, bodies, offices and agencies. Every national of a Member State shall be a citizen of the Union. Citizenship of the Union shall be additional to and not replace national citizenship.
Article 10

1. The functioning of the Union shall be founded on representative democracy.
2. Citizens are directly represented at Union level in the European Parliament.
   Member States are represented in the European Council by their Heads of State or
   Government and in the Council by their governments, themselves democratically
   accountable either to their national Parliaments, or to their citizens.
3. Every citizen shall have the right to participate in the democratic life of the
   Union. Decisions shall be taken as openly and as closely as possible to the
   citizen.
4. Political parties at European level contribute to forming European political
   awareness and to expressing the will of citizens of the Union.

Article 11

1. The institutions shall, by appropriate means, give citizens and representative
   associations the opportunity to make known and publicly exchange their
   views in all areas of Union action.
2. The institutions shall maintain an open, transparent and regular dialogue with
   representative associations and civil society.
3. The European Commission shall carry out broad consultations with parties
   concerned in order to ensure that the Union's actions are coherent and
   transparent.
4. Not less than one million citizens who are nationals of a significant number of
   Member States may take the initiative of inviting the European Commission,
   within the framework of its powers, to submit any appropriate proposal on
   matters where citizens consider that a legal act of the Union is required for the
   purpose of implementing the Treaties.

The procedures and conditions required for such a citizens' initiative shall be
etermined in accordance with the first paragraph of Article 24 of the Treaty on
the Functioning of the European Union.

Article 12

National Parliaments contribute actively to the good functioning of the Union:
(a) Through being informed by the institutions of the Union and having draft
   legislative acts of the Union forwarded to them in accordance with the
   Protocol on the role of national Parliaments in the European Union;
(b) By seeing to it that the principle of subsidiarity is respected in accordance
   with the procedures provided for in the Protocol on the application of the
   principles of subsidiarity and proportionality;
Take part in:
- Evaluation of Justice and Home affairs
- Political monitoring of Europol and Eurojust
- Treaty revisions

Enlargement: EP and NP shall be notified of applications
Meetings between national parliaments, COSAC cooperation

(c) By taking part, within the framework of the area of freedom, security and justice, in the evaluation mechanisms for the implementation of the Union policies in that area, in accordance with Article 70 of the Treaty on the Functioning of the European Union, and through being involved in the political monitoring of Europol and the evaluation of Eurojust's activities in accordance with Articles 88 and 85 of that Treaty;

(d) By taking part in the revision procedures of the Treaties, in accordance with Article 48 of this Treaty;

(e) By being notified of applications for accession to the Union, in accordance with Article 49 of this Treaty;

(f) By taking part in the inter-parliamentary cooperation between national Parliaments and with the European Parliament, in accordance with the Protocol on the role of national Parliaments in the European Union.

**TITLE III**

**PROVISIONS ON THE INSTITUTIONS**

**UNION INSTITUTIONS**

**Article 13**

A single institutional framework for all areas of cooperation
- No more pillars

1. The Union shall have an institutional framework which shall aim to promote its values, advance its objectives, serve its interests, those of its citizens and those of the Member States, and ensure the consistency, effectiveness and continuity of its policies and actions.

The Union's institutions shall be:

- The European Parliament,
- The European Council,
- The Council,
- The European Commission (hereinafter referred to as "the Commission"),
- The Court of Justice of the European Union,
- The European Central Bank,
- The Court of Auditors.

2. Each institution shall act within the limits of the powers conferred on it in the Treaties, and in conformity with the procedures, conditions and objectives set out in them. The institutions shall practice mutual sincere cooperation.

ECB and Court of Auditors

3. The provisions relating to the European Central Bank and the Court of Auditors and detailed provisions on the other institutions are set out in the Treaty on the Functioning of the European Union.

ESC COR

4. The European Parliament, the Council and the Commission shall be assisted by an Economic and Social Committee and a Committee of the Regions acting in an advisory capacity.
Article 14

1. The European Parliament shall, jointly with the Council, exercise legislative and budgetary functions. It shall exercise functions of political control and consultation as laid down in the Treaties. It shall elect the President of the Commission.

2. The European Parliament shall be composed of representatives of the Union's citizens. They shall not exceed seven hundred and fifty in number, plus the President. Representation of citizens shall be degressively proportional, with a minimum threshold of six members per Member State. No Member State shall be allocated more than ninety-six seats.

The European Council shall adopt by unanimity, on the initiative of the European Parliament and with its consent, a decision establishing the composition of the European Parliament, respecting the principles referred to in the first subparagraph.

3. The members of the European Parliament shall be elected for a term of five years by direct universal suffrage in a free and secret ballot.

4. The European Parliament shall elect its President and its officers from among its members.

Article 15

1. The European Council shall provide the Union with the necessary impetus for its development and shall define the general political directions and priorities thereof. It shall not exercise legislative functions.

2. The European Council shall consist of the Heads of State or Government of the Member States, together with its President and the President of the Commission. The High Representative of the Union for Foreign Affairs and Security Policy shall take part in its work.

3. The European Council shall meet twice every six months, convened by its President. When the agenda so requires, the members of the European Council may decide each to be assisted by a minister and, in the case of the President of the Commission, by a member of the Commission. When the situation so requires, the President shall convene a special meeting of the European Council.

4. Except where the Treaties provide otherwise, decisions of the European Council shall be taken by consensus.

5. The European Council shall elect its President, by a qualified majority, for a term of two and a half years, renewable once. In the event of an impediment or serious misconduct, the European Council can end the President's term of office in accordance with the same procedure.

6. The President of the European Council:
- Chair and drive the work forward

- Prepare summits with the Commission president

Work for cohesion and consensus

- Report to EP after each meeting

Representation of the Union in the wider world on CFSP issues

No national mandate

**Council of Ministers, its President and QMV**

- Legislates
- Carries out policy making and coordinates

Civil servants often have status as ministers and can also commit the member state

<table>
<thead>
<tr>
<th>Qualified majority:</th>
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<tr>
<td>55% of member states,</td>
</tr>
<tr>
<td>65% of EU population</td>
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**Article 16**

1. The Council shall, jointly with the European Parliament, exercise legislative and budgetary functions. It shall carry out policy-making and coordinating functions as laid down in the Treaties.

2. The Council shall consist of a representative of each Member State at ministerial level, who may commit the government of the Member State in question and cast its vote.

3. The Council shall act by a qualified majority except where the Treaties provide otherwise.

4. As from 1 November 2014, a qualified majority shall be defined as at least 55% of the members of the Council, comprising at least fifteen of them and representing Member States comprising at least 65% of the population of the Union.

A blocking minority must include at least four Council members, failing which the qualified majority shall be deemed attained.

At least 4 to block

The other arrangements governing the qualified majority are laid down in Article 238(2) of the Treaty on the Functioning of the European Union.

**Transitional rules and protocol**

5. The transitional provisions relating to the definition of the qualified majority which shall be applicable until 31 October 2014 and those which shall be applicable from 1 November 2014 to 31 March 2017 are laid down in the Protocol on transitional provisions.

6. The Council shall meet in different configurations, the list of which shall be adopted in accordance with Article 236 of the Treaty on the Functioning of the European Union.
The General Affairs Council shall ensure consistency in the work of the different Council configurations. It shall prepare and ensure the follow-up to meetings of the European Council, in liaison with the President of the European Council and the Commission.

The Foreign Affairs Council shall elaborate the Union’s external action on the basis of strategic guidelines laid down by the European Council and ensure that the Union's action is consistent.

7. A Committee of Permanent Representatives of the Governments of the Member States shall be responsible for preparing the work of the Council.

8. The Council shall meet in public when it deliberates and votes on a draft legislative act. To this end, each Council meeting shall be divided into two parts, dealing respectively with deliberations on Union legislative acts and non-legislative activities.

9. The Presidency of Council configurations, other than that of Foreign Affairs, shall be held by Member State representatives in the Council on the basis of equal rotation, in accordance with the conditions established in accordance with Article 236 of the Treaty on the Functioning of the European Union.

Article 17

1. The Commission shall promote the general interest of the Union and take appropriate initiatives to that end. It shall ensure the application of the Treaties, and of measures adopted by the institutions pursuant to them. It shall oversee the application of Union law under the control of the Court of Justice of the European Union. It shall execute the budget and manage programmes. It shall exercise coordinating, executive and management functions, as laid down in the Treaties. With the exception of the common foreign and security policy, and other cases provided for in the Treaties, it shall ensure the Union's external representation. It shall initiate the Union's annual and multiannual programming with a view to achieving inter-institutional agreements.

2. Union legislative acts may only be adopted on the basis of a Commission proposal, except where the Treaties provide otherwise. Other acts shall be adopted on the basis of a Commission proposal where the Treaties so provide.

3. The Commission's term of office shall be five years.

The members of the Commission shall be chosen on the ground of their general competence and European commitment from persons whose independence is beyond doubt.

In carrying out its responsibilities, the Commission shall be completely independent. Without prejudice to Article 18(2), the members of the Commission shall neither seek nor take instructions from any Government or other institution, body, office or entity. They shall refrain from any action incompatible with their duties or the performance of their tasks.
4. The Commission appointed between the date of entry into force of the Treaty of Lisbon and 31 October 2014, shall consist of one national of each Member State, including its President and the High Representative of the Union for Foreign Affairs and Security Policy who shall be one of its Vice-Presidents.

5. As from 1 November 2014, the Commission shall consist of a number of members, including its President and the High Representative of the Union for Foreign Affairs and Security Policy, corresponding to two thirds of the number of Member States, unless the European Council, acting unanimously, decides to alter this number.

The members of the Commission shall be chosen from among the nationals of the Member States on the basis of a system of strictly equal rotation between the Member States, reflecting the demographic and geographical range of all the Member States. This system shall be established unanimously by the European Council in accordance with Article 244 of the Treaty on the Functioning of the European Union.

6. The President of the Commission shall:

(a) Lay down guidelines within which the Commission is to work;

(b) Decide on the internal organisation of the Commission, ensuring that it acts consistently, efficiently and as a collegiate body;

(c) Appoint Vice-Presidents, other than the High Representative of the Union for Foreign Affairs and Security Policy, from among the members of the Commission.

A member of the Commission shall resign if the President so requests. The High Representative of the Union for Foreign Affairs and Security Policy shall resign, in accordance with the procedure set out in Article 18(1), if the President so requests.

7. Taking into account the elections to the European Parliament and after having held the appropriate consultations, the European Council, acting by a qualified majority, shall propose to the European Parliament a candidate for President of the Commission. This candidate shall be elected by the European Parliament by a majority of its component members. If he does not obtain the required majority, the European Council, acting by a qualified majority, shall within one month propose a new candidate who shall be elected by the European Parliament following the same procedure.

The Council, by common accord with the President-elect, shall adopt the list of the other persons whom it proposes for appointment as members of the Commission. They shall be selected, on the basis of the suggestions made by Member States, in accordance with the criteria set out in paragraph 3, second subparagraph, and paragraph 5, second subparagraph.

The President, the High Representative of the Union for Foreign Affairs and Security Policy and the other members of the Commission shall be subject as a body to a vote of consent by the European Parliament. On the basis of this
consent the Commission shall be appointed by the European Council, acting by a qualified majority.

8. The Commission, as a body, shall be responsible to the European Parliament. In accordance with Article 234 of the Treaty on the Functioning of the European Union, the European Parliament may vote on a motion of censure of the Commission. If such a motion is carried, the members of the Commission shall resign as a body and the High Representative of the Union for Foreign Affairs and Security Policy shall resign from the duties that he carries out in the Commission.

Article 18

1. The European Council, acting by a qualified majority, with the agreement of the President of the Commission, shall appoint the High Representative of the Union for Foreign Affairs and Security Policy. The European Council may end his term of office by the same procedure.

2. The High Representative shall conduct the Union's common foreign and security policy. He shall contribute by his proposals to the development of that policy, which he shall carry out as mandated by the Council. The same shall apply to the common security and defence policy.

3. The High Representative shall preside over the Foreign Affairs Council.

4. The High Representative shall be one of the Vice-Presidents of the Commission. He shall ensure the consistency of the Union's external action. He shall be responsible within the Commission for responsibilities incumbent on it in external relations and for coordinating other aspects of the Union's external action. In exercising these responsibilities within the Commission, and only for these responsibilities, the High Representative shall be bound by Commission procedures to the extent that this is consistent with paragraphs 2 and 3.

Article 19

1. The Court of Justice of the European Union shall include the Court of Justice, the General Court and specialised courts. It shall ensure that in the interpretation and application of the Treaties the law is observed.

Member States shall provide remedies sufficient to ensure effective legal protection in the fields covered by Union law.

2. The Court of Justice shall consist of one judge from each Member State. It shall be assisted by Advocates-General.

The General Court shall include at least one judge per Member State.

The Judges and the Advocates-General of the Court of Justice and the Judges of the General Court shall be chosen from persons whose independence is beyond doubt and who satisfy the conditions set out in Articles 253 and 254 of the Treaty.
U. Independent persons appointed by “Common accord” for 6 years, may be reappointed

on the Functioning of the European Union. They shall be appointed by common accord of the governments of the Member States for six years. Retiring Judges and Advocates-General may be reappointed.

3. The Court of Justice of the European Union shall, in accordance with the Treaties:

Actions before the Court

(a) Rule on actions brought by a Member State, an institution or a natural or legal person;

- Preliminary rulings
- Interpretation of law
- Validity of acts

(b) Give preliminary rulings, at the request of courts or tribunals of the Member States, on the interpretation of Union law or the validity of acts adopted by the institutions;

- Rule in other cases

(c) Rule in other cases provided for in the Treaties.

**TITLE IV**

**PROVISIONS ON ENHANCED COOPERATION**

Article 20

(Ex Articles 27a to 27e, 40 to 40b, 43 to 45 TEU and ex Articles 11 and 11a TEC)

1. Member States which wish to establish enhanced cooperation between themselves within the framework of the Union's non-exclusive competences may make use of its institutions and exercise those competences by applying the relevant provisions of the Treaties, subject to the limits and in accordance with the detailed arrangements laid down in this Article and in Articles 326 to 334 of the Treaty on the Functioning of the European Union.

Enhanced cooperation shall aim to further the objectives of the Union, protect its interests and reinforce its integration process. Such cooperation shall be open at any time to all Member States, in accordance with Article 328 of the Treaty on the Functioning of the European Union.

2. The decision authorising enhanced cooperation shall be adopted by the Council as a last resort, when it has established that the objectives of such cooperation cannot be attained within a reasonable period by the Union as a whole, and provided that at least nine Member States participate in it. The Council shall act in accordance with the procedure laid down in Article 329 of the Treaty on the Functioning of the European Union.

3. All members of the Council may participate in its deliberations, but only members of the Council representing the Member States participating in enhanced cooperation shall take part in the vote. The voting rules are set out in Article 330 of the Treaty on the Functioning of the European Union.

4. Acts adopted in the framework of enhanced cooperation shall bind only participating Member States. They shall not be regarded as part of the *acquis* which has to be accepted by candidate States for accession to the Union.
Chapter 1

General provisions on the Union's external action

Article 21

1. The Union's action on the international scene shall be guided by the principles which have inspired its own creation, development and enlargement, and which it seeks to advance in the wider world: democracy, the rule of law, the universality and indivisibility of human rights and fundamental freedoms, respect for human dignity, the principles of equality and solidarity, and respect for the principles of the United Nations Charter and international law.

The Union shall seek to develop relations and build partnerships with third countries, and international, regional or global organisations which share the principles referred to in the first subparagraph. It shall promote multilateral solutions to common problems, in particular in the framework of the United Nations.

2. The Union shall define and pursue common policies and actions, and shall work for a high degree of cooperation in all fields of international relations, in order to:

(a) Safeguard its values, fundamental interests, security, independence and integrity;

(b) Consolidate and support democracy, the rule of law, human rights and the principles of international law;

(c) Preserve peace, prevent conflicts and strengthen international security, in accordance with the purposes and principles of the United Nations Charter, with the principles of the Helsinki Final Act and with the aims of the Charter of Paris, including those relating to external borders;

(d) Foster the sustainable economic, social and environmental development of developing countries, with the primary aim of eradicating poverty;

(e) Encourage the integration of all countries into the world economy, including through the progressive abolition of restrictions on international trade;

(f) Help develop international measures to preserve and improve the quality of the environment and the sustainable management of global natural resources, in order to ensure sustainable development;
(g) Assist populations, countries and regions confronting natural or man-made disasters; and

(h) Promote an international system based on stronger multilateral cooperation and good global governance.

3. The Union shall respect the principles and pursue the objectives set out in paragraphs 1 and 2 in the development and implementation of the different areas of the Union's external action covered by this Title and by Part Five of the Treaty on the Functioning of the European Union, and of the external aspects of its other policies.

The Union shall ensure consistency between the different areas of its external action and between these and its other policies. The Council and the Commission, assisted by the High Representative of the Union for Foreign Affairs and Security Policy, shall ensure that consistency and shall cooperate to that effect.

Article 22

1. On the basis of the principles and objectives set out in Article 21, the European Council shall identify the strategic interests and objectives of the Union.

Decisions of the European Council on the strategic interests and objectives of the Union shall relate to the common foreign and security policy and to other areas of the external action of the Union. Such decisions may concern the relations of the Union with a specific country or region or may be thematic in approach. They shall define their duration, and the means to be made available by the Union and the Member States.

The European Council shall act unanimously on a recommendation from the Council, adopted by the latter under the arrangements laid down for each area. Decisions of the European Council shall be implemented in accordance with the procedures provided for in the Treaties.

2. The High Representative of the Union for Foreign Affairs and Security Policy, for the area of common foreign and security policy, and the Commission, for other areas of external action, may submit joint proposals to the Council.

Chapter 2

Specific provisions on the common foreign and security policy

Section 1

Common Provisions

Article 23

The Union's action on the international scene, pursuant to this Chapter, shall be guided by the principles, shall pursue the objectives of, and be conducted in accordance with, the general provisions laid down in Chapter 1.
Article 24 (ex Article 11 TEU)

1. The Union's competence in matters of common foreign and security policy shall cover all areas of foreign policy and all questions relating to the Union's security, including the progressive framing of a common defence policy that might lead to a common defence.

The common foreign and security policy is subject to specific rules and procedures. It shall be defined and implemented by the European Council and the Council acting unanimously, except where the Treaties provide otherwise. The adoption of legislative acts shall be excluded. The common foreign and security policy shall be put into effect by the High Representative of the Union for Foreign Affairs and Security Policy and by Member States, in accordance with the Treaties. The specific role of the European Parliament and of the Commission in this area is defined by the Treaties. The Court of Justice of the European Union shall not have jurisdiction with respect to these provisions, with the exception of its jurisdiction to monitor compliance with Article 40 of this Treaty and to review the legality of certain decisions as provided for by the second paragraph of Article 275 of the Treaty on the Functioning of the European Union.

2. Within the framework of the principles and objectives of its external action, the Union shall conduct, define and implement a common foreign and security policy, based on the development of mutual political solidarity among Member States, the identification of questions of general interest and the achievement of an ever-increasing degree of convergence of Member States' actions.

3. The Member States shall support the Union's external and security policy actively and unreservedly in a spirit of loyalty and mutual solidarity and shall comply with the Union's action in this area.

The Member States shall work together to enhance and develop their mutual political solidarity. They shall refrain from any action which is contrary to the interests of the Union or likely to impair its effectiveness as a cohesive force in international relations.

The Council and the High Representative shall ensure compliance with these principles.

Article 25 (ex Article 12 TEU)

The Union shall conduct the common foreign and security policy by:
(a) Defining the general guidelines;
(b) Adopting decisions defining:
   i. Actions to be undertaken by the Union;
   ii. Positions to be taken by the Union;
   iii. Arrangements for the implementation of the decisions referred to in points (i) and (ii); and by
(c) Strengthening systematic cooperation between Member States in the conduct of policy.

Instruments
- General guidelines
- Decisions
- Actions
- Positions
- Implementation of decisions
- Systematic cooperation between member states

Union competent in all areas of foreign security
- Common defence

U. Special rules for CFSP - defined by European Council and the Council by unanimity
- No legislative acts
- Implemented by High Representative and member states
- Court judge on conflicts with other competences and sanctions

Solidarity among member states, ever-increasing convergence

Member states shall support in loyalty and solidarity and comply with Union’s action

Refrain from any action contrary to the interests of the Union

Ensure compliance
**General guidelines**

**U. European Council adopts guidelines and necessary decisions**
1. The European Council shall identify the Union's strategic interests, determine the objectives of and define general guidelines for the common foreign and security policy, including for matters with defence implications. It shall adopt the necessary decisions.

**Urgent meetings**
If international developments so require, the President of the European Council shall convene an extraordinary meeting of the European Council in order to define the strategic lines of the Union's policy in the face of such developments.

**Council adopts more detailed rules**
2. The Council shall frame the common foreign and security policy and take the decisions necessary for defining and implementing it on the basis of the general guidelines and strategic lines defined by the European Council.

**Ensure unity and effectiveness**
The Council and the High Representative of the Union for Foreign Affairs and Security Policy shall ensure the unity, consistency and effectiveness of action by the Union.

**Put into effect by High Representative and member states**
3. The common foreign and security policy shall be put into effect by the High Representative and by the Member States, using national and Union resources.

**High Representative leads the Foreign Office**

- Chairs the Foreign Affairs Council
- Makes proposals
- Implements decisions

- Represents the Union externally (with the President of the European Council and the Commission President)

“European External Action Service”

- Joint staff from Council, Commission and member states

**Council decision**

**Operational actions**

**Council decides on international actions...**

**Article 26 (ex Article 13 TEU)**

**Article 27**

1. The High Representative of the Union for Foreign Affairs and Security Policy, who shall chair the Foreign Affairs Council, shall contribute through his proposals to the development of the common foreign and security policy and shall ensure implementation of the decisions adopted by the European Council and the Council.

2. The High Representative shall represent the Union for matters relating to the common foreign and security policy. He shall conduct political dialogue with third parties on the Union's behalf and shall express the Union's position in international organisations and at international conferences.

3. In fulfilling his mandate, the High Representative shall be assisted by a European External Action Service. This service shall work in cooperation with the diplomatic services of the Member States and shall comprise officials from relevant departments of the General Secretariat of the Council and of the Commission as well as staff seconded from national diplomatic services of the Member States. The organisation and functioning of the European External Action Service shall be established by a decision of the Council. The Council shall act on a proposal from the High Representative after consulting the European Parliament and after obtaining the consent of the Commission.

**Article 28 (ex Article 14 TEU)**

1. Where the international situation requires operational action by the Union, the Council shall adopt the necessary decisions. They shall lay down their objectives, scope, the means to be made available to the Union, if necessary their duration, and the conditions for their implementation.
If there is a change in circumstances having a substantial effect on a question subject to such a decision, the Council shall review the principles and objectives of that decision and take the necessary decisions.

2. Decisions referred to in paragraph 1 shall commit the Member States in the positions they adopt and in the conduct of their activity.

3. Whenever there is any plan to adopt a national position or take national action pursuant to a decision as referred to in paragraph 1, information shall be provided by the Member State concerned in time to allow, if necessary, for prior consultations within the Council. The obligation to provide prior information shall not apply to measures which are merely a national transposition of Council decisions.

4. In cases of imperative need arising from changes in the situation and failing a review of the Council decision as referred to in paragraph 1, Member States may take the necessary measures as a matter of urgency having regard to the general objectives of that decision. The Member State concerned shall inform the Council immediately of any such measures.

5. Should there be any major difficulties in implementing a decision as referred to in this Article, a Member State shall refer them to the Council which shall discuss them and seek appropriate solutions. Such solutions shall not run counter to the objectives of the decision referred to in paragraph 1 or impair its effectiveness.

Article 29 (ex Article 15 TEU)

The Council shall adopt decisions which shall define the approach of the Union to a particular matter of a geographical or thematic nature. Member States shall ensure that their national policies conform to the Union positions.

Article 30 (ex Article 22 TEU)

1. Any Member State, the High Representative of the Union for Foreign Affairs and Security Policy, or the High Representative with the Commission's support, may refer any question relating to the common foreign and security policy to the Council and may submit to it, respectively, initiatives or proposals.

2. In cases requiring a rapid decision, the High Representative, of his own motion, or at the request of a Member State, shall convene an extraordinary Council meeting within 48 hours or, in an emergency, within a shorter period.

Article 31 (ex Article 23 TEU)

1. Decisions under this Chapter shall be taken by the European Council and the Council acting unanimously, except where this Chapter provides otherwise. The adoption of legislative acts shall be excluded.
When abstaining in a vote, any member of the Council may qualify its abstention by making a formal declaration under the present subparagraph. In that case, it shall not be obliged to apply the decision, but shall accept that the decision commits the Union. In a spirit of mutual solidarity, the Member State concerned shall refrain from any action likely to conflict with or impede Union action based on that decision and the other Member States shall respect its position. If the members of the Council qualifying their abstention in this way represent at least one third of the Member States comprising at least one third of the population of the Union, the decision shall not be adopted.

2. By derogation from the provisions of paragraph 1, the Council shall act by qualified majority:

- When adopting a decision defining a Union action or position on the basis of a decision of the European Council relating to the Union's strategic interests and objectives, as referred to in Article 22(1),

- When adopting a decision defining a Union action or position, on a proposal which the High Representative of the Union for Foreign Affairs and Security Policy has presented following a specific request from the European Council, made on its own initiative or that of the High Representative,

- When adopting any decision implementing a decision defining a Union action or position,

- When appointing a special representative in accordance with Article 33.

If a member of the Council declares that, for vital and stated reasons of national policy, it intends to oppose the adoption of a decision to be taken by qualified majority, a vote shall not be taken. The High Representative will, in close consultation with the Member State involved, search for a solution acceptable to it. If he does not succeed, the Council may, acting by a qualified majority, request that the matter be referred to the European Council for a decision by unanimity.

3. The European Council may unanimously adopt a decision stipulating that the Council shall act by a qualified majority in cases other than those referred to in paragraph 2.

4. Paragraphs 2 and 3 shall not apply to decisions having military or defence implications.

5. For procedural questions, the Council shall act by a majority of its members.

Article 32 (ex Article 16 TEU)

Member States shall consult one another within the European Council and the Council on any matter of foreign and security policy of general interest in order to determine a common approach. Before undertaking any action on the international scene or entering into any commitment which could affect the Union's interests, each Member State shall consult the others within the European Council or the Council. Member States shall ensure, through the convergence of
their actions, that the Union is able to assert its interests and values on the international scene. Member States shall show mutual solidarity.

When the European Council or the Council has defined a common approach of the Union within the meaning of the first paragraph, the High Representative of the Union for Foreign Affairs and Security Policy and the Ministers for Foreign Affairs of the Member States shall coordinate their activities within the Council.

The diplomatic missions of the Member States and the Union delegations in third countries and at international organisations shall cooperate and shall contribute to formulating and implementing the common approach.

**Article 33 (ex Article 18 TEU)**

The Council may, on a proposal from the High Representative of the Union for Foreign Affairs and Security Policy, appoint a special representative with a mandate in relation to particular policy issues. The special representative shall carry out his mandate under the authority of the High Representative.

**Article 34 (ex Article 19 TEU)**

1. Member States shall coordinate their action in international organisations and at international conferences. They shall uphold the Union's positions in such forums. The High Representative of the Union for Foreign Affairs and Security Policy shall organise this coordination.

In international organisations and at international conferences where not all the Member States participate, those which do take part shall uphold the Union's positions.

2. In accordance with Article 24(3), Member States represented in international organisations or international conferences where not all the Member States participate shall keep the other Member States and the High Representative informed of any matter of common interest.

Member States which are also members of the United Nations Security Council will concert and keep the other Member States and the High Representative fully informed. Member States which are members of the Security Council will, in the execution of their functions, defend the positions and the interests of the Union, without prejudice to their responsibilities under the provisions of the United Nations Charter.

When the Union has defined a position on a subject which is on the United Nations Security Council agenda, those Member States which sit on the Security Council shall request that the High Representative be invited to present the Union's position.

**ARTICLE 35 (EX ARTICLE 20 TEU)**

The diplomatic and consular missions of the Member States and the Union delegations in third countries and international conferences, and their representations to international organisations, shall cooperate in ensuring that

**Show mutual solidarity**

**High Representative coordinates with foreign ministers in Council**

**Diplomatic missions cooperate and implement common approach**

**Special representatives**

**Proposed by High Representative**

**Appointed by qualified majority**

**Coordination in international for a**

**Member states shall uphold common positions in international organizations**

**When only some member states are represented in international organisations, they inform the others**

**Members of the UN Security Council defend Union position**

**High representative shall present Union’s position to the Security Council**

**Diplomatic missions cooperate to ensure compliance and implementation of the Union’s position**
decisions defining Union positions and actions adopted pursuant to this Chapter are complied with and implemented.

They shall step up cooperation by exchanging information and carrying out joint assessments.

Protection for citizens

They shall contribute to the implementation of the right of citizens of the Union to protection in the territory of third countries as referred to in Article 20(2) (c) of the Treaty on the Functioning of the European Union and of the measures adopted pursuant to Article 23 of that Treaty.

Article 36 (ex Article 21 TEU)

European Parliament in CFSP, consultation

The High Representative of the Union for Foreign Affairs and Security Policy shall regularly consult the European Parliament on the main aspects and the basic choices of the common foreign and security policy and the common security and defence policy and inform it of how those policies evolve. He shall ensure that the views of the European Parliament are duly taken into consideration. Special representatives may be involved in briefing the European Parliament.

- May ask questions and make recommendations

The European Parliament may address questions or make recommendations to the Council or the High Representative. Twice a year it shall hold a debate on progress in implementing the common foreign and security policy, including the common security and defence policy.

Article 37 (ex Article 24 TEU)

Agreements with third countries and int. organisations

The Union may conclude agreements with one or more States or international organisations in areas covered by this Chapter.

Article 38 (ex Article 25 TEU)

Political and Security Committee:
- Monitors international situation
- Monitors implementation

Without prejudice to Article 240 of the Treaty on the Functioning of the European Union, a Political and Security Committee shall monitor the international situation in the areas covered by the common foreign and security policy and contribute to the definition of policies by delivering opinions to the Council at the request of the Council or of the High Representative of the Union for Foreign Affairs and Security Policy or on its own initiative. It shall also monitor the implementation of agreed policies, without prejudice to the powers of the High Representative.

- Exercises political control with crisis management operations

Within the scope of this Chapter, the Political and Security Committee shall exercise, under the responsibility of the Council and of the High Representative, the political control and strategic direction of the crisis management operations referred to in Article 43.

The Council may authorise the Committee, for the purpose and for the duration of a crisis management operation, as determined by the Council, to take the relevant decisions concerning the political control and strategic direction of the operation.
Article 39

In accordance with Article 16 of the Treaty on the Functioning of the European Union and by way of derogation from paragraph 2 thereof, the Council shall adopt a decision laying down the rules relating to the protection of individuals with regard to the processing of personal data by the Member States when carrying out activities which fall within the scope of this Chapter, and the rules relating to the free movement of such data. Compliance with these rules shall be subject to the control of independent authorities.

Article 40 (ex Article 47 TEU)

The implementation of the common foreign and security policy shall not affect the application of the procedures and the extent of the powers of the institutions laid down by the Treaties for the exercise of the Union competences referred to in Articles 3 to 6 of the Treaty on the Functioning of the European Union.

Similarly, the implementation of the policies listed in those Articles shall not affect the application of the procedures and the extent of the powers of the institutions laid down by the Treaties for the exercise of the Union competences under this Chapter.

Article 41 (ex Article 28 TEU)

1. Administrative expenditure to which the implementation of this Chapter gives rise for the institutions shall be charged to the Union budget.

2. Operating expenditure to which the implementation of this Chapter gives rise shall also be charged to the Union budget, except for such expenditure arising from operations having military or defence implications and cases where the Council acting unanimously decides otherwise.

In cases where expenditure is not charged to the Union budget, it shall be charged to the Member States in accordance with the gross national product scale, unless the Council acting unanimously decides otherwise. As for expenditure arising from operations having military or defence implications, Member States whose representatives in the Council have made a formal declaration under Article 31(1), second subparagraph, shall not be obliged to contribute to the financing thereof.

3. The Council shall adopt a decision establishing the specific procedures for guaranteeing rapid access to appropriations in the Union budget for urgent financing of initiatives in the framework of the common foreign and security policy, and in particular for preparatory activities for the tasks referred to in Article 42(1) and Article 43. It shall act after consulting the European Parliament.

Preparatory activities for the tasks referred to in Article 42(1) and Article 43 which are not charged to the Union budget shall be financed by a start-up fund made up of Member States' contributions.

The Council shall adopt by a qualified majority, on a proposal from the High Representative of the Union for Foreign Affairs and Security Policy, decision establishing:
- Establishing the fund

(a) The procedures for setting up and financing the start-up fund, in particular the amounts allocated to the fund;

- Administering the fund

(b) The procedures for administering the start-up fund;

- Financial control

(c) The financial control procedures.

High Representative can use the fund for “Petersberg-tasks” (Art.43 TEU)

When the task planned in accordance with Article 42(1) and Article 43 cannot be charged to the Union budget, the Council shall authorise the High Representative to use the fund. The High Representative shall report to the Council on the implementation of this remit.

Section 2

Provisions on the common security and defence policy

Article 42 (ex Article 17 TEU)

1. The common security and defence policy shall be an integral part of the common foreign and security policy. It shall provide the Union with an operational capacity drawing on civilian and military assets. The Union may use them on missions outside the Union for peace-keeping, conflict prevention and strengthening international security in accordance with the principles of the United Nations Charter. The performance of these tasks shall be undertaken using capabilities provided by the Member States.

2. The common security and defence policy shall include the progressive framing of a common Union defence policy. This will lead to a common defence, when the European Council, acting unanimously, so decides. It shall in that case recommend to the Member States the adoption of such a decision in accordance with their respective constitutional requirements.

The policy of the Union in accordance with this Section shall not prejudice the specific character of the security and defence policy of certain Member States and shall respect the obligations of certain Member States, which see their common defence realised in the North Atlantic Treaty Organisation (NATO), under the North Atlantic Treaty and be compatible with the common security and defence policy established within that framework.

3. Member States shall make civilian and military capabilities available to the Union for the implementation of the common security and defence policy, to contribute to the objectives defined by the Council. Those Member States which together establish multinational forces may also make them available to the common security and defence policy.

Member States shall undertake progressively to improve their military capabilities. The Agency in the field of defence capabilities development, research, acquisition and armaments (hereinafter referred to as "the European Defence Agency") shall identify operational requirements, shall promote measures to satisfy those requirements, shall contribute to identifying and, where appropriate, implementing any measure needed to strengthen the industrial and technological base of the defence sector, shall participate in defining a European
capabilities and armaments policy, and shall assist the Council in evaluating the improvement of military capabilities.

4. Decisions relating to the common security and defence policy, including those initiating a mission as referred to in this Article, shall be adopted by the Council acting unanimously on a proposal from the High Representative of the Union for Foreign Affairs and Security Policy or an initiative from a Member State. The High Representative may propose the use of both national resources and Union instruments, together with the Commission where appropriate.

5. The Council may entrust the execution of a task, within the Union framework, to a group of Member States in order to protect the Union's values and serve its interests. The execution of such a task shall be governed by Article 44.

6. Those Member States whose military capabilities fulfill higher criteria and which have made more binding commitments to one another in this area with a view to the most demanding missions shall establish permanent structured cooperation within the Union framework. Such cooperation shall be governed by Article 46. It shall not affect the provisions of Article 43.

7. If a Member State is the victim of armed aggression on its territory, the other Member States shall have towards it an obligation of aid and assistance by all the means in their power, in accordance with Article 51 of the United Nations Charter. This shall not prejudice the specific character of the security and defence policy of certain Member States.

Commitments and cooperation in this area shall be consistent with commitments under the North Atlantic Treaty Organisation, which, for those States which are members of it, remains the foundation of their collective defence and the forum for its implementation.

**Article 43**

1. The tasks referred to in Article 42(1), in the course of which the Union may use civilian and military means, shall include joint disarmament operations, humanitarian and rescue tasks, military advice and assistance tasks, conflict prevention and peace-keeping tasks, tasks of combat forces in crisis management, including peace-making and post-conflict stabilisation. All these tasks may contribute to the fight against terrorism, including by supporting third countries in combating terrorism in their territories.

2. The Council shall adopt decisions relating to the tasks referred to in paragraph 1, defining their objectives and scope and the general conditions for their implementation. The High Representative of the Union for Foreign Affairs and Security Policy, acting under the authority of the Council and in close and constant contact with the Political and Security Committee, shall ensure coordination of the civilian and military aspects of such tasks.
Article 44

U. Implementation by a group of member states

Decisions can be implemented by a group of member states

Member states shall inform the Council

1. Within the framework of the decisions adopted in accordance with Article 43, the Council may entrust the implementation of a task to a group of Member States which are willing and have the necessary capability for such a task. Those Member States, in association with the High Representative of the Union for Foreign Affairs and Security Policy shall agree among themselves on the management of the task.

2. Member States participating in the task shall keep the Council regularly informed of its progress on their own initiative or at the request of another Member State. Those States shall inform the Council immediately should the completion of the task entail major consequences or require amendment of the objective, scope and conditions determined for the task in the decisions referred to in paragraph 1. In such cases, the Council shall adopt the necessary decisions.

Article 45

European Defence Agency: Decided by the Council on 16 June 2004

- Identifies military needs
- Promotes harmonisation of operational needs
- Manages common programmes
- Supports defence technology research
- Strengthens defence sector

Open to all member states

- Statute, seat and rules adopted by qualified majority

1. The European Defence Agency referred to in Article 42(3), subject to the authority of the Council, shall have as its task to:

(a) Contribute to identifying the Member States' military capability objectives and evaluating observance of the capability commitments given by the Member States;

(b) Promote harmonisation of operational needs and adoption of effective, compatible procurement methods;

(c) Propose multilateral projects to fulfill the objectives in terms of military capabilities ensure coordination of the programmes implemented by the Member States and management of specific cooperation programmes;

(d) Support defence technology research, and coordinate and plan joint research activities and the study of technical solutions meeting future operational needs;

(e) Contribute to identifying and, if necessary, implementing any useful measure for strengthening the industrial and technological base of the defence sector and for improving the effectiveness of military expenditure.

2. The European Defence Agency shall be open to all Member States wishing to be part of it. The Council, acting by a qualified majority, shall adopt a decision defining the Agency's statute, seat and operational rules. That decision should take account of the level of effective participation in the Agency's activities. Specific groups shall be set up within the Agency bringing together Member States engaged in joint projects. The Agency shall carry out its tasks in liaison with the Commission where necessary.
Article 46

1. Those Member States which wish to participate in the permanent structured cooperation referred to in Article 42(6), which fulfil the criteria and have made the commitments on military capabilities set out in the Protocol on permanent structured cooperation, shall notify their intention to the Council and to the High Representative of the Union for Foreign Affairs and Security Policy.

2. Within three months following the notification referred to in paragraph 1 the Council shall adopt a decision establishing permanent structured cooperation and determining the list of participating Member States. The Council shall act by a qualified majority after consulting the High Representative.

3. Any Member State which, at a later stage, wishes to participate in the permanent structured cooperation shall notify its intention to the Council and to the High Representative.

The Council shall adopt a decision confirming the participation of the Member State concerned which fulfils the criteria and makes the commitments referred to in Articles 1 and 2 of the Protocol on permanent structured cooperation. The Council shall act by a qualified majority after consulting the High Representative. Only members of the Council representing the participating Member States shall take part in the vote.

A qualified majority shall be defined in accordance with Article 238(3) (a) of the Treaty on the Functioning of the European Union.

4. If a participating Member State no longer fulfils the criteria or is no longer able to meet the commitments referred to in Articles 1 and 2 of the Protocol on permanent structured cooperation, the Council may adopt a decision suspending the participation of the Member State concerned.

The Council shall act by a qualified majority. Only members of the Council representing the participating Member States, with the exception of the Member State in question, shall take part in the vote.

A qualified majority shall be defined in accordance with Article 238(3)(a) of the Treaty on the Functioning of the European Union.

5. Any participating Member State which wishes to withdraw from permanent structured cooperation shall notify its intention to the Council, which shall take note that the Member State in question has ceased to participate.

6. The decisions and recommendations of the Council within the framework of permanent structured cooperation, other than those provided for in paragraphs 2 to 5, shall be adopted by unanimity. For the purposes of this paragraph, unanimity shall be constituted by the votes of the representatives of the participating Member States only.
TITLE VI

FINAL PROVISIONS

Article 47

The Union shall have Legal Personality.

Article 48 (ex Article 48 TEU)

1. The Treaties may be amended in accordance with an ordinary revision procedure. They may also be amended in accordance with simplified revision procedures.

Ordinary revision procedure

2. The Government of any Member State, the European Parliament or the Commission may submit to the Council proposals for the amendment of the Treaties. These proposals may, inter alia, serve either to increase or to reduce the competences conferred on the Union in the Treaties. These proposals shall be submitted to the European Council by the Council and the national Parliaments shall be notified.

3. If the European Council, after consulting the European Parliament and the Commission, adopts by a simple majority a decision in favour of examining the proposed amendments, the President of the European Council shall convene a Convention composed of representatives of the national Parliaments, of the Heads of State or Government of the Member States, of the European Parliament and of the Commission. The European Central Bank shall also be consulted in the case of institutional changes in the monetary area.

The Convention shall examine the proposals for amendments and shall adopt by consensus a recommendation to a conference of representatives of the governments of the Member States as provided for in paragraph 4.

The European Council may decide by a simple majority, after obtaining the consent of the European Parliament, not to convene a Convention should this not be justified by the extent of the proposed amendments. In the latter case, the European Council shall define the terms of reference for a conference of representatives of the governments of the Member States.

4. A conference of representatives of the governments of the Member States shall be convened by the President of the Council for the purpose of determining by common accord the amendments to be made to the Treaties. The amendments shall enter into force after being ratified by all the Member States in accordance with their respective constitutional requirements.

5. If, two years after the signature of a treaty amending the Treaties, four fifths of the Member States have ratified it and one or more Member States have encountered difficulties in proceeding with ratification, the matter shall be referred to the European Council.
Simplified revision procedures

6. The Government of any Member State, the European Parliament or the Commission may submit to the European Council proposals for revising all or part of the provisions of Part Three of the Treaty on the Functioning of the European Union relating to the internal policies and action of the Union.

The European Council may adopt a decision amending all or part of the provisions of Part Three of the Treaty on the Functioning of the European Union. The European Council shall act by unanimity after consulting the European Parliament and the Commission, and the European Central Bank in the case of institutional changes in the monetary area. That decision shall not enter into force until it is approved by the Member States in accordance with their respective constitutional requirements.

The decision referred to in the second subparagraph shall not increase the competences conferred on the Union in the Treaties.

7. Where the Treaty on the Functioning of the European Union or Title V of this Treaty provides for the Council to act by unanimity in a given area or case, the European Council may adopt a decision authorising the Council to act by a qualified majority in that area or in that case. This subparagraph shall not apply to decisions with military implications or those in the area of defence.

Where the Treaty on the Functioning of the European Union provides for legislative acts to be adopted by the Council in accordance with a special legislative procedure, the European Council may adopt a decision allowing for the adoption of such acts in accordance with the ordinary legislative procedure.

Any initiative taken by the European Council on the basis of the first or the second subparagraph shall be notified to the national Parliaments. If a national Parliament makes known its opposition within six months of the date of such notification, the decision referred to in the first or the second subparagraph shall not be adopted. In the absence of opposition, the European Council may adopt the decision.

For the adoption of the decisions referred to in the first and second subparagraphs, the European Council shall act by unanimity after obtaining the consent of the European Parliament, which shall be given by a majority of its component members.

Article 49 (ex Article 49 TEU)

Any European State which respects the values referred to in Article 2 and is committed to promoting them may apply to become a member of the Union. The European Parliament and national Parliaments shall be notified of this application. The Applicant State shall address its application to the Council, which shall act unanimously after consulting the Commission and after receiving the consent of the European Parliament, which shall act by a majority of its component members. The conditions of eligibility agreed upon by the European Council shall be taken into account.

U. Simplified Revision of internal policies with no new competences
Inter-governmental Conference not required

European Council decides by unanimity to amend Part III of the TFEU (internal policies)

Amendments must be approved by all member states

U. Simplified revision without ratification (=Deepening clause)

European Council may unanimously move from unanimity to qualified majority, except defence

May also unanimously move to ordinary legislative procedure

National parliament may veto

Consent of the EP by absolute majority of the members needed

U. Union Membership
Respect for the Union’s values (Art. 2 TEU)
Aspiring members must:
- Write to the Council
- Inform EP and national Parliaments
The conditions of admission and the adjustments to the Treaties on which the Union is founded, which such admission entails, shall be the subject of an agreement between the Member States and the Applicant State. This agreement shall be submitted for ratification by all the contracting States in accordance with their respective constitutional requirements.

**Article 50**

1. Any Member State may decide to withdraw from the Union in accordance with its own constitutional requirements.

2. A Member State which decides to withdraw shall notify the European Council of its intention. In the light of the guidelines provided by the European Council, the Union shall negotiate and conclude an agreement with that State, setting out the arrangements for its withdrawal, taking account of the framework for its future relationship with the Union. That agreement shall be negotiated in accordance with Article 218(3) of the Treaty on the Functioning of the European Union. It shall be concluded on behalf of the Union by the Council, acting by a qualified majority, after obtaining the consent of the European Parliament.

3. The Treaties shall cease to apply to the State in question from the date of entry into force of the withdrawal agreement or, failing that, two years after the notification referred to in paragraph 2, unless the European Council, in agreement with the Member State concerned, unanimously decides to extend this period.

4. For the purposes of paragraphs 2 and 3, the member of the European Council or of the Council representing the withdrawing Member State shall not participate in the discussions of the European Council or Council in decisions concerning it.

A qualified majority shall be defined in accordance with Article 238(3) (b) of the Treaty on the Functioning of the European Union.

5. If a State which has withdrawn from the Union asks to rejoin, its request shall be subject to the procedure referred to in Article 49.

**Article 51**

The Protocols and Annexes to the Treaties shall form an integral part thereof.

**Article 52**

1. The Treaties shall apply to the Kingdom of Belgium, the Republic of Bulgaria, the Czech Republic, the Kingdom of Denmark, the Federal Republic of Germany, the Republic of Estonia, Ireland, the Hellenic Republic, the Kingdom of Spain, the French Republic, the Republic of Croatia, the Italian Republic, the Republic of Cyprus, the Republic of Latvia,
the Republic of Lithuania, the Grand Duchy of Luxembourg, the Republic of Hungary, the Republic of Malta, the Kingdom of the Netherlands, the Republic of Austria, the Republic of Poland, the Portuguese Republic, Romania, the Republic of Slovenia, the Slovak Republic, the Republic of Finland, the Kingdom of Sweden and the United Kingdom of Great Britain and Northern Ireland.

2. The territorial scope of the Treaties is specified in Article 355 of the Treaty on the Functioning of the European Union.

   Article 53 (ex Article 51 TEU)

   This Treaty is concluded for an unlimited period.

   Article 54 (ex Article 52 TEU)

   1. This Treaty shall be ratified by the High Contracting Parties in accordance with their respective constitutional requirements. The instruments of ratification shall be deposited with the Government of the Italian Republic.

   2. This Treaty shall enter into force on 1 January 1993, provided that all the Instruments of ratification have been deposited, or, failing that, on the first day of the month following the deposit of the Instrument of ratification by the last signatory State to take this step.

   Article 55 (ex Article 53 TEU)

   1. This Treaty, drawn up in a single original in the Bulgarian, Croatian, Czech, Danish, Dutch, English, Estonian, Finnish, French, German, Greek, Hungarian, Irish, Italian, Latvian, Lithuanian, Maltese, Polish, Portuguese, Romanian, Slovak, Slovenian, Spanish and Swedish languages, the texts in each of these languages being equally authentic, shall be deposited in the archives of the Government of the Italian Republic, which will transmit a certified copy to each of the governments of the other signatory States.

   2. This Treaty may also be translated into any other languages as determined by Member States among those which, in accordance with their constitutional order, enjoy official status in all or part of their territory. A certified copy of such translations shall be provided by the Member States concerned to be deposited in the archives of the Council.

IN WITNESS WHEREOF the undersigned Plenipotentiaries have signed this Treaty.

Done at Maastricht on the seventh day of February in the year one thousand nine hundred and ninety-two.

(List of signatories not reproduced)
CONSORTIATED VERSION OF THE TREATY ON THE FUNCTIONING OF THE EUROPEAN UNION

PREAMBLE


DETERMINED to lay the foundations of an ever closer union among the peoples of Europe, RESOLVED to ensure the economic and social progress of their States by common action to eliminate the barriers which divide Europe,

AFFIRMING as the essential objective of their efforts the constant improvements of the living and working conditions of their peoples,

RECOGNISING that the removal of existing obstacles calls for concerted action in order to guarantee steady expansion, balanced trade and fair competition,

ANXIOUS to strengthen the unity of their economies and to ensure their harmonious development by reducing the differences existing between the various regions and the backwardness of the less favoured regions,

DESIRING to contribute, by means of a common commercial policy, to the progressive abolition of restrictions on international trade,

INTENDING to confirm the solidarity which binds Europe and the overseas countries and desiring to ensure the development of their prosperity, in accordance with the principles of the Charter of the United Nations,

RESOLVED by thus pooling their resources to preserve and strengthen peace and liberty, and calling upon the other peoples of Europe who share their ideal to join in their efforts,

DETERMINED to promote the development of the highest possible level of knowledge for their peoples through a wide access to education and through its continuous updating, and to this end HAVE DESIGNATED as their Plenipotentiaries:

¹ The Republic of Bulgaria, the Czech Republic, the Kingdom of Denmark, the Republic of Estonia, Ireland, the Hellenic Republic, the Kingdom of Spain, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Republic of Hungary, the Republic of Malta, the Republic of Austria, the Republic of Poland, the Portuguese Republic, Romania, the Republic of Slovenia, the Slovak Republic, the Republic of Finland, the Kingdom of Sweden and the United Kingdom of Great Britain and Northern Ireland have since become members of the European Union.
DETERMINED to promote the development of the highest possible level of knowledge for their peoples through a wide access to education and through its continuous updating, and to this end HAVE DESIGNATED as their Plenipotentiaries:

(List of plenipotentiaries not reproduced)

WHO, having exchanged their full powers, found in good and due form, have agreed as follows.

PART ONE

PRINCIPLES

Article 1

1. This Treaty organises the functioning of the Union and determines the areas of, delimitation of, and arrangements for exercising its competences.

2. This Treaty and the Treaty on European Union constitute the Treaties on which the Union is founded. These two Treaties, which have the same legal value, shall be referred to as "the Treaties".

TITLE I

CATEGORIES AND AREAS OF UNION COMPETENCE

Article 2

1. When the Treaties confer on the Union exclusive competence in a specific area, only the Union may legislate and adopt legally binding acts, the Member States being able to do so themselves only if so empowered by the Union or for the implementation of Union acts.

2. When the Treaties confer on the Union a competence shared with the Member States in a specific area, the Union and the Member States may legislate and adopt legally binding acts in that area. The Member States shall exercise their competence to the extent that the Union has not exercised its competence. The Member States shall again exercise their competence to the extent that the Union has decided to cease exercising its competence.

3. The Member States shall coordinate their economic and employment policies within arrangements as determined by this Treaty, which the Union shall have competence to provide.

4. The Union shall have competence, in accordance with the provisions of the Treaty on European Union, to define and implement a common foreign and security policy, including the progressive framing of a common defence policy.

5. In certain areas and under the conditions laid down in the Treaties, the Union shall have competence to carry out actions to support, coordinate or
supplement the actions of the Member States, without thereby superseding their competence in these areas.

Legally binding acts of the Union adopted on the basis of the provisions of the Treaties relating to these areas shall not entail harmonisation of Member States' laws or regulations.

6. The scope of and arrangements for exercising the Union's competences shall be determined by the provisions of the Treaties relating to each area.

Article 3

1. The Union shall have exclusive competence in the following areas:

   (a) Customs union;
   (b) The establishing of the competition rules necessary for the functioning of the internal market;
   (c) Monetary policy for the Member States whose currency is the euro;
   (d) The conservation of marine biological resources under the common fisheries policy;
   (e) Common commercial policy.

2. The Union shall also have exclusive competence for the conclusion of an international agreement when its conclusion is provided for in a legislative act of the Union or is necessary to enable the Union to exercise its internal competence, or in so far as its conclusion may affect common rules or alter their scope.

Article 4

1. The Union shall share competence with the Member States where the Treaties confer on it a competence which does not relate to the areas referred to in Articles 3 and 6.

2. Shared competence between the Union and the Member States applies in the following principal areas:

   (a) Internal market;
   (b) Social policy, for the aspects defined in this Treaty;
   (c) Economic, social and territorial cohesion;
   (d) Agriculture and fisheries, excluding the conservation of marine biological resources;
   (e) Environment;
   (f) Consumer protection;
   (g) Transport;
   (h) Trans-European networks;
   (i) Energy;
   (j) Area of freedom, security and justice;
   (k) Common safety concerns in public health matters, for the aspects defined in this Treaty.

51
3. In the areas of research, technological development and space, the Union shall have competence to carry out activities, in particular to define and implement programmes; however, the exercise of that competence shall not result in Member States being prevented from exercising theirs.

4. In the areas of development cooperation and humanitarian aid, the Union shall have competence to carry out activities and conduct a common policy; however, the exercise of that competence shall not result in Member States being prevented from exercising theirs.

Article 5

1. The Member States shall coordinate their economic policies within the Union. To this end, the Council shall adopt measures, in particular broad guidelines for these policies.

Specific provisions shall apply to those Member States whose currency is the euro.

2. The Union shall take measures to ensure coordination of the employment policies of the Member States, in particular by defining guidelines for these policies.

3. The Union may take initiatives to ensure coordination of Member States' social policies.

Article 6

The Union shall have competence to carry out actions to support, coordinate or supplement the actions of the Member States. The areas of such action shall, at European level, be:

(a) Protection and improvement of human health;
(b) Industry;
(c) Culture;
(d) Tourism;
(e) Education, vocational training, youth and sport;
(f) Civil protection;
(g) Administrative cooperation.

TITLE II

PROVISIONS HAVING GENERAL APPLICATION

Article 7

The Union shall ensure consistency between its policies and activities, taking all of its objectives into account and in accordance with the principle of conferral of powers.
Article 8 (ex Article 3(2) TEC)

Eliminate inequality, promote equality

In all its activities, the Union shall aim to eliminate inequalities, and to promote equality, between men and women.

Article 9

Employment, Social protection, Exclusion, Education, Health

In defining and implementing its policies and activities, the Union shall take into account requirements linked to the promotion of a high level of employment, the guarantee of adequate social protection, the fight against social exclusion, and a high level of education, training and protection of human health.

Article 10

Non discrimination
Sex, race, ethnicity, religion, belief, disability, age, sexual orientation

In defining and implementing its policies and activities, the Union shall aim to combat discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation.

Article 11 (ex Article 6 TEC)

Environment and sustainable development
Integrated into other policies

Environmental protection requirements must be integrated into the definition and implementation of the Union's policies and activities, in particular with a view to promoting sustainable development.

Article 12 (ex Article 153(2) TEC)

Consumer Protection: “Taken into account”

Consumer protection requirements shall be taken into account in defining and implementing other Union policies and activities.

Article 13

Animal welfare and respect of traditions
“pay full regard”, but respect;
- Religious rites
- Cultural traditions
- Regional heritage (E.g. bull fighting)

In formulating and implementing the Union's agriculture, fisheries, transport, internal market, research and technological development and space policies, the Union and the Member States shall, since animals are sentient beings, pay full regard to the welfare requirements of animals, while respecting the legislative or administrative provisions and customs of the Member States relating in particular to religious rites, cultural traditions and regional heritage.

Article 14 (ex Article 16 TEC)

Services of general economic interest

Shared responsibility of Union and member states

Without prejudice to Article 4 of the Treaty on European Union or to Articles 93, 106 and 107 of this Treaty, and given the place occupied by services of general economic interest in the shared values of the Union as well as their role in promoting social and territorial cohesion, the Union and the Member States, each within their respective powers and within the scope of application of the Treaties, shall take care that such services operate on the basis of principles and conditions, particularly economic and financial conditions, which enable them to fulfil their missions.

1 These references are merely indicative. For more ample information, please refer to the tables of equivalences between the old and the new numbering of the Treaties.
The European Parliament and the Council, acting by means of regulations in accordance with the ordinary legislative procedure, shall establish these principles and set these conditions without prejudice to the competence of Member States, in compliance with the Treaties, to provide, to commission and to fund such services.

Article 15 (ex Article 255 TEC)

1. In order to promote good governance and ensure the participation of civil society, the Union's institutions, bodies, offices and agencies shall conduct their work as openly as possible.

2. The European Parliament shall meet in public, as shall the Council when considering and voting on a draft legislative act.

3. Any citizen of the Union, and any natural or legal person residing or having its registered office in a Member State, shall have a right of access to documents of the Union's institutions, bodies, offices and agencies, whatever their medium, subject to the principles and the conditions to be defined in accordance with this paragraph.

General principles and limits on grounds of public or private interest governing this right of access to documents shall be determined by the European Parliament and the Council, by means of regulations, acting in accordance with the ordinary legislative procedure.

Each institution, body, office or agency shall ensure that its proceedings are transparent and shall elaborate in its own Rules of Procedure specific provisions regarding access to its documents, in accordance with the regulations referred to in the second subparagraph.

The Court of Justice of the European Union, the European Central Bank and the European Investment Bank shall be subject to this paragraph only when exercising their administrative tasks.

The European Parliament and the Council shall ensure publication of the documents relating to the legislative procedures under the terms laid down by the regulations referred to in the second subparagraph.

Article 16 (ex Article 286 TEC)

1. Everyone has the right to the protection of personal data concerning them.

2. The European Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall lay down the rules relating to the protection of individuals with regard to the processing of personal data by Union institutions, bodies, offices and agencies, and by the Member States when carrying out activities which fall within the scope of Union law, and the rules relating to the free movement of such data. Compliance with these rules shall be subject to the control of independent authorities.
The rules adopted on the basis of this Article shall be without prejudice to the specific rules laid down in Article 39 of the Treaty on European Union.

**Article 17**

1. The Union respects and does not prejudice the status under national law of churches and religious associations or communities in the Member States.

2. The Union equally respects the status under national law of philosophical and non-confessional organisations.

3. Recognising their identity and their specific contribution, the Union shall maintain an open, transparent and regular dialogue with these churches and organisations.

**PART TWO**

**NON-DISCRIMINATION AND CITIZENSHIP OF THE UNION**

**Article 18 (ex Article 12 TEC)**

Within the scope of application of the Treaties, and without prejudice to any special provisions contained therein, any discrimination on grounds of nationality shall be prohibited.

The European Parliament and the Council, acting in accordance with the ordinary legislative procedure, may adopt rules designed to prohibit such discrimination.

**Article 19 (ex Article 13 TEC)**

1. Without prejudice to the other provisions of the Treaties and within the limits of the powers conferred by them upon the Union, the Council, acting unanimously in accordance with a special legislative procedure and after obtaining the consent of the European Parliament, may take appropriate action to combat discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation.

2. By way of derogation from paragraph 1, the European Parliament and the Council, acting in accordance with the ordinary legislative procedure, may adopt the basic principles of Union incentive measures, excluding any harmonisation of the laws and regulations of the Member States, to support action taken by the Member States in order to contribute to the achievement of the objectives referred to in paragraph 1.

**Article 20 (ex Article 17 TEC)**

1. Citizenship of the Union is hereby established. Every person holding the nationality of a Member State shall be a citizen of the Union. Citizenship of the Union shall be additional to and not replace national citizenship.
2. Citizens of the Union shall enjoy the rights and be subject to the duties provided for in the Treaties. They shall have, *inter alia*:

(a) The right to move and reside freely within the territory of the Member States;

(b) The right to vote and to stand as candidates in elections to the European Parliament and in municipal elections in their Member State of residence, under the same conditions as nationals of that State;

(c) The right to enjoy, in the territory of a third country in which the Member State of which they are nationals is not represented, the protection of the diplomatic and consular authorities of any Member State on the same conditions as the nationals of that State;

(d) The right to petition the European Parliament, to apply to the European Ombudsman, and to address the institutions and advisory bodies of the Union in any of the Treaty languages and to obtain a reply in the same language.

These rights shall be exercised in accordance with the conditions and limits defined by the Treaties and by the measures adopted thereunder.

**Article 21 (ex Article 18 TEC)**

1. Every citizen of the Union shall have the right to move and reside freely within the territory of the Member States, subject to the limitations and conditions laid down in the Treaties and by the measures adopted to give them effect.

2. If action by the Union should prove necessary to attain this objective and the Treaties have not provided the necessary powers, the European Parliament and the Council, acting in accordance with the ordinary legislative procedure, may adopt provisions with a view to facilitating the exercise of the rights referred to in paragraph 1.

3. For the same purposes as those referred to in paragraph 1 and if the Treaties have not provided the necessary powers, the Council, acting in accordance with a special legislative procedure, may adopt measures concerning social security or social protection. The Council shall act unanimously after consulting the European Parliament.

**Article 22 (ex Article 19 TEC)**

1. Every citizen of the Union residing in a Member State of which he is not a national shall have the right to vote and to stand as a candidate at municipal elections in the Member State, in which he resides, under the same conditions as nationals of that State. This right shall be exercised subject to detailed arrangements adopted by the Council, acting unanimously in accordance with a special legislative procedure and after consulting the European Parliament; these arrangements may provide for derogations where warranted by problems specific to a Member State.
2. Without prejudice to Article 223(1) and to the provisions adopted for its implementation, every citizen of the Union residing in a Member State of which he is not a national shall have the right to vote and to stand as a candidate in elections to the European Parliament in the Member State in which he resides, under the same conditions as nationals of that State. This right shall be exercised subject to detailed arrangements adopted by the Council, acting unanimously in accordance with a special legislative procedure and after consulting the European Parliament; these arrangements may provide for derogations where warranted by problems specific to a Member State.

Article 23 (ex Article 20 TEC)

Every citizen of the Union shall, in the territory of a third country in which the Member State of which he is a national is not represented, be entitled to protection by the diplomatic or consular authorities of any Member State, on the same conditions as the nationals of that State.

Member States shall adopt the necessary provisions and start the international negotiations required to secure this protection.

The Council, acting in accordance with a special legislative procedure and after consulting the European Parliament, may adopt directives establishing the coordination and cooperation measures necessary to facilitate such protection.

Article 24 (ex Article 21 TEC)

The European Parliament and the Council, acting by means of regulations in accordance with the ordinary legislative procedure, shall adopt the provisions for the procedures and conditions required for a citizens' initiative within the meaning of Article 11 of the Treaty on European Union, including the minimum number of Member States from which such citizens must come.

Every citizen of the Union shall have the right to petition the European Parliament in accordance with Article 227.

Every citizen of the Union may apply to the Ombudsman established in accordance with Article 228.

Every citizen of the Union may write to any of the institutions or bodies referred to in this Article or in Article 13 of the Treaty on European Union in one of the languages mentioned in Article 55(1) of the Treaty on European Union and have an answer in the same language.

Article 25 (ex Article 22 TEC)

The Commission shall report to the European Parliament, to the Council and to the Economic and Social Committee every three years on the application of the provisions of this Part. This report shall take account of the development of the Union.
On this basis, and without prejudice to the other provisions of the Treaties, the Council, acting unanimously in accordance with a special legislative procedure and after obtaining the consent of the European Parliament, may adopt provisions to strengthen or to add to the rights listed in Article 20(2). These provisions shall enter into force after their approval by the Member States in accordance with their respective constitutional requirements.

PART THREE

UNION POLICIES AND INTERNAL ACTIONS

TITLE I

THE INTERNAL MARKET

Article 26 (ex Article 14 TEC)

1. The Union shall adopt measures with the aim of establishing or ensuring the functioning of the internal market, in accordance with the relevant provisions of the Treaties.

2. The internal market shall comprise an area without internal frontiers in which the free movement of goods, persons, services and capital is ensured in accordance with the provisions of the Treaties.

3. The Council, on a proposal from the Commission, shall determine the guidelines and conditions necessary to ensure balanced progress in all the sectors concerned.

Article 27 (ex Article 15 TEC)

When drawing up its proposals with a view to achieving the objectives set out in Article 26, the Commission shall take into account the extent of the effort that certain economies showing differences in development will have to sustain for the establishment of the internal market and it may propose appropriate provisions.

If these provisions take the form of derogations, they must be of a temporary nature and must cause the least possible disturbance to the functioning of the internal market.

TITLE II

FREE MOVEMENT OF GOODS

Article 28 (ex Article 23 TEC)

1. The Union shall comprise a customs union which shall cover all trade in goods and which shall involve the prohibition between Member States of customs duties on imports and exports and of all charges having equivalent effect, and the adoption of a common customs tariff in their relations with third countries.
2. The provisions of Article 30 and of Chapter 3 of this Title shall apply to products originating in Member States and to products coming from third countries which are in free circulation in Member States.

Article 29 (ex Article 24 TEC)

Products coming from a third country shall be considered to be in free circulation in a Member State if the import formalities have been complied with and any customs duties or charges having equivalent effect which are payable have been levied in that Member State, and if they have not benefited from a total or partial drawback of such duties or charges.

Chapter 1

The Customs Union

Article 30 (ex Article 25 TEC)

Customs duties on imports and exports and charges having equivalent effect shall be prohibited between Member States. This prohibition shall also apply to customs duties of a fiscal nature.

Article 31 (ex Article 26 TEC)

Common Customs Tariff duties shall be fixed by the Council on a proposal from the Commission.

Article 32 (ex Article 27 TEC)

In carrying out the tasks entrusted to it under this Chapter the Commission shall be guided by:

- **Promote trade**
  - (a) The need to promote trade between Member States and third countries;

- **Improve competitive capacity**
  - (b) Developments in conditions of competition within the Union in so far as they lead to an improvement in the competitive capacity of undertakings;

- **Ensure supply**
  - (c) The requirements of the Union as regards the supply of raw materials and semi-finished goods; in this connection the Commission shall take care to avoid distorting conditions of competition between Member States in respect of finished goods;

- **Avoid distorting competition**
  - (d) The need to avoid serious disturbances in the economies of Member States and to ensure rational development of production and an expansion of consumption within the Union.
Chapter 2

Customs Cooperation

Article 33 (ex Article 135 TEC)

Within the scope of application of the Treaties, the European Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall take measures in order to strengthen customs cooperation between Member States and between the latter and the Commission.

Chapter 3

Prohibition of quantitative restrictions between Member States

Article 34 (ex Article 28 TEC)

Quantitative restrictions on imports and all measures having equivalent effect shall be prohibited between Member States.

Article 35 (ex Article 29 TEC)

Quantitative restrictions on exports, and all measures having equivalent effect, shall be prohibited between Member States.

Article 36 (ex Article 30 TEC)

The provisions of Articles 34 and 35 shall not preclude prohibitions or restrictions on imports, exports or goods in transit justified on grounds of public morality, public policy or public security; the protection of health and life of humans, animals or plants; the protection of national treasures possessing artistic, historic or archaeological value; or the protection of industrial and commercial property. Such prohibitions or restrictions shall not, however, constitute a means of arbitrary discrimination or a disguised restriction on trade between Member States.

Article 37 (ex Article 31 TEC)

1. Member States shall adjust any State monopolies of a commercial character so as to ensure that no discrimination regarding the conditions under which goods are procured and marketed exists between nationals of Member States.

2. Member States shall refrain from introducing any new measure which is contrary to the principles laid down in paragraph 1 or which restricts the scope of the articles dealing with the prohibition of customs duties and quantitative restrictions between Member States.
3. If a State monopoly of a commercial character has rules which are designed to make it easier to dispose of agricultural products or obtain for them the best return, steps should be taken in applying the rules contained in this Article to ensure equivalent safeguards for the employment and standard of living of the producers concerned.

**TITLE III**

**AGRICULTURE AND FISHERIES**

Article 38 (ex Article 32 TEC)

1. The Union shall define and implement a common agriculture and fisheries policy. The internal market shall extend to agriculture, fisheries and trade in agricultural products.

"Agricultural products" means the products of the soil, of stock farming and of fisheries and products of first-stage processing directly related to these products. References to the common agricultural policy or to agriculture, and the use of the term "agricultural", shall be understood as also referring to fisheries, having regard to the specific characteristics of this sector.

2. Save as otherwise provided in Articles 39 to 44, the rules laid down for the establishment and functioning of the internal market shall apply to agricultural products.

3. The products subject to the provisions of Articles 39 to 44 are listed in Annex I.

4. The operation and development of the internal market for agricultural products must be accompanied by the establishment of a common agricultural policy.

Article 39 (ex Article 33 TEC)

1. The objectives of the common agricultural policy shall be:

(a) To increase agricultural productivity by promoting technical progress and by ensuring the rational development of agricultural production and the optimum utilisation of the factors of production, in particular labour;

(b) Thus to ensure a fair standard of living for the agricultural community, in particular by increasing the individual earnings of persons engaged in agriculture;

(c) To stabilise markets;

(d) To assure the availability of supplies;
(e) To ensure that supplies reach consumers at reasonable prices.

2. In working out the common agricultural policy and the special methods for its application, account shall be taken of:

(a) The particular nature of agricultural activity, which results from the social structure of agriculture and from structural and natural disparities between the various agricultural regions;

(b) The need to effect the appropriate adjustments by degrees;

(c) The fact that in the Member States agriculture constitutes a sector closely linked with the economy as a whole.

Article 40 (ex Article 34 TEC)

1. In order to attain the objectives set out in Article 39, a common organisation of agricultural markets shall be established.

This organisation shall take one of the following forms, depending on the product concerned:

(a) Common rules on competition;

(b) Compulsory coordination of the various national market organisations;

(c) A European market organisation.

2. The common organisation established in accordance with paragraph 1 may include all measures required to attain the objectives set out in Article 39, in particular regulation of prices, aids for the production and marketing of the various products, storage and carryover arrangements and common machinery for stabilising imports or exports.

The common organisation shall be limited to pursuit of the objectives set out in Article 39 and shall exclude any discrimination between producers or consumers within the Union.

Any common price policy shall be based on common criteria and uniform methods of calculation.

3. In order to enable the common organisation referred to in paragraph 1 to attain its objectives, one or more agricultural guidance and guarantee funds may be set up.

Article 41 (ex Article 35 TEC)

To enable the objectives set out in Article 39 to be attained, provision may be made within the framework of the common agricultural policy for measures such as:

- Reasonable prices
- The particular nature of agricultural activity
- Gradual adjustment
- The close links between the economies
- Competition rules
- Compulsory coordination of markets
- A European market organisation, CMO
- Regulation of prices
- Aid
- Storage
- Import and export stabilization
- No discrimination inside Union
- Uniform price calculation methods
- Guarantee Funds
- Other means
- Coordination, training, research, dissemination of knowledge

- Promote consumption

(a) An effective coordination of efforts in the spheres of vocational training, of research and of the dissemination of agricultural knowledge; this may include joint financing of projects or institutions;

(b) Joint measures to promote consumption of certain products.

Article 42 (ex Article 36 TEC)

The provisions of the Chapter relating to rules on competition shall apply to production of and trade in agricultural products only to the extent determined by the European Parliament and the Council within the framework of Article 43(2) and in accordance with the procedure laid down therein, account being taken of the objectives set out in Article 39.

The Council, on a proposal from the Commission, may authorise the granting of aid:

(a) For the protection of enterprises handicapped by structural or natural conditions;

(b) Within the framework of economic development programmes.

Article 43 (ex Article 37 TEC)

1. The Commission shall submit proposals for working out and implementing the common agricultural policy, including the replacement of the national organisations by one of the forms of common organisation provided for in Article 40(1), and for implementing the measures specified in this Title.

These proposals shall take account of the interdependence of the agricultural matters mentioned in this Title.

2. The European Parliament and the Council, acting in accordance with the ordinary legislative procedure and after consulting the Economic and Social Committee, shall establish the common organisation of agricultural markets provided for in Article 40(1) and the other provisions necessary for the pursuit of the objectives of the common agricultural policy and the common fisheries policy.

3. The Council, on a proposal from the Commission, shall adopt measures on fixing prices, levies, aid and quantitative limitations and on the fixing and allocation of fishing opportunities.

4. In accordance with paragraph 2, the national market organisations may be replaced by the common organisation provided for in Article 40(1) if:

(a) The common organisation offers Member States which are opposed to this measure and which have an organisation of their own for the production in question equivalent safeguards for the employment and standard of living of the producers concerned, account being taken of the adjustments that will be possible and the specialisation that will be needed with the passage of time;
(b) Such an organisation ensures conditions for trade within the Union similar to those existing in a national market.

5. If a common organisation for certain raw materials is established before a common organisation exists for the corresponding processed products, such raw materials as are used for processed products intended for export to third countries may be imported from outside the Union.

Article 44 (ex Article 38 TEC)

Where in a Member State a product is subject to a national market organisation or to internal rules having equivalent effect which affect the competitive position of similar production in another Member State, a countervailing charge shall be applied by Member States to imports of this product coming from the Member State where such organisation or rules exist, unless that State applies a countervailing charge on export.

The Commission shall fix the amount of these charges at the level required to redress the balance; it may also authorise other measures, the conditions and details of which it shall determine.

TITLE IV

FREE MOVEMENT OF PERSONS, SERVICES AND CAPITAL

Chapter 1

Workers

Article 45 (ex Article 39 TEC)

1. Freedom of movement for workers shall be secured within the Union.

2. Such freedom of movement shall entail the abolition of any discrimination based on nationality between workers of the Member States as regards employment, remuneration and other conditions of work and employment.

3. It shall entail the right, subject to limitations justified on grounds of public policy, public security or public health:

   a) To accept offers of employment actually made;
   b) To move freely within the territory of Member States for this purpose;
   c) To stay in a Member State for the purpose of employment in accordance with the provisions governing the employment of nationals of that State laid down by law, regulation or administrative action;
   d) To remain in the territory of a Member State after having been employed in that State, subject to conditions which shall be embodied in regulations to be drawn up by the Commission.

4. The provisions of this Article shall not apply to employment in the public service.
Aims:

**Free movement of workers regulated by ordinary legislative procedure**

The European Parliament and the Council shall, acting in accordance with the ordinary legislative procedure and after consulting the Economic and Social Committee, issue directives or make regulations setting out the measures required to bring about freedom of movement for workers, as defined in Article 45, in particular:

(a) By ensuring close cooperation between national employment services;

(b) By abolishing those administrative procedures and practices and those qualifying periods in respect of eligibility for available employment, whether resulting from national legislation or from agreements previously concluded between Member States, the maintenance of which would form an obstacle to liberalisation of the movement of workers;

(c) By abolishing all such qualifying periods and other restrictions provided for either under national legislation or under agreements previously concluded between Member States as imposed on workers of other Member States conditions regarding the free choice of employment other than those imposed on workers of the State concerned;

(d) By setting up appropriate machinery to bring offers of employment into touch with applications for employment and to facilitate the achievement of a balance between supply and demand in the employment market in such a way as to avoid serious threats to the standard of living and level of employment in the various regions and industries.

**Article 46 (ex Article 40 TEC)**

**Exchange of young workers**

Member States shall, within the framework of a joint programme, encourage the exchange of young workers.

**Shared competence: social protection**

- For migrant workers and their dependants by qualified majority

**Article 47 (ex Article 41 TEC)**

**Periods of work in different countries used to calculate benefits**

The European Parliament and the Council shall, acting in accordance with the ordinary legislative procedure, adopt such measures in the field of social security as are necessary to provide freedom of movement for workers; to this end, they shall make arrangements to secure for employed and self-employed migrant workers and their dependants:

(a) Aggregation, for the purpose of acquiring and retaining the right to benefit and of calculating the amount of benefit, of all periods taken into account under the laws of the several countries;

(b) Payment of benefits to persons resident in the territories of Member States. Where a member of the Council declares that a draft legislative act referred to in the first subparagraph would affect important aspects of its social security system, including its scope, cost or financial structure, or would affect the financial balance of that system, it may request that the matter be referred to the European Council. In that case, the ordinary legislative procedure shall be
Suspended. After discussion, the European Council shall, within four months of 
this suspension, either:

(a) Refer the draft back to the Council, which shall terminate the suspension of 
the ordinary legislative procedure; or

(b) Take no action or request the Commission to submit a new proposal; in that 
case, the act originally proposed shall be deemed not to have been adopted.

Chapter 2

Right of Establishment

Article 49 (ex Article 43 TEC)

Within the framework of the provisions set out below, restrictions on the freedom 
of establishment of nationals of a Member State in the territory of another 
Member State shall be prohibited. Such prohibition shall also apply to restrictions 
on the setting-up of agencies, branches or subsidiaries by nationals of any 
Member State established in the territory of any Member State.

Freedom of establishment shall include the right to take up and pursue activities 
as self-employed persons and to set up and manage undertakings, in particular 
companies or firms within the meaning of the second paragraph of Article 54, 
under the conditions laid down for its own nationals by the law of the country 
where such establishment is effected, subject to the provisions of the Chapter 
relating to capital.

Article 50 (ex Article 44 TEC)

1. In order to attain freedom of establishment as regards a particular activity, the 
European Parliament and the Council, acting in accordance with the ordinary 
legislative procedure and after consulting the Economic and Social 
Committee, shall act by means of directives.

2. The European Parliament, the Council and the Commission shall carry out the 
duties devolving upon them under the preceding provisions, in particular:

(a) By according, as a general rule, priority treatment to activities where freedom 
of establishment makes a particularly valuable contribution to the 
development of production and trade;

(b) By ensuring close cooperation between the competent authorities in the 
Member States in order to ascertain the particular situation within the Union 
of the various activities concerned;

(c) By abolishing those administrative procedures and practices, whether 
resulting from national legislation or from agreements previously concluded 
between Member States, the maintenance of which would form an obstacle to 
freedom of establishment;
Remaining in territory
(d) By ensuring that workers of one Member State employed in the territory of another Member State may remain in that territory for the purpose of taking up activities therein as self-employed persons, where they satisfy the conditions which they would be required to satisfy if they were entering that State at the time when they intended to take up such activities;

Acquisition of land and buildings, limited by Art. 39.2 on agriculture
(e) By enabling a national of one Member State to acquire and use land and buildings situated in the territory of another Member State, in so far as this does not conflict with the principles laid down in Article 39(2);

Abolition of restrictions for certain branches of activities
(f) By effecting the progressive abolition of restrictions on freedom of establishment in every branch of activity under consideration, both as regards the conditions for setting up agencies, branches or subsidiaries in the territory of a Member State and as regards the subsidiaries in the territory of a Member State and as regards the conditions governing the entry of personnel belonging to the main establishment into managerial or supervisory posts in such agencies, branches or subsidiaries;

Protection of member states’ interests
(g) By coordinating to the necessary extent the safeguards which, for the protection of the interests of members and others, are required by Member States of companies or firms within the meaning of the second paragraph of Article 54 with a view to making such safeguards equivalent throughout the Union;

No distortion through aid by member states
(h) By satisfying themselves that the conditions of establishment are not distorted by aids granted by Member States.

Article 51 (ex Article 45 TEC)

Official authorities exempted
The provisions of this Chapter shall not apply, so far as any given Member State is concerned, to activities which in that State are connected, even occasionally, with the exercise of official authority.

Other exemptions possible through law
The European Parliament and the Council, acting in accordance with the ordinary legislative procedure, may rule that the provisions of this Chapter shall not apply to certain activities.

Article 52 (ex Article 46 TEC)

Special treatment for foreign nationals on grounds of public policy, security, health
1. The provisions of this Chapter and measures taken in pursuance thereof shall not prejudice the applicability of provisions laid down by law, regulation or administrative action providing for special treatment for foreign nationals on grounds of public policy, public security or public health.

Coordination through legislative procedure
2. The European Parliament and the Council shall, acting in accordance with the ordinary legislative procedure, issue directives for the coordination of the abovementioned provisions.
Article 53 (ex Article 47 TEC)

1. In order to make it easier for persons to take up and pursue activities as self-employed persons, the European Parliament and the Council shall, acting in accordance with the ordinary legislative procedure, issue directives for the mutual recognition of diplomas, certificates and other evidence of formal qualifications and for the coordination of the provisions laid down by law, regulation or administrative action in Member States concerning the taking-up and pursuit of activities as self-employed persons.

2. In the case of the medical and allied and pharmaceutical professions, the progressive abolition of restrictions shall be dependent upon coordination of the conditions for their exercise in the various Member States.

Article 54 (ex Article 48 TEC)

Companies or firms formed in accordance with the law of a Member State and having their registered office, central administration or principal place of business within the Union shall, for the purposes of this Chapter, be treated in the same way as natural persons who are nationals of Member States.

"Companies or firms" means companies or firms constituted under civil or commercial law, including cooperative societies, and other legal persons governed by public or private law, save for those which are non-profit-making.

Article 55 (ex Article 294 TEC)

Member States shall accord nationals of the other Member States the same treatment as their own nationals as regards participation in the capital of companies or firms within the meaning of Article 54, without prejudice to the application of the other provisions of the Treaties.

Chapter 3
Services

Article 56 (ex Article 49 TEC)

Within the framework of the provisions set out below, restrictions on freedom to provide services within the Union shall be prohibited in respect of nationals of Member States who are established in a Member State other than that of the person for whom the services are intended.

The European Parliament and the Council, acting in accordance with the ordinary legislative procedure, may extend the provisions of the Chapter to nationals of a third country who provide services and who are established within the Union.

Article 57 (ex Article 50 TEC)

Services shall be considered to be "services" within the meaning of the Treaties where they are normally provided for remuneration, in so far as they are not governed by the provisions relating to freedom of movement for goods, capital and persons.
Definition includes: "Services" shall in particular include:

- Industrial activities
- Commercial activities
- Craftsmen
- Professionals

Provisions of services under the same conditions as the state's own nationals

Without prejudice to the provisions of the Chapter relating to the right of establishment, the person providing a service may, in order to do so, temporarily pursue his activity in the Member State where the service is provided, under the same conditions as are imposed by that State on its own nationals.

**Transport**

**Banking & insurance**

1. Freedom to provide services in the field of transport shall be governed by the provisions of the Title relating to transport.

2. The liberalisation of banking and insurance services connected with movements of capital shall be effected in step with the liberalisation of movement of capital.

**Article 58 (ex Article 51 TEC)**

**Further liberalisation**

- Now by ordinary legislative procedure

1. In order to achieve the liberalisation of a specific service, the European Parliament and the Council, acting in accordance with the ordinary legislative procedure and after consulting the Economic and Social Committee, shall issue directives.

2. As regards the directives referred to in paragraph 1, priority shall as a general rule be given to those services which directly affect production costs or the liberalisation of which helps to promote trade in goods.

**Article 59 (ex Article 52 TEC)**

**Possibility to adopt measures more rapid**

The Member States shall endeavour to undertake the liberalisation of services beyond the extent required by the directives issued pursuant to Article 59(1), if their general economic situation and the situation of the economic sector concerned so permit.

**Recommenda tions from the Commission**

To this end, the Commission shall make recommendations to the Member States concerned.

**Article 60 (ex Article 53 TEC)**

**No discrimination on grounds of nationality or residence**

As long as restrictions on freedom to provide services have not been abolished, each Member State shall apply such restrictions without distinction on grounds of nationality or residence to all persons providing services within the meaning of the first paragraph of Article 56.
Article 62 (ex Article 55 TEC)

The provisions of Articles 51 to 54 shall apply to the matters covered by this Chapter.

Chapter 4

Capital and Payments

Article 63 (ex Article 56 TEC)

1. Within the framework of the provisions set out in this Chapter, all restrictions on the movement of capital between Member States and between Member States and third countries shall be prohibited.

2. Within the framework of the provisions set out in this Chapter, all restrictions on payments between Member States and between Member States and third countries shall be prohibited.

Article 64 (ex Article 57 TEC)

1. The provisions of Article 63 shall be without prejudice to the application to third countries of any restrictions which exist on 31 December 1993 under national or Union law adopted in respect of the movement of capital to or from third countries involving direct investment – including in real estate – establishment, the provision of financial services or the admission of securities to capital markets. In respect of restrictions existing under national law in Bulgaria, Estonia and Hungary, the relevant date shall be 31 December 1999. In respect of restrictions existing under national law in Croatia, the relevant date shall be 31 December 2002.

2. Whilst endeavouring to achieve the objective of free movement of capital between Member States and third countries to the greatest extent possible and without prejudice to the other Chapters of the Treaties, the European Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall adopt the measures on the movement of capital to or from third countries involving direct investment – including investment in real estate – establishment, the provision of financial services or the admission of securities to capital markets.

3. Notwithstanding paragraph 2, only the Council, acting in accordance with a special legislative procedure, may unanimously, and after consulting the European Parliament, adopt measures which constitute a step backwards in Union law as regards the liberalisation of the movement of capital to or from third countries.

Article 65 (ex Article 58 TEC)

1. The provisions of Article 63 shall be without prejudice to the right of Member States:
(a) To apply the relevant provisions of their tax law which distinguish between taxpayers who are not in the same situation with regard to their place of residence or with regard to the place where their capital is invested;

(b) To take all requisite measures to prevent infringements of national law and regulations, in particular in the field of taxation and the prudential supervision of financial institutions, or to lay down procedures for the declaration of capital movements for purposes of administrative or statistical information, or to take measures which are justified on grounds of public policy or public security.

2. The provisions of this Chapter shall be without prejudice to the applicability of restrictions on the right of establishment which are compatible with the Treaties.

3. The measures and procedures referred to in paragraphs 1 and 2 shall not constitute a means of arbitrary discrimination or a disguised restriction on the free movement of capital and payments as defined in Article 63.

4. In the absence of measures pursuant to Article 64(3), the Commission or, in the absence of a Commission decision within three months from the request of the Member State concerned, the Council, may adopt a decision stating that restrictive tax measures adopted by a Member State concerning one or more third countries are to be considered compatible with the Treaties in so far as they are justified by one of the objectives of the Union and compatible with the proper functioning of the internal market. The Council shall act unanimously on application by a Member State.

Article 66 (ex Article 59 TEC)

Where, in exceptional circumstances, movements of capital to or from third countries cause, or threaten to cause, serious difficulties for the operation of economic and monetary union, the Council, on a proposal from the Commission and after consulting the European Central Bank, may take safeguard measures with regard to third countries for a period not exceeding six months if such measures are strictly necessary.

TITLE V

AREA OF FREEDOM, SECURITY AND JUSTICE

Chapter 1
General Provisions

Article 67 (ex Article 61 TEC and ex Article 29 TEU)

1. The Union shall constitute an area of freedom, security and justice with respect for fundamental rights and the different legal systems and traditions of the Member States.
2. It shall ensure the absence of internal border controls for persons and shall frame a common policy on asylum, immigration and external border control, based on solidarity between Member States, which is fair towards third-country nationals. For the purpose of this Title, stateless persons shall be treated as third-country nationals.

3. The Union shall endeavour to ensure a high level of security through measures to prevent and combat crime, racism and xenophobia, and through measures for coordination and cooperation between police and judicial authorities and other competent authorities, as well as through the mutual recognition of judgments in criminal matters and, if necessary, through the approximation of criminal laws.

4. The Union shall facilitate access to justice, in particular through the principle of mutual recognition of judicial and extrajudicial decisions in civil matters.

Article 68

The European Council shall define the strategic guidelines for legislative and operational planning within the area of freedom, security and justice.

Article 69

National Parliaments ensure that the proposals and legislative initiatives submitted under Chapters 4 and 5 comply with the principle of subsidiarity, in accordance with the arrangements laid down by the Protocol on the application of the principles of subsidiarity and proportionality.

Article 70

Without prejudice to Articles 258, 259 and 260, the Council may, on a proposal from the Commission, adopt measures laying down the arrangements whereby Member States, in collaboration with the Commission, conduct objective and impartial evaluation of the implementation of the Union policies referred to in this Title by Member States' authorities, in particular in order to facilitate full application of the principle of mutual recognition. The European Parliament and national Parliaments shall be informed of the content and results of the evaluation.

Article 71 (ex Article 36 TEU)

A standing committee shall be set up within the Council in order to ensure that operational cooperation on internal security is promoted and strengthened within the Union. Without prejudice to Article 240, it shall facilitate coordination of the action of Member States' competent authorities. Representatives of the Union bodies, offices and agencies concerned may be involved in the proceedings of this committee. The European Parliament and national Parliaments shall be kept informed of the proceedings.
Article 72 (ex Article 64(1) TEC and ex Article 33 TEU)

This Title shall not affect the exercise of the responsibilities incumbent upon Member States with regard to the maintenance of law and order and the safeguarding of internal security.

Article 73

It shall be open to Member States to organise between themselves and under their responsibility such forms of cooperation and coordination as they deem appropriate between the competent departments of their administrations responsible for safeguarding national security.

Article 74 (ex Article 66 TEC)

The Council shall adopt measures to ensure administrative cooperation between the relevant departments of the Member States in the areas covered by this Title, as well as between those departments and the Commission. It shall act on a Commission proposal, subject to Article 76, and after consulting the European Parliament.

Article 75 (ex Article 60 TEC)

Where necessary to achieve the objectives set out in Article 67, as regards preventing and combating terrorism and related activities, the European Parliament and the Council, acting by means of regulations in accordance with the ordinary legislative procedure, shall define a framework for administrative measures with regard to capital movements and payments, such as the freezing of funds, financial assets or economic gains belonging to, or owned or held by, natural or legal persons, groups or non-State entities.

The Council, on a proposal from the Commission, shall adopt measures to implement the framework referred to in the first paragraph.

The acts referred to in this Article shall include necessary provisions on legal safeguards.

Article 76

The acts referred to in Chapters 4 and 5, together with the measures referred to in Article 74 which ensure administrative cooperation in the areas covered by these Chapters, shall be adopted:

(a) On a proposal from the Commission, or
(b) On the initiative of a quarter of the Member States.
Chapter 2

Policies on border checks, asylum and immigration

Article 77 (ex Article 62 TEC)

1. The Union shall develop a policy with a view to:

(a) Ensuring the absence of any controls on persons, whatever their nationality, when crossing internal borders;
(b) Carrying out checks on persons and efficient monitoring of the crossing of external borders;
(c) The gradual introduction of an integrated management system for external borders.

2. For the purposes of paragraph 1, the European Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall adopt measures concerning:

(a) The common policy on visas and other short-stay residence permits;
(b) The checks to which persons crossing external borders are subject;
(c) The conditions under which nationals of third countries shall have the freedom to travel within the Union for a short period;
(d) Any measure necessary for the gradual establishment of an integrated management system for external borders;
(e) The absence of any controls on persons, whatever their nationality, when crossing internal borders.

3. If action by the Union should prove necessary to facilitate the exercise of the right referred to in Article 20(2)(a), and if the Treaties have not provided the necessary powers, the Council, acting in accordance with a special legislative procedure, may adopt provisions concerning passports, identity cards, residence permits or any other such document. The Council shall act unanimously after consulting the European Parliament.

4. This Article shall not affect the competence of the Member States concerning the geographical demarcation of their borders, in accordance with international law.

Article 78 (ex Articles 63, points 1 and 2, and 64(2) TEC)

1. The Union shall develop a common policy on asylum, subsidiary protection and temporary protection with a view to offering appropriate status to any third-country national requiring international protection and ensuring compliance with the principle of non-refoulement. This policy must be in accordance with the Geneva Convention of 28 July 1951 and the Protocol of 31 January 1967 relating to the status of refugees, and other relevant treaties.

2. For the purposes of paragraph 1, the European Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall adopt measures for a common European asylum system comprising:
- Uniform asylum system
(a) A uniform status of asylum for nationals of third countries, valid throughout the Union;

- Uniform status for third country nationals
(b) A uniform status of subsidiary protection for nationals of third countries who, without obtaining European asylum, are in need of international protection;

- Common system for temporary protection for displaced persons
(c) A common system of temporary protection for displaced persons in the event of a massive inflow;

- Granting and withdrawing asylum
(d) Common procedures for the granting and withdrawing of uniform asylum or subsidiary protection status;

- Determining member state responsible for application for asylum
(e) Criteria and mechanisms for determining which Member State is responsible for considering an application for asylum or subsidiary protection;

- Standards for the reception of asylum
(f) Standards concerning the conditions for the reception of applicants for asylum or subsidiary protection;

- Partnerships with third countries to manage inflows
(g) Partnership and cooperation with third countries for the purpose of managing inflows of people applying for asylum or subsidiary or temporary protection.

Provisional measures against massive inflow: Commission proposes, Council decides by QMV

3. In the event of one or more Member States being confronted by an emergency situation characterised by a sudden inflow of nationals of third countries, the Council, on a proposal from the Commission, may adopt provisional measures for the benefit of the Member State(s) concerned. It shall act after consulting the European Parliament.

Article 79 (ex Article 63, points 3 and 4, TEC)

1. The Union shall develop a common immigration policy aimed at ensuring, at all stages, the efficient management of migration flows, fair treatment of third-country nationals residing legally in Member States, and the prevention of, and enhanced measures to combat, illegal immigration and trafficking in human beings.

2. For the purposes of paragraph 1, the European Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall adopt measures in the following areas:

Ordinary legislative procedure for:

- Entry and residence
(a) The conditions of entry and residence, and standards on the issue by Member States of long-term visas and residence permits, including those for the purpose of family reunification;

- Long term visas
(b) The definition of the rights of third-country nationals residing legally in a Member State, including the conditions governing freedom of movement and of residence in other Member States;

- Residence permits
(c) Illegal immigration and unauthorised residence, including removal and repatriation of persons residing without authorisation;

- Family reunion
(d) Combating trafficking in persons, in particular women and children.
3. The Union may conclude agreements with third countries for the readmission to their countries of origin or provenance of third-country nationals who do not or who no longer fulfil the conditions for entry, presence or residence in the territory of one of the Member States.

4. The European Parliament and the Council, acting in accordance with the ordinary legislative procedure, may establish measures to provide incentives and support for the action of Member States with a view to promoting the integration of third-country nationals residing legally in their territories, excluding any harmonisation of the laws and regulations of the Member States.

5. This Article shall not affect the right of Member States to determine volumes of admission of third-country nationals coming from third countries to their territory in order to seek work, whether employed or self-employed.

Article 80

The policies of the Union set out in this Chapter and their implementation shall be governed by the principle of solidarity and fair sharing of responsibility, including its financial implications, between the Member States. Whenever necessary, the Union acts adopted pursuant to this Chapter shall contain appropriate measures to give effect to this principle.

Chapter 3

Judicial cooperation in civil matters

Article 81 (ex Article 65 TEC)

1. The Union shall develop judicial cooperation in civil matters having cross-border implications, based on the principle of mutual recognition of judgments and of decisions in extrajudicial cases. Such cooperation may include the adoption of measures for the approximation of the laws and regulations of the Member States.

2. For the purposes of paragraph 1, the European Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall adopt measures, particularly when necessary for the proper functioning of the internal market, aimed at ensuring:

(a) The mutual recognition and enforcement between Member States of judgments and of decisions in extrajudicial cases;
(b) The cross-border service of judicial and extrajudicial documents;
(c) The compatibility of the rules applicable in the Member States concerning conflict of laws and of jurisdiction;
(d) Cooperation in the taking of evidence;
(e) Effective access to justice;
(f) The elimination of obstacles to the proper functioning of civil proceedings, if necessary by promoting the compatibility of the rules on civil procedure applicable in the Member States;
(g) The development of alternative methods of dispute settlement;  
(h) Support for the training of the judiciary and judicial staff.

3. Notwithstanding paragraph 2, measures concerning family law with cross-border implications shall be established by the Council, acting in accordance with a special legislative procedure. The Council shall act unanimously after consulting the European Parliament.

The Council, on a proposal from the Commission, may adopt a decision determining those aspects of family law with cross-border implications which may be the subject of acts adopted by the ordinary legislative procedure. The Council shall act unanimously after consulting the European Parliament.

The proposal referred to in the second subparagraph shall be notified to the national Parliaments. If a national Parliament makes known its opposition within six months of the date of such notification, the decision shall not be adopted. In the absence of opposition, the Council may adopt the decision.

Chapter 4

Judicial cooperation in criminal matters

Article 82 (ex Article 31 TEU)

1. Judicial cooperation in criminal matters in the Union shall be based on the principle of mutual recognition of judgments and judicial decisions and shall include the approximation of the laws and regulations of the Member States in the areas referred to in paragraph 2 and in Article 83.

The European Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall adopt measures to:

(a) Lay down rules and procedures for ensuring recognition throughout the Union of all forms of judgments and judicial decisions;

(b) Prevent and settle conflicts of jurisdiction between Member States;  (c) support the training of the judiciary and judicial staff;

(d) Facilitate cooperation between judicial or equivalent authorities of the Member States in relation to proceedings in criminal matters and the enforcement of decisions.

2. To the extent necessary to facilitate mutual recognition of judgments and judicial decisions and police and judicial cooperation in criminal matters having a cross-border dimension, the European Parliament and the Council may, by means of directives adopted in accordance with the ordinary legislative procedure, establish minimum rules. Such rules shall take into account the differences between the legal traditions and systems of the Member States.

They shall concern:
(a) Mutual admissibility of evidence between Member States;

(b) The rights of individuals in criminal procedure;

(c) The rights of victims of crime;

(d) Any other specific aspects of criminal procedure which the Council has identified in advance by a decision; for the adoption of such a decision, the Council shall act unanimously after obtaining the consent of the European Parliament.

Adoption of the minimum rules referred to in this paragraph shall not prevent Member States from maintaining or introducing a higher level of protection for individuals.

3. Where a member of the Council considers that a draft directive as referred to in paragraph 2 would affect fundamental aspects of its criminal justice system, it may request that the draft directive be referred to the European Council. In that case, the ordinary legislative procedure shall be suspended. After discussion, and in case of a consensus, the European Council shall, within four months of this suspension, refer the draft back to the Council, which shall terminate the suspension of the ordinary legislative procedure.

Within the same timeframe, in case of disagreement, and if at least nine Member States wish to establish enhanced cooperation on the basis of the draft directive concerned, they shall notify the European Parliament, the Council and the Commission accordingly. In such a case, the authorisation to proceed with enhanced cooperation referred to in Article 20(2) of the Treaty on European Union and Article 329(1) of this Treaty shall be deemed to be granted and the provisions on enhanced cooperation shall apply.

Article 83 (ex Article 31 TEU)

1. The European Parliament and the Council may, by means of directives adopted in accordance with the ordinary legislative procedure, establish minimum rules concerning the definition of criminal offences and sanctions in the areas of particularly serious crime with a cross-border dimension resulting from the nature or impact of such offences or from a special need to combat them on a common basis.

These areas of crime are the following: terrorism, trafficking in human beings and sexual exploitation of women and children, illicit drug trafficking, illicit arms trafficking, money laundering, corruption, counterfeiting of means of payment, computer crime and organised crime.

On the basis of developments in crime, the Council may adopt a decision identifying other areas of crime that meet the criteria specified in this paragraph. It shall act unanimously after obtaining the consent of the European Parliament.

2. If the approximation of criminal laws and regulations of the Member States proves essential to ensure the effective implementation of a Union policy in an
area which has been subject to harmonisation measures, directives may establish minimum rules with regard to the definition of criminal offences and sanctions in the area concerned. Such directives shall be adopted by the same ordinary or special legislative procedure as was followed for the adoption of the harmonisation measures in question, without prejudice to Article 76.

3. Where a member of the Council considers that a draft directive as referred to in paragraph 1 or 2 would affect fundamental aspects of its criminal justice system, it may request that the draft directive be referred to the European Council. In that case, the ordinary legislative procedure shall be suspended. After discussion, and in case of a consensus, the European Council shall, within four months of this suspension, refer the draft back to the Council, which shall terminate the suspension of the ordinary legislative procedure.

Within the same timeframe, in case of disagreement, and if at least nine Member States wish to establish enhanced cooperation on the basis of the draft directive concerned, they shall notify the European Parliament, the Council and the Commission accordingly. In such a case, the authorisation to proceed with enhanced cooperation referred to in Article 20(2) of the Treaty on European Union and Article 329(1) of this Treaty shall be deemed to be granted and the provisions on enhanced cooperation shall apply.

**Article 84**

The European Parliament and the Council, acting in accordance with the ordinary legislative procedure, may establish measures to promote and support the action of Member States in the field of crime prevention, excluding any harmonisation of the laws and regulations of the Member States.

**Article 85 (ex Article 31 TEU)**

1. Eurojust's mission shall be to support and strengthen coordination and cooperation between national investigating and prosecuting authorities in relation to serious crime affecting two or more Member States or requiring a prosecution on common bases, on the basis of operations conducted and information supplied by the Member States' authorities and by Europol.

In this context, the European Parliament and the Council, by means of regulations adopted in accordance with the ordinary legislative procedure, shall determine Eurojust's structure, operation, field of action and tasks.

These tasks may include:

(a) The initiation of criminal investigations, as well as proposing the initiation of prosecutions conducted by competent national authorities, particularly those relating to offences against the financial interests of the Union;

(b) The coordination of investigations and prosecutions referred to in point (a);

(c) The strengthening of judicial cooperation, including by resolution of conflicts of jurisdiction and by close cooperation with the European Judicial Network.
These regulations shall also determine arrangements for involving the European Parliament and national Parliaments in the evaluation of Eurojust's activities.

2. In the prosecutions referred to in paragraph 1, and without prejudice to Article 86, formal acts of judicial procedure shall be carried out by the competent national officials.

Article 86

1. In order to combat crimes affecting the financial interests of the Union, the Council, by means of regulations adopted in accordance with a special legislative procedure, may establish a European Public Prosecutor's Office from Eurojust. The Council shall act unanimously after obtaining the consent of the European Parliament.

In the absence of unanimity in the Council, a group of at least nine Member States may request that the draft regulation be referred to the European Council. In that case, the procedure in the Council shall be suspended. After discussion, and in case of a consensus, the European Council shall, within four months of this suspension, refer the draft back to the Council for adoption.

Within the same timeframe, in case of disagreement, and if at least nine Member States wish to establish enhanced cooperation on the basis of the draft regulation concerned, they shall notify the European Parliament, the Council and the Commission accordingly. In such a case, the authorisation to proceed with enhanced cooperation referred to in Article 20(2) of the Treaty on European Union and Article 329(1) of this Treaty shall be deemed to be granted and the provisions on enhanced cooperation shall apply.

2. The European Public Prosecutor's Office shall be responsible for investigating, prosecuting and bringing to judgment, where appropriate in liaison with Europol, the perpetrators of, and accomplices in, offences against the Union's financial interests, as determined by the regulation provided for in paragraph 1. It shall exercise the functions of prosecutor in the competent courts of the Member States in relation to such offences.

3. The regulations referred to in paragraph 1 shall determine the general rules applicable to the European Public Prosecutor's Office, the conditions governing the performance of its functions, the rules of procedure applicable to its activities, as well as those governing the admissibility of evidence, and the rules applicable to the judicial review of procedural measures taken by it in the performance of its functions.

4. The European Council may, at the same time or subsequently, adopt a decision amending paragraph 1 in order to extend the powers of the European Public Prosecutor's Office to include serious crime having a cross-border dimension and amending accordingly paragraph 2 as regards the perpetrators of, and accomplices in, serious crimes affecting more than one Member State. The European Council shall act unanimously after obtaining the consent of the European Parliament and after consulting the Commission.
Chapter 5

Police cooperation

Article 87 (ex Article 30 TEU)

1. The Union shall establish police cooperation involving all the Member States’ competent authorities, including police, customs and other specialised law enforcement services in relation to the prevention, detection and investigation of criminal offences.

Legislation to establish measures for:

- Information
  (a) The collection, storage, processing, analysis and exchange of relevant information;

- Training, exchange of staff, equipment and research
  (b) Support for the training of staff, and cooperation on the exchange of staff, on equipment and on research into crime-detection;

- Common investigative techniques
  (c) Common investigative techniques in relation to the detection of serious forms of organised crime.

3. The Council, acting in accordance with a special legislative procedure, may establish measures concerning operational cooperation between the authorities referred to in this Article. The Council shall act unanimously after consulting the European Parliament.

If no unanimity, 9 member states can refer draft measures to European Council

- If consensus: back to the Council for adoption

- If no consensus: 1/3 of the countries can establish enhanced cooperation

In case of the absence of unanimity in the Council, a group of at least nine Member States may request that the draft measures be referred to the European Council. In that case, the procedure in the Council shall be suspended. After discussion, and in case of a consensus, the European Council shall, within four months of this suspension, refer the draft back to the Council for adoption.

Within the same timeframe, in case of disagreement, and if at least nine Member States wish to establish enhanced cooperation on the basis of the draft measures concerned, they shall notify the European Parliament, the Council and the Commission accordingly. In such a case, the authorisation to proceed with enhanced cooperation referred to in Article 20(2) of the Treaty on European Union and Article 329(1) of this Treaty shall be deemed to be granted and the provisions on enhanced cooperation shall apply.

Not for Schengen laws

The specific procedure provided for in the second and third subparagraphs shall not apply to acts which constitute a development of the Schengen acquis.

Article 88 (ex Article 30 TEU)

1. Europol's mission shall be to support and strengthen action by the Member States' police authorities and other law enforcement services and their mutual cooperation in preventing and combating serious crime affecting two or more
Member States, terrorism and forms of crime which affect a common interest covered by a Union policy.

2. The European Parliament and the Council, by means of regulations adopted in accordance with the ordinary legislative procedure, shall determine Europol's structure, operation, field of action and tasks. These tasks may include:

(a) The collection, storage, processing, analysis and exchange of information, in particular that forwarded by the authorities of the Member States or third countries or bodies;

(b) The coordination, organisation and implementation of investigative and operational action carried out jointly with the Member States' competent authorities or in the context of joint investigative teams, where appropriate in liaison with Eurojust.

These regulations shall also lay down the procedures for scrutiny of Europol's activities by the European Parliament, together with national Parliaments.

3. Any operational action by Europol must be carried out in liaison and in agreement with the authorities of the Member State or States whose territory is concerned. The application of coercive measures shall be the exclusive responsibility of the competent national authorities.

Article 89 (ex Article 32 TEU)

The Council, acting in accordance with a special legislative procedure, shall lay down the conditions and limitations under which the competent authorities of the Member States referred to in Articles 82 and 87 may operate in the territory of another Member State in liaison and in agreement with the authorities of that State. The Council shall act unanimously after consulting the European Parliament.

TITLE VI TRANSPORT

Article 90 (ex Article 70 TEC)

The objectives of the Treaties shall, in matters governed by this Title, be pursued within the framework of a common transport policy.

Article 91 (ex Article 71 TEC)

1. For the purpose of implementing Article 90, and taking into account the distinctive features of transport, the European Parliament and the Council shall, acting in accordance with the ordinary legislative procedure and after consulting the Economic and Social Committee and the Committee of the Regions, lay down:

(a) Common rules applicable to international transport to or from the territory of a Member State or passing across the territory of one or more Member States;
- Transport services  
(b) The conditions under which non-resident carriers may operate transport services within a Member State;

- Transport safety  
(c) Measures to improve transport safety;

- Any other measure  
(d) Any other appropriate provisions.

Legislation shall take account of geographic differences

2. When the measures referred to in paragraph 1 are adopted, account shall be taken of cases where their application might seriously affect the standard of living and level of employment in certain regions, and the operation of transport facilities.

Article 92 (ex Article 72 TEC)

U. Transition article
- Unanimity required for less favourable treatment of carriers from other Member States

Until the provisions referred to in Article 91(1) have been laid down, no Member State may, unless the Council has unanimously adopted a measure granting a derogation, make the various provisions governing the subject on 1 January 1958 or, for acceding States, the date of their accession less favourable in their direct or indirect effect on carriers of other Member States as compared with carriers who are nationals of that State.

Article 93 (ex Article 73 TEC)

Aid
- Aid is allowed up to a certain limit

Aids shall be compatible with the Treaties if they meet the needs of coordination of transport or if they represent reimbursement for the discharge of certain obligations inherent in the concept of a public service.

Article 94 (ex Article 74 TEC)

Transport rates:
- Economic circumstances

Any measures taken within the framework of the Treaties in respect of transport rates and conditions shall take account of the economic circumstances of carriers.

Article 95 (ex Article 75 TEC)

Ban on discrimination
- Different rates

1. In the case of transport within the Union, discrimination which takes the form of carriers charging different rates and imposing different conditions for the carriage of the same goods over the same transport links on grounds of the country of origin or of destination of the goods in question shall be prohibited.

2. Paragraph 1 shall not prevent the European Parliament and the Council from adopting other measures pursuant to Article 91(1).

Detailed rules adopted by the Council by qualified majority

3. The Council shall, on a proposal from the Commission and after consulting the European Parliament and the Economic and Social Committee, lay down rules for implementing the provisions of paragraph 1.

The Council may in particular lay down the provisions needed to enable the institutions of the Union to secure compliance with the rule laid down in paragraph 1 and to ensure that users benefit from it to the full.
4. The Commission shall, acting on its own initiative or on application by a Member State, investigate any cases of discrimination falling within paragraph 1 and, after consulting any Member State concerned, shall take the necessary decisions within the framework of the rules laid down in accordance with the provisions of paragraph 3.

Article 96 (ex Article 76 TEC)

1. The imposition by a Member State, in respect of transport operations carried out within the Union, of rates and conditions involving any element of support or protection in the interest of one or more particular undertakings or industries shall be prohibited, unless authorised by the Commission.

2. The Commission shall, acting on its own initiative or on application by a Member State, examine the rates and conditions referred to in paragraph 1, taking account in particular of the requirements of an appropriate regional economic policy, the needs of underdeveloped areas and the problems of areas seriously affected by political circumstances on the one hand, and of the effects of such rates and conditions on competition between the different modes of transport on the other.

After consulting each Member State concerned, the Commission shall take the necessary decisions.

3. The prohibition provided for in paragraph 1 shall not apply to tariffs fixed to meet competition.

Article 97 (ex Article 77 TEC)

Charges or dues in respect of the crossing of frontiers which are charged by a carrier in addition to the transport rates shall not exceed a reasonable level after taking the costs actually incurred thereby into account.

Member States shall endeavour to reduce these costs progressively.

The Commission may make recommendations to Member States for the application of this Article.

Article 98 (ex Article 78 TEC)

The provisions of this Title shall not form an obstacle to the application of measures taken in the Federal Republic of Germany to the extent that such measures are required in order to compensate for the economic disadvantages caused by the division of Germany to the economy of certain areas of the Federal Republic affected by that division. Five years after the entry into force of the Treaty of Lisbon, the Council, acting on a proposal from the Commission, may adopt a decision repealing this Article.
Article 99 (ex Article 79 TEC)

Advisory Committee

An Advisory Committee consisting of experts designated by the governments of Member States shall be attached to the Commission. The Commission, whenever it considers it desirable, shall consult the Committee on transport matters.

Article 100 (ex Article 80 TEC)

Covered transport sectors

Applies to transport by
- Rail
- Road
- Inland waterway
- Sea
- Air

1. The provisions of this Title shall apply to transport by rail, road and inland waterway.

2. The European Parliament and the Council, acting in accordance with the ordinary legislative procedure, may lay down appropriate provisions for sea and air transport. They shall act after consulting the Economic and Social Committee and the Committee of the Regions.

TITLE VII

COMMON RULES ON COMPETITION, TAXATION AND APPROXIMATION OF LAWS

Chapter 1

Rules on competition

Section 1

Rules applying to undertakings

Article 101 (ex Article 81 TEC)

Prohibition of:

- Agreements between undertakings
- Decisions by associations
- Concerted practices
- Fixing prices
- Limiting market mechanisms
- Sharing markets
- Discriminatory treatment of trading partners
- Demand of irrelevant supplementary obligations

1. The following shall be prohibited as incompatible with the internal market: all agreements between undertakings, decisions by associations of undertakings and concerted practices which may affect trade between Member States and which have as their object or effect the prevention, restriction or distortion of competition within the internal market, and in particular those which:

(a) Directly or indirectly fix purchase or selling prices or any other trading conditions;

(b) Limit or control production, markets, technical development, or investment;

(c) Share markets or sources of supply;

(d) Apply dissimilar conditions to equivalent transactions with other trading parties, thereby placing them at a competitive disadvantage;

(e) Make the conclusion of contracts subject to acceptance by the other parties of supplementary obligations which, by their nature or according to commercial usage, have no connection with the subject of such contracts.
2. Any agreements or decisions prohibited pursuant to this Article shall be automatically void.

3. The provisions of paragraph 1 may, however, be declared inapplicable in the case of:

i. Any agreement or category of agreements between undertakings,

ii. Any decision or category of decisions by associations of undertakings,

ii Any concerted practice or category of concerted practices, which contributes to improving the production or distribution of goods or to promoting technical or economic progress, while allowing consumers a fair share of the resulting benefit, and which does not:

(a) Impose on the undertakings concerned restrictions which are not indispensable to the attainment of these objectives;

(b) Afford such undertakings the possibility of eliminating competition in respect of a substantial part of the products in question.

Article 102 (ex Article 82 TEC)

Abuse of dominant position is prohibited

Any abuse by one or more undertakings of a dominant position within the internal market or in a substantial part of it shall be prohibited as incompatible with the internal market in so far as it may affect trade between Member States.

Such abuse may, in particular, consist in:

(a) Directly or indirectly imposing unfair purchase or selling prices or other unfair trading conditions;

(b) Limiting production, markets or technical development to the prejudice of consumers;

(c) Applying dissimilar conditions to equivalent transactions with other trading parties, thereby placing them at a competitive disadvantage;

(d) Making the conclusion of contracts subject to acceptance by the other parties of supplementary obligations which, by their nature or according to commercial usage, have no connection with the subject of such contracts.

Article 103 (ex Article 83 TEC)

Decision-making on competition

1. The appropriate regulations or directives to give effect to the principles set out in Articles 101 and 102 shall be laid down by the Council, on a proposal from the Commission and after consulting the European Parliament.

2. The regulations or directives referred to in paragraph 1 shall be designed in particular:
- Ensure compliance with rules on undertakings through fines
- Effective supervision
- Simplifying administration competition
- Defining role of Commission and Court
- Determine relations between Union and national laws

**Member states**
competent until regulation adopted

**Commission’s role**
Commission ensures principles by:
- Investigating cases
- Making proposals
- Making a reasoned decision recording the infringement

**Commission adopts regulations and administration**

**Public undertakings**
must also obey the rules of competition...

(a) To ensure compliance with the prohibitions laid down in Article 101(1) and in Article 102 by making provision for fines and periodic penalty payments;

(b) To lay down detailed rules for the application of Article 101(3), taking into account the need to ensure effective supervision on the one hand, and to simplify administration to the greatest possible extent on the other;

(c) To define, if need be, in the various branches of the economy, the scope of the provisions of Articles 101 and 102;

(d) To define the respective functions of the Commission and of the Court of Justice of the European Union in applying the provisions laid down in this paragraph;

(e) To determine the relationship between national laws and the provisions contained in this Section or adopted pursuant to this Article.

**Article 104 (ex Article 84 TEC)**

Until the entry into force of the provisions adopted in pursuance of Article 103, the authorities in Member States shall rule on the admissibility of agreements, decisions and concerted practices and on abuse of a dominant position in the internal market in accordance with the law of their country and with the provisions of Article 101, in particular paragraph 3, and of Article 102.

**Article 105 (ex Article 85 TEC)**

1. Without prejudice to Article 104, the Commission shall ensure the application of the principles laid down in Articles 101 and 102. On application by a Member State or on its own initiative, and in cooperation with the competent authorities in the Member States, which shall give it their assistance, the Commission shall investigate cases of suspected infringement of these principles. If it finds that there has been an infringement, it shall propose appropriate measures to bring it to an end.

2. If the infringement is not brought to an end, the Commission shall record such infringement of the principles in a reasoned decision. The Commission may publish its decision and authorise Member States to take the measures, the conditions and details of which it shall determine, needed to remedy the situation.

3. The Commission may adopt regulations relating to the categories of agreement in respect of which the Council has adopted a regulation or a directive pursuant to Article 103(2) (b).

**Article 106 (ex Article 86 TEC)**

1. In the case of public undertakings and undertakings to which Member States grant special or exclusive rights, Member States shall neither enact nor maintain in force any measure contrary to the rules contained in the Treaties, in particular to those rules provided for in Article 18 and Articles 101 to 109.
2. Undertakings entrusted with the operation of services of general economic interest or having the character of a revenue-producing monopoly shall be subject to the rules contained in the Treaties, in particular to the rules on competition, in so far as the application of such rules does not obstruct the performance, in law or in fact, of the particular tasks assigned to them. The development of trade must not be affected to such an extent as would be contrary to the interests of the Union.

3. The Commission shall ensure the application of the provisions of this Article and shall, where necessary, address appropriate directives or decisions to Member States.

Section 2

Aids granted by States

Article 107 (ex Article 87 TEC)

1. Save as otherwise provided in the Treaties, any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects trade between Member States, be incompatible with the internal market.

2. The following shall be compatible with the internal market:

(a) Aid having a social character, granted to individual consumers, provided that such aid is granted without discrimination related to the origin of the products concerned;

(b) Aid to make good the damage caused by natural disasters or exceptional occurrences;

(c) Aid granted to the economy of certain areas of the Federal Republic of Germany affected by the division of Germany, in so far as such aid is required in order to compensate for the economic disadvantages caused by that division. Five years after the entry into force of the Treaty of Lisbon, the Council, acting on a proposal from the Commission, may adopt a decision repealing this point.

3. The following may be considered to be compatible with the internal market:

(a) Aid to promote the economic development of areas where the standard of living is abnormally low or where there is serious underemployment, and of the regions referred to in Article 349, in view of their structural, economic and social situation;

(b) Aid to promote the execution of an important project of common European interest or to remedy a serious disturbance in the economy of a Member State;

(c) Aid to facilitate the development of certain economic activities or of certain economic areas, where such aid does not adversely affect trading conditions to an extent contrary to the common interest;

...unless this obstructs their performance

The Commission adopts directives and decisions

State Aid

Ban on State aid affecting trade between member states

Permitted:

- Social aid to individuals
- Compensation for exceptional occurrences and natural disasters
- Aid to East Germany

May be permitted:

- Aid for areas in special situations
- Promotion of projects of common European interest
- Certain economic activities and areas, without affecting trading conditions
(d) Aid to promote culture and heritage conservation where such aid does not affect trading conditions and competition in the Union to an extent that is contrary to the common interest;

(e) Such other categories of aid as may be specified by decision of the Council on a proposal from the Commission.

**Article 108 (ex Article 88 TEC)**

**Commission’s role**

Commission shall constantly review member states’ aid

1. The Commission shall, in cooperation with Member States, keep under constant review all systems of aid existing in those States. It shall propose to the latter any appropriate measures required by the progressive development or by the functioning of the internal market.

**Can adopt a decision abolishing aid**

2. If, after giving notice to the parties concerned to submit their comments, the Commission finds that aid granted by a State or through State resources is not compatible with the internal market having regard to Article 107, or that such aid is being misused, it shall decide that the State concerned shall abolish or alter such aid within a period of time to be determined by the Commission.

**Cases can be brought before the EU Court**

If the State concerned does not comply with this decision within the prescribed time, the Commission or any other interested State may, in derogation from the provisions of Articles 258 and 259, refer the matter to the Court of Justice of the European Union direct.

**Derogations: States can ask the Council to declare their aid legal**

On application by a Member State, the Council may, acting unanimously, decide that aid which that State is granting or intends to grant shall be considered to be compatible with the internal market, in derogation from the provisions of Article 107 or from the regulations provided for in Article 109, if such a decision is justified by exceptional circumstances. If, as regards the aid in question, the Commission has already initiated the procedure provided for in the first subparagraph of this paragraph, the fact that the State concerned has made its application to the Council shall have the effect of suspending that procedure until the Council has made its attitude known.

**Request suspends procedure against a member state for 3 months**

If, however, the Council has not made its attitude known within three months of the said application being made, the Commission shall give its decision on the case.

**Commission has to be informed and must give its approval for intended aid; - Member state must await final decision**

3. The Commission shall be informed, in sufficient time to enable it to submit its comments, of any plans to grant or alter aid. If it considers that any such plan is not compatible with the internal market having regard to Article 107, it shall without delay initiate the procedure provided for in paragraph 2. The Member State concerned shall not put its proposed measures into effect until this procedure has resulted in a final decision.

**Commission adopts regulations**

4. The Commission may adopt regulations relating to the categories of State aid that the Council has, pursuant to Article 109, determined may be exempted from the procedure provided for by paragraph 3 of this Article.
Article 109 (ex Article 89 TEC)

The Council, on a proposal from the Commission and after consulting the European Parliament, may make any appropriate regulations for the application of Articles 107 and 108 and may in particular determine the conditions in which Article 108(3) shall apply and the categories of aid exempted from this procedure.

Chapter 2

Tax Provisions

Article 110 (ex Article 90 TEC)

No Member State shall impose, directly or indirectly, on the products of other Member States any internal taxation of any kind in excess of that imposed directly or indirectly on similar domestic products.

Furthermore, no Member State shall impose on the products of other Member States any internal taxation of such a nature as to afford indirect protection to other products.

Article 111 (ex Article 91 TEC)

Where products are exported to the territory of any Member State, any repayment of internal taxation shall not exceed the internal taxation imposed on them whether directly or indirectly.

Article 112 (ex Article 92 TEC)

In the case of charges other than turnover taxes, excise duties and other forms of indirect taxation, remissions and repayments in respect of exports to other Member States may not be granted and countervailing charges in respect of imports from Member States may not be imposed unless the measures contemplated have been previously approved for a limited period by the Council on a proposal from the Commission.

Article 113 (ex Article 93 TEC)

The Council shall, acting unanimously in accordance with a special legislative procedure and after consulting the European Parliament and the Economic and Social Committee, adopt provisions for the harmonisation of legislation concerning turnover taxes, excise duties and other forms of indirect taxation to the extent that such harmonisation is necessary to ensure the establishment and the functioning of the internal market and to avoid distortion of competition.

Decision-making on state aid
Council adopts regulations by qualified majority

Tax and fiscal rules

Ban on discriminatory taxation - including indirect taxes

For exports: repay not higher than the amount paid for internal taxes

A qualified majority in the Council can approve temporary exemptions after proposal from the Commission

U. Decision-making on tax provisions
Harmonisation of VAT and indirect taxes, for direct taxes see art. 115 TFEU
Avoid distortion of competition see also Protocol 27
Chapter 3

Approximation of Laws

Article 114 (ex Article 95 TEC)

1. Save where otherwise provided in the Treaties, the following provisions shall apply for the achievement of the objectives set out in Article 26. The European Parliament and the Council shall, acting in accordance with the ordinary legislative procedure and after consulting the Economic and Social Committee, adopt the measures for the approximation of the provisions laid down by law, regulation or administrative action in Member States which have as their object the establishment and functioning of the internal market.

2. Paragraph 1 shall not apply to fiscal provisions, to those relating to the free movement of persons nor to those relating to the rights and interests of employed persons.

3. The Commission, in its proposals envisaged in paragraph 1 concerning health, safety, environmental protection and consumer protection, will take as a base the "highest" level of protection, taking account in particular of any new development based on scientific facts. Within their respective powers, the European Parliament and the Council will also seek to achieve this objective.

4. If, after the adoption of a harmonisation measure by the European Parliament and the Council, by the Council or by the Commission, a Member State deems it necessary to maintain national provisions on grounds of major needs referred to in Article 36, or relating to the protection of the environment or the working environment, it shall notify the Commission of these provisions as well as the grounds for maintaining them.

5. Moreover, without prejudice to paragraph 4, if, after the adoption of a harmonisation measure by the European Parliament and the Council, by the Council or by the Commission, a Member State deems it necessary to introduce national provisions based on new scientific evidence relating to the protection of the environment or the working environment on grounds of a problem specific to that Member State arising after the adoption of the harmonisation measure, it shall notify the Commission of the envisaged provisions as well as the grounds for introducing them.

6. The Commission shall, within six months of the notifications as referred to in paragraphs 4 and 5, approve or reject the national provisions involved after having verified whether or not they are a means of arbitrary discrimination or a disguised restriction on trade between Member States and whether or not they shall constitute an obstacle to the functioning of the internal market.

In the absence of a decision by the Commission within this period the national provisions referred to in paragraphs 4 and 5 shall be deemed to have been approved.

When justified by the complexity of the matter and in the absence of danger for
human health, the Commission may notify the Member State concerned that the period referred to in this paragraph may be extended for a further period of up to six months.

7. When, pursuant to paragraph 6, a Member State is authorised to maintain or introduce national provisions derogating from a harmonisation measure, the Commission shall immediately examine whether to propose an adaptation to that measure.

8. When a Member State raises a specific problem on public health in a field which has been the subject of prior harmonisation measures, it shall bring it to the attention of the Commission which shall immediately examine whether to propose appropriate measures to the Council.

9. By way of derogation from the procedure laid down in Articles 258 and 259, the Commission and any Member State may bring the matter directly before the Court of Justice of the European Union if it considers that another Member State is making improper use of the powers provided for in this Article.

10. The harmonisation measures referred to above shall, in appropriate cases, include a safeguard clause authorising the Member States to take, for one or more of the non-economic reasons referred to in Article 36, provisional measures subject to a Union control procedure.

Article 115 (ex Article 94 TEC)

Without prejudice to Article 114, the Council shall, acting unanimously in accordance with a special legislative procedure and after consulting the European Parliament and the Economic and Social Committee, issue directives for the approximation of such laws, regulations or administrative provisions of the Member States as directly affect the establishment or functioning of the internal market.

Article 116 (ex Article 96 TEC)

Where the Commission finds that a difference between the provisions laid down by law, regulation or administrative action in Member States is distorting the conditions of competition in the internal market and that the resultant distortion needs to be eliminated, it shall consult the Member States concerned.

If such consultation does not result in an agreement eliminating the distortion in question, the European Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall issue the necessary directives. Any other appropriate measures provided for in the Treaties may be adopted.

Article 117 (ex Article 97 TEC)

1. Where there is a reason to fear that the adoption or amendment of a provision laid down by law, regulation or administrative action may cause distortion within the meaning of Article 116, a Member State desiring to proceed
If a state does not comply

2. If a State desiring to introduce or amend its own provisions does not comply with the recommendation addressed to it by the Commission, other Member States shall not be required, pursuant to Article 116, to amend their own provisions in order to eliminate such distortion. If the Member State which has ignored the recommendation of the Commission causes distortion detrimental only to itself, the provisions of Article 116 shall not apply.

Article 118

In the context of the establishment and functioning of the internal market, the European Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall establish measures for the creation of European intellectual property rights to provide uniform protection of intellectual property rights throughout the Union and for the setting up of centralised Union-wide authorisation, coordination and supervision arrangements.

The Council, acting in accordance with a special legislative procedure, shall by means of regulations establish language arrangements for the European intellectual property rights. The Council shall act unanimously after consulting the European Parliament.

TITLE VIII

ECONOMIC AND MONETARY POLICY

Article 119 (ex Article 4 TEC)

1. For the purposes set out in Article 3 of the Treaty on European Union, the activities of the Member States and the Union shall include, as provided in the Treaties, the adoption of an economic policy which is based on the close coordination of Member States' economic policies, on the internal market and on the definition of common objectives, and conducted in accordance with the principle of an open market economy with free competition.

2. Concurrently with the foregoing, and as provided in the Treaties and in accordance with the procedures set out therein, these activities shall include a single currency, the euro, and the definition and conduct of a single monetary policy and exchange-rate policy the primary objective of both of which shall be to maintain price stability and, without prejudice to this objective, to support the general economic policies in the Union, in accordance with the principle of an open market economy with free competition.

3. These activities of the Member States and the Union shall entail compliance with the following guiding principles: stable prices, sound public finances and monetary conditions and a sustainable balance of payments.
Chapter 1

Economic Policy

Article 120 (ex Article 98 TEC)

Member States shall conduct their economic policies with a view to contributing to the achievement of the objectives of the Union, as defined in Article 3 of the Treaty on European Union, and in the context of the broad guidelines referred to in Article 121(2). The Member States and the Union shall act in accordance with the principle of an open market economy with free competition, favouring an efficient allocation of resources, and in compliance with the principles set out in Article 119.

Objective:
Open market economy with free competition

Article 121 (ex Article 99 TEC)

1. Member States shall regard their economic policies as a matter of common concern and shall coordinate them within the Council, in accordance with the provisions of Article 120.

Coordination of economic policy
Since 2005, “Revised Lisbon Agenda” with 3-year guidelines (see art. 148 TFEU)

2. The Council shall, on a recommendation from the Commission, formulate a draft for the broad guidelines of the economic policies of the Member States and of the Union, and shall report its findings to the European Council.

General guidelines by QMV as non-binding recommendations

The European Council shall, acting on the basis of the report from the Council, discuss a conclusion on the broad guidelines of the economic policies of the Member States and of the Union.

On the basis of this conclusion, the Council shall adopt a recommendation setting out these broad guidelines. The Council shall inform the European Parliament of its recommendation.

3. In order to ensure closer coordination of economic policies and sustained convergence of the economic performances of the Member States, the Council shall, on the basis of reports submitted by the Commission, monitor economic developments in each of the Member States and in the Union as well as the consistency of economic policies with the broad guidelines referred to in paragraph 2, and regularly carry out an overall assessment.

The Council monitors the economies of the member states after Commission reports

For the purpose of this multilateral surveillance, Member States shall forward information to the Commission about important measures taken by them in the field of their economic policy and such other information as they deem necessary.

4. Where it is established, under the procedure referred to in paragraph 3, that the economic policies of a Member State are not consistent with the broad guidelines referred to in paragraph 2 or that they risk jeopardising the proper functioning of economic and monetary union, the Commission may address a warning to the Member State concerned. The Council, on a recommendation from the Commission, may address the necessary recommendations to the Member State concerned.

If guidelines are breached
- The Commission adopts warnings
- A qualified majority in the Council can:
The Council may, on a proposal from the Commission, decide to make its recommendations public.

Within the scope of this paragraph, the Council shall act without taking into account the vote of the member of the Council representing the Member State concerned.

A qualified majority of the other members of the Council shall be defined in accordance with Article 238(3) (a).

5. The President of the Council and the Commission shall report to the European Parliament on the results of multilateral surveillance. The President of the Council may be invited to appear before the competent committee of the European Parliament if the Council has made its recommendations public.

6. The European Parliament and the Council, acting by means of regulations in accordance with the ordinary legislative procedure, may adopt detailed rules for the multilateral surveillance procedure referred to in paragraphs 3 and 4.

Article 122 (ex Article 100 TEC)

1. Without prejudice to any other procedures provided for in the Treaties, the Council, on a proposal from the Commission, may decide, in a spirit of solidarity between Member States, upon the measures appropriate to the economic situation, in particular if severe difficulties arise in the supply of certain products, notably in the area of energy.

2. Where a Member State is in difficulties or is seriously threatened with severe difficulties caused by natural disasters or exceptional occurrences beyond its control, the Council, on a proposal from the Commission, may grant, under certain conditions, Union financial assistance to the Member State concerned. The President of the Council shall inform the European Parliament of the decision taken.

Article 123 (ex Article 101 TEC)

1. Overdraft facilities or any other type of credit facility with the European Central Bank or with the central banks of the Member States (hereinafter referred to as "national central banks") in favour of Union institutions, bodies, offices or agencies, central governments, regional, local or other public authorities, other bodies governed by public law, or public undertakings of Member States shall be prohibited, as shall the purchase directly from them by the European Central Bank or national central banks of debt instruments.

2. Paragraph 1 shall not apply to publicly owned credit institutions which, in the context of the supply of reserves by central banks, shall be given the same treatment by national central banks and the European Central Bank as private credit institutions.
Article 124 (ex Article 102 TEC)

Any measure, not based on prudential considerations, establishing privileged access by Union institutions, bodies, offices or agencies, central governments, regional, local or other public authorities, other bodies governed by public law, or public undertakings of Member States to financial institutions, shall be prohibited.

Article 125 (ex Article 103 TEC)

1. The Union shall not be liable for or assume the commitments of central governments, regional, local or other public authorities, other bodies governed by public law, or public undertakings of any Member State, without prejudice to mutual financial guarantees for the joint execution of a specific project. A Member State shall not be liable for or assume the commitments of central governments, regional, local or other public authorities, other bodies governed by public law, or public undertakings of another Member State, without prejudice to mutual financial guarantees for the joint execution of a specific project.

2. The Council, on a proposal from the Commission and after consulting the European Parliament, may, as required, specify definitions for the application of the prohibitions referred to in Articles 123 and 124 and in this Article.

Article 126 (ex Article 104 TEC)

1. Member States shall avoid excessive government deficits.

2. The Commission shall monitor the development of the budgetary situation and of the stock of government debt in the Member States with a view to identifying gross errors. In particular it shall examine compliance with budgetary discipline on the basis of the following two criteria:

(a) Whether the ratio of the planned or actual government deficit to gross domestic product exceeds a reference value, unless:

- Either the ratio has declined substantially and continuously and reached a level that comes close to the reference value,

- Or, alternatively, the excess over the reference value is only exceptional and temporary and the ratio remains close to the reference value;

(b) Whether the ratio of government debt to gross domestic product exceeds a reference value, unless the ratio is sufficiently diminishing and approaching the reference value at a satisfactory pace.

The reference values are specified in the Protocol on the excessive deficit procedure annexed to the Treaties.

3. If a Member State does not fulfil the requirements under one or both of these criteria, the Commission shall prepare a report. The report of the Commission...
shall also take into account whether the government deficit exceeds government investment expenditure and take into account all other relevant factors, including the medium-term economic and budgetary position of the Member State.

The Commission may also prepare a report if, notwithstanding the fulfilment of the requirements under the criteria, it is of the opinion that there is a risk of an excessive deficit in a Member State.

4. The Economic and Financial Committee shall formulate an opinion on the report of the Commission.

5. If the Commission considers that an excessive deficit in a Member State exists or may occur, it shall address an opinion to the Member State concerned and shall inform the Council accordingly.

6. The Council shall, on a proposal from the Commission, and having considered any observations which the Member State concerned may wish to make, decide after an overall assessment whether an excessive deficit exists.

7. Where the Council decides, in accordance with paragraph 6, that an excessive deficit exists, it shall adopt, without undue delay, on a recommendation from the Commission, recommendations addressed to the Member State concerned with a view to bringing that situation to an end within a given period. Subject to the provisions of paragraph 8, these recommendations shall not be made public.

8. Where it establishes that there has been no effective action in response to its recommendations within the period laid down, the Council may make its recommendations public.

9. If a Member State persists in failing to put into practice the recommendations of the Council, the Council may decide to give notice to the Member State to take, within a specified time limit, measures for the deficit reduction which is judged necessary by the Council in order to remedy the situation.

In such a case, the Council may request the Member State concerned to submit reports in accordance with a specific timetable in order to examine the adjustment efforts of that Member State.

10. The rights to bring actions provided for in Articles 258 and 259 may not be exercised within the framework of paragraphs 1 to 9 of this Article.

11. As long as a Member State fails to comply with a decision taken in accordance with paragraph 9, the Council may decide to apply or, as the case may be, intensify one or more of the following measures:

- To require the Member State concerned to publish additional information, to be specified by the Council, before issuing bonds and securities,

- To invite the European Investment Bank to reconsider its lending policy towards the Member State concerned,
To require the Member State concerned to make a non-interest-bearing deposit of an appropriate size with the Union until the excessive deficit has, in the view of the Council, been corrected,

- To impose fines of an appropriate size.

The President of the Council shall inform the European Parliament of the decisions taken.

12. The Council shall abrogate some or all of its decisions or recommendations referred to in paragraphs 6 to 9 and 11 to the extent that the excessive deficit in the Member State concerned has, in the view of the Council, been corrected. If the Council has previously made public recommendations, it shall, as soon as the decision under paragraph 8 has been abrogated, make a public statement that an excessive deficit in the Member State concerned no longer exists.

13. When taking the decisions or recommendations referred to in paragraphs 8, 9, 11 and 12, the Council shall act on a recommendation from the Commission.

When the Council adopts the measures referred to in paragraphs 6 to 9, 11 and 12, it shall act without taking into account the vote of the member of the Council representing the Member State concerned.

A qualified majority of the other members of the Council shall be defined in accordance with Article 238(3) (a).

14. Further provisions relating to the implementation of the procedure described in this Article are set out in the Protocol on the excessive deficit procedure annexed to the Treaties.

The Council shall, acting unanimously in accordance with a special legislative procedure and after consulting the European Parliament and the European Central Bank, adopt the appropriate provisions which shall then replace the said Protocol.

Subject to the other provisions of this paragraph, the Council shall, on a proposal from the Commission and after consulting the European Parliament, lay down detailed rules and definitions for the application of the provisions of the said Protocol.

Chapter 2

Monetary Policy

Article 127 (ex Article 105 TEC)

1. The primary objective of the European System of Central Banks (hereinafter referred to as "the ESCB") shall be to maintain price stability. Without prejudice to the objective of price stability, the ESCB shall support the general economic policies in the Union with a view to contributing to the achievement of the objectives of the Union as laid down in Article 3 of the Treaty on

- Demand of a non-interest bearing deposit
- Fines EP informed
- When problem of excessive deficit is being solved, measures shall be repealed

Qualified majority used in paragraphs 8 to 11 without the vote of the member state in question QMV = 55% of members of the Council comprising 65% of the population; Blocking minority = 35% of the population of the Eurozone

U. Protocol N°12 can be replaced by European law by unanimity

Implementation by qualified majority in Council, EP consulted

Exclusive competence: Monetary policy

Objective of the Central Bank System: price stability

Tasks of ESCB:
- Monetary policy
- Foreign exchange operations
- Foreign reserves
European Union. The ESCB shall act in accordance with the principle of an open market economy with free competition, favouring an efficient allocation of resources, and in compliance with the principles set out in Article 119.

2. The basic tasks to be carried out through the ESCB shall be:

- To define and implement the monetary policy of the Union,
- To conduct foreign-exchange operations consistent with the provisions of Article 219,
- To hold and manage the official foreign reserves of the Member States,
- To promote the smooth operation of payment systems.

3. The third indent of paragraph 2 shall be without prejudice to the holding and management by the governments of Member States of foreign-exchange working balances.

4. The European Central Bank shall be consulted:

- On any proposed Union act in its fields of competence,
- By national authorities regarding any draft legislative provision in its fields of competence, but within the limits and under the conditions set out by the Council in accordance with the procedure laid down in Article 129(4).

The European Central Bank may submit opinions to the appropriate Union institutions, bodies, offices or agencies or to national authorities on matters in its fields of competence.

5. The ESCB shall contribute to the smooth conduct of policies pursued by the competent authorities relating to the prudential supervision of credit institutions and the stability of the financial system.

6. The Council, acting by means of regulations in accordance with a special legislative procedure, may unanimously, and after consulting the European Parliament and the European Central Bank, confer specific tasks upon the European Central Bank concerning policies relating to the prudential supervision of credit institutions and other financial institutions with the exception of insurance undertakings.

Article 128 (ex Article 106 TEC)

1. The European Central Bank shall have the exclusive right to authorise the issue of euro banknotes within the Union. The European Central Bank and the national central banks may issue such notes. The banknotes issued by the European Central Bank and the national central banks shall be the only such notes to have the status of legal tender within the Union.

2. Member States may issue euro coins subject to approval by the European Central Bank of the volume of the issue. The Council, on a proposal from the Commission and after consulting the European Parliament and the European
Central Bank, may adopt measures to harmonise the denominations and technical specifications of all coins intended for circulation to the extent necessary to permit their smooth circulation within the Union.

Article 129 (ex Article 107 TEC)

1. The ESCB shall be governed by the decision-making bodies of the European Central Bank which shall be the Governing Council and the Executive Board.

2. The Statute of the European System of Central Banks and of the European Central Bank (hereinafter referred to as "the Statute of the ESCB and of the ECB") is laid down in a Protocol annexed to the Treaties.

3. Articles 5.1, 5.2, 5.3, 17, 18, 19.1, 22, 23, 24, 26, 32.2, 32.3, 32.4, 32.6, 33.1(a) and 36 of the Statute of the ESCB and of the ECB may be amended by the European Parliament and the Council, acting in accordance with the ordinary legislative procedure. They shall act either on a recommendation from the European Central Bank and after consulting the Commission or on a proposal from the Commission and after consulting the European Central Bank.

4. The Council, either on a proposal from the Commission and after consulting the European Parliament and the European Central Bank or on a recommendation from the European Central Bank and after consulting the European Parliament and the Commission, shall adopt the provisions referred to in Articles 4, 5.4, 19.2, 20, 28.1, 29.2, 30.4 and 34.3 of the Statute of the ESCB and of the ECB.

Article 130 (ex Article 108 TEC)

When exercising the powers and carrying out the tasks and duties conferred upon them by the Treaties and the Statute of the ESCB and of the ECB, neither the European Central Bank, nor a national central bank, nor any member of their decision-making bodies shall seek or take instructions from Union institutions, bodies, offices or agencies, from any government of a Member State or from any other body. The Union institutions, bodies, offices or agencies and the governments of the Member States undertake to respect this principle and not to seek to influence the members of the decision-making bodies of the European Central Bank or of the national central banks in the performance of their tasks.

Article 131 (ex Article 109 TEC)

Each Member State shall ensure that its national legislation including the statutes of its national central bank is compatible with the Treaties and the Statute of the ESCB and of the ECB.

Article 132 (ex Article 110 TEC)

1. In order to carry out the tasks entrusted to the ESCB, the European Central Bank shall, in accordance with the provisions of the Treaties and under the conditions laid down in the Statute of the ESCB and of the ECB:

   - The ECB adopts:
Regulations for implementing tasks

Make regulations to the extent necessary to implement the tasks defined in Article 3.1, first indent, Articles 19.1, 22 and 25.2 of the Statute of the ESCB and of the ECB in cases which shall be laid down in the acts of the Council referred to in Article 129(4),

Decisions carrying out tasks

Take decisions necessary for carrying out the tasks entrusted to the ESCB under the Treaties and the Statute of the ESCB and of the ECB,

Recommendations and opinion

Make recommendations and deliver opinions.

2. The European Central Bank may decide to publish its decisions, recommendations and opinions.

3. Within the limits and under the conditions adopted by the Council under the procedure laid down in Article 129(4), the European Central Bank shall be entitled to impose fines or periodic penalty payments on undertakings for failure to comply with obligations under its regulations and decisions.

Article 133

Euro-law

Without prejudice to the powers of the European Central Bank, the European Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall lay down the measures necessary for the use of the euro as the single currency. Such measures shall be adopted after consultation of the European Central Bank.

Chapter 3

Institutional provisions

Article 134 (ex Article 114 TEC)

1. In order to promote coordination of the policies of Member States to the full extent needed for the functioning of the internal market, an Economic and Financial Committee is hereby set up.

2. The Economic and Financial Committee shall have the following tasks:

- Delivers opinions

  – To deliver opinions at the request of the Council or of the Commission, or on its own initiative for submission to those institutions,

- Examines the economic and financial situation of member states

  – To keep under review the economic and financial situation of the Member States and of the Union and to report regularly thereon to the Council and to the Commission, in particular on financial relations with third countries and international institutions,

- Helps preparatory work of Council

  – Without prejudice to Article 240, to contribute to the preparation of the work of the Council referred to in Articles 66, 75, 121(2), (3), (4) and (6), 122, 124, 125, 126, 127(6), 128(2), 129(3) and (4), 138, 140(2) and (3), 143, 144(2) and (3), and in Article 219, and to carry out other advisory and preparatory tasks assigned to it by the Council,

- Examines measures on movement of capital and freedom of payments

  – To examine, at least once a year, the situation regarding the movement of capital and the freedom of payments, as they result from the application of the
Treaties and of measures adopted by the Council; the examination shall cover all measures relating to capital movements and payments; the Committee shall report to the Commission and to the Council on the outcome of this examination.

The Member States, the Commission and the European Central Bank shall each appoint no more than two members of the Committee.

3. The Council shall, on a proposal from the Commission and after consulting the European Central Bank and the Committee referred to in this Article, lay down detailed provisions concerning the composition of the Economic and Financial Committee. The President of the Council shall inform the European Parliament of such a decision.

4. In addition to the tasks set out in paragraph 2, if and as long as there are Member States with a derogation as referred to in Article 139, the Committee shall keep under review the monetary and financial situation and the general payments system of those Member States and report regularly thereon to the Council and to the Commission.

Article 135 (ex Article 115 TEC)

For matters within the scope of Articles 121(4), 126 with the exception of paragraph 14, 138, 140(1), 140(2), first subparagraph, 140(3) and 219, the Council or a Member State may request the Commission to make a recommendation or a proposal, as appropriate. The Commission shall examine this request and submit its conclusions to the Council without delay.

Chapter 4

Provisions specific to Member States who’s Currency is the Euro

Article 136

1. In order to ensure the proper functioning of economic and monetary union, and in accordance with the relevant provisions of the Treaties, the Council shall, in accordance with the relevant procedure from among those referred to in Articles 121 and 126, with the exception of the procedure set out in Article 126(14), adopt measures specific to those Member States whose currency is the euro:

(a) To strengthen the coordination and surveillance of their budgetary discipline;

(b) To set out economic policy guidelines for them, while ensuring that they are compatible with those adopted for the whole of the Union and are kept under surveillance.

2. For those measures set out in paragraph 1, only members of the Council representing Member States whose currency is the euro shall take part in the vote.

A qualified majority of the said members shall be defined in accordance with Article 238(3) (a).
3. The Member States whose currency is the euro may establish a stability mechanism to be activated if indispensable to safeguard the stability of the euro area as a whole. The granting of any required financial assistance under the mechanism will be made subject to strict conditionality.

**Article 137**

Arrangements for meetings between ministers of those Member States whose currency is the euro are laid down by the Protocol on the Euro Group.

**Article 138 (ex Article 111(4), TEC)**

1. In order to secure the euro's place in the international monetary system, the Council, on a proposal from the Commission, shall adopt a decision establishing common positions on matters of particular interest for economic and monetary union within the competent international financial institutions and conferences. The Council shall act after consulting the European Central Bank.

2. The Council, on a proposal from the Commission, may adopt appropriate measures to ensure unified representation within the international financial institutions and conferences. The Council shall act after consulting the European Central Bank.

3. For the measures referred to in paragraphs 1 and 2, only members of the Council representing Member States whose currency is the euro shall take part in the vote.

A qualified majority of the said members shall be defined in accordance with Article 238(3) (a).

**Chapter 5**

**Transitional Provisions**

**Article 139**

1. Member States in respect of which the Council has not decided that they fulfil the necessary conditions for the adoption of the euro shall hereinafter be referred to as "Member States with a derogation".

2. The following provisions of the Treaties shall not apply to Member States with a derogation:
   (a) Adoption of the parts of the broad economic policy guidelines which concern the euro area generally (Article 121(2));
   (b) Coercive means of remedying excessive deficits (Article 126(9) and (11));
   (c) The objectives and tasks of the ESCB (Article 127(1) to (3) and (5));
   (d) Issue of the euro (Article 128);
   (e) Acts of the European Central Bank (Article 132);
   (f) Measures governing the use of the euro (Article 133);
   (g) Monetary agreements and other measures relating to exchange-rate policy (Article 219);
   (h) Appointment of members of the Executive Board of the European Central Bank (Article 283(2));
(i) Decisions establishing common positions on issues of particular relevance for economic and monetary union within the competent international financial institutions and conferences (Article 138(1));

(j) Measures to ensure unified representation within the international financial institutions and conferences (Article 138(2)).

In the Articles referred to in points (a) to (j), "Member States" shall therefore mean Member States whose currency is the euro.

3. Under Chapter IX of the Statute of the ESCB and of the ECB, Member States with a derogation and their national central banks are excluded from rights and obligations within the ESCB.

4. The voting rights of members of the Council representing Member States with a derogation shall be suspended for the adoption by the Council of the measures referred to in the Articles listed in paragraph 2, and in the following instances:

(a) Recommendations made to those Member States whose currency is the euro in the framework of multilateral surveillance, including on stability programmes and warnings (Article 121(4));

(b) Measures relating to excessive deficits concerning those Member States whose currency is the euro (Article 126(6), (7), (8), (12) and (13)).

A qualified majority of the other members of the Council shall be defined in accordance with Article 238(3) (a).

Article 140 (ex Articles 121(1), 122(2), second sentence, and 123(5) TEC)

1. At least once every two years, or at the request of a Member State with a derogation, the Commission and the European Central Bank shall report to the Council on the progress made by the Member States with a derogation in fulfilling their obligations regarding the achievement of economic and monetary union. These reports shall include an examination of the compatibility between the national legislation of each of these Member States, including the statutes of its national central bank, and Articles 130 and 131 and the Statute of the ESCB and of the ECB. The reports shall also examine the achievement of a high degree of sustainable convergence by reference to the fulfilment by each Member State of the following criteria:

- The achievement of a high degree of price stability; this will be apparent from a rate of inflation which is close to that of, at most, the three best performing Member States in terms of price stability,

- The sustainability of the government financial position; this will be apparent from having achieved a government budgetary position without a deficit that is excessive as determined in accordance with Article 126(6),

- The observance of the normal fluctuation margins provided for by the exchange-rate mechanism of the European Monetary System, for at least two years, without devaluing against the euro,
The durability of convergence achieved by the Member State with a derogation and of its participation in the exchange-rate mechanism being reflected in the long-term interest-rate levels.

The four criteria mentioned in this paragraph and the relevant periods over which they are to be respected are developed further in a Protocol annexed to the Treaties. The reports of the Commission and the European Central Bank shall also take account of the results of the integration of markets, the situation and development of the balances of payments on current account and an examination of the development of unit labour costs and other price indices.

The Council decides by qualified majority who can join the euro-zone, EP consulted

2. After consulting the European Parliament and after discussion in the European Council, the Council shall, on a proposal from the Commission, decide which Member States with a derogation fulfil the necessary conditions on the basis of the criteria set out in paragraph 1, and abrogate the derogations of the Member States concerned.

Qualified majority of euro-countries recommend

The Council shall act having received a recommendation of a qualified majority of those among its members representing Member States whose currency is the euro. These members shall act within six months of the Council receiving the Commission's proposal.

The qualified majority of the said members, as referred to in the second subparagraph, shall be defined in accordance with Article 238(3)(a).

U. The euro-zone fixes, by unanimity, the rate at which the euro substitutes the currency of the new euro-member

3. If it is decided, in accordance with the procedure set out in paragraph 2, to abrogate a derogation, the Council shall, acting with the unanimity of the Member States whose currency is the euro and the Member State concerned, on a proposal from the Commission and after consulting the European Central Bank, irrevocably fix the rate at which the euro shall be substituted for the currency of the Member State concerned, and take the other measures necessary for the introduction of the euro as the single currency in the Member State concerned.

Article 141 (ex Articles 123(3) and 117(2) first five indents, TEC)

1. If and as long as there are Member States with a derogation, and without prejudice to Article 129(1), the General Council of the European Central Bank referred to in Article 44 of the Statute of the ESCB and of the ECB shall be constituted as a third decision-making body of the European Central Bank.

General Council of the ECB

2. If and as long as there are Member States with a derogation, the European Central Bank shall, as regards those Member States:

- Strengthen cooperation between the national central banks,
- Strengthen the coordination of the monetary policies of the Member States, with the aim of ensuring price stability,
- Monitor the functioning of the exchange-rate mechanism,
- Hold consultations concerning issues falling within the competence of the national central banks and affecting the stability of financial institutions and markets,
- Carry out the former tasks of the European Monetary Cooperation Fund which had subsequently been taken over by the European Monetary Institute.
Article 142 (ex Article 124(1) TEC)

Each Member State with a derogation shall treat its exchange-rate policy as a matter of common interest. In so doing, Member States shall take account of the experience acquired in cooperation within the framework of the exchange-rate mechanism.

Article 143 (ex Article 119 TEC)

1. Where a Member State with a derogation is in difficulties or is seriously threatened with difficulties as regards its balance of payments either as a result of an overall disequilibrium in its balance of payments, or as a result of the type of currency at its disposal, and where such difficulties are liable in particular to jeopardise the functioning of the internal market or the implementation of the common commercial policy, the Commission shall immediately investigate the position of the State in question and the action which, making use of all the means at its disposal, that State has taken or may take in accordance with the provisions of the Treaties. The Commission shall state what measures it recommends the State concerned to take.

If the action taken by a Member State with a derogation and the measures suggested by the Commission do not prove sufficient to overcome the difficulties which have arisen or which threaten, the Commission shall, after consulting the Economic and Financial Committee, recommend to the Council the granting of mutual assistance and appropriate methods therefor.

The Commission shall keep the Council regularly informed of the situation and of how it is developing.

2. The Council shall grant such mutual assistance; it shall adopt directives or decisions laying down the conditions and details of such assistance, which may take such forms as:

(a) A concerted approach to or within any other international organisations to which Member States with a derogation may have recourse;

(b) Measures needed to avoid deflection of trade where the Member State with a derogation which is in difficulties maintains or reintroduces quantitative restrictions against third countries;

(c) The granting of limited credits by other Member States, subject to their agreement.

3. If the mutual assistance recommended by the Commission is not granted by the Council or if the mutual assistance granted and the measures taken are insufficient, the Commission shall authorise the Member State with a derogation which is in difficulties to take protective measures, the conditions and details of which the Commission shall determine.

Such authorisation may be revoked and such conditions and details may be changed by the Council.
Article 144 (ex Article 120 TEC)

1. Where a sudden crisis in the balance of payments occurs and a decision within the meaning of Article 143(2) is not immediately taken, a Member State with a derogation may, as a precaution, take the necessary protective measures. Such measures must cause the least possible disturbance in the functioning of the internal market and must not be wider in scope than is strictly necessary to remedy the sudden difficulties which have arisen.

2. The Commission and the other Member States shall be informed of such protective measures not later than when they enter into force. The Commission may recommend to the Council the granting of mutual assistance under Article 143.

3. After the Commission has delivered a recommendation and the Economic and Financial Committee has been consulted, the Council may decide that the Member State concerned shall amend, suspend or abolish the protective measures referred to above.

TITLE IX

EMPLOYMENT

Article 145 (ex Article 125 TEC)

Member States and the Union shall, in accordance with this Title, work towards developing a coordinated strategy for employment and particularly for promoting a skilled, trained and adaptable workforce and labour markets responsive to economic change with a view to achieving the objectives defined in Article 3 of the Treaty on European Union.

Article 146 (ex Article 126 TEC)

1. Member States, through their employment policies, shall contribute to the achievement of the objectives referred to in Article 145 in a way consistent with the broad guidelines of the economic policies of the Member States and of the Union adopted pursuant to Article 121(2).

2. Member States, having regard to national practices related to the responsibilities of management and labour, shall regard promoting employment as a matter of common concern and shall coordinate their action in this respect within the Council, in accordance with the provisions of Article 148.

Article 147 (ex Article 127 TEC)

1. The Union shall contribute to a high level of employment by encouraging cooperation between Member States and by supporting and, if necessary, complementing their action. In doing so, the competences of the Member States shall be respected.
2. The objective of a high level of employment shall be taken into consideration
in the formulation and implementation of Union policies and activities.

Article 148 (ex Article 128 TEC)

1. The European Council shall each year consider the employment situation in
the Union and adopt conclusions thereon, on the basis of a joint annual report
by the Council and the Commission.

2. On the basis of the conclusions of the European Council, the Council, on a
proposal from the Commission and after consulting the European Parliament,
the Economic and Social Committee, the Committee of the Regions and the
Employment Committee referred to in Article 150, shall each year draw up
guidelines which the Member States shall take into account in their
employment policies. These guidelines shall be consistent with the broad
guidelines adopted pursuant to Article 121(2).

3. Each Member State shall provide the Council and the Commission with an
annual report on the principal measures taken to implement its employment
policy in the light of the guidelines for employment as referred to in paragraph
2.

4. The Council, on the basis of the reports referred to in paragraph 3 and having
received the views of the Employment Committee, shall each year carry out
an examination of the implementation of the employment policies of the
Member States in the light of the guidelines for employment. The Council, on
a recommendation from the Commission, may, if it considers it appropriate in
the light of that examination, make recommendations to Member States.

5. On the basis of the results of that examination, the Council and the
Commission shall make a joint annual report to the European Council on the
employment situation in the Union and on the implementation of the
guidelines for employment.

Article 149 (ex Article 129 TEC)

The European Parliament and the Council, acting in accordance with the ordinary
legislative procedure and after consulting the Economic and Social Committee
and the Committee of the Regions, may adopt incentive measures designed to
encourage cooperation between Member States and to support their action in the
field of employment through initiatives aimed at developing exchanges of
information and best practices, providing comparative analysis and advice as well
as promoting innovative approaches and evaluating experiences, in particular by
recourse to pilot projects.

Those measures shall not include harmonisation of the laws and regulations of the
Member States.
The Council, acting by a simple majority after consulting the European Parliament, shall establish an Employment Committee with advisory status to promote coordination between Member States on employment and labour market policies. The tasks of the Committee shall be:

- To monitor the employment situation and employment policies in the Member States and the Union,

- Without prejudice to Article 240, to formulate opinions at the request of either the Council or the Commission or on its own initiative, and to contribute to the preparation of the Council proceedings referred to in Article 148.

In fulfilling its mandate, the Committee shall consult management and labour.

Each Member State and the Commission shall appoint two members of the Committee.

TITLE X

SOCIAL POLICY

The Union and the Member States, having in mind fundamental social rights such as those set out in the European Social Charter signed at Turin on 18 October 1961 and in the 1989 Community Charter of the Fundamental Social Rights of Workers, shall have as their objectives the promotion of employment, improved living and working conditions, so as to make possible their harmonisation while the improvement is being maintained, proper social protection, dialogue between management and labour, the development of human resources with a view to lasting high employment and the combating of exclusion.

To this end the Union and the Member States shall implement measures which take account of the diverse forms of national practices, in particular in the field of contractual relations, and the need to maintain the competitiveness of the Union economy.

They believe that such a development will ensue not only from the functioning of the internal market, which will favour the harmonisation of social systems, but also from the procedures provided for in the Treaties and from the approximation of provisions laid down by law, regulation or administrative action.

The Union recognises and promotes the role of the social partners at its level, taking into account the diversity of national systems. It shall facilitate dialogue between the social partners, respecting their autonomy.
The Tripartite Social Summit for Growth and Employment shall contribute to social dialogue.

Article 153 (ex Article 137 TEC)

1. With a view to achieving the objectives of Article 151, the Union shall support and complement the activities of the Member States in the following fields:

(a) Improvement in particular of the working environment to protect workers’ health and safety;
(b) Working conditions;
(c) U. Social security and social protection of workers;
(d) U. Protection of workers where their employment contract is terminated;
(e) The information and consultation of workers;
(f) U. Representation and collective defence of the interests of workers and employers, including co-determination, subject to paragraph 5;
(g) U. Conditions of employment for third-country nationals legally residing in Union territory;
(h) The integration of persons excluded from the labour market, without prejudice to Article 166;
(i) Equality between men and women with regard to labour market opportunities and treatment at work;
(j) The combating of social exclusion;
(k) The modernisation of social protection systems without prejudice to point (c).

2. To this end, the European Parliament and the Council:

(a) May adopt measures designed to encourage cooperation between Member States through initiatives aimed at improving knowledge, developing exchanges of information and best practices, promoting innovative approaches and evaluating experiences, excluding any harmonisation of the laws and regulations of the Member States;

(b) May adopt, in the fields referred to in paragraph 1(a) to (j), by means of directives, minimum requirements for gradual implementation, having regard to the conditions and technical rules obtaining in each of the Member States. Such directives shall avoid imposing administrative, financial and legal constraints in a way which would hold back the creation and development of small and medium-sized undertakings.

The European Parliament and the Council shall act in accordance with the ordinary legislative procedure after consulting the Economic and Social Committee and the Committee of the Regions.

In the fields referred to in paragraph 1(c), (d), (f) and (g), the Council shall act unanimously, in accordance with a special legislative procedure, after consulting the European Parliament and the said Committees.

The Council, acting unanimously on a proposal from the Commission, after consulting the European Parliament, may decide to render the ordinary legislative procedure applicable to paragraph 1(d), (f) and (g).
3. A Member State may entrust management and labour, at their joint request, with the implementation of directives adopted pursuant to paragraph 2, or, where appropriate, with the implementation of a Council decision adopted in accordance with Article 155.

In this case, it shall ensure that, no later than the date on which a directive or a decision must be transposed or implemented, management and labour have introduced the necessary measures by agreement, the Member State concerned being required to take any necessary measure enabling it at any time to be in a position to guarantee the results imposed by that directive or that decision.

4. The provisions adopted pursuant to this Article:

- Shall not affect the right of Member States to define the fundamental principles of their social security systems and must not significantly affect the financial equilibrium thereof.
- Shall not prevent any Member State from maintaining or introducing more stringent protective measures compatible with the Treaties.
- The provisions of this Article shall not apply to pay, the right of association, the right to strike or the right to impose lock-outs.

**Article 154 (ex Article 138 TEC)**

1. The Commission shall have the task of promoting the consultation of management and labour at Union level and shall take any relevant measure to facilitate their dialogue by ensuring balanced support for the parties.

2. To this end, before submitting proposals in the social policy field, the Commission shall consult management and labour on the possible direction of Union action.

3. If, after such consultation, the Commission considers Union action advisable, it shall consult management and labour on the content of the envisaged proposal. Management and labour shall forward to the Commission an opinion or, where appropriate, a recommendation.

4. On the occasion of the consultation referred to in paragraphs 2 and 3, management and labour may inform the Commission of their wish to initiate the process provided for in Article 155. The duration of this process shall not exceed nine months, unless the management and labour concerned and the Commission decide jointly to extend it.

**Article 155 (ex Article 139 TEC)**

1. Should management and labour so desire, the dialogue between them at Union level may lead to contractual relations, including agreements.

2. Agreements concluded at Union level shall be implemented either in accordance with the procedures and practices specific to management and labour and the Member States or, in matters covered by Article 153, at the joint request of the signatory parties, by a Council decision on a proposal from the Commission. The European Parliament shall be informed.
The Council shall act unanimously where the agreement in question contains one or more provisions relating to one of the areas for which unanimity is required pursuant to Article 153(2).

Article 156 (ex Article 140 TEC)

With a view to achieving the objectives of Article 151 and without prejudice to the other provisions of the Treaties, the Commission shall encourage cooperation between the Member States and facilitate the coordination of their action in all social policy fields under this Chapter, particularly in matters relating to:

- Employment,
- Labour law and working conditions,
- Basic and advanced vocational training,
- Social security,
- Prevention of occupational accidents and diseases,
- Occupational hygiene,
- The right of association and collective bargaining between employers and workers.

To this end, the Commission shall act in close contact with Member States by making studies, delivering opinions and arranging consultations both on problems arising at national level and on those of concern to international organisations, in particular initiatives aiming at the establishment of guidelines and indicators, the organisation of exchange of best practice, and the preparation of the necessary elements for periodic monitoring and evaluation. The European Parliament shall be kept fully informed.

Before delivering the opinions provided for in this Article, the Commission shall consult the Economic and Social Committee.

Article 157 (ex Article 141 TEC)

1. Each Member State shall ensure that the principle of equal pay for male and female workers for equal work or work of equal value is applied.

2. For the purpose of this Article, "pay" means the ordinary basic or minimum wage or salary and any other consideration, whether in cash or in kind, which the worker receives directly or indirectly, in respect of his employment, from his employer.

Equal pay without discrimination based on sex means:

(a) That pay for the same work at piece rates shall be calculated on the basis of the same unit of measurement;
(b) That pay for work at time rates shall be the same for the same job.

3. The European Parliament and the Council, acting in accordance with the ordinary legislative procedure, and after consulting the Economic and Social Committee, shall adopt measures to ensure the application of the principle of equal opportunities and equal treatment of men and women in matters of
employment and occupation, including the principle of equal pay for equal work or work of equal value.

4. With a view to ensuring full equality in practice between men and women in working life, the principle of equal treatment shall not prevent any Member State from maintaining or adopting measures providing for specific advantages in order to make it easier for the underrepresented sex to pursue a vocational activity or to prevent or compensate for disadvantages in professional careers.

Article 158 (ex Article 142 TEC)

Member States shall endeavour to maintain the existing equivalence between paid holiday schemes.

Article 159 (ex Article 143 TEC)

The Commission shall draw up a report each year on progress in achieving the objectives of Article 151, including the demographic situation in the Union. It shall forward the report to the European Parliament, the Council and the Economic and Social Committee.

Article 160 (ex Article 144 TEC)

The Council, acting by a simple majority after consulting the European Parliament, shall establish a Social Protection Committee with advisory status to promote cooperation on social protection policies between Member States and with the Commission. The tasks of the Committee shall be:

- To monitor the social situation and the development of social protection policies in the Member States and the Union,
- To promote exchanges of information, experience and good practice between Member States and with the Commission,
- Without prejudice to Article 240, to prepare reports, formulate opinions or undertake other work within its fields of competence, at the request of either the Council or the Commission or on its own initiative.

In fulfilling its mandate, the Committee shall establish appropriate contacts with management and labour.

Each Member State and the Commission shall appoint two members of the Committee.

Article 161 (ex Article 145 TEC)

The Commission shall include a separate chapter on social developments within the Union in its annual report to the European Parliament.

The European Parliament may invite the Commission to draw up reports on any particular problems concerning social conditions.
TITLE XI

THE EUROPEAN SOCIAL FUND

Article 162 (ex Article 146 TEC)

In order to improve employment opportunities for workers in the internal market and to contribute thereby to raising the standard of living, a European Social Fund is hereby established in accordance with the provisions set out below; it shall aim to render the employment of workers easier and to increase their geographical and occupational mobility within the Union, and to facilitate their adaptation to industrial changes and to changes in production systems, in particular through vocational training and retraining.

Article 163 (ex Article 147 TEC)

The Fund shall be administered by the Commission.

The Commission shall be assisted in this task by a Committee presided over by a Member of the Commission and composed of representatives of governments, trade unions and employers’ organisations.

Article 164 (ex Article 148 TEC)

The European Parliament and the Council, acting in accordance with the ordinary legislative procedure and after consulting the Economic and Social Committee and the Committee of the Regions, shall adopt implementing regulations relating to the European Social Fund.

TITLE XII

EDUCATION, VOCATIONAL TRAINING, YOUTH AND SPORT

Article 165 (ex Article 149 TEC)

1. The Union shall contribute to the development of quality education by encouraging cooperation between Member States and, if necessary, by supporting and supplementing their action, while fully respecting the responsibility of the Member States for the content of teaching and the organisation of education systems and their cultural and linguistic diversity.

The Union shall contribute to the promotion of European sporting issues, while taking account of the specific nature of sport, its structures based on voluntary activity and its social and educational function.

2. Union action shall be aimed at:

- Developing the European dimension in education, particularly through the teaching and dissemination of the languages of the Member States,
- Encouraging mobility of students and teachers, by encouraging inter alia, the academic recognition of diplomas and periods of study,
- Promoting cooperation between educational establishments,
- Developing exchanges of information and experience on issues common to the
  education systems of the Member States,
- Encouraging the development of youth exchanges and of exchanges of socio-
  educational instructors, and encouraging the participation of young people in
democratic life in Europe,
- Encouraging the development of distance education,
- Developing the European dimension in sport, by promoting fairness and openness in sporting competitions and cooperation between bodies responsible for sports, and by protecting the physical and moral integrity of sportsmen and sportswomen, especially the youngest sportsmen and sportswomen.

3. The Union and the Member States shall foster cooperation with third countries and the competent international organisations in the field of education and sport, in particular the Council of Europe.

4. In order to contribute to the achievement of the objectives referred to in this Article:
   – The European Parliament and the Council, acting in accordance with the
     ordinary legislative procedure, after consulting the Economic and Social
     Committee and the Committee of the Regions, shall adopt incentive measures,
     excluding any harmonisation of the laws and regulations of the Member
     States,
   – The Council, on a proposal from the Commission, shall adopt
     recommendations.

Article 166 (ex Article 150 TEC)

1. The Union shall implement a vocational training policy which shall support
   and supplement the action of the Member States, while fully respecting the
   responsibility of the Member States for the content and organisation of
   vocational training.

2. Union action shall aim to:
   – Facilitate adaptation to industrial changes, in particular through vocational
     training and retraining,
   – Improve initial and continuing vocational training in order to facilitate
     vocational integration and reintegration into the labour market,
   – Facilitate access to vocational training and encourage mobility of instructors
     and trainees and particularly young people,
   – Stimulate cooperation on training between educational or training
     establishments and firms,
   – Develop exchanges of information and experience on issues common to the
     training systems of the Member States.

3. The Union and the Member States shall foster cooperation with third
countries and the competent international organisations in the sphere of
vocational training.
4. The European Parliament and the Council, acting in accordance with the ordinary legislative procedure and after consulting the Economic and Social Committee and the Committee of the Regions, shall adopt measures to contribute to the achievement of the objectives referred to in this Article, excluding any harmonisation of the laws and regulations of the Member States, and the Council, on a proposal from the Commission, shall adopt recommendations.

TITLE XIII

CULTURE

Article 167 (ex Article 151 TEC)

1. The Union shall contribute to the flowering of the cultures of the Member States, while respecting their national and regional diversity and at the same time bringing the common cultural heritage to the fore.

2. Action by the Union shall be aimed at encouraging cooperation between Member States and, if necessary, supporting and supplementing their action in the following areas:
   - Improvement of the knowledge and dissemination of the culture and history of the European peoples,
   - Conservation and safeguarding of cultural heritage of European significance,
   - Non-commercial cultural exchanges,
   - Artistic and literary creation, including in the audiovisual sector.

3. The Union and the Member States shall foster cooperation with third countries and the competent international organisations in the sphere of culture, in particular the Council of Europe.

4. The Union shall take cultural aspects into account in its action under other provisions of the Treaties, in particular in order to respect and to promote the diversity of its cultures.

5. In order to contribute to the achievement of the objectives referred to in this Article:
   - The European Parliament and the Council acting in accordance with the ordinary legislative procedure and after consulting the Committee of the Regions, shall adopt incentive measures, excluding any harmonisation of the laws and regulations of the Member States,
   - The Council, on a proposal from the Commission, shall adopt recommendations.

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<tr>
<th>Objectives to be achieved by ordinary legislative procedure</th>
</tr>
</thead>
<tbody>
<tr>
<td>No harmonisation</td>
</tr>
</tbody>
</table>

Coordinating competence: Culture Respect of diversity

<table>
<thead>
<tr>
<th>Objective: contribute to the cultures of the member states</th>
</tr>
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<tbody>
<tr>
<td>Encouraging cooperation between member states:</td>
</tr>
<tr>
<td>- Culture and history</td>
</tr>
<tr>
<td>- Heritage</td>
</tr>
<tr>
<td>- Cultural exchanges</td>
</tr>
<tr>
<td>- Art, literature, AV</td>
</tr>
<tr>
<td>- International cooperation</td>
</tr>
<tr>
<td>- Integrating culture in other activities</td>
</tr>
</tbody>
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<tr>
<th>Incentive measures and legislation by ordinary legislative procedure</th>
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<td>Council adopt recommendations</td>
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TITLE XIV

PUBLIC HEALTH

Article 168 (ex Article 152 TEC)

1. A high level of human health protection shall be ensured in the definition and implementation of all Union policies and activities. Union action, which shall complement national policies, shall be directed towards improving public health, preventing physical and mental illness and diseases, and obviating sources of danger to physical and mental health. Such action shall cover the fight against the major health scourges, by promoting research into their causes, their transmission and their prevention, as well as health information and education, and monitoring, early warning of and combating serious cross-border threats to health.

The Union shall complement the Member States' action in reducing drugs-related health damage, including information and prevention.

2. The Union shall encourage cooperation between the Member States in the areas referred to in this Article and, if necessary, lend support to their action. It shall in particular encourage cooperation between the Member States to improve the complementarity of their health services in cross-border areas.

Member States shall, in liaison with the Commission, coordinate among themselves their policies and programmes in the areas referred to in paragraph 1. The Commission may, in close contact with the Member States, take any useful initiative to promote such coordination, in particular initiatives aiming at the establishment of guidelines and indicators, the organisation of exchange of best practice, and the preparation of the necessary elements for periodic monitoring and evaluation. The European Parliament shall be kept fully informed.

3. The Union and the Member States shall foster cooperation with third countries and the competent international organisations in the sphere of public health.

4. By way of derogation from Article 2(5) and Article 6(a) and in accordance with Article 4(2)(k) the European Parliament and the Council, acting in accordance with the ordinary legislative procedure and after consulting the Economic and Social Committee and the Committee of the Regions, shall contribute to the achievement of the objectives referred to in this Article through adopting in order to meet common safety concerns:

(a) Measures setting high standards of quality and safety of organs and substances of human origin, blood and blood derivatives; these measures shall not prevent any Member State from maintaining or introducing more stringent protective measures;

(b) Measures in the veterinary and phytosanitary fields which have as their direct objective the protection of public health;
(c) Measures setting high standards of quality and safety for medicinal products and devices for medical use.

5. The European Parliament and the Council, acting in accordance with the ordinary legislative procedure and after consulting the Economic and Social Committee and the Committee of the Regions, may also adopt incentive measures designed to protect and improve human health and in particular to combat the major cross-border health scourges, measures concerning monitoring, early warning of and combating serious cross-border threats to health, and measures which have as their direct objective the protection of public health regarding tobacco and the abuse of alcohol, excluding any harmonisation of the laws and regulations of the Member States.

6. The Council, on a proposal from the Commission, may also adopt recommendations for the purposes set out in this Article.

7. Union action shall respect the responsibilities of the Member States for the definition of their health policy and for the organisation and delivery of health services and medical care. The responsibilities of the Member States shall include the management of health services and medical care and the allocation of the resources assigned to them. The measures referred to in paragraph 4(a) shall not affect national provisions on the donation or medical use of organs and blood.

TITLE XV

CONSUMER PROTECTION

Article 169 (ex Article 153 TEC)

1. In order to promote the interests of consumers and to ensure a high level of consumer protection, the Union shall contribute to protecting the health, safety and economic interests of consumers, as well as to promoting their right to information, education and to organise themselves in order to safeguard their interests.

2. The Union shall contribute to the attainment of the objectives referred to in paragraph 1 through:
   (a) Measures adopted pursuant to Article 114 in the context of the completion of the internal market;
   (b) Measures which support supplement and monitor the policy pursued by the Member States.

3. The European Parliament and the Council, acting in accordance with the ordinary legislative procedure and after consulting the Economic and Social Committee, shall adopt the measures referred to in paragraph 2(b).

4. Measures adopted pursuant to paragraph 3 shall not prevent any Member State from maintaining or introducing more stringent protective measures. Such measures must be compatible with the Treaties. The Commission shall be notified of them.
Shared competence: Trans-European Networks

Aims: Establishment of
- Transport
- Telecommunications
- Energy infrastructures

Interconnection and interoperability

1. To help achieve the objectives referred to in Articles 26 and 174 and to enable citizens of the Union, economic operators and regional and local communities to derive full benefit from the setting-up of an area without internal frontiers, the Union shall contribute to the establishment and development of trans-European networks in the areas of transport, telecommunications and energy infrastructures.

2. Within the framework of a system of open and competitive markets, action by the Union shall aim at promoting the interconnection and interoperability of national networks as well as access to such networks. It shall take account in particular of the need to Link Island, landlocked and peripheral regions with the central regions of the Union.

Means:

- Guidelines
  - Shall establish a series of guidelines covering the objectives, priorities and broad lines of measures envisaged in the sphere of trans-European networks; these guidelines shall identify projects of common interest,

- Measures to ensure interoperability
  - Shall implement any measures that may prove necessary to ensure the interoperability of the networks, in particular in the field of technical standardisation,

- Projects
  - May support projects of common interest supported by Member States, which are identified in the framework of the guidelines referred to in the first indent, particularly through feasibility studies, loan guarantees or interest-rate subsidies; the Union may also contribute, through the Cohesion Fund set up pursuant to Article 177, to the financing of specific projects in Member States in the area of transport infrastructure.

The Union's activities shall take into account the potential economic viability of the projects.

Approval of member state

Coordination among the member states

International cooperation

2. Member States shall, in liaison with the Commission, coordinate among themselves the policies pursued at national level which may have a significant impact on the achievement of the objectives referred to in Article 170. The Commission may, in close cooperation with the Member State, take any useful initiative to promote such coordination.

3. The Union may decide to cooperate with third countries to promote projects of mutual interest and to ensure the interoperability of networks.
Article 172 (ex Article 156 TEC)

The guidelines and other measures referred to in Article 171(1) shall be adopted by the European Parliament and the Council, acting in accordance with the ordinary legislative procedure and after consulting the Economic and Social Committee and the Committee of the Regions.

Guidelines and projects of common interest which relate to the territory of a Member State shall require the approval of the Member State concerned.

TITLE XVII

INDUSTRY

Article 173 (ex Article 157 TEC)

1. The Union and the Member States shall ensure that the conditions necessary for the competitiveness of the Union's industry exist.

For that purpose, in accordance with a system of open and competitive markets, their action shall be aimed at:

- Speeding up the adjustment of industry to structural changes,
- Encouraging an environment favourable to initiative and to the development of undertakings throughout the Union, particularly small and medium-sized undertakings,
- Encouraging an environment favourable to cooperation between undertakings,
- Fostering better exploitation of the industrial potential of policies of innovation, research and technological development.

2. The Member States shall consult each other in liaison with the Commission and, where necessary, shall coordinate their action. The Commission may take any useful initiative to promote such coordination, in particular initiatives aiming at the establishment of guidelines and indicators, the organisation of exchange of best practice, and the preparation of the necessary elements for periodic monitoring and evaluation. The European Parliament shall be kept fully informed.

3. The Union shall contribute to the achievement of the objectives set out in paragraph 1 through the policies and activities it pursues under other provisions of the Treaties. The European Parliament and the Council, acting in accordance with the ordinary legislative procedure and after consulting the Economic and Social Committee, may decide on specific measures in support of action taken in the Member States to achieve the objectives set out in paragraph 1, excluding any harmonisation of the laws and regulations of the Member States.

This Title shall not provide a basis for the introduction by the Union of any measure which could lead to a distortion of competition or contains tax provisions or provisions relating to the rights and interests of employed persons.
In order to promote its overall harmonious development, the Union shall develop and pursue its actions leading to the strengthening of its economic, social and territorial cohesion.

In particular, the Union shall aim at reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions.

Among the regions concerned, particular attention shall be paid to rural areas, areas affected by industrial transition, and regions which suffer from severe and permanent natural or demographic handicaps such as the northernmost regions with very low population density and island, cross-border and mountain regions.

Member States shall conduct their economic policies and shall coordinate them in such a way as, in addition, to attain the objectives set out in Article 174. The formulation and implementation of the Union's policies and actions and the implementation of the internal market shall take into account the objectives set out in Article 174 and shall contribute to their achievement. The Union shall also support the achievement of these objectives by the action it takes through the Structural Funds (European Agricultural Guidance and Guarantee Fund, Guidance Section; European Social Fund; European Regional Development Fund), the European Investment Bank and the other existing Financial Instruments.

The Commission shall submit a report to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions every three years on the progress made towards achieving economic, social and territorial cohesion and on the manner in which the various means provided for in this Article have contributed to it. This report shall, if necessary, be accompanied by appropriate proposals.

If specific actions prove necessary outside the Funds and without prejudice to the measures decided upon within the framework of the other Union policies, such actions may be adopted by the European Parliament and the Council acting in accordance with the ordinary legislative procedure and after consulting the Economic and Social Committee and the Committee of the Regions.

The European Regional Development Fund is intended to help to redress the main regional imbalances in the Union through participation in the development and structural adjustment of regions whose development is lagging behind and in the conversion of declining industrial regions.
Article 177 (ex Article 161 TEC)

Without prejudice to Article 178, the European Parliament and the Council, acting by means of regulations in accordance with the ordinary legislative procedure and consulting the Economic and Social Committee and the Committee of the Regions, shall define the tasks, priority objectives and the organisation of the Structural Funds, which may involve grouping the Funds. The general rules applicable to them and the provisions necessary to ensure their effectiveness and the coordination of the Funds with one another and with the other existing Financial Instruments shall also be defined by the same procedure.

A Cohesion Fund set up in accordance with the same procedure shall provide a financial contribution to projects in the fields of environment and trans-European networks in the area of transport infrastructure.

Article 178 (ex Article 162 TEC)

Implementing regulations relating to the European Regional Development Fund shall be taken by the European Parliament and the Council, acting in accordance with the ordinary legislative procedure and after consulting the Economic and Social Committee and the Committee of the Regions.

With regard to the European Agricultural Guidance and Guarantee Fund, Guidance Section, and the European Social Fund, Articles 43 and 164 respectively shall continue to apply.

TITLE XIX
RESEARCH AND TECHNOLOGICAL DEVELOPMENT AND SPACE

Article 179 (ex Article 163 TEC)

1. The Union shall have the objective of strengthening its scientific and technological bases by achieving a European research area in which researchers, scientific knowledge and technology circulate freely, and encouraging it to become more competitive, including in its industry, while promoting all the research activities deemed necessary by virtue of other Chapters of the Treaties.

2. For this purpose the Union shall, throughout the Union, encourage undertakings, including small and medium-sized undertakings, research centres and universities in their research and technological development activities of high quality; it shall support their efforts to cooperate with one another, aiming, notably, at permitting researchers to cooperate freely across borders and at enabling undertakings to exploit the internal market potential to the full, in particular through the opening-up of national public contracts, the definition of common standards and the removal of legal and fiscal obstacles to that cooperation.

3. All Union activities under the Treaties in the area of research and technological development, including demonstration projects, shall be decided on and implemented in accordance with the provisions of this Title.
Article 180 (ex Article 164 TEC)

Complementing activities means:

- Programmes
  (a) Implementation of research, technological development and demonstration programmes, by promoting cooperation with and between undertakings, research centres and universities;

- Cooperation promotion
  (b) Promotion of cooperation in the field of Union research, technological development and demonstration with third countries and international organisations;

- Information dissemination
  (c) Dissemination and optimisation of the results of activities in Union research, technological development and demonstration;

- Training and mobility
  (d) Stimulation of the training and mobility of researchers in the Union.

Article 181 (ex Article 165 TEC)

1. The Union and the Member States shall coordinate their research and technological development activities so as to ensure that national policies and Union policy are mutually consistent.

2. In close cooperation with the Member State, the Commission may take any useful initiative to promote the coordination referred to in paragraph 1, in particular initiatives aiming at the establishment of guidelines and indicators, the organisation of exchange of best practice, and the preparation of the necessary elements for periodic monitoring and evaluation. The European Parliament shall be kept fully informed.

Article 182 (ex Article 166 TEC)

Multiannual framework programme, adopted by ordinary legislative procedure

1. A multiannual framework programme, setting out all the activities of the Union, shall be adopted by the European Parliament and the Council, acting in accordance with the ordinary legislative procedure after consulting the Economic and Social Committee.

The framework programme shall:

- Establish the scientific and technological objectives to be achieved by the activities provided for in Article 180 and fix the relevant priorities,

- Indicate the broad lines of such activities,

- Fix the maximum overall amount and the detailed rules for Union financial participation in the framework programme and the respective shares in each of the activities provided for.

2. The framework programme shall be adapted or supplemented as the situation changes.
3. The framework programme shall be implemented through specific programmes developed within each activity. Each specific programme shall define the detailed rules for implementing it, fix its duration and provide for the means deemed necessary. The sum of the amounts deemed necessary, fixed in the specific programmes, may not exceed the overall maximum amount fixed for the framework programme and each activity.

4. The Council, acting in accordance with a special legislative procedure and after consulting the European Parliament and the Economic and Social Committee, shall adopt the specific programmes.

5. As a complement to the activities planned in the multiannual framework programme, the European Parliament and the Council, acting in accordance with the ordinary legislative procedure and after consulting the Economic and Social Committee, shall establish the measures necessary for the implementation of the European research area.

Article 183 (ex Article 167 TEC)

For the implementation of the multiannual framework programme the Union shall:

- Determine the rules for the participation of undertakings, research centres and universities,
- Lay down the rules governing the dissemination of research results.

Article 184 (ex Article 168 TEC)

In implementing the multiannual framework programme, supplementary programmes may be decided on involving the participation of certain Member States only, which shall finance them subject to possible Union participation.

The Union shall adopt the rules applicable to supplementary programmes, particularly as regards the dissemination of knowledge and access by other Member States.

Article 185 (ex Article 169 TEC)

In implementing the multiannual framework programme, the Union may make provision, in agreement with the Member States concerned, for participation in research and development programmes undertaken by several Member States, including participation in the structures created for the execution of those programmes.

Article 186 (ex Article 170 TEC)

In implementing the multiannual framework programme the Union may make provision for cooperation in Union research, technological development and demonstration with third countries or international organisations.
Agreements

The detailed arrangements for such cooperation may be the subject of agreements between the Union and the third parties concerned.

Article 187 (ex Article 171 TEC)

Joint undertakings

The Union may set up joint undertakings or any other structure necessary for the efficient execution of Union research, technological development and demonstration programmes.

Article 188 (ex Article 172 TEC)

Decision-making

The Council, on a proposal from the Commission and after consulting the European Parliament and the Economic and Social Committee, shall adopt the provisions referred to in Article 187.

Ordinary legislative procedure

The European Parliament and the Council, acting in accordance with the ordinary legislative procedure and after consulting the Economic and Social Committee, shall adopt the provisions referred to in Articles 183, 184 and 185. Adoption of the supplementary programmes shall require the agreement of the Member States concerned.

Article 189

1. To promote scientific and technical progress, industrial competitiveness and the implementation of its policies, the Union shall draw up a European space policy. To this end, it may promote joint initiatives, support research and technological development and coordinate the efforts needed for the exploration and exploitation of space.

2. To contribute to attaining the objectives referred to in paragraph 1, the European Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall establish the necessary measures, which may take the form of a European space programme, excluding any harmonisation of the laws and regulations of the Member States.

3. The Union shall establish any appropriate relations with the European Space Agency.

4. This Article shall be without prejudice to the other provisions of this Title.

Article 190 (ex Article 173 TEC)

Shared competence Space Policy

- Promotes joint initiatives
- Supports research
- Coordinates efforts

Laws by ordinary legislative procedure

Relations to European Space Agency

Annual report from the Commission

At the beginning of each year the Commission shall send a report to the European Parliament and to the Council. The report shall include information on research and technological development activities and the dissemination of results during the previous year, and the work programme for the current year.
TITLE XX
ENVIRONMENT

Article 191 (ex Article 174 TEC)

1. Union policy on the environment shall contribute to pursuit of the following objectives:

- Preserving, protecting and improving the quality of the environment,
- Protecting human health,
- Prudent and rational utilisation of natural resources,
- Promoting measures at international level to deal with regional or worldwide environmental problems, and in particular combating climate change.

2. Union policy on the environment shall aim at a high level of protection taking into account the diversity of situations in the various regions of the Union. It shall be based on the precautionary principle and on the principles that preventive action should be taken, that environmental damage should as a priority be rectified at source and that the polluter should pay.

In this context, harmonisation measures answering environmental protection requirements shall include, where appropriate, a safeguard clause allowing Member States to take provisional measures, for non-economic environmental reasons, subject to a procedure of inspection by the Union.

3. In preparing its policy on the environment, the Union shall take account of:

- Available scientific and technical data,
- Environmental conditions in the various regions of the Union,
- The potential benefits and costs of action or lack of action,
- The economic and social development of the Union as a whole and the balanced development of its regions.

4. Within their respective spheres of competence, the Union and the Member States shall cooperate with third countries and with the competent international organisations. The arrangements for Union cooperation may be the subject of agreements between the Union and the third parties concerned.

The previous subparagraph shall be without prejudice to Member States' competence to negotiate in international bodies and to conclude international agreements.

Article 192 (ex Article 175 TEC)

1. The European Parliament and the Council, acting in accordance with the ordinary legislative procedure and after consulting the Economic and Social Committee and the Committee of the Regions, shall decide what action is to be taken by the Union in order to achieve the objectives referred to in Article 191.
2. By way of derogation from the decision-making procedure provided for in paragraph 1 and without prejudice to Article 114, the Council acting unanimously in accordance with a special legislative procedure and after consulting the European Parliament, the Economic and Social Committee and the Committee of the Regions, shall adopt:

- Fiscal provisions
  (a) Provisions primarily of a fiscal nature;

- Town and country planning
  (b) Measures affecting:

- Management of water resources
  - Quantitative management of water resources or affecting, directly or indirectly, the availability of those resources,
  - Land use, with the exception of waste management;

(c) Measures significantly affecting a Member State's choice between different energy sources and the general structure of its energy supply.

- Choice of energy sources and supply
  The Council, acting unanimously on a proposal from the Commission and after consulting the European Parliament, the Economic and Social Committee and the Committee of the Regions, may make the ordinary legislative procedure applicable to the matters referred to in the first subparagraph.

- Action programmes: ordinary legislative procedure
  3. General action programmes setting out priority objectives to be attained shall be adopted by the European Parliament and the Council, acting in accordance with the ordinary legislative procedure and after consulting the Economic and Social Committee and the Committee of the Regions.

- Unanimity and QMV
  The measures necessary for the implementation of these programmes shall be adopted under the terms of paragraph 1 or 2, as the case may be.

- Member states must finance and implement the environment policy
  4. Without prejudice to certain measures adopted by the Union, the Member States shall finance and implement the environment policy.

- Temporary derogations when costs are too high
  5. Without prejudice to the principle that the polluter should pay, if a measure based on the provisions of paragraph 1 involves costs deemed disproportionate for the public authorities of a Member State, such measure shall lay down appropriate provisions in the form of:

- Temporary derogations, and/or
  - Financial support from the Cohesion Fund set up pursuant to Article 177.

Article 193 (ex Article 176 TEC)

The protective measures adopted pursuant to Article 192 shall not prevent any Member State from maintaining or introducing more stringent protective measures. Such measures must be compatible with the Treaties. They shall be notified to the Commission.
TITLE XXI

ENERGY

Article 194

1. In the context of the establishment and functioning of the internal market and with regard for the need to preserve and improve the environment, Union policy on energy shall aim, in a spirit of solidarity between Member States, to:

(a) Ensure the functioning of the energy market;
(b) Ensure security of energy supply in the Union;
(c) Promote energy efficiency and energy saving and the development of new and renewable forms of energy; and
(d) Promote the interconnection of energy networks.

2. Without prejudice to the application of other provisions of the Treaties, the European Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall establish the measures necessary to achieve the objectives in paragraph 1. Such measures shall be adopted after consultation of the Economic and Social Committee and the Committee of the Regions.

Such measures shall not affect a Member State's right to determine the conditions for exploiting its energy resources, its choice between different energy sources and the general structure of its energy supply, without prejudice to Article 192(2)
(c).

3. By way of derogation from paragraph 2, the Council, acting in accordance with a special legislative procedure, shall unanimously and after consulting the European Parliament, establish the measures referred to therein when they are primarily of a fiscal nature.

TITLE XXII

TOURISM

Article 195

1. The Union shall complement the action of the Member States in the tourism sector, in particular by promoting the competitiveness of Union undertakings in that sector.

To that end, Union action shall be aimed at:

(a) Encouraging the creation of a favourable environment for the development of undertakings in this sector;
(b) Promoting cooperation between the Member States, particularly by the exchange of good practice.
2. The European Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall establish specific measures to complement actions within the Member States to achieve the objectives referred to in this Article, excluding any harmonisation of the laws and regulations of the Member States.

TITLE XXIII

CIVIL PROTECTION

Article 196

1. The Union shall encourage cooperation between Member States in order to improve the effectiveness of systems for preventing and protecting against natural or man-made disasters.

Aims:

- Support risk prevention and training
  
  Union action shall aim to:
  
  (a) Support and complement Member States' action at national, regional and local level in risk prevention, in preparing their civil-protection personnel and in responding to natural or man-made disasters within the Union;

- Promote operational cooperation
  
  (b) Promote swift, effective operational cooperation within the Union between national civil-protection services;

- International cooperation
  
  (c) Promote consistency in international civil-protection work.

2. The European Parliament and the Council, acting in accordance with the ordinary legislative procedure shall establish the measures necessary to help achieve the objectives referred to in paragraph 1, excluding any harmonisation of the laws and regulations of the Member States.

TITLE XXIV

ADMINISTRATIVE COOPERATION

Article 197

1. Effective implementation of Union law by the Member States, which is essential for the proper functioning of the Union, shall be regarded as a matter of common interest.

2. The Union may support the efforts of Member States to improve their administrative capacity to implement Union law. Such action may include facilitating the exchange of information and of civil servants as well as supporting training schemes. No Member State shall be obliged to avail itself of such support. The European Parliament and the Council, acting by means of regulations in accordance with the ordinary legislative procedure, shall establish the necessary measures to this end, excluding any harmonisation of the laws and regulations of the Member States.
3. This Article shall be without prejudice to the obligations of the Member States to implement Union law or to the prerogatives and duties of the Commission. It shall also be without prejudice to other provisions of the Treaties providing for administrative cooperation among the Member States and between them and the Union.

PART FOUR

ASSOCIATION OF THE OVERSEAS COUNTRIES AND TERRITORIES

Article 198 (ex Article 182 TEC)

The Member States agree to associate with the Union the non-European countries and territories which have special relations with Denmark, France, the Netherlands and the United Kingdom. These countries and territories (hereinafter called the "countries and territories") are listed in Annex II.

The purpose of association shall be to promote the economic and social development of the countries and territories and to establish close economic relations between them and the Union as a whole.

In accordance with the principles set out in the preamble to this Treaty, association shall serve primarily to further the interests and prosperity of the inhabitants of these countries and territories in order to lead them to the economic, social and cultural development to which they aspire.

Article 199 (ex Article 183 TEC)

Association shall have the following objectives.

1. Member States shall apply to their trade with the countries and territories the same treatment as they accord each other pursuant to the Treaties.

2. Each country or territory shall apply to its trade with Member States and with the other countries and territories the same treatment as that which it applies to the European State with which it has special relations.

3. The Member States shall contribute to the investments required for the progressive development of these countries and territories.

4. For investments financed by the Union, participation in tenders and supplies shall be open on equal terms to all natural and legal persons who are nationals of a Member State or of one of the countries and territories.

5. In relations between Member States and the countries and territories the right of establishment of nationals and companies or firms shall be regulated in accordance with the provisions and procedures laid down in the Chapter relating to the right of establishment and on a non-discriminatory basis, subject to any special provisions laid down pursuant to Article 203.
### Article 200 (ex Article 184 TEC)

1. Customs duties on imports into the Member States of goods originating in the countries and territories shall be prohibited in conformity with the prohibition of customs duties between Member States in accordance with the provisions of the Treaties.

2. Customs duties on imports into each country or territory from Member States or from the other countries or territories shall be prohibited in accordance with the provisions of Article 30.

3. The countries and territories may, however, levy customs duties which meet the needs of their development and industrialisation or produce revenue for their budgets.

   The duties referred to in the preceding subparagraph may not exceed the level of those imposed on imports of products from the Member State with which each country or territory has special relations.

4. Paragraph 2 shall not apply to countries and territories which, by reason of the particular international obligations by which they are bound, already apply a non-discriminatory customs tariff.

5. The introduction of or any change in customs duties imposed on goods imported into the countries and territories shall not, either in law or in fact, give rise to any direct or indirect discrimination between imports from the various Member States.

### Article 201 (ex Article 185 TEC)

If the level of the duties applicable to goods from a third country on entry into a country or territory is liable, when the provisions of Article 200(1) have been applied, to cause deflections of trade to the detriment of any Member State, the latter may request the Commission to propose to the other Member States the measures needed to remedy the situation.

### Article 202 (ex Article 186 TEC)

Subject to the provisions relating to public health, public security or public policy, freedom of movement within Member States for workers from the countries and territories, and within the countries and territories for workers from Member States, shall be regulated by acts adopted in accordance with Article 203.

### Article 203 (ex Article 187 TEC)

The Council, acting unanimously on a proposal from the Commission, shall, on the basis of the experience acquired under the association of the countries and territories with the Union and of the principles set out in the Treaties, lay down provisions as regards the detailed rules and the procedure for the association of the countries and territories with the Union. Where the provisions in question are adopted by the Council in accordance with a special legislative procedure, it shall act unanimously on a proposal from the Commission and after consulting the European Parliament.
Article 204 (ex Article 188 TEC)

The provisions of Articles 198 to 203 shall apply to Greenland, subject to the specific provisions for Greenland set out in the Protocol on special arrangements for Greenland, annexed to the Treaties.

PART FIVE

THE UNION'S EXTERNAL ACTION

TITLE I

GENERAL PROVISIONS ON THE UNION'S EXTERNAL ACTION

Article 205

The Union's action on the international scene, pursuant to this Part, shall be guided by the principles, pursue the objectives and be conducted in accordance with the general provisions laid down in Chapter 1 of Title V of the Treaty on European Union.

TITLE II

COMMON COMMERCIAL POLICY

Article 206 (ex Article 131 TEC)

By establishing a customs union in accordance with Articles 28 to 32, the Union shall contribute, in the common interest, to the harmonious development of world trade, the progressive abolition of restrictions on international trade and on foreign direct investment, and the lowering of customs and other barriers.

Article 207 (ex Article 133 TEC)

1. The common commercial policy shall be based on uniform principles, particularly with regard to changes in tariff rates, the conclusion of tariff and trade agreements relating to trade in goods and services, and the commercial aspects of intellectual property, foreign direct investment, the achievement of uniformity in measures of liberalisation, export policy and measures to protect trade such as those to be taken in the event of dumping or subsidies. The common commercial policy shall be conducted in the context of the principles and objectives of the Union's external action.

2. The European Parliament and the Council, acting by means of regulations in accordance with the ordinary legislative procedure, shall adopt the measures defining the framework for implementing the common commercial policy.

3. Where agreements with one or more third countries or international organisations need to be negotiated and concluded, Article 218 shall apply, subject to the special provisions of this Article.
The Commission shall make recommendations to the Council, which shall authorise it to open the necessary negotiations. The Council and the Commission shall be responsible for ensuring that the agreements negotiated are compatible with internal Union policies and rules.

The Commission shall conduct these negotiations in consultation with a special committee appointed by the Council to assist the Commission in this task and within the framework of such directives as the Council may issue to it. The Commission shall report regularly to the special committee and to the European Parliament on the progress of negotiations.

4. For the negotiation and conclusion of the agreements referred to in paragraph 3, the Council shall act by a qualified majority.

For the negotiation and conclusion of agreements in the fields of trade in services and the commercial aspects of intellectual property, as well as foreign direct investment, the Council shall act unanimously where such agreements include provisions for which unanimity is required for the adoption of internal rules.

The Council shall also act unanimously for the negotiation and conclusion of agreements:

(a) In the field of trade in cultural and audiovisual services, where these agreements risk prejudicing the Union's cultural and linguistic diversity;

(b) In the field of trade in social, education and health services, where these agreements risk seriously disturbing the national organisation of such services and prejudicing the responsibility of Member States to deliver them.

5. The negotiation and conclusion of international agreements in the field of transport shall be subject to Title VI of Part Three and to Article 218.

6. The exercise of the competences conferred by this Article in the field of the common commercial policy shall not affect the delimitation of competences between the Union and the Member States, and shall not lead to harmonisation of legislative or regulatory provisions of the Member States in so far as the Treaties exclude such harmonisation.

TITLE III

COOPERATION WITH THIRD COUNTRIES AND HUMANITARIAN AID

Chapter 1

Development Cooperation

Article 208 (ex Article 177 TEC)

1. Union policy in the field of development cooperation shall be conducted within the framework of the principles and objectives of the Union's external action. The Union's development cooperation policy and that of the Member States complement and reinforce each other.
Union development cooperation policy shall have as its primary objective the reduction and, in the long term, the eradication of poverty. The Union shall take account of the objectives of development cooperation in the policies that it implements which are likely to affect developing countries.

2. The Union and the Member States shall comply with the commitments and take account of the objectives they have approved in the context of the United Nations and other competent international organisations.

Article 209 (ex Article 179 TEC)

1. The European Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall adopt the measures necessary for the implementation of development cooperation policy, which may relate to multiannual cooperation programmes with developing countries or programmes with a thematic approach.

2. The Union may conclude with third countries and competent international organisations any agreement helping to achieve the objectives referred to in Article 21 of the Treaty on European Union and in Article 208 of this Treaty.

The first subparagraph shall be without prejudice to Member States' competence to negotiate in international bodies and to conclude agreements.

3. The European Investment Bank shall contribute, under the terms laid down in its Statute, to the implementation of the measures referred to in paragraph 1.

Article 210 (ex Article 180 TEC)

1. In order to promote the complementarity and efficiency of their action, the Union and the Member States shall coordinate their policies on development cooperation and shall consult each other on their aid programmes, including in international organisations and during international conferences. They may undertake joint action. Member States shall contribute if necessary to the implementation of Union aid programmes.

2. The Commission may take any useful initiative to promote the coordination referred to in paragraph 1.

Article 211 (ex Article 181 TEC)

Within their respective spheres of competence, the Union and the Member States shall cooperate with third countries and with the competent international organisations.
Chapter 2

Economic, financial and technical cooperation with third countries

Article 212 (ex Article 181a TEC)

1. Without prejudice to the other provisions of the Treaties, and in particular Articles 208 to 211, the Union shall carry out economic, financial and technical cooperation measures, including assistance, in particular financial assistance, with third countries other than developing countries. Such measures shall be consistent with the development policy of the Union and shall be carried out within the framework of the principles and objectives of its external action. The Union's operations and those of the Member States shall complement and reinforce each other.

2. The European Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall adopt the measures necessary for the implementation of paragraph 1.

3. Within their respective spheres of competence, the Union and the Member States shall cooperate with third countries and the competent international organisations. The arrangements for Union cooperation may be the subject of agreements between the Union and the third parties concerned.

The first subparagraph shall be without prejudice to the Member States' competence to negotiate in international bodies and to conclude international agreements.

Article 213

When the situation in a third country requires urgent financial assistance from the Union, the Council shall adopt the necessary decisions on a proposal from the Commission.

Chapter 3

Humanitarian Aid

Article 214

1. The Union's operations in the field of humanitarian aid shall be conducted within the framework of the principles and objectives of the external action of the Union. Such operations shall be intended to provide ad hoc assistance and relief and protection for people in third countries who are victims of natural or man-made disasters, in order to meet the humanitarian needs resulting from these different situations. The Union's measures and those of the Member States shall complement and reinforce each other.

2. Humanitarian aid operations shall be conducted in compliance with the principles of international law and with the principles of impartiality, neutrality and non-discrimination.
3. The European Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall establish the measures defining the framework within which the Union's humanitarian aid operations shall be implemented.

4. The Union may conclude with third countries and competent international organisations any agreement helping to achieve the objectives referred to in paragraph 1 and in Article 21 of the Treaty on European Union.

The first subparagraph shall be without prejudice to Member States' competence to negotiate in international bodies and to conclude agreements.

5. In order to establish a framework for joint contributions from young Europeans to the humanitarian aid operations of the Union, a European Voluntary Humanitarian Aid Corps shall be set up. The European Parliament and the Council, acting by means of regulations in accordance with the ordinary legislative procedure, shall determine the rules and procedures for the operation of the Corps.

6. The Commission may take any useful initiative to promote coordination between actions of the Union and those of the Member States, in order to enhance the efficiency and complementarity of Union and national humanitarian aid measures.

7. The Union shall ensure that its humanitarian aid operations are coordinated and consistent with those of international organisations and bodies, in particular those forming part of the United Nations system.

**TITLE IV**

**RESTRICTIVE MEASURES**

Article 215 (ex Article 301 TEC)

1. Where a decision, adopted in accordance with Chapter 2 of Title V of the Treaty on European Union, provides for the interruption or reduction, in part or completely, of economic and financial relations with one or more third countries, the Council, acting by a qualified majority on a joint proposal from the High Representative of the Union for Foreign Affairs and Security Policy and the Commission, shall adopt the necessary measures. It shall inform the European Parliament thereof.

2. Where a decision adopted in accordance with Chapter 2 of Title V of the Treaty on European Union so provides, the Council may adopt restrictive measures under the procedure referred to in paragraph 1 against natural or legal persons and groups or non-State entities.

3. The acts referred to in this Article shall include necessary provisions on legal safeguards.

- Qualified majority after joint proposal by Commission and Union High Representative
- Boycotts against persons and groups. See also art. 75 TFEU, fight against terror before based on Art. 60, 301, 308 TEC
- Necessary legal safeguards
TITLE V

INTERNATIONAL AGREEMENTS

Article 216

1. The Union may conclude an agreement with one or more third countries or international organisations where the Treaties so provide or where the conclusion of an agreement is necessary in order to achieve, within the framework of the Union's policies, one of the objectives referred to in the Treaties, or is provided for in a legally binding Union act or is likely to affect common rules or alter their scope.

2. Agreements concluded by the Union are binding upon the institutions of the Union and on its Member States.

Article 217 (ex Article 310 TEC)

The Union may conclude with one or more third countries or international organisations agreements establishing an association involving reciprocal rights and obligations, common action and special procedure.

Article 218 (ex Article 300 TEC)

1. Without prejudice to the specific provisions laid down in Article 207, agreements between the Union and third countries or international organisations shall be negotiated and concluded in accordance with the following procedure.

2. The Council shall authorise the opening of negotiations, adopt negotiating directives, authorise the signing of agreements and conclude them.

3. The Commission, or the High Representative of the Union for Foreign Affairs and Security Policy where the agreement envisaged relates exclusively or principally to the common foreign and security policy, shall submit recommendations to the Council, which shall adopt a decision authorising the opening of negotiations and, depending on the subject of the agreement envisaged, nominating the Union negotiator or the head of the Union's negotiating team.

4. The Council may address directives to the negotiator and designate a special committee in consultation with which the negotiations must be conducted.

5. The Council, on a proposal by the negotiator, shall adopt a decision authorising the signing of the agreement and, if necessary, its provisional application before entry into force.

6. The Council, on a proposal by the negotiator, shall adopt a decision concluding the agreement.
Except where agreements relate exclusively to the common foreign and security
policy, the Council shall adopt the decision concluding the agreement:

(a) After obtaining the consent of the European Parliament in the following cases:
   (i) Association agreements;
   (ii) Agreement on Union accession to the European Convention for the
        Protection of Human Rights and Fundamental Freedoms;
   (iii) Agreements establishing a specific institutional framework by organising
        cooperation procedures;
   (iv) Agreements with important budgetary implications for the Union;
   (v) Agreements covering fields to which either the ordinary legislative
        procedure applies, or the special legislative procedure where consent by the
        European Parliament is required.

The European Parliament and the Council may, in an urgent situation, agree upon
a time-limit for consent.

(b) After consulting the European Parliament in other cases. The European
    Parliament shall deliver its opinion within a time-limit which the Council may
    set depending on the urgency of the matter. In the absence of an opinion
    within that time-limit, the Council may act.

7. When concluding an agreement, the Council may, by way of derogation from
   paragraphs 5, 6 and 9, authorise the negotiator to approve on the Union's
   behalf modifications to the agreement where it provides for them to be
   adopted by a simplified procedure or by a body set up by the agreement. The
   Council may attach specific conditions to such authorisation.

8. The Council shall act by a qualified majority throughout the procedure.

   However, it shall act unanimously when the agreement covers a field for which
   unanimity is required for the adoption of a Union act as well as for association
   agreements and the agreements referred to in Article 212 with the States which
   are candidates for accession. The Council shall also act unanimously for the
   agreement on accession of the Union to the European Convention for the
   Protection of Human Rights and Fundamental Freedoms; the decision concluding
   this agreement shall enter into force after it has been approved by the Member
   States in accordance with their respective constitutional requirements.

9. The Council, on a proposal from the Commission or the High Representative
   of the Union for Foreign Affairs and Security Policy, shall adopt a decision
   suspending application of an agreement and establishing the positions to be
   adopted on the Union's behalf in a body set up by an agreement, when that
   body is called upon to adopt acts having legal effects, with the exception of
   acts supplementing or amending the institutional framework of the agreement.
EP fully informed at all stages

10. The European Parliament shall be immediately and fully informed at all stages of the procedure.

Opinion of the EU Court may be requested

11. A Member State, the European Parliament, the Council or the Commission may obtain the opinion of the Court of Justice as to whether an agreement envisaged is compatible with the Treaties. Where the opinion of the Court is adverse, the agreement envisaged may not enter into force unless it is amended or the Treaties are revised.

Article 219 (ex Article 111(1) to (3) and (5) TEC)

Exchange-rate system Agreements on exchange-rate systems:

1. By way of derogation from Article 218, the Council, either on a recommendation from the European Central Bank or on a recommendation from the Commission and after consulting the European Central Bank, in an endeavour to reach a consensus consistent with the objective of price stability, may conclude formal agreements on an exchange-rate system for the euro in relation to the currencies of third States. The Council shall act unanimously after consulting the European Parliament and in accordance with the procedure provided for in paragraph 3.

The Council may, either on a recommendation from the European Central Bank or on a recommendation from the Commission, and after consulting the European Central Bank, in an endeavour to reach a consensus consistent with the objective of price stability, adopt, adjust or abandon the central rates of the euro within the exchange-rate system. The President of the Council shall inform the European Parliament of the adoption, adjustment or abandonment of the euro central rates.

Council acts by qualified majority after recommendation from ECB or Commission on the central rates within the exchange-rate system

2. In the absence of an exchange-rate system in relation to one or more currencies of third States as referred to in paragraph 1, the Council, either on a recommendation from the Commission and after consulting the European Central Bank or on a recommendation from the European Central Bank, may formulate general orientations for exchange-rate policy in relation to these currencies. These general orientations shall be without prejudice to the primary objective of the ESCB to maintain price stability.

General orientations adopted by Council

3. By way of derogation from Article 218, where agreements concerning monetary or foreign exchange regime matters need to be negotiated by the Union with one or more third States or international organisations, the Council, on a recommendation from the Commission and after consulting the European Central Bank, shall decide the arrangements for the negotiation and for the conclusion of such agreements. These arrangements shall ensure that the Union expresses a single position. The Commission shall be fully associated with the negotiations.

The Council decides matters relating to monetary or exchange rate systems after consulting ECB

4. Without prejudice to Union competence and Union agreements as regards economic and monetary union, Member States may negotiate in international bodies and conclude international agreements.

Member states’ competence
TITLE VI

THE UNION'S RELATIONS WITH INTERNATIONAL ORGANISATIONS AND THIRD COUNTRIES AND UNION DELEGATIONS

Diplomatic Representation

Cooperation with International organisations

UN, Council of Europe, OSCE and OECD

Article 220 (ex Articles 302 to 304 TEC)

1. The Union shall establish all appropriate forms of cooperation with the organs of the United Nations and its specialised agencies, the Council of Europe, the Organisation for Security and Cooperation in Europe and the Organisation for Economic Cooperation and Development.

The Union shall also maintain such relations as are appropriate with other international organisations.

2. The High Representative of the Union for Foreign Affairs and Security Policy and the Commission shall implement this Article.

Article 221

1. Union delegations in third countries and at international organisations shall represent the Union.

2. Union delegations shall be placed under the authority of the High Representative of the Union for Foreign Affairs and Security Policy. They shall act in close cooperation with Member States' diplomatic and consular missions.

TITLE VII

SOLIDARITY CLAUSE

Solidarity clause

Article 222

1. The Union and its Member States shall act jointly in a spirit of solidarity if a Member State is the object of a terrorist attack or the victim of a natural or man-made disaster. The Union shall mobilise all the instruments at its disposal, including the military resources made available by the Member States, to:

- Prevent the terrorist threats in the territory of the Member States;
- Protect democratic institutions and the civilian population from any terrorist attack;
- Assist a Member State in its territory, at the request of its political authorities, in the event of a terrorist attack;

(b) Assist a Member State in its territory, at the request of its political authorities, in the event of a natural or man-made disaster.
2. Should a Member State be the object of a terrorist attack or the victim of a natural or man-made disaster, the other Member States shall assist it at the request of its political authorities. To that end, the Member States shall coordinate between themselves in the Council.

3. The arrangements for the implementation by the Union of the solidarity clause shall be defined by a decision adopted by the Council acting on a joint proposal by the Commission and the High Representative of the Union for Foreign Affairs and Security Policy. The Council shall act in accordance with Article 31(1) of the Treaty on European Union where this decision has defence implications. The European Parliament shall be informed.

For the purposes of this paragraph and without prejudice to Article 240, the Council shall be assisted by the Political and Security Committee with the support of the structures developed in the context of the common security and defence policy and by the Committee referred to in Article 71; the two committees shall, if necessary, submit joint opinions.

4. The European Council shall regularly assess the threats facing the Union in order to enable the Union and its Member States to take effective action.

PART SIX

INSTITUTIONAL AND FINANCIAL PROVISIONS

TITLE I INSTITUTIONAL PROVISIONS

Chapter 1

INSTITUTIONS

Section 1

European Parliament, EP

1. The European Parliament shall draw up a proposal to lay down the provisions necessary for the election of its Members by direct universal suffrage in accordance with a uniform procedure in all Member States or in accordance with principles common to all Member States.

The Council, acting unanimously in accordance with a special legislative procedure and after obtaining the consent of the European Parliament, which shall act by a majority of its component Members, shall lay down the necessary provisions. These provisions shall enter into force following their approval by the Member States in accordance with their respective constitutional requirements.

2. The European Parliament, acting by means of regulations on its own initiative in accordance with a special legislative procedure after seeking an opinion from the Commission and with the consent of the Council,
shall lay down the regulations and general conditions governing the performance of the duties of its Members. All rules or conditions relating to the taxation of Members or former Members shall require unanimity within the Council.

Article 224 (ex Article 191, second subparagraph, TEC)

The European Parliament and the Council, acting in accordance with the ordinary legislative procedure, by means of regulations, shall lay down the regulations governing political parties at European level referred to in Article 10(4) of the Treaty on European Union and in particular the rules regarding their funding.

Article 225 (ex Article 192, second subparagraph, TEC)

The European Parliament may, acting by a majority of its component Members, request the Commission to submit any appropriate proposal on matters on which it considers that a Union act is required for the purpose of implementing the Treaties. If the Commission does not submit a proposal, it shall inform the European Parliament of the reasons.

Article 226 (ex Article 193 TEC)

In the course of its duties, the European Parliament may, at the request of a quarter of its component Members, set up a temporary Committee of Inquiry to investigate, without prejudice to the powers conferred by the Treaties on other institutions or bodies, alleged contraventions or maladministration in the implementation of Union law, except where the alleged facts are being examined before a court and while the case is still subject to legal proceedings.

The temporary Committee of Inquiry shall cease to exist on the submission of its report.

The detailed provisions governing the exercise of the right of inquiry shall be determined by the European Parliament, acting by means of regulations on its own initiative in accordance with a special legislative procedure, after obtaining the consent of the Council and the Commission.

Article 227 (ex Article 194 TEC)

Any citizen of the Union, and any natural or legal person residing or having its registered office in a Member State, shall have the right to address, individually or in association with other citizens or persons, a petition to the European Parliament on a matter which comes within the Union's fields of activity and which affects him, her or it directly.

Article 228 (ex Article 195 TEC)

1. A European Ombudsman, elected by the European Parliament, shall be empowered to receive complaints from any citizen of the Union or any natural or legal person residing or having its registered office in a Member State concerning instances of maladministration in the activities of the Union institutions, bodies, offices or agencies, with the exception of the Court of

U. - Taxation rules require unanimity

Political parties at European level Funding by ordinary legislative procedure

Request initiative

Absolute majority of EP members may request an initiative from the Commission

Temporary Committee of Inquiry

1/4 of EP members may request
A simple majority decides on committee to investigate maladministration

Exists only until a report is submitted

EP adopts law with consent from Council and Commission

Petitions

Right to petition the EP

Ombudsman

EP elects an Ombudsman

Ombudsman receives complaints on maladministration
Justice of the European Union acting in its judicial role. He or she shall examine such complaints and report on them.

In accordance with his duties, the Ombudsman shall conduct inquiries for which he finds grounds, either on his own initiative or on the basis of complaints submitted to him direct or through a Member of the European Parliament, except where the alleged facts are or have been the subject of legal proceedings. Where the Ombudsman establishes an instance of maladministration, he shall refer the matter to the institution, body, office or agency concerned, which shall have a period of three months in which to inform him of its views. The Ombudsman shall then forward a report to the European Parliament and the institution, body, office or agency concerned. The person lodging the complaint shall be informed of the outcome of such inquiries.

The Ombudsman shall submit an annual report to the European Parliament on the outcome of his inquiries.

2. The Ombudsman shall be elected after each election of the European Parliament for the duration of its term of office. The Ombudsman shall be eligible for reappointment.

The Ombudsman may be dismissed by the Court of Justice at the request of the European Parliament if he no longer fulfils the conditions required for the performance of his duties or if he is guilty of serious misconduct.

3. The Ombudsman shall be completely independent in the performance of his duties. In the performance of those duties he shall neither seek nor take instructions from any Government, institution, body, office or entity. The Ombudsman may not, during his term of office, engage in any other occupation, whether gainful or not.

4. The European Parliament acting by means of regulations on its own initiative in accordance with a special legislative procedure shall, after seeking an opinion from the Commission and with the consent of the Council, lay down the regulations and general conditions governing the performance of the Ombudsman's duties.

Article 229 (ex Article 196 TEC)

The European Parliament shall hold an annual session. It shall meet, without requiring to be convened, on the second Tuesday in March.

The European Parliament may meet in extraordinary part-session at the request of a majority of its component Members or at the request of the Council or of the Commission.

Article 230 (ex Article 197, second, third and fourth paragraph, TEC)

The Commission may attend all the meetings and shall, at its request, be heard. The Commission shall reply orally or in writing to questions put to it by the European Parliament or by its Members.
The European Council and the Council shall be heard by the European Parliament in accordance with the conditions laid down in the Rules of Procedure of the European Council and those of the Council.

Article 231 (ex Article 198 TEC)
Snave as otherwise provided in the Treaties, the European Parliament shall act by a majority of the votes cast.

The Rules of Procedure shall determine the quorum.

Article 232 (ex Article 199 TEC)


Article 233 (ex Article 200 TEC)

The European Parliament shall discuss in open session the annual general report submitted to it by the Commission.

Article 234 (ex Article 201 TEC)

If a motion of censure on the activities of the Commission is tabled before it, the European Parliament shall not vote thereon until at least three days after the motion has been tabled and only by open vote.

If the motion of censure is carried by a two-thirds majority of the votes cast, representing a majority of the component Members of the European Parliament, the members of the Commission shall resign as a body and the High Representative of the Union for Foreign Affairs and Security Policy shall resign from duties that he or she carries out in the Commission. They shall remain in office and continue to deal with current business until they are replaced in accordance with Article 17 of the Treaty on European Union. In this case, the term of office of the members of the Commission appointed to replace them shall expire on the date on which the term of office of the members of the Commission obliged to resign as a body would have expired.

Section 2

The European Council

Article 235

1. Where a vote is taken, any member of the European Council may also act on behalf of not more than one other member.

Article 16(4) of the Treaty on European Union and Article 238(2) of this Treaty shall apply to the European Council when it is acting by a qualified majority. Where the European Council decides by vote, it’s President and the President of the Commission shall not take part in the vote.
Abstention does not prevent adoption of acts by unanimity

Abstentions by members present in person or represented shall not prevent the adoption by the European Council of acts which require unanimity.

2. The President of the European Parliament may be invited to be heard by the European Council.

Procedural rules by simple majority

3. The European Council shall act by a simple majority for procedural questions and for the adoption of its Rules of Procedure.

General Secretariat

4. The European Council shall be assisted by the General Secretariat of the Council.

Council formations and presidencies

The European Council shall adopt by a qualified majority:

(a) A decision establishing the list of Council configurations, other than those of the General Affairs Council and of the Foreign Affairs Council, in accordance with Article 16(6) of the Treaty on European Union;

- List of Council configurations

(b) A decision on the Presidency of Council configurations, other than that of Foreign Affairs, in accordance with Article 16(9) of the Treaty on European Union.

Section 3

The Council

Article 237 (ex Article 204 TEC)

The Council shall meet when convened by its President on his own initiative or at the request of one of its Members or of the Commission.

Article 238 (ex Article 205(1) and (2), TEC)

1. Where it is required to act by a simple majority, the Council shall act by a majority of its component members.

Voting rules

Simple majority:
15 of 28 member states

Voting since 1. November 2014

If no proposal from Commission or High Representative:
72% of member states and 65% of EU population = Enlarged qualified majority, see art. 16 TEU

IF NOT all members of Council vote:

2. By way of derogation from Article 16(4) of the Treaty on European Union, as from 1 November 2014 and subject to the provisions laid down in the Protocol on transitional provisions, where the Council does not act on a proposal from the Commission or from the High Representative of the Union for Foreign Affairs and Security Policy, the qualified majority shall be defined as at least 72 % of the members of the Council, representing Member States comprising at least 65 % of the population of the Union.

3. As from 1 November 2014 and subject to the provisions laid down in the Protocol on transitional provisions, in cases where, under the Treaties, not all the members of the Council participate in voting, a qualified majority shall be defined as follows:
(a) A qualified majority shall be defined as at least 55 % of the members of the Council representing the participating Member States, comprising at least 65 % of the population of these States.

A blocking minority must include at least the minimum number of Council members representing more than 35 % of the population of the participating Member States, plus one member, failing which the qualified majority shall be deemed attained;

(b) By way of derogation from point (a), where the Council does not act on a proposal from the Commission or from the High Representative of the Union for Foreign Affairs and Security Policy, the qualified majority shall be defined as at least 72 % of the members of the Council representing the participating Member States, comprising at least 65 % of the population of these States.

4. Abstentions by Members present in person or represented shall not prevent the adoption by the Council of acts which require unanimity.

Article 239 (ex Article 206 TEC)

Where a vote is taken, any Member of the Council may also act on behalf of not more than one other member.

Article 240 (ex Article 207 TEC)

1. A committee consisting of the Permanent Representatives of the Governments of the Member States shall be responsible for preparing the work of the Council and for carrying out the tasks assigned to it by the latter. The Committee may adopt procedural decisions in cases provided for in the Council's Rules of Procedure.

2. The Council shall be assisted by a General Secretariat, under the responsibility of a Secretary-General appointed by the Council.

The Council shall decide on the organisation of the General Secretariat by a simple majority.

3. The Council shall act by a simple majority regarding procedural matters and for the adoption of its Rules of Procedure.

Article 241 (ex Article 208 TEC)

The Council, acting by a simple majority, may request the Commission to undertake any studies the Council considers desirable for the attainment of the common objectives, and to submit to it any appropriate proposals. If the Commission does not submit a proposal, it shall inform the Council of the reasons.
Article 242 (ex Article 209 TEC)

The Council, acting by a simple majority shall, after consulting the Commission, determine the rules governing the committees provided for in the Treaties.

Article 243 (ex Article 210 TEC)

The Council shall determine the salaries, allowances and pensions of the President of the European Council, the President of the Commission, the High Representative of the Union for Foreign Affairs and Security Policy, the Members of the Commission, the Presidents, Members and Registrars of the Court of Justice of the European Union, and the Secretary-General of the Council. It shall also determine any payment to be made instead of remuneration.

Section 4

The Commission

Article 244

In accordance with Article 17(5) of the Treaty on European Union, the Members of the Commission shall be chosen on the basis of a system of rotation established unanimously by the European Council and on the basis of the following principles:

(a) Member States shall be treated on a strictly equal footing as regards determination of the sequence of, and the time spent by, their nationals as members of the Commission; consequently, the difference between the total number of terms of office held by nationals of any given pair of Member States may never be more than one;

(b) Subject to point (a), each successive Commission shall be so composed as to reflect satisfactorily the demographic and geographical range of all the Member States.

Article 245 (ex Article 213 TEC)

The Members of the Commission shall refrain from any action incompatible with their duties. Member States shall respect their independence and shall not seek to influence them in the performance of their tasks.

The Members of the Commission may not, during their term of office, engage in any other occupation, whether gainful or not. When entering upon their duties they shall give a solemn undertaking that, both during and after their term of office, they will respect the obligations arising therefrom and in particular their duty to behave with integrity and discretion as regards the acceptance, after they have ceased to hold office, of certain appointments or benefits. In the event of any breach of these obligations, the Court of Justice may, on application by the Council acting by a simple majority or the Commission, rule that the Member concerned be, according to the circumstances, either compulsorily retired in accordance with Article 247 or deprived of his right to a pension or other benefits in its stead.
Article 246 (ex Article 215 TEC)

Apart from normal replacement, or death, the duties of a Member of the Commission shall end when he resigns or is compulsorily retired.

A vacancy caused by resignation, compulsory retirement or death shall be filled for the remainder of the Member's term of office by a new Member of the same nationality appointed by the Council, by common accord with the President of the Commission, after consulting the European Parliament and in accordance with the criteria set out in the second subparagraph of Article 17(3) of the Treaty on European Union.

The Council may, acting unanimously on a proposal from the President of the Commission, decide that such a vacancy need not be filled, in particular when the remainder of the Member's term of office is short.

In the event of resignation, compulsory retirement or death, the President shall be replaced for the remainder of his term of office. The procedure laid down in the first subparagraph of Article 17(7) of the Treaty on European Union shall be applicable for the replacement of the President.

In the event of resignation, compulsory retirement or death, the High Representative of the Union for Foreign Affairs and Security Policy shall be replaced, for the remainder of his or her term of office, in accordance with Article 18(1) of the Treaty on European Union.

In the case of the resignation of all the Members of the Commission, they shall remain in office and continue to deal with current business until they have been replaced, for the remainder of their term of office, in accordance with Article 17 of the Treaty on European Union.

Article 247 (ex Article 216 TEC)

If any Member of the Commission no longer fulfils the conditions required for the performance of his duties or if he has been guilty of serious misconduct, the Court of Justice may, on application by the Council acting by a simple majority or the Commission, compulsorily retire him.

Article 248 (ex Article 217(2) TEC)

Without prejudice to Article 18(4) of the Treaty on European Union, the responsibilities incumbent upon the Commission shall be structured and allocated among its members by its President, in accordance with Article 17(6) of that Treaty. The President may reshuffle the allocation of those responsibilities during the Commission's term of office. The Members of the Commission shall carry out the duties devolved upon them by the President under his authority.

Article 249 (ex Articles 218(2) and 212 TEC)

1. The Commission shall adopt its Rules of Procedure so as to ensure that both it and its departments operate. It shall ensure that these Rules are published.
Annual general report to EP

2. The Commission shall publish annually, not later than one month before the opening of the session of the European Parliament, a general report on the activities of the Union.

Article 250 (ex Article 219 TEC)

Voting rule
Commission decides by majority of members

The Commission shall act by a majority of its Members.

Its Rules of Procedure shall determine the quorum.

Section 5

The Court of Justice of the European Union

EU Court = Court of Justice, General Court and specialised courts

Three formations:
- Chambers
- Grand Chamber
- Full Court

The Court of Justice shall sit in chambers or in a Grand Chamber, in accordance with the rules laid down for that purpose in the Statute of the Court of Justice of the European Union.

When provided for in the Statute, the Court of Justice may also sit as a full Court.

Article 251 (ex Article 221 TEC)

Advocates-General
11 AG’s in 2016 - can be increased by unanimity

- Impartial
- Independent
- Make submissions when involvement is required

The Court of Justice shall be assisted by eight Advocates-General. Should the Court of Justice so request, the Council, acting unanimously may increase the number of Advocates-General.

It shall be the duty of the Advocate-General, acting with complete impartiality and independence, to make, in open court, reasoned submissions on cases which, in accordance with the Statute of the Court of Justice of the European Union, require his involvement.

Article 252 (ex Article 222 TEC)

U. Appointments for Court of Justice
Judges and Advocates-General shall have qualifications for the highest positions within their national legal systems - chosen by common accord

The Judges and Advocates-General of the Court of Justice shall be chosen from persons whose independence is beyond doubt and who possess the qualifications required for appointment to the highest judicial offices in their respective countries or who are jurists of recognised competence; they shall be appointed by common accord of the governments of the Member States for a term of six years, after consultation of the panel provided for in Article 255.

Every three years there shall be a partial replacement of the Judges and Advocates-General, in accordance with the conditions laid down in the Statute of the Court of Justice of the European Union.

Partial replacement every third year

The Judges shall elect the President of the Court of Justice from among their number for a term of three years. He may be re-elected.

President elected for 3 years, may be re-elected

Retiring Judges and Advocates-General may be reappointed.

The Court of Justice shall appoint its Registrar and lay down the rules governing his service.

Article 253 (ex Article 223 TEC)
The Court of Justice shall establish its Rules of Procedure. Those Rules shall require the approval of the Council.

Article 254 (ex Article 224 TEC)

The number of Judges of the General Court shall be determined by the Statute of the Court of Justice of the European Union. The Statute may provide for the General Court to be assisted by Advocates-General.

The members of the General Court shall be chosen from persons whose independence is beyond doubt and who possess the ability required for appointment to high judicial office. They shall be appointed by common accord of the governments of the Member States for a term of six years, after consultation of the panel provided for in Article 255. The membership shall be partially renewed every three years. Retiring members shall be eligible for reappointment.

The Judges shall elect the President of the General Court from among their number for a term of three years. He may be re-elected.

The General Court shall appoint its Registrar and lay down the rules governing his service.

The General Court shall establish its Rules of Procedure in agreement with the Court of Justice. Those Rules shall require the approval of the Council.

Unless the Statute of the Court of Justice of the European Union provides otherwise, the provisions of the Treaties relating to the Court of Justice shall apply to the General Court.

Article 255

A panel shall be set up in order to give an opinion on candidates' suitability to perform the duties of Judge and Advocate-General of the Court of Justice and the General Court before the governments of the Member States make the appointments referred to in Articles 253 and 254.

The panel shall comprise seven persons chosen from among former members of the Court of Justice and the General Court, members of national supreme courts and lawyers of recognised competence, one of whom shall be proposed by the European Parliament. The Council shall adopt a decision establishing the panel's operating rules and a decision appointing its members. It shall act on the initiative of the President of the Court of Justice.

Article 256 (ex Article 225 TEC)

1. The General Court shall have jurisdiction to hear and determine at first instance actions or proceedings referred to in Articles 263, 265, 268, 270 and 272, with the exception of those assigned to a specialised court set up under Article 257 and those reserved in the Statute for the Court of Justice. The Statute may provide for the General Court to have jurisdiction for other classes of action or proceeding.
Decisions given by the General Court under this paragraph may be subject to a right of appeal to the Court of Justice on points of law only, under the conditions and within the limits laid down by the Statute.

2. The General Court shall have jurisdiction to hear and determine actions or proceedings brought against decisions of the specialised courts.

Decisions given by the General Court under this paragraph may exceptionally be subject to review by the Court of Justice, under the conditions and within the limits laid down by the Statute, where there is a serious risk of the unity or consistency of Union law being affected.

3. The General Court shall have jurisdiction to hear and determine questions referred for a preliminary ruling under Article 267, in specific areas laid down by the Statute.

Where the General Court considers that the case requires a decision of principle likely to affect the unity or consistency of Union law, it may refer the case to the Court of Justice for a ruling.

Decisions given by the General Court on questions referred for a preliminary ruling may exceptionally be subject to review by the Court of Justice, under the conditions and within the limits laid down by the Statute, where there is a serious risk of the unity or consistency of Union law being affected.

Article 257 (ex Article 225a TEC)

The European Parliament and the Council, acting in accordance with the ordinary legislative procedure, may establish specialised courts attached to the General Court to hear and determine at first instance certain classes of action or proceeding brought in specific areas. The European Parliament and the Council shall act by means of regulations either on a proposal from the Commission after consultation of the Court of Justice or at the request of the Court of Justice after consultation of the Commission.

The regulation establishing a specialised court shall lay down the rules on the organisation of the court and the extent of the jurisdiction conferred upon it.

Decisions given by specialised courts may be subject to a right of appeal on points of law only or, when provided for in the regulation establishing the specialised court, a right of appeal also on matters of fact, before the General Court.

The members of the specialised courts shall be chosen from persons whose independence is beyond doubt and who possess the ability required for appointment to judicial office. They shall be appointed by the Council, acting unanimously.

The specialised courts shall establish their Rules of Procedure in agreement with the Court of Justice. Those Rules shall require the approval of the Council.
Unless the regulation establishing the specialised court provides otherwise, the provisions of the Treaties relating to the Court of Justice of the European Union and the provisions of the Statute of the Court of Justice of the European Union shall apply to the specialised courts. Title I of the Statute and Article 64 thereof shall in any case apply to the specialised courts.

Article 258 (ex Article 226 TEC)

If the Commission considers that a Member State has failed to fulfil an obligation under the Treaties, it shall deliver a reasoned opinion on the matter after giving the State concerned the opportunity to submit its observations.

If the State concerned does not comply with the opinion within the period laid down by the Commission, the latter may bring the matter before the Court of Justice of the European Union.

Article 259 (ex Article 227 TEC)

A Member State which considers that another Member State has failed to fulfil an obligation under the Treaties may bring the matter before the Court of Justice of the European Union.

Before a Member State brings an action against another Member State for an alleged infringement of an obligation under the Treaties, it shall bring the matter before the Commission.

The Commission shall deliver a reasoned opinion after each of the States concerned has been given the opportunity to submit its own case and its observations on the other party's case both orally and in writing.

If the Commission has not delivered an opinion within three months of the date on which the matter was brought before it, the absence of such opinion shall not prevent the matter from being brought before the Court.

Article 260 (ex Article 228 TEC)

1. If the Court of Justice of the European Union finds that a Member State has failed to fulfil an obligation under the Treaties, the State shall be required to take the necessary measures to comply with the judgment of the Court.

2. If the Commission considers that the Member State concerned has not taken the necessary measures to comply with the judgment of the Court, it may bring the case before the Court after giving that State the opportunity to submit its observations. It shall specify the amount of the lump sum or penalty payment to be paid by the Member State concerned which it considers appropriate in the circumstances.

If the Court finds that the Member State concerned has not complied with its judgment it may impose a lump sum or penalty payment on it.

This procedure shall be without prejudice to Article 259.
3. When the Commission brings a case before the Court pursuant to Article 258 on the grounds that the Member State concerned has failed to fulfil its obligation to notify measures transposing a directive adopted under a legislative procedure, it may, when it deems appropriate, specify the amount of the lump sum or penalty payment to be paid by the Member State concerned which it considers appropriate in the circumstances.

If the Court finds that there is an infringement it may impose a lump sum or penalty payment on the Member State concerned not exceeding the amount specified by the Commission. The payment obligation shall take effect on the date set by the Court in its judgment.

**Article 261 (ex Article 229 TEC)**

Regulations adopted jointly by the European Parliament and the Council, and by the Council, pursuant to the provisions of the Treaties, may give the Court of Justice of the European Union unlimited jurisdiction with regard to the penalties provided for in such regulations.

**Article 262 (ex Article 229a TEC)**

Without prejudice to the other provisions of the Treaties, the Council, acting unanimously in accordance with a special legislative procedure and after consulting the European Parliament, may adopt provisions to confer jurisdiction, to the extent that it shall determine, on the Court of Justice of the European Union in disputes relating to the application of acts adopted on the basis of the Treaties which create European intellectual property rights. These provisions shall enter into force after their approval by the Member States in accordance with their respective constitutional requirements.

**Article 263 (ex Article 230 TEC)**

The Court of Justice of the European Union shall review the legality of legislative acts, of acts of the Council, of the Commission and of the European Central Bank, other than recommendations and opinions, and of acts of the European Parliament and of the European Council intended to produce legal effects *vis-à-vis* third parties. It shall also review the legality of acts of bodies, offices or agencies of the Union intended to produce legal effects *vis-à-vis* third parties.

It shall for this purpose have jurisdiction in actions brought by a Member State, the European Parliament, the Council or the Commission on grounds of lack of competence, infringement of an essential procedural requirement, infringement of the Treaties or of any rule of law relating to their application, or misuse of powers.

The Court shall have jurisdiction under the same conditions in actions brought by the Court of Auditors, by the European Central Bank and by the Committee of the Regions for the purpose of protecting their prerogatives.

Any natural or legal person may, under the conditions laid down in the first and second paragraphs, institute proceedings against an act addressed to that person or
which is of direct and individual concern to them, and against a regulatory act which is of direct concern to them and does not entail implementing measures.

Acts setting up bodies, offices and agencies of the Union may lay down specific conditions and arrangements concerning actions brought by natural or legal persons against acts of these bodies, offices or agencies intended to produce legal effects in relation to them.

The proceedings provided for in this Article shall be instituted within two months of the publication of the measure, or of its notification to the plaintiff, or, in the absence thereof, of the day on which it came to the knowledge of the latter, as the case may be.

Article 264 (ex Article 231 TEC)

If the action is well founded, the Court of Justice of the European Union shall declare the act concerned to be void.

However, the Court shall, if it considers this necessary, state which of the effects of the act which it has declared void shall be considered as definitive.

Article 265 (ex Article 232 TEC)

Should the European Parliament, the European Council, the Council, the Commission or the European Central Bank, in infringement of the Treaties, fail to act, the Member States and the other institutions of the Union may bring an action before the Court of Justice of the European Union to have the infringement established. This Article shall apply, under the same conditions, to bodies, offices and agencies of the Union which fail to act.

The action shall be admissible only if the institution, body, office or agency concerned has first been called upon to act. If, within two months of being so called upon, the institution, body, office or agency concerned has not defined its position, the action may be brought within a further period of two months.

Any natural or legal person may, under the conditions laid down in the preceding paragraphs, complain to the Court that an institution, body, office or agency of the Union has failed to address to that person any act other than a recommendation or an opinion.

Article 266 (ex Article 233 TEC)

The institution whose act has been declared void or whose failure to act has been declared contrary to the Treaties shall be required to take the necessary measures to comply with the judgment of the Court of Justice of the European Union.

This obligation shall not affect any obligation which may result from the application of the second paragraph of Article 340.
### Article 267 (ex Article 234 TEC)

**Preliminary rulings**
- The most used and important proceedings areas of preliminary rulings:
  - The Treaties
  - Acts of the institutions.

The Court of Justice of the European Union shall have jurisdiction to give preliminary rulings concerning:

(a) The interpretation of the Treaties;

(b) The validity and interpretation of acts of the institutions, bodies, offices or agencies of the Union;

Any national court can ask for preliminary rulings

Where such a question is raised before any court or tribunal of a Member State, that court or tribunal may, if it considers that a decision on the question is necessary to enable it to give judgment, request the Court to give a ruling thereon.

If national right of appeal is exhausted, matter is brought before the EU Court

Where any such question is raised in a case pending before a court or tribunal of a Member State against whose decisions there is no judicial remedy under national law, that court or tribunal shall bring the matter before the Court.

No delay when request concerns person in custody

If such a question is raised in a case pending before a court or tribunal of a Member State with regard to a person in custody, the Court of Justice of the European Union shall act with the minimum of delay.

### Article 268 (ex Article 235 TEC)

The Court of Justice of the European Union shall have jurisdiction in disputes relating to compensation for damage provided for in the second and third paragraphs of Article 340.

### Article 269

The Court of Justice shall have jurisdiction to decide on the legality of an act adopted by the European Council or by the Council pursuant to Article 7 of the Treaty on European Union solely at the request of the Member State concerned by a determination of the European Council or of the Council and in respect solely of the procedural stipulations contained in that Article.

Such a request must be made within one month from the date of such determination. The Court shall rule within one month from the date of the request.

### Article 270 (ex Article 236 TEC)

The Court of Justice of the European Union shall have jurisdiction in any dispute between the Union and its servants within the limits and under the conditions laid down in the Staff Regulations of Officials and the Conditions of Employment of other servants of the Union.

### Article 271 (ex Article 237 TEC)

The Court of Justice of the European Union shall, within the limits hereinafter laid down, have jurisdiction in disputes concerning:
(a) The fulfilment by Member States of obligations under the Statute of the European Investment Bank. In this connection, the Board of Directors of the Bank shall enjoy the powers conferred upon the Commission by Article 258;

(b) Measures adopted by the Board of Governors of the European Investment Bank. In this connection, any Member State, the Commission or the Board of Directors of the Bank may institute proceedings under the conditions laid down in Article 263;

(c) Measures adopted by the Board of Directors of the European Investment Bank. Proceedings against such measures may be instituted only by Member States or by the Commission, under the conditions laid down in Article 263, and solely on the grounds of non-compliance with the procedure provided for in Article 19(2), (5), (6) and (7) of the Statute of the Bank;

(d) The fulfilment by national central banks of obligations under the Treaties and the Statute of the ESCB and of the ECB. In this connection the powers of the Governing Council of the European Central Bank in respect of national central banks shall be the same as those conferred upon the Commission in respect of Member States by Article 258. If the Court finds that a national central bank has failed to fulfil an obligation under the Treaties, that bank shall be required to take the necessary measures to comply with the judgment of the Court.

Article 272 (ex Article 238 TEC)

The Court of Justice of the European Union shall have jurisdiction to give judgment pursuant to any arbitration clause contained in a contract concluded by or on behalf of the Union, whether that contract be governed by public or private law.

Article 273 (ex Article 239 TEC)

The Court of Justice shall have jurisdiction in any dispute between Member States which relates to the subject matter of the Treaties if the dispute is submitted to it under a special agreement between the parties.

Article 274 (ex Article 240 TEC)

Save where jurisdiction is conferred on the Court of Justice of the European Union by the Treaties, disputes to which the Union is a party shall not on that ground be excluded from the jurisdiction of the courts or tribunals of the Member States.

Article 275

The Court of Justice of the European Union shall not have jurisdiction with respect to the provisions relating to the common foreign and security policy nor with respect to acts adopted on the basis of those provisions.
However, the Court shall have jurisdiction to monitor compliance with Article 40 of the Treaty on European Union and to rule on proceedings, brought in accordance with the conditions laid down in the fourth paragraph of Article 263 of this Treaty, reviewing the legality of decisions providing for restrictive measures against natural or legal persons adopted by the Council on the basis of Chapter 2 of Title V of the Treaty on European Union.

**Article 276**

In exercising its powers regarding the provisions of Chapters 4 and 5 of Title V of Part Three relating to the area of freedom, security and justice, the Court of Justice of the European Union shall have no jurisdiction to review the validity or proportionality of operations carried out by the police or other law-enforcement services of a Member State or the exercise of the responsibilities incumbent upon Member States with regard to the maintenance of law and order and the safeguarding of internal security.

**Article 277 (ex Article 241 TEC)**

Notwithstanding the expiry of the period laid down in Article 263, sixth paragraph, any party may, in proceedings in which an act of general application adopted by an institution, body, office or agency of the Union is at issue, plead the grounds specified in Article 263, second paragraph, in order to invoke before the Court of Justice of the European Union the inapplicability of that act.

**Article 278 (ex Article 242 TEC)**

Actions brought before the Court of Justice of the European Union shall not have suspensory effect. The Court may, however, if it considers that circumstances so require, order that application of the contested act be suspended.

**Article 279 (ex Article 243 TEC)**

The Court of Justice of the European Union may in any cases before it prescribe any necessary interim measures.

**Article 280 (ex Article 244 TEC)**

The judgments of the Court of Justice of the European Union shall be enforceable under the conditions laid down in Article 299.

**Article 281 (ex Article 245 TEC)**

The Statute of the Court of Justice of the European Union shall be laid down in a separate Protocol. The European Parliament and the Council, acting in accordance with the ordinary legislative procedure, may amend the provisions of the Statute, with the exception of Title I and Article 64. The European Parliament and the Council shall act either at the request of the Court of Justice and after consultation of the Commission, or on a proposal from the Commission and after consultation of the Court of Justice.
Section 6

The European Central Bank

Article 282

1. The European Central Bank, together with the national central banks, shall constitute the European System of Central Banks (ESCB). The European Central Bank, together with the national central banks of the Member States whose currency is the euro, which constitute the Euro system, shall conduct the monetary policy of the Union.

2. The ESCB shall be governed by the decision-making bodies of the European Central Bank. The primary objective of the ESCB shall be to maintain price stability. Without prejudice to that objective, it shall support the general economic policies in the Union in order to contribute to the achievement of the latter's objectives.

3. The European Central Bank shall have legal personality. It alone may authorise the issue of the euro. It shall be independent in the exercise of its powers and in the management of its finances. Union institutions, bodies, offices and agencies and the governments of the Member States shall respect that independence.

4. The European Central Bank shall adopt such measures as are necessary to carry out its tasks in accordance with Articles 127 to 133, with Article 138, and with the conditions laid down in the Statute of the ESCB and of the ECB. In accordance with these same Articles, those Member States whose currency is not the euro, and their central banks, shall retain their powers in monetary matters.

5. Within the areas falling within its responsibilities, the European Central Bank shall be consulted on all proposed Union acts, and all proposals for regulation at national level, and may give an opinion.

Article 283 (ex Article 112 TEC)

1. The Governing Council of the European Central Bank shall comprise the members of the Executive Board of the European Central Bank and the Governors of the national central banks of the Member States whose currency is the euro.

2. The Executive Board shall comprise the President, the Vice-President and four other members.

The President, the Vice-President and the other members of the Executive Board shall be appointed by the European Council, acting by a qualified majority, from among persons of recognised standing and professional experience in monetary or banking matters, on a recommendation from the Council, after it has consulted the European Parliament and the Governing Council of the European Central Bank.
Their term of office shall be eight years and shall not be renewable.

Only nationals of Member States may be members of the Executive Board.

Article 284 (ex Article 113 TEC)

1. The President of the Council and a Member of the Commission may participate, without having the right to vote, in meetings of the Governing Council of the European Central Bank.

The President of the Council may submit a motion for deliberation to the Governing Council of the European Central Bank.

2. The President of the European Central Bank shall be invited to participate in Council meetings when the Council is discussing matters relating to the objectives and tasks of the ESCB.

3. The European Central Bank shall address an annual report on the activities of the ESCB and on the monetary policy of both the previous and current year to the European Parliament, the Council and the Commission, and also to the European Council. The President of the European Central Bank shall present this report to the Council and to the European Parliament, which may hold a general debate on that basis.

Section 7

The Court of Auditors

Article 285 (ex Article 246 TEC)

The Court of Auditors shall carry out the Union's audit.

It shall consist of one national of each Member State. Its Members shall be completely independent in the performance of their duties, in the Union's general interest.

Article 286 (ex Article 247 TEC)

1. The Members of the Court of Auditors shall be chosen from among persons who belong or have belonged in their respective States to external audit bodies or who are especially qualified for this office. Their independence must be beyond doubt.

2. The Members of the Court of Auditors shall be appointed for a term of six years. The Council, after consulting the European Parliament, shall adopt the list of Members drawn up in accordance with the proposals made by each Member State. The term of office of the Members of the Court of Auditors shall be renewable.
They shall elect the President of the Court of Auditors from among their number for a term of three years. The President may be re-elected.

3. In the performance of these duties, the Members of the Court of Auditors shall neither seek nor take instructions from any government or from any other body. The Members of the Court of Auditors shall refrain from any action incompatible with their duties.

4. The Members of the Court of Auditors may not, during their term of office, engage in any other occupation, whether gainful or not. When entering upon their duties they shall give a solemn undertaking that, both during and after their term of office, they will respect the obligations arising therefrom and in particular their duty to behave with integrity and discretion as regards the acceptance, after they have ceased to hold office, of certain appointments or benefits.

5. Apart from normal replacement, or death, the duties of a Member of the Court of Auditors shall end when he resigns, or is compulsorily retired by a ruling of the Court of Justice pursuant to paragraph 6.

The vacancy thus caused shall be filled for the remainder of the Member's term of office.

Save in the case of compulsory retirement, Members of the Court of Auditors shall remain in office until they have been replaced.

6. A Member of the Court of Auditors may be deprived of his office or of his right to a pension or other benefits in its stead only if the Court of Justice, at the request of the Court of Auditors, finds that he no longer fulfils the requisite conditions or meets the obligations arising from his office.

7. The Council shall determine the conditions of employment of the President and the Members of the Court of Auditors and in particular their salaries, allowances and pensions. It shall also determine any payment to be made instead of remuneration.

8. The provisions of the Protocol on the privileges and immunities of the European Union applicable to the Judges of the Court of Justice of the European Union shall also apply to the Members of the Court of Auditors.

Article 287 (ex Article 248 TEC)

1. The Court of Auditors shall examine the accounts of all revenue and expenditure of the Union. It shall also examine the accounts of all revenue and expenditure of all bodies, offices or agencies set up by the Union in so far as the relevant constituent instrument does not preclude such examination.

The Court of Auditors shall provide the European Parliament and the Council with a statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions which shall be published in the Official Journal of the European Union. This statement may be supplemented by specific assessments for each major area of Union activity.
2. The Court of Auditors shall examine whether all revenue has been received and all expenditure incurred in a lawful and regular manner and whether the financial management has been sound. In doing so, it shall report in particular on any cases of irregularity.

The audit of revenue shall be carried out on the basis both of the amounts established as due and the amounts actually paid to the Union.

The audit of expenditure shall be carried out on the basis both of commitments undertaken and payments made.

These audits may be carried out before the closure of accounts for the financial year in question.

3. The audit shall be based on records and, if necessary, performed on the spot in the other institutions of the Union, on the premises of any body, office or agency which manages revenue or expenditure on behalf of the Union and in the Member States, including on the premises of any natural or legal person in receipt of payments from the budget. In the Member States the audit shall be carried out in liaison with national audit bodies or, if these do not have the necessary powers, with the competent national departments. The Court of Auditors and the national audit bodies of the Member States shall cooperate in a spirit of trust while maintaining their independence. These bodies or departments shall inform the Court of Auditors whether they intend to take part in the audit.

The other institutions of the Union, any bodies, offices or agencies managing revenue or expenditure on behalf of the Union, any natural or legal person in receipt of payments from the budget, and the national audit bodies or, if these do not have the necessary powers, the competent national departments, shall forward to the Court of Auditors, at its request, any document or information necessary to carry out its task.

In respect of the European Investment Bank's activity in managing Union expenditure and revenue, the Court's rights of access to information held by the Bank shall be governed by an agreement between the Court, the Bank and the Commission. In the absence of an agreement, the Court shall nevertheless have access to information necessary for the audit of Union expenditure and revenue managed by the Bank.

4. The Court of Auditors shall draw up an annual report after the close of each financial year. It shall be forwarded to the other institutions of the Union and shall be published, together with the replies of these institutions to the observations of the Court of Auditors, in the *Official Journal of the European Union*.

The Court of Auditors may also, at any time, submit observations, particularly in the form of special reports, on specific questions and deliver opinions at the request of one of the other institutions of the Union.

It shall adopt its annual reports, special reports or opinions by a majority of its Members. However, it may establish internal chambers in order to adopt certain categories of reports or opinions under the conditions laid down by its Rules of Procedure.
It shall assist the European Parliament and the Council in exercising their powers of control over the implementation of the budget.

The Court of Auditors shall draw up its Rules of Procedure. Those rules shall require the approval of the Council.

Chapter 2

Legal acts of the Union, adoption procedures and other provisions

Section 1

The legal Acts of the Union

Article 288 (ex Article 249 TEC)

To exercise the Union's competences, the institutions shall adopt regulations, directives, decisions, recommendations and opinions.

A regulation shall have general application. It shall be binding in its entirety and directly applicable in all Member States.

A directive shall be binding, as to the result to be achieved, upon each Member State to which it is addressed, but shall leave to the national authorities the choice of form and methods.

A decision shall be binding in its entirety. A decision which specifies those to whom it is addressed shall be binding only on them.

Recommendations and opinions shall have no binding force.

Article 289

1. The ordinary legislative procedure shall consist in the joint adoption by the European Parliament and the Council of a regulation, directive or decision on a proposal from the Commission. This procedure is defined in Article 294.

2. In the specific cases provided for by the Treaties, the adoption of a regulation, directive or decision by the European Parliament with the participation of the Council, or by the latter with the participation of the European Parliament, shall constitute a special legislative procedure.

3. Legal acts adopted by legislative procedure shall constitute legislative acts.

4. In the specific cases provided for by the Treaties, legislative acts may be adopted on the initiative of a group of Member States or of the European Parliament, on a recommendation from the European Central Bank or at the request of the Court of Justice or the European Investment Bank.
### Article 290

1. A legislative act may delegate to the Commission the power to adopt non-legislative acts of general application to supplement or amend certain non-essential elements of the legislative act.

The objectives, content, scope and duration of the delegation of power shall be explicitly defined in the legislative acts. The essential elements of an area shall be reserved for the legislative act and accordingly shall not be the subject of a delegation of power.

2. Legislative acts shall explicitly lay down the conditions to which the delegation is subject; these conditions may be as follows:

(a) The European Parliament or the Council may decide to revoke the delegation;

(b) The delegated act may enter into force only if no objection has been expressed by the European Parliament or the Council within a period set by the legislative act.

For the purposes of (a) and (b), the European Parliament shall act by a majority of its component members, and the Council by a qualified majority.

3. The adjective "delegated" shall be inserted in the title of delegated acts.

### Article 291

1. Member States shall adopt all measures of national law necessary to implement legally binding Union acts.

2. Where uniform conditions for implementing legally binding Union acts are needed, those acts shall confer implementing powers on the Commission or, in duly justified specific cases and in the cases provided for in Articles 24 and 26 of the Treaty on European Union, on the Council.

3. For the purposes of paragraph 2, the European Parliament and the Council, acting by means of regulations in accordance with the ordinary legislative procedure, shall lay down in advance the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers.

4. The word "implementing" shall be inserted in the title of implementing acts.

### Article 292

The Council shall adopt recommendations. It shall act on a proposal from the Commission in all cases where the Treaties provide that it shall adopt acts on a proposal from the Commission. It shall act unanimously in those areas in which unanimity is required for the adoption of a Union act.

The Commission, and the European Central Bank in the specific cases provided for in the Treaties, shall adopt recommendations.
Section 2

Procedures for the adoption of acts and other provisions

Article 293 (ex Article 250 TEC)

1. Where, pursuant to the Treaties, the Council acts on a proposal from the Commission, it may amend that proposal only by acting unanimously, except in the cases referred to in paragraphs 10 and 13 of Article 294, in Articles 310, 312 and 314 and in the second paragraph of Article 315.

2. As long as the Council has not acted, the Commission may alter its proposal at any time during the procedures leading to the adoption of a Union act.

Article 294 (ex Article 251 TEC)

1. Where reference is made in the Treaties to the ordinary legislative procedure for the adoption of an act, the following procedure shall apply.


First reading

3. The European Parliament shall adopt its position at first reading and communicate it to the Council.

4. If the Council approves the European Parliament's position, the act concerned shall be adopted in the wording which corresponds to the position of the European Parliament.

5. If the Council does not approve the European Parliament's position, it shall adopt its position at first reading and communicate it to the European Parliament.


Second reading

7. If, within three months of such communication, the European Parliament:

(a) Approves the Council's position at first reading or has not taken a decision, the act concerned shall be deemed to have been adopted in the wording which corresponds to the position of the Council;

(b) Rejects, by a majority of its component members, the Council's position at first reading, the proposed act shall be deemed not to have been adopted;

(c) Proposes, by a majority of its component members, amendments to the
If, within 3 months, the Council, by qualified majority:
5a. - approves EP's position = proposal is adopted
5b. - does not approve EP's position = conciliation committee is convened

Unanimity, if the Commission has a negative opinion
6. Conciliation Committee Equal numbers from the Council and EP agree on joint text: Council by qualified majority, EP by majority of members of the Committee; Time limit: 6 weeks

Commission takes part in conciliation meetings
If no approval in committee by both parts = proposal is rejected Time limit: 6 weeks

7. Joint text sent to the Council and EP; Council approves by qualified majority, EP by majority of votes
Deadline: 6 weeks, can be extended

Council's position at first reading, the text thus amended shall be forwarded to the Council and to the Commission, which shall deliver an opinion on those amendments.

8. If, within three months of receiving the European Parliament's amendments, the Council, acting by a qualified majority:

(a) Approves all those amendments, the act in question shall be deemed to have been adopted;

(b) Does not approve all the amendments, the President of the Council, in agreement with the President of the European Parliament, shall within six weeks convene a meeting of the Conciliation Committee.

9. The Council shall act unanimously on the amendments on which the Commission has delivered a negative opinion.

Conciliation

10. The Conciliation Committee, which shall be composed of the members of the Council or their representatives and an equal number of members representing the European Parliament, shall have the task of reaching agreement on a joint text, by a qualified majority of the members of the Council or their representatives and by a majority of the members representing the European Parliament within six weeks of its being convened, on the basis of the positions of the European Parliament and the Council at second reading.

11. The Commission shall take part in the Conciliation Committee's proceedings and shall take all necessary initiatives with a view to reconciling the positions of the European Parliament and the Council.

12. If, within six weeks of its being convened, the Conciliation Committee does not approve the joint text, the proposed act shall be deemed not to have been adopted.

Third reading

13. If, within that period, the Conciliation Committee approves a joint text, the European Parliament, acting by a majority of the votes cast, and the Council, acting by a qualified majority, shall each have a period of six weeks from that approval in which to adopt the act in question in accordance with the joint text. If they fail to do so, the proposed act shall be deemed not to have been adopted.

14. The periods of three months and six weeks referred to in this Article shall be extended by a maximum of one month and two weeks respectively at the initiative of the European Parliament or the Council.
Special provisions

15. Where, in the cases provided for in the Treaties, a legislative act is submitted to the ordinary legislative procedure on the initiative of a group of Member States, on a recommendation by the European Central Bank, or at the request of the Court of Justice, paragraph 2, the second sentence of paragraph 6, and paragraph 9 shall not apply.

In such cases, the European Parliament and the Council shall communicate the proposed act to the Commission with their positions at first and second readings. The European Parliament or the Council may request the opinion of the Commission throughout the procedure, which the Commission may also deliver on its own initiative. It may also, if it deems it necessary, take part in the Conciliation Committee in accordance with paragraph 11.

Article 295

The European Parliament, the Council and the Commission shall consult each other and by common agreement make arrangements for their cooperation. To that end, they may, in compliance with the Treaties, conclude interinstitutional agreements which may be of a binding nature.

Article 296 (ex Article 253 TEC)

Where the Treaties do not specify the type of act to be adopted, the institutions shall select it on a case-by-case basis, in compliance with the applicable procedures and with the principle of proportionality.

Legal acts shall state the reasons on which they are based and shall refer to any proposals, initiatives, recommendations, requests or opinions required by the Treaties.

When considering draft legislative acts, the European Parliament and the Council shall refrain from adopting acts not provided for by the relevant legislative procedure in the area in question.

Article 297 (ex Article 254 TEC)

1. Legislative acts adopted under the ordinary legislative procedure shall be signed by the President of the European Parliament and by the President of the Council.

Legislative acts adopted under a special legislative procedure shall be signed by the President of the institution which adopted them.

Legislative acts shall be published in the Official Journal of the European Union. They shall enter into force on the date specified in them or, in the absence thereof, on the twentieth day following that of their publication.

2. Non-legislative acts adopted in the form of regulations, directives or decisions, when the latter do not specify to whom they are addressed, shall be signed by the President of the institution which adopted them.
Regulations and directives which are addressed to all Member States, as well as decisions which do not specify to whom they are addressed, shall be published in the *Official Journal of the European Union*. They shall enter into force on the date specified in them or, in the absence thereof, on the twentieth day following that of their publication.

Other directives, and decisions which specify to whom they are addressed, shall be notified to those to whom they are addressed and shall take effect upon such notification.

**Article 298**

1. In carrying out their missions, the institutions, bodies, offices and agencies of the Union shall have the support of an open, efficient and independent European administration.

2. In compliance with the Staff Regulations and the Conditions of Employment adopted on the basis of Article 336, the European Parliament and the Council, acting by means of regulations in accordance with the ordinary legislative procedure, shall establish provisions to that end.

**Article 299 (ex Article 256 TEC)**

Acts of the Council, the Commission or the European Central Bank which impose a pecuniary obligation on persons other than States shall be enforceable.

Enforcement shall be governed by the rules of civil procedure in force in the State in the territory of which it is carried out. The order for its enforcement shall be appended to the decision, without other formality than verification of the authenticity of the decision, by the national authority which the government of each Member State shall designate for this purpose and shall make known to the Commission and to the Court of Justice of the European Union.

When these formalities have been completed on application by the party concerned, the latter may proceed to enforcement in accordance with the national law, by bringing the matter directly before the competent authority.

Enforcement may be suspended only by a decision of the Court. However, the courts of the country concerned shall have jurisdiction over complaints that enforcement is being carried out in an irregular manner.

**Chapter 3**

**Advisory bodies**

The Union’s Advisory Bodies

**Article 300**

1. The European Parliament, the Council and the Commission shall be assisted by an Economic and Social Committee and a Committee of the Regions, exercising advisory functions.
2. The Economic and Social Committee shall consist of representatives of organisations of employers, of the employed, and of other parties representative of civil society, notably in socio-economic, civic, professional and cultural areas.

3. The Committee of the Regions shall consist of representatives of regional and local bodies who either hold a regional or local authority electoral mandate or are politically accountable to an elected assembly.

4. The members of the Economic and Social Committee and of the Committee of the Regions shall not be bound by any mandatory instructions. They shall be completely independent in the performance of their duties, in the Union's general interest.

5. The rules referred to in paragraphs 2 and 3 governing the nature of the composition of the Committees shall be reviewed at regular intervals by the Council to take account of economic, social and demographic developments within the Union. The Council, on a proposal from the Commission, shall adopt decisions to that end.

Section 1

The Economic and Social Committee

Article 301 (ex Article 258 TEC)

The number of members of the Economic and Social Committee shall not exceed 350.

The Council, acting unanimously on a proposal from the Commission, shall adopt a decision determining the Committee's composition.

The Council shall determine the allowances of members of the Committee.

Article 302 (ex Article 259 TEC)

1. The members of the Committee shall be appointed for five years. The Council shall adopt the list of members drawn up in accordance with the proposals made by each Member State. The term of office of the members of the Committee shall be renewable.

2. The Council shall act after consulting the Commission. It may obtain the opinion of European bodies which are representative of the various economic and social sectors and of civil society to which the Union's activities are of concern.

Article 303 (ex Article 260 TEC)

The Committee shall elect its chairman and officers from among its members for a term of two and a half years.
It shall adopt its Rules of Procedure.

The Committee shall be convened by its chairman at the request of the European Parliament, the Council or of the Commission. It may also meet on its own initiative.

Article 304 (ex Article 262 TEC)

The Committee shall be consulted by the European Parliament, by the Council or by the Commission where the Treaties so provide. The Committee may be consulted by these institutions in all cases in which they consider it appropriate. It may issue an opinion on its own initiative in cases in which it considers such action appropriate.

The European Parliament, the Council or the Commission shall, if it considers it necessary, set the Committee, for the submission of its opinion, a time limit which may not be less than one month from the date on which the chairman receives notification to this effect. Upon expiry of the time limit, the absence of an opinion shall not prevent further action.

The opinion of the Committee, together with a record of the proceedings, shall be forwarded to the European Parliament, to the Council and to the Commission.

Section 2

The Committee of the Regions

Article 305 (ex Article 263, second, third and fourth paragraphs, TEC)

The number of members of the Committee of the Regions shall not exceed 350.

The Council, acting unanimously on a proposal from the Commission, shall adopt a decision determining the Committee’s composition.

The members of the Committee and an equal number of alternate members shall be appointed for five years. Their term of office shall be renewable. The Council shall adopt the list of members and alternate members drawn up in accordance with the proposals made by each Member State. When the mandate referred to in Article 300(3) on the basis of which they were proposed comes to an end, the term of office of members of the Committee shall terminate automatically and they shall then be replaced for the remainder of the said term of office in accordance with the same procedure. No member of the Committee shall at the same time be a Member of the European Parliament.

Article 306 (ex Article 264 TEC)

The Committee of the Regions shall elect its chairman and officers from among its members for a term of two and a half years.

It shall adopt its Rules of Procedure.
The Committee shall be convened by its chairman at the request of the European Parliament, the Council or of the Commission. It may also meet on its own initiative.

**Article 307 (ex Article 265 TEC)**

The Committee of the Regions shall be consulted by the European Parliament, by the Council or by the Commission where the Treaties so provide and in all other cases, in particular those which concern cross-border cooperation, in which one of these institutions considers it appropriate.

The European Parliament, the Council or the Commission shall, if it considers it necessary, set the Committee, for the submission of its opinion, a time limit which may not be less than one month from the date on which the chairman receives notification to this effect. Upon expiry of the time limit, the absence of an opinion shall not prevent further action.

Where the Economic and Social Committee is consulted pursuant to Article 304, the Committee of the Regions shall be informed by the European Parliament, the Council or the Commission of the request for an opinion. Where it considers that specific regional interests are involved, the Committee of the Regions may issue an opinion on the matter.

It may issue an opinion on its own initiative in cases in which it considers such action appropriate. The opinion of the Committee, together with a record of the proceedings, shall be forwarded to the European Parliament, to the Council and to the Commission.

**Chapter 4**

The European Investment Bank

**Article 308 (ex Article 266 TEC)**

The European Investment Bank shall have legal personality.

The members of the European Investment Bank shall be the Member States.

The Statute of the European Investment Bank is laid down in a Protocol annexed to the Treaties. The Council acting unanimously in accordance with a special legislative procedure, at the request of the European Investment Bank and after consulting the European Parliament and the Commission, or on a proposal from the Commission and after consulting the European Parliament and the European Investment Bank, may amend the Statute of the Bank.

**Article 309 (ex Article 267 TEC)**

The task of the European Investment Bank shall be to contribute, by having recourse to the capital market and utilising its own resources, to the balanced and steady development of the internal market in the interest of the Union. For this purpose the Bank shall, operating on a non-profit-making basis, grant loans and

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170
give guarantees which facilitate the financing of the following projects in all sectors of the economy:

(a) Projects for developing less-developed regions;
(b) Projects for modernising or converting undertakings or for developing fresh activities called for by the establishment or functioning of the internal market, where these projects are of such a size or nature that they cannot be entirely financed by the various means available in the individual Member States;
(c) Projects of common interest to several Member States which are of such a size or nature that they cannot be entirely financed by the various means available in the individual Member States.

In carrying out its task, the Bank shall facilitate the financing of investment programmes in conjunction with assistance from the Structural Funds and other Union Financial Instruments.

TITLE II

FINANCES
The Union budget
The Union budget shall include all revenues and expenditures

FINANCIAL PROVISIONS

Article 310 (ex Article 268 TEC)

1. All items of revenue and expenditure of the Union shall be included in estimates to be drawn up for each financial year and shall be shown in the budget.

The Union's annual budget shall be established by the European Parliament and the Council in accordance with Article 314.

The revenue and expenditure shown in the budget shall be in balance.

2. The expenditure shown in the budget shall be authorised for the annual budgetary period in accordance with the regulation referred to in Article 322.

3. The implementation of expenditure shown in the budget shall require the prior adoption of a legally binding Union act providing a legal basis for its action and for the implementation of the corresponding expenditure in accordance with the regulation referred to in Article 322, except in cases for which that law provides.

4. With a view to maintaining budgetary discipline, the Union shall not adopt any act which is likely to have appreciable implications for the budget without providing an assurance that the expenditure arising from such an act is capable of being financed within the limit of the Union's own resources and in compliance with the multiannual financial framework referred to in Article 312.
5. The budget shall be implemented in accordance with the principle of sound financial management. Member States shall cooperate with the Union to ensure that the appropriations entered in the budget are used in accordance with this principle.

6. The Union and the Member States, in accordance with Article 325, shall counter fraud and any other illegal activities affecting the financial interests of the Union. The revenue and expenditure shown in the budget shall be in balance.

Chapter 1

The Union's Own Resources

Article 311 (ex Article 269 TEC)

The Union shall provide itself with the means necessary to attain its objectives and carry through its policies.

Without prejudice to other revenue, the budget shall be financed wholly from own resources.

The Council, acting in accordance with a special legislative procedure, shall unanimously and after consulting the European Parliament adopt a decision laying down the provisions relating to the system of own resources of the Union. In this context it may establish new categories of own resources or abolish an existing category. That decision shall not enter into force until it is approved by the Member States in accordance with their respective constitutional requirements.

The Council, acting by means of regulations in accordance with a special legislative procedure, shall lay down implementing measures for the Union's own resources system in so far as this is provided for in the decision adopted on the basis of the third paragraph. The Council shall act after obtaining the consent of the European Parliament.

Chapter 2

The Multiannual Financial Framework

Article 312

1. The multiannual financial framework shall ensure that Union expenditure develops in an orderly manner and within the limits of its own resources. It shall be established for a period of at least five years.

The annual budget of the Union shall comply with the multiannual financial framework.

2. The Council, acting in accordance with a special legislative procedure, shall adopt a regulation laying down the multiannual financial framework.
EP consent by majority of members, national parliaments shall not approve

U. With unanimity to qualified majority: “Passerelle” clause

 Shall fix ceilings for expenditure areas

The Council shall act unanimously after obtaining the consent of the European Parliament, which shall be given by a majority of its component members.

The European Council may, unanimously, adopt a decision authorising the Council to act by a qualified majority when adopting the regulation referred to in the first subparagraph.

3. The financial framework shall determine the amounts of the annual ceilings on commitment appropriations by category of expenditure and of the annual ceiling on payment appropriations. The categories of expenditure, limited in number, shall correspond to the Union's major sectors of activity.

Shall make budgetary procedure run smoothly

4. Where no Council regulation determining a new financial framework has been adopted by the end of the previous financial framework, the ceilings and other provisions corresponding to the last year of that framework shall be extended until such time as that act is adopted.

If no new framework is adopted, the old one is extended

5. Throughout the procedure leading to the adoption of the financial framework, the European Parliament, the Council and the Commission shall take any measure necessary to facilitate its adoption.

Chapter 3

Budget

The Union's Annual Budget

Article 313 (ex Article 272(1), TEC)

Financial year

The financial year shall run from 1 January to 31 December.

Article 314 (ex Article 272(2) to (10), TEC)

Important general budget procedure - established by law

1. Each institution draws up an estimate of its expenditures

The European Parliament and the Council, acting in accordance with a special legislative procedure, shall establish the Union's annual budget in accordance with the following provisions.

2. Commission makes a draft and submits it to Council and EP before 1 September

The draft budget shall contain an estimate of revenue and an estimate of expenditure.

1. With the exception of the European Central Bank, each institution shall, before 1 July, draw up estimates of its expenditure for the following financial year. The Commission shall consolidate these estimates in a draft budget which may contain different estimates.

2. The Commission shall submit a proposal containing the draft budget to the European Parliament and to the Council not later than 1 September of the year preceding that in which the budget is to be implemented.
The Commission may amend the draft budget during the procedure until such time as the Conciliation Committee, referred to in paragraph 5, is convened.

3. The Council shall adopt its position on the draft budget and forward it to the European Parliament not later than 1 October of the year preceding that in which the budget is to be implemented. The Council shall inform the European Parliament in full of the reasons which led it to adopt its position.

4. If, within forty-two days of such communication, the European Parliament:
   (a) Approves the position of the Council, the budget shall be adopted;
   (b) Has not taken a decision, the budget shall be deemed to have been adopted;
   (c) Adopts amendments by a majority of its component members, the amended draft shall be forwarded to the Council and to the Commission. The President of the European Parliament, in agreement with the President of the Council, shall immediately convene a meeting of the Conciliation Committee. However, if within ten days of the draft being forwarded the Council informs the European Parliament that it has approved all its amendments, the Conciliation Committee shall not meet.

5. The Conciliation Committee, which shall be composed of the members of the Council or their representatives and an equal number of members representing the European Parliament, shall have the task of reaching agreement on a joint text, by a qualified majority of the members of the Council or their representatives and by a majority of the representatives of the European Parliament within twenty-one days of its being convened, on the basis of the positions of the European Parliament and the Council.

The Commission shall take part in the Conciliation Committee's proceedings and shall take all the necessary initiatives with a view to reconciling the positions of the European Parliament and the Council.

6. If, within the twenty-one days referred to in paragraph 5, the Conciliation Committee agrees on a joint text, the European Parliament and the Council shall each have a period of fourteen days from the date of that agreement in which to approve the joint text.

7. If, within the period of fourteen days referred to in paragraph 6:
   (a) The European Parliament and the Council both approve the joint text or fail to take a decision, or if one of these institutions approves the joint text while the other one fails to take a decision, the budget shall be deemed to be definitively adopted in accordance with the joint text; or
   (b) The European Parliament, acting by a majority of its component members, and the Council both reject the joint text, or if one of these institutions rejects the joint text while the other one fails to take a decision, a new draft budget shall be submitted by the Commission; or

Commission may amend until Conciliation committee

3. Council sends its position to EP before 1 October

4a. EP approves = budget adopted

4b. EP does not decide = budget adopted

4c. EP amends by majority of members = Conciliation committee is convened, unless the Council approves all EP amendments

5. Council and EP agree within 21 days by QMV in Council and majority of MEP's Commission participates in Conciliation committee Joint text within 14 days. If no joint text, see paragraph 8

6. Conciliation Committee agrees

7a. If both EP and Council approve, or only one approves and one (or both) take no decision = budget adopted

7b. Both reject, or one rejects and the other takes no decision = Commission presents new proposal
(c) The European Parliament, acting by a majority of its component members, rejects the joint text while the Council approves it, a new draft budget shall be submitted by the Commission; or

(d) The European Parliament approves the joint text whilst the Council rejects it, the European Parliament may, within fourteen days from the date of the rejection by the Council and acting by a majority of its component members and three-fifths of the votes cast, decide to confirm all or some of the amendments referred to in paragraph 4(c). Where a European Parliament amendment is not confirmed, the position agreed in the Conciliation Committee on the budget heading which is the subject of the amendment shall be retained. The budget shall be deemed to be definitively adopted on this basis.

8. If, within the twenty-one days referred to in paragraph 3, the Conciliation Committee does not agree on a joint text, a new draft budget shall be submitted by the Commission.

9. When the procedure provided for in this Article has been completed, the President of the European Parliament shall declare that the budget has been definitively adopted.

10. Each institution shall exercise the powers conferred upon it under this Article in compliance with the Treaties and the acts adopted thereunder, with particular regard to the Union’s own resources and the balance between revenue and expenditure.

**Article 315 (ex Article 273 TEC)**

If, at the beginning of a financial year, the budget has not yet been definitively adopted, a sum equivalent to not more than one twelfth of the budget appropriations for the preceding financial year may be spent each month in respect of any chapter of the budget in accordance with the provisions of the Regulations made pursuant to Article 322; that sum shall not, however, exceed one twelfth of the appropriations provided for in the same chapter of the draft budget.

The Council on a proposal by the Commission, may, provided that the other conditions laid down in the first paragraph are observed, authorise expenditure in excess of one twelfth in accordance with the regulations made pursuant to Article 322. The Council shall forward the decision immediately to the European Parliament.

The decision referred to in the second paragraph shall lay down the necessary measures relating to resources to ensure application of this Article, in accordance with the acts referred to in Article 311.

It shall enter into force thirty days following its adoption if the European Parliament, acting by a majority of its component Members, has not decided to reduce this expenditure within that time-limit.
Article 316 (ex Article 271 TEC)

In accordance with conditions to be laid down pursuant to Article 322, any appropriations, other than those relating to staff expenditure, that are unexpended at the end of the financial year may be carried forward to the next financial year only.

Appropriations shall be classified under different chapters grouping items of expenditure according to their nature or purpose and subdivided in accordance with the regulations made pursuant to Article 322.

The expenditure of the European Parliament, the European Council and the Council, the Commission and the Court of Justice of the European Union shall be set out in separate parts of the budget, without prejudice to special arrangements for certain common items of expenditure.

Chapter 4
Implementation of the Budget and Discharge

Article 317 (ex Article 274 TEC)

The Commission shall implement the budget in cooperation with the Member States, in accordance with the provisions of the regulations made pursuant to Article 322, on its own responsibility and within the limits of the appropriations, having regard to the principles of sound financial management. Member States shall cooperate with the Commission to ensure that the appropriations are used in accordance with the principles of sound financial management.

The regulations shall lay down the control and audit obligations of the Member States in the implementation of the budget and the resulting responsibilities. They shall also lay down the responsibilities and detailed rules for each institution concerning its part in effecting its own expenditure.

Within the budget, the Commission may, subject to the limits and conditions laid down in the regulations made pursuant to Article 322, transfer appropriations from one chapter to another or from one subdivision to another.

Article 318 (ex Article 275 TEC)

The Commission shall submit annually to the European Parliament and to the Council the accounts of the preceding financial year relating to the implementation of the budget. The Commission shall also forward to them a financial statement of the assets and liabilities of the Union.

The Commission shall also submit to the European Parliament and to the Council an evaluation report on the Union's finances based on the results achieved, in particular in relation to the indications given by the European Parliament and the Council pursuant to Article 319.
Article 319 (ex Article 276 TEC)

1. The European Parliament, acting on a recommendation from the Council, shall give a discharge to the Commission in respect of the implementation of the budget. To this end, the Council and the European Parliament in turn shall examine the accounts, the financial statement and the evaluation report referred to in Article 318, the annual report by the Court of Auditors together with the replies of the institutions under audit to the observations of the Court of Auditors, the statement of assurance referred to in Article 287(1), second subparagraph and any relevant special reports by the Court of Auditors.

2. Before giving a discharge to the Commission, or for any other purpose in connection with the exercise of its powers over the implementation of the budget, the European Parliament may ask to hear the Commission give evidence with regard to the execution of expenditure or the operation of financial control systems. The Commission shall submit any necessary information to the European Parliament at the latter's request.

3. The Commission shall take all appropriate steps to act on the observations in the decisions giving discharge and on other observations by the European Parliament relating to the execution of expenditure, as well as on comments accompanying the recommendations on discharge adopted by the Council.

At the request of the European Parliament or the Council, the Commission shall report on the measures taken in the light of these observations and comments and in particular on the instructions given to the departments which are responsible for the implementation of the budget. These reports shall also be forwarded to the Court of Auditors.

Chapter 5

Common Provisions

Article 320 (ex Article 277 TEC)

The multiannual financial framework and the annual budget shall be drawn up in euro.

Article 321 (ex Article 278 TEC)

The Commission may, provided it notifies the competent authorities of the Member States concerned, transfer into the currency of one of the Member States its holdings in the currency of another Member State, to the extent necessary to enable them to be used for purposes which come within the scope of the Treaties. The Commission shall as far as possible avoid making such transfers if it possesses cash or liquid assets in the currencies which it needs.

The Commission shall deal with each Member State through the authority designated by the State concerned. In carrying out financial operations the Commission shall employ the services of the bank of issue of the Member State concerned or of any other financial institution approved by that State.
Article 322 (ex Article 279 TEC)

1. The European Parliament and the Council, acting in accordance with the ordinary legislative procedure, and after consulting the Court of Auditors, shall adopt by means of regulations:

(a) The financial rules which determine in particular the procedure to be adopted for establishing and implementing the budget and for presenting and auditing accounts;

(b) Rules providing for checks on the responsibility of financial actors, in particular authorising officers and accounting officers.

2. The Council, acting on a proposal from the Commission and after consulting the European Parliament and the Court of Auditors, shall determine the methods and procedure whereby the budget revenue provided under the arrangements relating to the Union's own resources shall be made available to the Commission, and determine the measures to be applied, if need be, to meet cash requirements.

Article 323

The European Parliament, the Council and the Commission shall ensure that the financial means are made available to allow the Union to fulfil its legal obligations in respect of third parties.

Article 324

Regular meetings between the Presidents of the European Parliament, the Council and the Commission shall be convened, on the initiative of the Commission, under the budgetary procedures referred to in this Title. The Presidents shall take all the necessary steps to promote consultation and the reconciliation of the positions of the institutions over which they preside in order to facilitate the implementation of this Title.

Chapter 6

Combatting Fraud

Article 325 (ex Article 280 TEC)

1. The Union and the Member States shall counter fraud and any other illegal activities affecting the financial interests of the Union through measures to be taken in accordance with this Article, which shall act as a deterrent and be such as to afford effective protection in the Member States, and in all the Union's institutions, bodies, offices and agencies.

2. Member States shall take the same measures to counter fraud affecting the financial interests of the Union as they take to counter fraud affecting their own financial interests.

3. Without prejudice to other provisions of the Treaties, the Member States shall coordinate their action aimed at protecting the financial interests of the Union against fraud.
To this end they shall organise, together with the Commission, close and regular cooperation between the competent authorities.

4. The European Parliament and the Council, acting in accordance with the ordinary legislative procedure, after consulting the Court of Auditors, shall adopt the necessary measures in the fields of the prevention of and fight against fraud affecting the financial interests of the Union with a view to affording effective and equivalent protection in the Member States and in all the Union's institutions, bodies, offices and agencies.

5. The Commission, in cooperation with Member States, shall each year submit to the European Parliament and to the Council a report on the measures taken for the implementation of this Article.

TITLE III

ENHANCED COOPERATION

Article 326 (ex Articles 27a to 27e, 40 to 40b and 43 to 45 TEU and ex Articles 11 and 11a TEC)

Any enhanced cooperation shall comply with the Treaties and Union law.

Such cooperation shall not undermine the internal market or economic, social and territorial cohesion. It shall not constitute a barrier to or discrimination in trade between Member States, nor shall it distort competition between them.

Article 327 (ex Articles 27a to 27e, 40 to 40b and 43 to 45 TEU and ex Articles 11 and 11a TEC)

Any enhanced cooperation shall respect the competences, rights and obligations of those Member States which do not participate in it. Those Member States shall not impede its implementation by the participating Member States.

Article 328 (ex Articles 27a to 27e, 40 to 40b and 43 to 45 TEU and ex Articles 11 and 11a TEC)

1. When enhanced cooperation is being established, it shall be open to all Member States, subject to compliance with any conditions of participation laid down by the authorising decision. It shall also be open to them at any other time, subject to compliance with the acts already adopted within that framework, in addition to those conditions.

The Commission and the Member States participating in enhanced cooperation shall ensure that they promote participation by as many Member States as possible.

2. The Commission and, where appropriate, the High Representative of the Union for Foreign Affairs and Security Policy shall keep the European Parliament and the Council regularly informed regarding developments in enhanced cooperation.
Article 329 (ex Articles 27a to 27e, 40 to 40b and 43 to 45 TEU and ex Articles 11 and 11a TEC)

1. Member States which wish to establish enhanced cooperation between themselves in one of the areas covered by the Treaties, with the exception of fields of exclusive competence and the common foreign and security policy, shall address a request to the Commission, specifying the scope and objectives of the enhanced cooperation proposed. The Commission may submit a proposal to the Council to that effect. In the event of the Commission not submitting a proposal, it shall inform the Member States concerned of the reasons for not doing so.

Authorisation to proceed with the enhanced cooperation referred to in the first subparagraph shall be granted by the Council, on a proposal from the Commission and after obtaining the consent of the European Parliament.

2. The request of the Member States which wish to establish enhanced cooperation between themselves within the framework of the common foreign and security policy shall be addressed to the Council. It shall be forwarded to the High Representative of the Union for Foreign Affairs and Security Policy, who shall give an opinion on whether the enhanced cooperation proposed is consistent with the Union's common foreign and security policy, and to the Commission, which shall give its opinion in particular on whether the enhanced cooperation proposed is consistent with other Union policies. It shall also be forwarded to the European Parliament for information.

Authorisation to proceed with enhanced cooperation shall be granted by a decision of the Council acting unanimously.

Article 330 (ex Articles 27a to 27e, 40 to 40b and 43 to 45 TEU and ex Articles 11 and 11a TEC)

All members of the Council may participate in its deliberations, but only members of the Council representing the Member States participating in enhanced cooperation shall take part in the vote.

Unanimity shall be constituted by the votes of the representatives of the participating Member States only.

A qualified majority shall be defined in accordance with Article 238(3).

Article 331 (ex Articles 27a to 27e, 40 to 40b and 43 to 45 TEU and ex Articles 11 and 11a TEC)

1. Any Member State which wishes to participate in enhanced cooperation in progress in one of the areas referred to in Article 329(1) shall notify its intention to the Council and the Commission.

The Commission shall, within four months of the date of receipt of the notification, confirm the participation of the Member State concerned. It shall note where necessary that the conditions of participation have been fulfilled and
shall adopt any transitional measures necessary with regard to the application of the acts already adopted within the framework of enhanced cooperation.

However, if the Commission considers that the conditions of participation have not been fulfilled, it shall indicate the arrangements to be adopted to fulfil those conditions and shall set a deadline for re-examining the request. On the expiry of that deadline, it shall re-examine the request, in accordance with the procedure set out in the second subparagraph. If the Commission considers that the conditions of participation have still not been met, the Member State concerned may refer the matter to the Council, which shall decide on the request. The Council shall act in accordance with Article 330. It may also adopt the transitional measures referred to in the second subparagraph on a proposal from the Commission.

2. Any Member State which wishes to participate in enhanced cooperation in progress in the framework of the common foreign and security policy shall notify its intention to the Council, the High Representative of the Union for Foreign Affairs and Security Policy and the Commission.

The Council shall confirm the participation of the Member State concerned, after consulting the High Representative of the Union for Foreign Affairs and Security Policy and after noting, where necessary, that the conditions of participation have been fulfilled. The Council, on a proposal from the High Representative, may also adopt any transitional measures necessary with regard to the application of the acts already adopted within the framework of enhanced cooperation. However, if the Council considers that the conditions of participation have not been fulfilled, it shall indicate the arrangements to be adopted to fulfil those conditions and shall set a deadline for re-examining the request for participation.

For the purposes of this paragraph, the Council shall act unanimously and in accordance with Article 330.

Article 332 (ex Articles 27a to 27e, 40 to 40b and 43 to 45 TEU and ex Articles 11 and 11a TEC)

Expenditure resulting from implementation of enhanced cooperation, other than administrative costs entailed for the institutions, shall be borne by the participating Member States, unless all members of the Council, acting unanimously after consulting the European Parliament, decide otherwise.

Article 333 (ex Articles 27a to 27e, 40 to 40b and 43 to 45 TEU and ex Articles 11 and 11a TEC)

1. Where a provision of the Treaties which may be applied in the context of enhanced cooperation stipulates that the Council shall act unanimously, the Council, acting unanimously in accordance with the arrangements laid down in Article 330, may adopt a decision stipulating that it will act by a qualified majority.

2. Where a provision of the Treaties which may be applied in the context of enhanced cooperation stipulates that the Council shall adopt acts under a special legislative procedure, the Council, acting unanimously in accordance
with the arrangements laid down in Article 330, may adopt a decision stipulating that it will act under the ordinary legislative procedure. The Council shall act after consulting the European Parliament.

3. Paragraphs 1 and 2 shall not apply to decisions having military or defence implications.

Article 334 (ex Articles 27a to 27e, 40 to 40b and 43 to 45 TEU and ex Articles 11 and 11a TEC)

The Council and the Commission shall ensure the consistency of activities undertaken in the context of enhanced cooperation and the consistency of such activities with the policies of the Union, and shall cooperate to that end.

PART SEVEN

GENERAL AND FINAL PROVISIONS

Article 335 (ex Article 282 TEC)

In each of the Member States, the Union shall enjoy the most extensive legal capacity accorded to legal persons under their laws; it may, in particular, acquire or dispose of movable and immovable property and may be a party to legal proceedings. To this end, the Union shall be represented by the Commission. However, the Union shall be represented by each of the institutions, by virtue of their administrative autonomy, in matters relating to their respective operation.

Article 336 (ex Article 283 TEC)

The European Parliament and the Council shall, acting by means of regulations in accordance with the ordinary legislative procedure and after consulting the other institutions concerned, lay down the Staff Regulations of Officials of the European Union and the Conditions of Employment of other servants of the Union.

Article 337 (ex Article 284 TEC)

The Commission may, within the limits and under conditions laid down by the Council acting by a simple majority in accordance with the provisions of the Treaties, collect any information and carry out any checks required for the performance of the tasks entrusted to it.

Article 338 (ex Article 285 TEC)

1. Without prejudice to Article 5 of the Protocol on the Statute of the European System of Central Banks and of the European Central Bank, the European Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall adopt measures for the production of statistics where necessary for the performance of the activities of the Union.
2. The production of Union statistics shall conform to impartiality, reliability, objectivity, scientific independence, cost-effectiveness and statistical confidentiality; it shall not entail excessive burdens on economic operators.

**Article 339 (ex Article 287 TEC)**

The members of the institutions of the Union, the members of committees, and the officials and other servants of the Union shall be required, even after their duties have ceased, not to disclose information of the kind covered by the obligation of professional secrecy, in particular information about undertakings, their business relations or their cost components.

**Article 340 (ex Article 288 TEC)**

The contractual liability of the Union shall be governed by the law applicable to the contract in question.

In the case of non-contractual liability, the Union shall, in accordance with the general principles common to the laws of the Member States, make good any damage caused by its institutions or by its servants in the performance of their duties.

Notwithstanding the second paragraph, the European Central Bank shall, in accordance with the general principles common to the laws of the Member States, make good any damage caused by it or by its servants in the performance of their duties.

**Article 341 (ex Article 289 TEC)**

The personal liability of its servants towards the Union shall be governed by the provisions laid down in their Staff Regulations or in the Conditions of Employment applicable to them.

**Article 342 (ex Article 290 TEC)**

The seat of the institutions of the Union shall be determined by common accord of the governments of the Member States.

**Article 343 (ex Article 291 TEC)**

The rules governing the languages of the institutions of the Union shall, without prejudice to the provisions contained in the Statute of the Court of Justice of the European Union, be determined by the Council, acting unanimously by means of regulations.

**Article 344 (ex Article 292 TEC)**

The Union shall enjoy in the territories of the Member States such privileges and immunities as are necessary for the performance of its tasks, under the conditions laid down in the Protocol of 8 April 1965 on the privileges and immunities of the European Union. The same shall apply to the European Central Bank and the European Investment Bank.
Article 344 (ex Article 292 TEC)

Member States undertake not to submit a dispute concerning the interpretation or application of the Treaties to any method of settlement other than those provided for therein.

Article 345 (ex Article 295 TEC)

The Treaties shall in no way prejudice the rules in Member States governing the system of property ownership.

Article 346 (ex Article 296 TEC)

1. The provisions of the Treaties shall not preclude the application of the following rules:

   (a) No Member State shall be obliged to supply information the disclosure of which it considers contrary to the essential interests of its security;

   (b) Any Member State may take such measures as it considers necessary for the protection of the essential interests of its security which are connected with the production of or trade in arms, munitions and war material; such measures shall not adversely affect the conditions of competition in the internal market regarding products which are not intended for specifically military purposes.

2. The Council may, acting unanimously on a proposal from the Commission, make changes to the list, which it drew up on 15 April 1958, of the products to which the provisions of paragraph 1(b) apply.

Article 347 (ex Article 297 TEC)

Member States shall consult each other with a view to taking together the steps needed to prevent the functioning of the internal market being affected by measures which a Member State may be called upon to take in the event of serious internal disturbances affecting the maintenance of law and order, in the event of war, serious international tension constituting a threat of war, or in order to carry out obligations it has accepted for the purpose of maintaining peace and international security.

Article 348 (ex Article 298 TEC)

If measures taken in the circumstances referred to in Articles 346 and 347 have the effect of distorting the conditions of competition in the internal market, the Commission shall, together with the State concerned, examine how these measures can be adjusted to the rules laid down in the Treaties.

By way of derogation from the procedure laid down in Articles 258 and 259, the Commission or any Member State may bring the matter directly before the Court of Justice if it considers that another Member State is making improper use of the powers provided for in Articles 346 and 347. The Court of Justice shall give its ruling in camera.
Article 349 (ex Article 299(2), second, third and fourth subparagraphs, TEC)

Taking account of the structural social and economic situation of Guadeloupe, French Guiana, Martinique, Mayotte, Réunion, Saint-Martin, the Azores, Madeira and the Canary Islands, which is compounded by their remoteness, insularity, small size, difficult topography and climate, economic dependence on a few products, the permanence and combination of which severely restrain their development, the Council, on a proposal from the Commission and after consulting the European Parliament, shall adopt specific measures aimed, in particular, at laying down the conditions of application of the Treaties to those regions, including common policies. Where the specific measures in question are adopted by the Council in accordance with a special legislative procedure, it shall also act on a proposal from the Commission and after consulting the European Parliament.

The measures referred to in the first paragraph concern in particular areas such as customs and trade policies, fiscal policy, free zones, agriculture and fisheries policies, conditions for supply of raw materials and essential consumer goods, State aids and conditions of access to structural funds and to horizontal Union programmes.

The Council shall adopt the measures referred to in the first paragraph taking into account the special characteristics and constraints of the outermost regions without undermining the integrity and the coherence of the Union legal order, including the internal market and common policies.

Article 350 (ex Article 306 TEC)

The provisions of the Treaties shall not preclude the existence or completion of regional unions between Belgium and Luxembourg, or between Belgium, Luxembourg and the Netherlands, to the extent that the objectives of these regional unions are not attained by application of the Treaties.

Article 351 (ex Article 307 TEC)

The rights and obligations arising from agreements concluded before 1 January 1958 or, for acceding States, before the date of their accession, between one or more Member States on the one hand, and one or more third countries on the other, shall not be affected by the provisions of the Treaties.

To the extent that such agreements are not compatible with the Treaties, the Member State or States concerned shall take all appropriate steps to eliminate the incompatibilities established. Member States shall, where necessary, assist each other to this end and shall, where appropriate, adopt a common attitude.

In applying the agreements referred to in the first paragraph, Member States shall take into account the fact that the advantages accorded under the Treaties by each Member State form an integral part of the establishment of the Union and are thereby inseparably linked with the creation of common institutions, the conferring of powers upon them and the granting of the same advantages by all the other Member States.
Article 352 (ex Article 308 TEC)

1. If action by the Union should prove necessary, within the framework of the policies defined in the Treaties, to attain one of the objectives set out in the Treaties, and the Treaties have not provided the necessary powers, the Council, acting unanimously on a proposal from the Commission and after obtaining the consent of the European Parliament, shall adopt the appropriate measures. Where the measures in question are adopted by the Council in accordance with a special legislative procedure, it shall also act unanimously on a proposal from the Commission and after obtaining the consent of the European Parliament.

2. Using the procedure for monitoring the subsidiarity principle referred to in Article 5(3) of the Treaty on European Union, the Commission shall draw national Parliaments' attention to proposals based on this Article.

3. Measures based on this Article shall not entail harmonisation of Member States' laws or regulations in cases where the Treaties exclude such harmonisation.

4. This Article cannot serve as a basis for attaining objectives pertaining to the common foreign and security policy and any acts adopted pursuant to this Article shall respect the limits set out in Article 40, second paragraph, of the Treaty on European Union.

Article 353 Article 48(7) of the Treaty on European Union shall not apply to the following Articles:

- Article 311, third and fourth paragraphs,
- Article 312(2), first subparagraph,
- Article 352, and
- Article 354.

Article 354 (ex Article 309 TEC)

For the purposes of Article 7 of the Treaty on European Union on the suspension of certain rights resulting from Union membership, the member of the European Council or of the Council representing the Member State in question shall not take part in the vote and the Member State in question shall not be counted in the calculation of the one third or four fifths of Member States referred to in paragraphs 1 and 2 of that Article. Abstentions by members present in person or represented shall not prevent the adoption of decisions referred to in paragraph 2 of that Article.

For the adoption of the decisions referred to in paragraphs 3 and 4 of Article 7 of the Treaty on European Union, a qualified majority shall be defined in accordance with Article 238(3)(b) of this Treaty.

U. Flexibility clause
(former art. 308 TEC and before that art. 235)

New Union powers with unanimity

No ratification by national parliaments or referenda needed

EP must give consent, national Parliaments is only notified

No harmonisation if forbidden by the Treaties

Does not apply to foreign policy

Limits for General Passerelle, 48.7 TEU

Does not apply to
- Multiannual financial framework,
  - Own resources
  - Flexibility clause
  - Suspensions of rights

Suspension of rights (lex Austria)

- voting rules

No vote for sanctioned member state

Abstentions shall not count

Definition of enlarged qualified majority:
72% of member states and 65% of Union’s population
Where, following a decision to suspend voting rights adopted pursuant to paragraph 3 of Article 7 of the Treaty on European Union, the Council acts by a qualified majority on the basis of a provision of the Treaties, that qualified majority shall be defined in accordance with Article 238(3)(b) of this Treaty, or, where the Council acts on a proposal from the Commission or from the High Representative of the Union for Foreign Affairs and Security Policy, in accordance with Article 238(3)(a).

For the purposes of Article 7 of the Treaty on European Union, the European Parliament shall act by a two-thirds majority of the votes cast, representing the majority of its component Members.

Article 355 (ex Article 299(2), first subparagraph, and Article 299(3) to (6) TEC)

In addition to the provisions of Article 52 of the Treaty on European Union relating to the territorial scope of the Treaties, the following provisions shall apply:

1. The provisions of the Treaties shall apply to Guadeloupe, French Guiana, Martinique, Mayotte, Réunion, Saint-Martin, the Azores, Madeira and the Canary Islands in accordance with Article 349.

2. The special arrangements for association set out in Part Four shall apply to the overseas countries and territories listed in Annex II.

The Treaties shall not apply to those overseas countries and territories having special relations with the United Kingdom of Great Britain and Northern Ireland which are not included in the aforementioned list.

3. The provisions of the Treaties shall apply to the European territories for whose external relations a Member State is responsible.

4. The provisions of the Treaties shall apply to the Åland Islands in accordance with the provisions set out in Protocol 2 to the Act concerning the conditions of accession of the Republic of Austria, the Republic of Finland and the Kingdom of Sweden.

5. Notwithstanding Article 52 of the Treaty on European Union and paragraphs 1 to 4 of this Article:

(a) The Treaties shall not apply to the Faeroe Islands;

(b) The Treaties shall not apply to the United Kingdom Sovereign Base Areas of Akrotiri and Dhekelia in Cyprus except to the extent necessary to ensure the implementation of the arrangements set out in the Protocol on the Sovereign Base Areas of the United Kingdom of Great Britain and Northern Ireland in Cyprus annexed to the Act concerning the conditions of accession of the Czech Republic, the Republic of Estonia, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Republic of Hungary, the Republic of Malta, the Republic of Poland, the Republic of Slovenia and the Slovak Republic to the European Union and in accordance with the terms of that Protocol;
(c) The Treaties shall apply to the Channel Islands and the Isle of Man only to the extent necessary to ensure the implementation of the arrangements for those islands set out in the Treaty concerning the accession of new Member States to the European Economic Community and to the European Atomic Energy Community signed on 22 January 1972.

6. The European Council may, on the initiative of the Member State concerned, adopt a decision amending the status, with regard to the Union, of a Danish, French or Netherlands country or territory referred to in paragraphs 1 and 2. The European Council shall act unanimously after consulting the Commission.

Article 356 (ex Article 312 TEC)

This Treaty is concluded for an unlimited period.

Article 357 (ex Article 313 TEC)

This Treaty shall be ratified by the High Contracting Parties in accordance with their respective constitutional requirements. The Instruments of ratification shall be deposited with the Government of the Italian Republic.

This Treaty shall enter into force on the first day of the month following the deposit of the Instrument of ratification by the last signatory State to take this step. If, however, such deposit is made less than 15 days before the beginning of the following month, this Treaty shall not enter into force until the first day of the second month after the date of such deposit.

Article 358

The provisions of Article 55 of the Treaty on European Union shall apply to this Treaty.

IN WITNESS WHEREOF, the undersigned Plenipotentiaries have signed this Treaty. Done at Rome this twenty-fifth day of March in the year one thousand nine hundred and fifty-seven.

(List of signatories not reproduced)
The Commission must have documents at the same time as the EU Parliament and the Council.

...but the Union would like to encourage them to participate in the activities of the EU.

1. ROLE OF NATIONAL PARLIAMENTS

The organisation of Parliaments is a national matter...

...but the Union would like to encourage them to participate in the activities of the EU.

PROTOCOLS

PROTOCOL (No 1)
ON THE ROLE OF NATIONAL PARLIAMENTS IN THE EUROPEAN UNION

THE HIGH CONTRACTING PARTIES,

RECALLING that the way in which national Parliaments scrutinise their governments in relation to the activities of the Union is a matter for the particular constitutional organisation and practice of each Member State,

DESIRING to encourage greater involvement of national Parliaments in the activities of the European Union and to enhance their ability to express their views on draft legislative acts of the Union as well as on other matters which may be of particular interest to them,

HAVE AGREED UPON the following provisions, which shall be annexed to the Treaty on European Union, to the Treaty on the Functioning of the European Union and to the Treaty establishing the European Atomic Energy Community:

TITLE I

INFORMATION FOR NATIONAL PARLIAMENTS

Article 1

Commission consultation documents (green and white papers and communications) shall be forwarded directly by the Commission to national Parliaments upon publication. The Commission shall also forward the annual legislative programme as well as any other instrument of legislative planning or policy to national Parliaments, at the same time as to the European Parliament and the Council.

Article 2

Draft legislative acts sent to the European Parliament and to the Council shall be forwarded to national Parliaments.

For the purposes of this Protocol, "draft legislative acts" shall mean proposals from the Commission, initiatives from a group of Member States, initiatives from the European Parliament, requests from the Court of Justice, recommendations from the European Central Bank and requests from the European Investment Bank, for the adoption of a legislative act.

Draft legislative acts originating from the Commission shall be forwarded to national Parliaments directly by the Commission, at the same time as to the European Parliament and the Council.
Draft legislative acts originating from the European Parliament shall be forwarded to national Parliaments directly by the European Parliament.

Draft legislative acts originating from a group of Member States, the Court of Justice, the European Central Bank or the European Investment Bank shall be forwarded to national Parliaments by the Council.

Article 3

National Parliaments may send to the Presidents of the European Parliament, the Council and the Commission a reasoned opinion on whether a draft legislative act complies with the principle of subsidiarity, in accordance with the procedure laid down in the Protocol on the application of the principles of subsidiarity and proportionality.

If the draft legislative act originates from a group of Member States, the President of the Council shall forward the reasoned opinion or opinions to the governments of those Member States.

If the draft legislative act originates from the Court of Justice, the European Central Bank or the European Investment Bank, the President of the Council shall forward the reasoned opinion or opinions to the institution or body concerned.

Article 4

An eight-week period shall elapse between a draft legislative act being made available to national Parliaments in the official languages of the Union and the date when it is placed on a provisional agenda for the Council for its adoption or for adoption of a position under a legislative procedure. Exceptions shall be possible in cases of urgency, the reasons for which shall be stated in the act or position of the Council. Save in urgent cases for which due reasons have been given; no agreement may be reached on a draft legislative act during those eight weeks. Save in urgent cases for which due reasons have been given, a ten-day period shall elapse between the placing of a draft legislative act on the provisional agenda for the Council and the adoption of a position.

Article 5

The agendas for and the outcome of meetings of the Council, including the minutes of meetings where the Council is deliberating on draft legislative acts, shall be forwarded directly to national Parliaments, at the same time as to Member States' governments.

Article 6

When the European Council intends to make use of the first or second subparagraphs of Article 48(7) of the Treaty on European Union, national Parliaments shall be informed of the initiative of the European Council at least six months before any decision is adopted.
Article 7

The Court of Auditors shall forward its annual report to national Parliaments, for information, at the same time as to the European Parliament and to the Council.

Article 8

Where the national Parliamentary system is not unicameral, Articles 1 to 7 shall apply to the component chambers.

TITLE II

INTERPARLIAMENTARY COOPERATION

Article 9

The European Parliament and national Parliaments shall together determine the organisation and promotion of effective and regular inter-parliamentary cooperation within the Union.

Article 10

A conference of Parliamentary Committees for Union Affairs may submit any contribution it deems appropriate for the attention of the European Parliament, the Council and the Commission. That conference shall in addition promote the exchange of information and best practice between national Parliaments and the European Parliament, including their special committees. It may also organise inter-parliamentary conferences on specific topics, in particular to debate matters of common foreign and security policy, including common security and defence policy. Contributions from the conference shall not bind national Parliaments and shall not prejudge their positions.

PROTOCOL (No 2)

ON THE APPLICATION OF THE PRINCIPLES OF SUBSIDIARITY AND PROPORTIONALITY

THE HIGH CONTRACTING PARTIES,

WISHING to ensure that decisions are taken as closely as possible to the citizens of the Union, RESOLVED to establish the conditions for the application of the principles of subsidiarity and proportionality, as laid down in Article 5 of the Treaty on European Union, and to establish a system for monitoring the application of those principles,

HAVE AGREED UPON the following provisions, which shall be annexed to the Treaty on European Union and to the Treaty on the Functioning of the European Union:
Article 1

Each institution shall ensure constant respect for the principles of subsidiarity and proportionality, as laid down in Article 5 of the Treaty on European Union.

All institutions shall respect subsidiarity and proportionality

Article 2

Before proposing legislative acts, the Commission shall consult widely. Such consultations shall, where appropriate, take into account the regional and local dimension of the action envisaged. In cases of exceptional urgency, the Commission shall not conduct such consultations. It shall give reasons for its decision in its proposal.

The Commission shall consult widely before proposing legislation

Article 3

For the purposes of this Protocol, "draft legislative acts" shall mean proposals from the Commission, initiatives from a group of Member States, initiatives from the European Parliament, requests from the Court of Justice, recommendations from the European Central Bank and requests from the European Investment Bank, for the adoption of a legislative act.

Definition of proposal - EP, the Council and Commission shall send legislative documents to national Parliaments

Article 4

The Commission shall forward its draft legislative acts and its amended drafts to national Parliaments at the same time as to the Union legislator.

The European Parliament shall forward its draft legislative acts and its amended drafts to national Parliaments.

Commission and council forward their drafts

The Council shall forward draft legislative acts originating from a group of Member States, the Court of Justice, the European Central Bank or the European Investment Bank and amended drafts to national Parliaments.

Upon adoption, legislative resolutions of the European Parliament and positions of the Council shall be forwarded by them to national Parliaments.

Article 5

Draft legislative acts shall be justified with regard to the principles of subsidiarity and proportionality. Any draft legislative act should contain a detailed statement making it possible to appraise compliance with the principles of subsidiarity and proportionality. This statement should contain some assessment of the proposal's financial impact and, in the case of a directive, of its implications for the rules to be put in place by Member States, including, where necessary, the regional legislation. The reasons for concluding that a Union objective can be better achieved at Union level shall be substantiated by qualitative and, wherever possible, quantitative indicators. Draft legislative acts shall take account of the need for any burden, whether financial or administrative, falling upon the Union, national governments, regional or local authorities, economic operators and citizens, to be minimised and commensurate with the objective to be achieved.

Commission shall justify any proposal with regard to subsidiarity and proportionality

Reasons shall contain:
- Assessment of financial impact
- Why an objective is "better achieved at Union level"
- Account of any burden

Commission shall justify any proposal with regard to subsidiarity and proportionality

Reasons shall contain:
- Assessment of financial impact
- Why an objective is "better achieved at Union level"
- Account of any burden
Article 6

Any national Parliament or any chamber of a national Parliament may, within eight weeks from the date of transmission of a draft legislative act, in the official languages of the Union, send to the Presidents of the European Parliament, the Council and the Commission a reasoned opinion stating why it considers that the draft in question does not comply with the principle of subsidiarity. It will be for each national Parliament or each chamber of a national Parliament to consult, where appropriate, regional parliaments with legislative powers.

If the draft legislative act originates from a group of Member States, the President of the Council shall forward the opinion to the governments of those Member States.

If the draft legislative act originates from the Court of Justice, the European Central Bank or the European Investment Bank, the President of the Council shall forward the opinion to the institution or body concerned.

Article 7

1. The European Parliament, the Council and the Commission, and, where appropriate, the group of Member States, the Court of Justice, the European Central Bank or the European Investment Bank, if the draft legislative act originates from them, shall take account of the reasoned opinions issued by national Parliaments or by a chamber of a national Parliament.

Each national Parliament shall have two votes, shared out on the basis of the national Parliamentary system. In the case of a bicameral Parliamentary system, each of the two chambers shall have one vote.

2. Where reasoned opinions on a draft legislative act's non-compliance with the principle of subsidiarity represent at least one third of all the votes allocated to the national Parliaments in accordance with the second subparagraph of paragraph 1, the draft must be reviewed. This threshold shall be a quarter in the case of a draft legislative act submitted on the basis of Article 76 of the Treaty on the Functioning of the European Union on the area of freedom, security and justice.

After such review, the Commission or, where appropriate, the group of Member States, the European Parliament, the Court of Justice, the European Central Bank or the European Investment Bank, if the draft legislative act originates from them, may decide to maintain, amend or withdraw the draft. Reasons must be given for this decision.
3. Furthermore, under the ordinary legislative procedure, where reasoned opinions on the non-compliance of a proposal for a legislative act with the principle of subsidiarity represent at least a simple majority of the votes allocated to the national Parliaments in accordance with the second subparagraph of paragraph 1, the proposal must be reviewed. After such review, the Commission may decide to maintain, amend or withdraw the proposal.

If it chooses to maintain the proposal, the Commission will have, in a reasoned opinion, to justify why it considers that the proposal complies with the principle of subsidiarity. This reasoned opinion, as well as the reasoned opinions of the national Parliaments, will have to be submitted to the Union legislator, for consideration in the procedure:

(a) Before concluding the first reading, the legislator (the European Parliament and the Council) shall consider whether the legislative proposal is compatible with the principle of subsidiarity, taking particular account of the reasons expressed and shared by the majority of national Parliaments as well as the reasoned opinion of the Commission;

(b) If, by a majority of 55 % of the members of the Council or a majority of the votes cast in the European Parliament, the legislator is of the opinion that the proposal is not compatible with the principle of subsidiarity, the legislative proposal shall not be given further consideration.

**Article 8**

The Court of Justice of the European Union shall have jurisdiction in actions on grounds of infringement of the principle of subsidiarity by a legislative act, brought in accordance with the rules laid down in Article 263 of the Treaty on the Functioning of the European Union by Member States, or notified by them in accordance with their legal order on behalf of their national Parliament or a chamber thereof.

In accordance with the rules laid down in the said Article, the Committee of the Regions may also bring such actions against legislative acts for the adoption of which the Treaty on the Functioning of the European Union provides that it be consulted.

**Article 9**

The Commission shall submit each year to the European Council, the European Parliament, the Council and national Parliaments a report on the application of Article 5 of the Treaty on European Union. This annual report shall also be forwarded to the Economic and Social Committee and the Committee of the Regions.
PROTOCOL (No 3)
ON THE STATUTE OF THE COURT OF JUSTICE OF THE EUROPEAN UNION

THE HIGH CONTRACTING PARTIES,

DESIRING to lay down the Statute of the Court of Justice of the European Union provided for in Article 281 of the Treaty on the Functioning of the European Union,

HAVE AGREED UPON the following provisions, which shall be annexed to the Treaty on European Union, the Treaty on the Functioning of the European Union and the Treaty establishing the European Atomic Energy Community:

Article 1

The Court of Justice of the European Union shall be constituted and shall function in accordance with the provisions of the Treaties, of the Treaty establishing the European Atomic Energy Community (the EAEC Treaty) and of this Statute.

TITLE I

JUDGES AND ADVOCATES-GENERAL

Article 2

Before taking up his duties each Judge shall, before the Court of Justice sitting in open court, take an oath to perform his duties impartially and conscientiously and to preserve the secrecy of the deliberations of the Court.

Article 3

The Judges shall be immune from legal proceedings. After they have ceased to hold office, they shall continue to enjoy immunity in respect of acts performed by them in their official capacity, including words spoken or written.

The Court of Justice, sitting as a full Court, may waive the immunity. If the decision concerns a member of the General Court or of a specialised court, the Court shall decide after consulting the court concerned.

Where immunity has been waived and criminal proceedings are instituted against a Judge, he shall be tried, in any of the Member States, only by the court competent to judge the members of the highest national judiciary.

Articles 11 to 14 and Article 17 of the Protocol on the privileges and immunities of the European Union shall apply to the Judges, Advocates-General, Registrar and Assistant Rapporteurs of the Court of Justice of the European Union, without prejudice to the provisions relating to immunity from legal proceedings of Judges which are set out in the preceding paragraphs.
Article 4

The Judges may not hold any political or administrative office. They may not engage in any occupation, whether gainful or not, unless exemption is exceptionally granted by the Council, acting by a simple majority.

When taking up their duties, they shall give a solemn undertaking that, both during and after their term of office, they will respect the obligations arising therefrom, in particular the duty to behave with integrity and discretion as regards the acceptance, after they have ceased to hold office, of certain appointments or benefits.

Any doubt on this point shall be settled by decision of the Court of Justice. If the decision concerns a member of the General Court or of a specialised court, the Court shall decide after consulting the court concerned.

Article 5

Apart from normal replacement, or death, the duties of a Judge shall end when he resigns.

Where a Judge resigns, his letter of resignation shall be addressed to the President of the Court of Justice for transmission to the President of the Council. Upon this notification a vacancy shall arise on the bench.

Save where Article 6 applies, a Judge shall continue to hold office until his successor takes up his duties.

Article 6

A Judge may be deprived of his office or of his right to a pension or other benefits in its stead only if, in the unanimous opinion of the Judges and Advocates-General of the Court of Justice, he no longer fulfils the requisite conditions or meets the obligations arising from his office. The Judge concerned shall not take part in any such deliberations. If the person concerned is a member of the General Court or of a specialised court, the Court shall decide after consulting the court concerned.

The Registrar of the Court shall communicate the decision of the Court to the President of the European Parliament and to the President of the Commission and shall notify it to the President of the Council.

In the case of a decision depriving a Judge of his office, a vacancy shall arise on the bench upon this latter notification.

Article 7

A Judge who is to replace a member of the Court whose term of office has not expired shall be appointed for the remainder of his predecessor's term.
Article 8

The provisions of Articles 2 to 7 shall apply to the Advocates-General

TITLE II

ORGANISATION OF THE COURT OF JUSTICE

New article 9 from December 2015:

Article 9

When, every three years, the Judges are partially replaced, one half of the number of Judges shall be replaced. If the number of Judges is an uneven number, the number of Judges who shall be replaced shall alternately be the number which is next above one half of the number of Judges and the number which is next below one half.

The first paragraph shall also apply when the Advocates-General are partially replaced, every three years.

Old article 9

Article 9

When, every three years, the Judges are partially replaced, 14 Judges shall be replaced.

Article 9a

The Judges shall elect the President and the Vice-President of the Court of Justice from among their number for a term of three years. They may be re-elected.

The Vice-President shall assist the President in accordance with the conditions laid down in the Rules of Procedure. He shall take the President’s place when the latter is prevented from attending or when the office of President is vacant.

Article 10

The Registrar shall take an oath before the Court of Justice to perform his duties impartially and conscientiously and to preserve the secrecy of the deliberations of the Court of Justice.

Article 11

The Court of Justice shall arrange for replacement of the Registrar on occasions when he is prevented from attending the Court of Justice.

Article 12

Officials and other servants shall be attached to the Court of Justice to enable it to function. They shall be responsible to the Registrar under the authority of the President.
Article 13

At the request of the Court of Justice, the European Parliament and the Council may, acting in accordance with the ordinary legislative procedure, provide for the appointment of Assistant Rapporteurs and lay down the rules governing their service. The Assistant Rapporteurs may be required, under conditions laid down in the Rules of Procedure, to participate in preparatory inquiries in cases pending before the Court and to cooperate with the Judge who acts as Rapporteur.

The Assistant Rapporteurs shall be chosen from persons whose independence is beyond doubt and who possess the necessary legal qualifications; they shall be appointed by the Council, acting by a simple majority. They shall take an oath before the Court to perform their duties impartially and conscientiously and to preserve the secrecy of the deliberations of the Court.

Article 14

The Judges, the Advocates-General and the Registrar shall be required to reside at the place where the Court of Justice has its seat.

Article 15

The Court of Justice shall remain permanently in session. The duration of the judicial vacations shall be determined by the Court with due regard to the needs of its business.

Article 16

The Court of Justice shall form chambers consisting of three and five Judges. The Judges shall elect the Presidents of the chambers from among their number. The Presidents of the chambers of five Judges shall be elected for three years. They may be re-elected once.

The Grand Chamber shall consist of 15 Judges. It shall be presided over by the President of the Court. The Vice-President of the Court and, in accordance with the conditions laid down in the Rules of Procedure, three of the Presidents of the chambers of five Judges and other Judges shall also form part of the Grand Chamber.

The Court shall sit in a Grand Chamber when a Member State or an institution of the Union that is party to the proceedings so requests.

The Court shall sit as a full Court where cases are brought before it pursuant to Article 228(2), Article 245(2), Article 247 or Article 286(6) of the Treaty on the Functioning of the European Union.

Moreover, where it considers that a case before it is of exceptional importance, the Court may decide, after hearing the Advocate-General, to refer the case to the full Court.
### Article 17

<table>
<thead>
<tr>
<th>Article Title</th>
<th>Text</th>
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<tbody>
<tr>
<td>Uneven number</td>
<td>Decisions of the Court of Justice shall be valid only when an uneven number of its members is sitting in the deliberations.</td>
</tr>
<tr>
<td>Chamber at least 3 Judges of 3 or 5</td>
<td>Decisions of the chambers consisting of either three or five Judges shall be valid only if they are taken by three Judges.</td>
</tr>
<tr>
<td>Grand Chamber at least 9 of 11</td>
<td>Decisions of the Grand Chamber shall be valid only if 11 Judges are sitting. Decisions of the full Court shall be valid only if 17 Judges are sitting. In the event of one of the Judges of a chamber being prevented from attending, a Judge of another chamber may be called upon to sit in accordance with conditions laid down in the Rules of Procedure.</td>
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<tr>
<td>Full Court at least 11 of 15</td>
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### Article 18

<table>
<thead>
<tr>
<th>Article Title</th>
<th>Text</th>
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<tbody>
<tr>
<td>Not to take part in the cases in which they have previously appeared</td>
<td>No Judge or Advocate-General may take part in the disposal of any case in which he has previously taken part as agent or adviser or has acted for one of the parties, or in which he has been called upon to pronounce as a member of a court or tribunal, of a commission of inquiry or in any other capacity.</td>
</tr>
<tr>
<td>Procedure</td>
<td>If, for some special reason, any Judge or Advocate-General considers that he should not take part in the judgment or examination of a particular case, he shall so inform the President. If, for some special reason, the President considers that any Judge or Advocate-General should not sit or make submissions in a particular case, he shall notify him accordingly. Any difficulty arising as to the application of this Article shall be settled by decision of the Court of Justice.</td>
</tr>
<tr>
<td>Cannot demand Judges from own national State</td>
<td>A party may not apply for a change in the composition of the Court or of one of its chambers on the grounds of either the nationality of a Judge or the absence from the Court or from the chamber of a Judge of the nationality of that party.</td>
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### TITLE III

**PROCEDURE BEFORE THE COURT OF JUSTICE**

### Article 19

<table>
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<tr>
<th>Article Title</th>
<th>Text</th>
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<tbody>
<tr>
<td>States and institutions have agents</td>
<td>The Member States and the institutions of the Union shall be represented before the Court of Justice by an agent appointed for each case; the agent may be assisted by an adviser or by a lawyer.</td>
</tr>
<tr>
<td>EFTA</td>
<td>The States, other than the Member States, which are parties to the Agreement on the European Economic Area and also the EFTA Surveillance Authority referred to in that Agreement, shall be represented in same manner.</td>
</tr>
<tr>
<td>Other parties must be represented by lawyers</td>
<td>Other parties must be represented by a lawyer.</td>
</tr>
</tbody>
</table>
Only a lawyer authorised to practise before a court of a Member State or of another State which is a party to the Agreement on the European Economic Area may represent or assist a party before the Court.

Such agents, advisers and lawyers shall, when they appear before the Court, enjoy the rights and immunities necessary to the independent exercise of their duties, under conditions laid down in the Rules of Procedure.

As regards such advisers and lawyers who appear before it, the Court shall have the powers normally accorded to courts of law, under conditions laid down in the Rules of Procedure.

University teachers being nationals of a Member State whose law accords them a right of audience shall have the same rights before the Court as are accorded by this Article to lawyers.

Article 20

The procedure before the Court of Justice shall consist of two parts: written and oral.

The written procedure shall consist of the communication to the parties and to the institutions of the Union whose decisions are in dispute, of applications, statements of case, defences and observations, and of replies, if any, as well as of all papers and documents in support of or of certified copies of them.

Communications shall be made by the Registrar in the order and within the time laid down in the Rules of Procedure.

The oral procedure shall consist of the hearing by the Court of agents, advisers and lawyers and of the submissions of the Advocate-General, as well as the hearing, if any, of witnesses and experts.

Where it considers that the case raises no new point of law, the Court may decide, after hearing the Advocate-General, that the case shall be determined without a submission from the Advocate-General.

Article 21

A case shall be brought before the Court of Justice by a written application addressed to the Registrar. The application shall contain the applicant's name and permanent address and the description of the signatory, the name of the party or names of the parties against whom the application is made, the subject-matter of the dispute, the form of order sought and a brief statement of the pleas in law on which the application is based.

The application shall be accompanied, where appropriate, by the measure the annulment of which is sought or, in the circumstances referred to in Article 265 of the Treaty on the Functioning of the European Union, by documentary evidence of the date on which an institution was, in accordance with those Articles, requested to act. If the documents are not submitted with the application, the Registrar shall ask the party concerned to produce them within a reasonable period, but in that event the rights of the party shall not lapse even if such documents are produced after the time limit for bringing proceedings.
Article 22

**Appeal**

A case governed by Article 18 of the EAEC Treaty shall be brought before the Court of Justice by an appeal addressed to the Registrar. The appeal shall contain the name and permanent address of the applicant and the description of the signatory, a reference to the decision against which the appeal is brought, the names of the respondents, the subject-matter of the dispute, the submissions and a brief statement of the grounds on which the appeal is based.

The appeal shall be accompanied by a certified copy of the decision of the Arbitration Committee which is contested.

If the Court rejects the appeal, the decision of the Arbitration Committee shall become final.

If the Court annuls the decision of the Arbitration Committee, the matter may be re-opened, where appropriate, on the initiative of one of the parties in the case, before the Arbitration Committee. The latter shall conform to any decisions on points of law given by the Court.

Article 23

**Notifications**

In the cases governed by Article 267 of the Treaty on the Functioning of the European Union, the decision of the court or tribunal of a Member State which suspends its proceedings and refers a case to the Court of Justice shall be notified to the Court by the court or tribunal concerned. The decision shall then be notified by the Registrar of the Court to the parties, to the Member States and to the Commission, and to the institution, body, office or agency of the Union which adopted the act the validity or interpretation of which is in dispute.

**Rights of the member states and the institutions**

Within two months of this notification, the parties, the Member States, the Commission and, where appropriate, the institution, body, office or agency which adopted the act the validity or interpretation of which is in dispute, shall be entitled to submit statements of case or written observations to the Court.

**EFTA**

In the cases governed by Article 267 of the Treaty on the Functioning of the European Union, the decision of the national court or tribunal shall, moreover, be notified by the Registrar of the Court to the States, other than the Member States, which are parties to the Agreement on the European Economic Area and also to the EFTA Surveillance Authority referred to in that Agreement which may, within two months of notification, where one of the fields of application of that Agreement is concerned, submit statements of case or written observations to the Court.

**Member states**

Where an agreement relating to a specific subject matter, concluded by the Council and one or more non-member States, provides that those States are to be entitled to submit statements of case or written observations where a court or tribunal of a Member State refers to the Court of Justice for a preliminary ruling a question falling within the scope of the agreement, the decision of the national court or tribunal containing that question shall also be notified to the non-member States concerned. Within two months from such notification, those States may lodge at the Court statements of case or written observations.
Article 23a*

The Rules of Procedure may provide for an expedited or accelerated procedure and, for references for a preliminary ruling relating to the area of freedom, security and justice, an urgent procedure.

Those procedures may provide, in respect of the submission of statements of case or written observations, for a shorter period than that provided for by Article 23, and, in derogation from the fourth paragraph of Article 20, for the case to be determined without a submission from the Advocate General.

In addition, the urgent procedure may provide for restriction of the parties and other interested persons mentioned in Article 23, authorised to submit statements of case or written observations and, in cases of extreme urgency, for the written stage of the procedure to be omitted.

Article 24

The Court of Justice may require the parties to produce all documents and to supply all information which the Court considers desirable. Formal note shall be taken of any refusal.

The Court may also require the Member States and institutions, bodies, offices and agencies not being parties to the case to supply all information which the Court considers necessary for the proceedings.

Article 25

The Court of Justice may at any time entrust any individual, body, authority, committee or other organisation it chooses with the task of giving an expert opinion.

Article 26

Witnesses may be heard under conditions laid down in the Rules of Procedure.

Article 27

With respect to defaulting witnesses the Court of Justice shall have the powers generally granted to courts and tribunals and may impose pecuniary penalties under conditions laid down in the Rules of Procedure.

Article 28

Witnesses and experts may be heard on oath taken in the form laid down in the Rules of Procedure or in the manner laid down by the law of the country of the witness or expert.

Amendment from 2008 Justice and Home Affairs

May require all documents

May order expert opinion

Witnesses

Fines for defaulters

Article 29

Be heard in local court

The Court of Justice may order that a witness or expert be heard by the judicial authority of his place of permanent residence.

The order shall be sent for implementation to the competent judicial authority under conditions laid down in the Rules of Procedure. The documents drawn up in compliance with the letters rogatory shall be returned to the Court under the same conditions.

The Court shall defray the expenses, without prejudice to the right to charge them, where appropriate, to the parties.

Article 30

Violation of an oath

A Member State shall treat any violation of an oath by a witness or expert in the same manner as if the offence had been committed before one of its courts with jurisdiction in civil proceedings. At the instance of the Court of Justice, the Member State concerned shall prosecute the offender before its competent court.

Article 31

Public, unless otherwise decided

The hearing in court shall be public, unless the Court of Justice, of its own motion or on application by the parties, decides otherwise for serious reasons.

Article 32

Talk through representatives

During the hearings the Court of Justice may examine the experts, the witnesses and the parties themselves. The latter, however, may address the Court of Justice only through their representatives.

Article 33

Minutes

Minutes shall be made of each hearing and signed by the President and the Registrar.

Article 34

Case list

The case list shall be established by the President.

Article 35

Deliberations and voting shall remain secret

The deliberations of the Court of Justice shall be and shall remain secret.

Article 36

State reasons and Judges

Judgments shall state the reasons on which they are based. They shall contain the names of the Judges who took part in the deliberations.
Article 37
Judgments shall be signed by the President and the Registrar. They shall be read in open court.

Article 38
The Court of Justice shall adjudicate upon costs.

Article 39
The President of the Court of Justice may, by way of summary procedure, which may, in so far as necessary, differ from some of the rules contained in this Statute and which shall be laid down in the Rules of Procedure, adjudicate upon applications to suspend execution, as provided for in Article 278 of the Treaty on the Functioning of the European Union and Article 157 of the EAEC Treaty, or to prescribe interim measures pursuant to Article 279 of the Treaty on the Functioning of the European Union, or to suspend enforcement in accordance with the fourth paragraph of Article 299 of the Treaty on the Functioning of the European Union or the third paragraph of Article 164 of the EAEC Treaty.

The powers referred to in the first paragraph may, under the conditions laid down in the Rules of Procedure, be exercised by the Vice-President of the Court of Justice.

Should the President and the Vice-President be prevented from attending, another Judge shall take their place under the conditions laid down in the Rules of Procedure.

The ruling of the President or of the Judge replacing him shall be provisional and shall in no way prejudice the decision of the Court on the substance of the case.

Article 40
Member States and institutions of the Union may intervene in cases before the Court of Justice. The same right shall be open to the bodies, offices and agencies of the Union and to any other person which can establish an interest in the result of a case submitted to the Court. Natural or legal persons shall not intervene in cases between Member States, between institutions of the Union or between Member States and institutions of the Union.

Without prejudice to the second paragraph, the States, other than the Member States, which are parties to the Agreement on the European Economic Area, and also the EFTA Surveillance Authority referred to in that Agreement, may intervene in cases before the Court where one of the fields of application of that Agreement is concerned.

An application to intervene shall be limited to supporting the form of order sought by one of the parties.
Article 41

Judgement by default
Where the defending party, after having been duly summoned, fails to file written submissions in defence, judgment shall be given against that party by default. An objection may be lodged against the judgment within one month of it being notified. The objection shall not have the effect of staying enforcement of the judgment by default unless the Court of Justice decides otherwise.

Article 42

Third-party objections
Member States, institutions, bodies, offices and agencies of the Union and any other natural or legal persons may, in cases and under conditions to be determined by the Rules of Procedure, institute third-party proceedings to contest a judgment rendered without their being heard, where the judgment is prejudicial to their rights.

Article 43

Revision after new facts
If the meaning or scope of a judgment is in doubt, the Court of Justice shall construe it on application by any party or any institution of the Union establishing an interest therein.

Article 44

An application for revision of a judgment may be made to the Court of Justice only on discovery of a fact which is of such a nature as to be a decisive factor, and which, when the judgment was given, was unknown to the Court and to the party claiming the revision.

The revision shall be opened by a judgment of the Court expressly recording the existence of a new fact, recognising that it is of such a character as to lay the case open to revision and declaring the application admissible on this ground.

Re-openings lapse of 10 years
No application for revision may be made after the lapse of 10 years from the date of the judgment.

Article 45

Periods of grace

Force majeure

Article 46

Five years period of limitation is interrupted by institution of proceedings
Proceedings against the Union in matters arising from non-contractual liability shall be barred after a period of five years from the occurrence of the event giving rise thereto. The period of limitation shall be interrupted if proceedings are instituted before the Court of Justice or if prior to such proceedings an application is made by the aggrieved party to the relevant institution of the Union.
In the latter event the proceedings must be instituted within the period of two months provided for in Article 263 of the Treaty on the Functioning of the European Union; the provisions of the second paragraph of Article 265 of the Treaty on the Functioning of the European Union shall apply where appropriate.

This Article shall also apply to proceedings against the European Central Bank regarding non-contractual liability.

**TITLE IV**

**GENERAL COURT**

**Article 47**

The first paragraph of Article 9, Article 9a, Articles 14 and 15, the first, second, fourth and fifth paragraphs of Article 17 and Article 18 shall apply to the General Court and its members.

The fourth paragraph of Article 3 and Articles 10, 11 and 14 shall apply to the Registrar of the General Court *mutatis mutandis*.

**New article 48 from 16 December 2015:**

**Article 48**

The General Court shall consist of:

(a) 40 Judges as from 25 December 2015;

(b) 47 Judges as from 1 September 2016;

(c) Two Judges per Member State as from 1 September 2019.

**Article 2**

The term of office of the additional Judges of the General Court to be appointed pursuant to Article 48 of Protocol No 3 on the Statute of the Court of Justice of the European Union shall be as follows:

(a) The term of office of six of the twelve additional Judges to be appointed as from 25 December 2015 shall end on 31 August 2016. Those six Judges shall be chosen in such a way that the governments of six Member States nominate two Judges for the partial replacement of the General Court in 2016. The term of office of the other six Judges shall end on 31 August 2019;

(b) The term of office of three of the seven additional Judges to be appointed as from 1 September 2016 shall end on 31 August 2019. Those three Judges shall be chosen in such a way that the governments of three Member States nominate two Judges for the partial replacement of the General Court in 2019. The term of office of the other four Judges shall end on 31 August 2022;
The term of office of four of the nine additional Judges to be appointed as from 1 September 2019 shall end on 31 August 2022. Those four Judges shall be chosen in such a way that the governments of four Member States nominate two Judges for the partial replacement of the General Court in 2022. The term of office of the other five Judges shall end on 31 August 2025.

Article 3

1. By 26 December 2020, the Court of Justice shall draw up a report, using an external consultant, for the European Parliament, the Council and the Commission on the functioning of the General Court.

In particular, that report shall focus on the efficiency of the General Court, the necessity and effectiveness of the increase to 56 Judges, the use and effectiveness of resources and the further establishment of specialised chambers and/or other structural changes.

Where appropriate, the Court of Justice shall make legislative requests to amend its Statute accordingly.

2. By 26 December 2017, the Court of Justice shall draw up a report for the European Parliament, the Council and the Commission on possible changes to the distribution of competence for preliminary rulings under Article 267 TFEU. The report shall be accompanied, where appropriate, by legislative requests.

(The old Article 48 The General Court shall consist of 28 Judges.)

Article 49

Function of Advocate-Generals

The Members of the General Court may be called upon to perform the task of an Advocate-General. It shall be the duty of the Advocate-General, acting with complete impartiality and independence, to make, in open court, reasoned submissions on certain cases brought before the General Court in order to assist the General Court in the performance of its task.

Rules of procedure

The criteria for selecting such cases, as well as the procedures for designating the Advocates-General, shall be laid down in the Rules of Procedure of the General Court.

A Member called upon to perform the task of Advocate-General in a case may not take part in the judgment of the case.
Article 50

The General Court shall sit in chambers of three or five Judges. The Judges shall elect the Presidents of the chambers from among their number. The Presidents of the chambers of five Judges shall be elected for three years. They may be re-elected once.

The composition of the chambers and the assignment of cases to them shall be governed by the Rules of Procedure. In certain cases governed by the Rules of Procedure, the General Court may sit as a full court or be constituted by a single Judge.

The Rules of Procedure may also provide that the General Court may sit in a Grand Chamber in cases and under the conditions specified therein.

Article 51

By way of derogation from the rule laid down in Article 256(1) of the Treaty on the Functioning of the European Union, jurisdiction shall be reserved to the Court of Justice in the actions referred to in Articles 263 and 265 of the Treaty on the Functioning of the European Union when they are brought by a Member State against:

(a) An act of or failure to act by the European Parliament or the Council, or by those institutions acting jointly, except for:

- Decisions taken by the Council under the third subparagraph of Article 108(2) of the Treaty on the Functioning of the European Union;

- Acts of the Council adopted pursuant to a Council regulation concerning measures to protect trade within the meaning of Article 207 of the Treaty on the Functioning of the European Union;

- Acts of the Council by which the Council exercises implementing powers in accordance with the second paragraph of Article 291 of the Treaty on the Functioning of the European Union;

(b) Against an act of or failure to act by the Commission under the first paragraph of Article 331 of the Treaty on the Functioning of the European Union.

Jurisdiction shall also be reserved to the Court of Justice in the actions referred to in the same Articles when they are brought by an institution of the Union against an act of or failure to act by the European Parliament, the Council, both those institutions acting jointly, or the Commission, or brought by an institution of the Union against an act of or failure to act by the European Central Bank.

Article 52

The President of the Court of Justice and the President of the General Court shall determine, by common accord, the conditions under which officials and other servants attached to the Court of Justice shall render their services to the General Court to enable it to function. Certain officials or other servants shall be
responsible to the Registrar of the General Court under the authority of the President of the General Court.

Article 53

The procedure before the General Court shall be governed by Title III.

Rules of Procedures

Such further and more detailed provisions as may be necessary shall be laid down in its Rules of Procedure. The Rules of Procedure may derogate from the fourth paragraph of Article 40 and from Article 41 in order to take account of the specific features of litigation in the field of intellectual property.

Notwithstanding the fourth paragraph of Article 20, the Advocate-General may make his reasoned submissions in writing.

Article 54

Powers: Relations with the Court of Justice

Where an application or other procedural document addressed to the General Court is lodged by mistake with the Registrar of the Court of Justice, it shall be transmitted immediately by that Registrar to the Registrar of the General Court; likewise, where an application or other procedural document addressed to the Court of Justice is lodged by mistake with the Registrar of the General Court, it shall be transmitted immediately by that Registrar to the Registrar of the Court of Justice.

Where the General Court finds that it does not have jurisdiction to hear and determine an action in respect of which the Court of Justice has jurisdiction, it shall refer that action to the Court of Justice; likewise, where the Court of Justice finds that an action falls within the jurisdiction of the General Court, it shall refer that action to the General Court, whereupon that Court may not decline jurisdiction.

Where the Court of Justice and the General Court are seised of cases in which the same relief is sought, the same issue of interpretation is raised or the validity of the same act is called in question, the General Court may, after hearing the parties, stay the proceedings before it until such time as the Court of Justice has delivered judgment or, where the action is one brought pursuant to Article 263 of the Treaty on the Functioning of the European Union, may decline jurisdiction so as to allow the Court of Justice to rule on such actions. In the same circumstances, the Court of Justice may also decide to stay the proceedings before it; in that event, the proceedings before the General Court shall continue.

Dismissal of cases

Where a Member State and an institution of the Union are challenging the same act, the General Court shall decline jurisdiction so that the Court of Justice may rule on those applications.

Article 55

Final decisions of the General Court, decisions disposing of the substantive issues in part only or disposing of a procedural issue concerning a plea of lack of competence or inadmissibility, shall be notified by the Registrar of the General Court to all parties as well as all Member States and the institutions of the Union even if they did not intervene in the case before the General Court.
Article 56

An appeal may be brought before the Court of Justice, within two months of the notification of the decision appealed against, against final decisions of the General Court and decisions of that Court disposing of the substantive issues in part only or disposing of a procedural issue concerning a plea of lack of competence or inadmissibility.

Such an appeal may be brought by any party which has been unsuccessful, in whole or in part, in its submissions. However, interveners other than the Member States and the institutions of the Union may bring such an appeal only where the decision of the General Court directly affects them.

With the exception of cases relating to disputes between the Union and its servants, an appeal may also be brought by Member States and institutions of the Union which did not intervene in the proceedings before the General Court. Such Member States and institutions shall be in the same position as Member States or institutions which intervened at first instance.

Article 57

Any person whose application to intervene has been dismissed by the General Court may appeal to the Court of Justice within two weeks from the notification of the decision dismissing the application.

The parties to the proceedings may appeal to the Court of Justice against any decision of the General Court made pursuant to Article 278 or Article 279 or the fourth paragraph of Article 299 of the Treaty on the Functioning of the European Union or Article 157 or the third paragraph of Article 164 of the EAEC Treaty within two months from their notification.

The appeal referred to in the first two paragraphs of this Article shall be heard and determined under the procedure referred to in Article 39.

Article 58

An appeal to the Court of Justice shall be limited to points of law. It shall lie on the grounds of lack of competence of the General Court, a breach of procedure before it which adversely affects the interests of the appellant as well as the infringement of Union law by the General Court.

No appeal shall lie regarding only the amount of the costs or the party ordered to pay them.

Article 59

Where an appeal is brought against a decision of the General Court, the procedure before the Court of Justice shall consist of a written part and an oral part. In accordance with conditions laid down in the Rules of Procedure, the Court of Justice, having heard the Advocate-General and the parties, may dispense with the oral procedure.
Article 60

**No suspensory effect**

Without prejudice to Articles 278 and 279 of the Treaty on the Functioning of the European Union or Article 157 of the EAEC Treaty, an appeal shall not have suspensory effect.

**Derogation**

By way of derogation from Article 280 of the Treaty on the Functioning of the European Union, decisions of the General Court declaring a regulation to be void shall take effect only as from the date of expiry of the period referred to in the first paragraph of Article 56 of this Statute or, if an appeal shall have been brought within that period, as from the date of dismissal of the appeal, without prejudice, however, to the right of a party to apply to the Court of Justice, pursuant to Articles 278 and 279 of the Treaty on the Functioning of the European Union or Article 157 of the EAEC Treaty, for the suspension of the effects of the regulation which has been declared void or for the prescription of any other interim measure.

Article 61

**Well-founded appeal**

If the appeal is well founded, the Court of Justice shall quash the decision of the General Court. It may itself give final judgment in the matter, where the state of the proceedings so permits, or refer the case back to the General Court for judgment.

Where a case is referred back to the General Court, that Court shall be bound by the decision of the Court of Justice on points of law. When an appeal brought by a Member State or an institution of the Union, which did not intervene in the proceedings before the General Court, is well founded, the Court of Justice may, if it considers this necessary, state which of the effects of the decision of the General Court which has been quashed shall be considered as definitive in respect of the parties to the litigation.

Article 62

**Serious risk of the unity of Union law**

In the cases provided for in Article 256(2) and (3) of the Treaty on the Functioning of the European Union, where the First Advocate-General considers that there is a serious risk of the unity or consistency of Union law being affected, he may propose that the Court of Justice review the decision of the General Court.

The proposal must be made within one month of delivery of the decision by the General Court. Within one month of receiving the proposal made by the First Advocate-General, the Court of Justice shall decide whether or not the decision should be reviewed.

Article 62a

**Urgent procedure**

The Court of Justice shall give a ruling on the questions which are subject to review by means of an urgent procedure on the basis of the file forwarded to it by the General Court.
Those referred to in Article 23 of this Statute and, in the cases provided for in Article 256(2) of the EC Treaty, the parties to the proceedings before the General Court shall be entitled to lodge statements or written observations with the Court of Justice relating to questions which are subject to review within a period prescribed for that purpose.

The Court of Justice may decide to open the oral procedure before giving a ruling.

**Article 62b**

In the cases provided for in Article 256(2) of the Treaty on the Functioning of the European Union, without prejudice to Articles 278 and 279 of the Treaty on the Functioning of the European Union, proposals for review and decisions to open the review procedure shall not have suspensory effect. If the Court of Justice finds that the decision of the General Court affects the unity or consistency of Union law, it shall refer the case back to the General Court which shall be bound by the points of law decided by the Court of Justice; the Court of Justice may state which of the effects of the decision of the General Court are to be considered as definitive in respect of the parties to the litigation. If, however, having regard to the result of the review, the outcome of the proceedings flows from the findings of fact on which the decision of the General Court was based, the Court of Justice shall give final judgment.

In the cases provided for in Article 256(3) of the Treaty on the Functioning of the European Union, in the absence of proposals for review or decisions to open the review procedure, the answer(s) given by the General Court to the questions submitted to it shall take effect upon expiry of the periods prescribed for that purpose in the second paragraph of Article 62. Should a review procedure be opened, the answer(s) subject to review shall take effect following that procedure, unless the Court of Justice decides otherwise. If the Court of Justice finds that the decision of the General Court affects the unity or consistency of Union law, the answer given by the Court of Justice to the questions subject to review shall be substituted for that given by the General Court.

**TITLE IV**

**A SPECIALISED COURTS**

**Article 62c**

The provisions relating to the jurisdiction, composition, organisation and procedure of the specialised courts established under Article 257 of the Treaty on the Functioning of the European Union are set out in an Annex to this Statute.

The European Parliament and the Council, acting in accordance with Article 257 of the Treaty on the Functioning of the European Union, may attach temporary Judges to the specialised courts in order to cover the absence of Judges who, while not suffering from disablement deemed to be total, are prevented from participating in the disposal of cases for a lengthy period of time. In that event, the European Parliament and the Council shall lay down the conditions under which the temporary Judges shall be appointed, their rights and duties, the detailed rules governing the performance of their duties and the circumstances in which they shall cease to perform those duties.
TITLE V

FINAL PROVISIONS

Article 63

Rules of procedure

The Rules of Procedure of the Court of Justice and of the General Court shall contain any provisions necessary for applying and, where required, supplementing this Statute.

Article 64

Languages

The rules governing the language arrangements applicable at the Court of Justice of the European Union shall be laid down by a regulation of the Council acting unanimously. This regulation shall be adopted either at the request of the Court of Justice and after consultation of the Commission and the European Parliament, or on a proposal from the Commission and after consultation of the Court of Justice and of the European Parliament.

Until those rules have been adopted, the provisions of the Rules of Procedure of the Court of Justice and of the Rules of Procedure of the General Court governing language arrangements shall continue to apply. By way of derogation from Articles 253 and 254 of the Treaty on the Functioning of the European Union, those provisions may only be amended or repealed with the unanimous consent of the Council.

ANNEX

THE EUROPEAN UNION CIVIL SERVICE TRIBUNAL

Article 1

The European Union Civil Service Tribunal (hereafter "the Civil Service Tribunal") shall exercise at first instance jurisdiction in disputes between the Union and its servants referred to in Article 270 of the Treaty on the Functioning of the European Union, including disputes between all bodies or agencies and their servants in respect of which jurisdiction is conferred on the Court of Justice of the European Union.

Article 2

7 judges

1. The Civil Service Tribunal shall consist of seven judges. Should the Court of Justice so request the Council, acting by a qualified majority, may increase the number of judges.

6 years

The judges shall be appointed for a period of six years. Retiring judges may be reappointed. Any vacancy shall be filled by the appointment of a new judge for a period of six years.

Vacancy

2. Temporary Judges shall be appointed, in addition to the Judges referred to in the first subparagraph of paragraph 1, in order to cover the absence of Judges who, while not suffering from disablement deemed to be total, are prevented from participating in the disposal of cases for a lengthy period of time.
Article 3

1. The judges shall be appointed by the Council, acting in accordance with the fourth paragraph of Article 257 of the Treaty on the Functioning of the European Union, after consulting the committee provided for by this Article. When appointing judges, the Council shall ensure a balanced composition of the Civil Service Tribunal on as broad a geographical basis as possible from among nationals of the Member States and with respect to the national legal systems represented.

2. Any person who is a Union citizen and fulfils the conditions laid down in the fourth paragraph of Article 257 of the Treaty on the Functioning of the European Union may submit an application. The Council, acting on a recommendation from the Court of Justice, shall determine the conditions and the arrangements governing the submission and processing of such applications.

3. A committee shall be set up comprising seven persons chosen from among former members of the Court of Justice and the General Court and lawyers of recognised competence. The committee's membership and operating rules shall be determined by the Council, acting on a recommendation by the President of the Court of Justice.

4. The committee shall give an opinion on candidates' suitability to perform the duties of judge at the Civil Service Tribunal. The committee shall append to its opinion a list of candidates having the most suitable high-level experience. Such list shall contain the names of at least twice as many candidates as there are judges to be appointed by the Council.

Article 4

1. The judges shall elect the President of the Civil Service Tribunal from among their number for a term of three years. He may be re-elected.

2. The Civil Service Tribunal shall sit in chambers of three judges. It may, in certain cases determined by its rules of procedure, sit in full court or in a chamber of five judges or of a single judge.

3. The President of the Civil Service Tribunal shall preside over the full court and the chamber of five judges. The Presidents of the chambers of three judges shall be designated as provided in paragraph 1. If the President of the Civil Service Tribunal is assigned to a chamber of three judges, he shall preside over that chamber.

4. The jurisdiction of and quorum for the full court as well as the composition of the chambers and the assignment of cases to them shall be governed by the Rules of Procedure.
Article 5

Same statute

Articles 2 to 6, 14, 15, the first, second and fifth paragraphs of Article 17, and Article 18 of the Statute of the Court of Justice of the European Union shall apply to the Civil Service Tribunal and its members.

Oath

The oath referred to in Article 2 of the Statute shall be taken before the Court of Justice, and the decisions referred to in Articles 3, 4 and 6 thereof shall be adopted by the Court of Justice after consulting the Civil Service Tribunal.

Article 6

Officials

1. The Civil Service Tribunal shall be supported by the departments of the Court of Justice and of the General Court. The President of the Court of Justice or, in appropriate cases, the President of the General Court, shall determine by common accord with the President of the Civil Service Tribunal the conditions under which officials and other servants attached to the Court of Justice or the General Court shall render their services to the Civil Service Tribunal to enable it to function. Certain officials or other servants shall be responsible to the Registrar of the Civil Service Tribunal under the authority of the President of that Tribunal.

Registrar

2. The Civil Service Tribunal shall appoint its Registrar and lay down the rules governing his service. The fourth paragraph of Article 3 and Articles 10, 11 and 14 of the Statute of the Court of Justice of the European Union shall apply to the Registrar of the Tribunal.

Article 7

1. The procedure before the Civil Service Tribunal shall be governed by Title III of the Statute of the Court of Justice of the European Union, with the exception of Articles 22 and 23. Such further and more detailed provisions as may be necessary shall be laid down in the Rules of Procedure.

Same language rules

2. The provisions concerning the General Court's language arrangements shall apply to the Civil Service Tribunal.

Written stage of procedure

3. The written stage of the procedure shall comprise the presentation of the application and of the statement of defence, unless the Civil Service Tribunal decides that a second exchange of written pleadings is necessary. Where there is such second exchange, the Civil Service Tribunal may, with the agreement of the parties, decide to proceed to judgment without an oral procedure.

Amicable settlement

4. At all stages of the procedure, including the time when the application is filed, the Civil Service Tribunal may examine the possibilities of an amicable settlement of the dispute and may try to facilitate such settlement.

Costs

5. The Civil Service Tribunal shall rule on the costs of a case. Subject to the specific provisions of the Rules of Procedure, the unsuccessful party shall be ordered to pay the costs should the court so decide.
Article 8

1. Where an application or other procedural document addressed to the Civil Service Tribunal is lodged by mistake with the Registrar of the Court of Justice or General Court, it shall be transmitted immediately by that Registrar to the Registrar of the Civil Service Tribunal. Likewise, where an application or other procedural document addressed to the Court of Justice or to the General Court is lodged by mistake with the Registrar of the Civil Service Tribunal, it shall be transmitted immediately by that Registrar to the Registrar of the Court of Justice or General Court.

2. Where the Civil Service Tribunal finds that it does not have jurisdiction to hear and determine an action in respect of which the Court of Justice or the General Court has jurisdiction, it shall refer that action to the Court of Justice or to the General Court. Likewise, where the Court of Justice or the General Court finds that an action falls within the jurisdiction of the Civil Service Tribunal, the Court seised shall refer that action to the Civil Service Tribunal, whereupon that Tribunal may not decline jurisdiction.

3. Where the Civil Service Tribunal and the General Court are seised of cases in which the same issue of interpretation is raised or the validity of the same act is called in question, the Civil Service Tribunal, after hearing the parties, may stay the proceedings until the judgment of the General Court has been delivered.

Where the Civil Service Tribunal and the General Court are seised of cases in which the same relief is sought, the Civil Service Tribunal shall decline jurisdiction so that the General Court may act on those cases.

Article 9

An appeal may be brought before the General Court, within two months of notification of the decision appealed against, against final decisions of the Civil Service Tribunal and decisions of that Tribunal disposing of the substantive issues in part only or disposing of a procedural issue concerning a plea of lack of jurisdiction or inadmissibility.

Such an appeal may be brought by any party which has been unsuccessful, in whole or in part, in its submissions. However, interveners other than the Member States and the institutions of the Union may bring such an appeal only where the decision of the Civil Service Tribunal directly affects them.

Article 10

1. Any person whose application to intervene has been dismissed by the Civil Service Tribunal may appeal to the General Court within two weeks of notification of the decision dismissing the application.

2. The parties to the proceedings may appeal to the General Court against any decision of the Civil Service Tribunal made pursuant to Article 278 or Article 279 or the fourth paragraph of Article 299 of the Treaty on the Functioning of the European Union or Article 157 or the third paragraph of Article 164 of the EAEC Treaty within two months of its notification.
3. The President of the General Court may, by way of summary procedure, which may, in so far as necessary, differ from some of the rules contained in this Annex and which shall be laid down in the rules of procedure of the General Court, adjudicate upon appeals brought in accordance with paragraphs 1 and 2.

Article 11

Only points of law
1. An appeal to the General Court shall be limited to points of law. It shall lie on the grounds of lack of jurisdiction of the Civil Service Tribunal, a breach of procedure before it which adversely affects the interests of the appellant, as well as the infringement of Union law by the Tribunal.

Costs
2. No appeal shall lie regarding only the amount of the costs or the party ordered to pay them.

Article 12

No suspensory effect
1. Without prejudice to Articles 278 and 279 of the Treaty on the Functioning of the European Union or Article 157 of the EAEC Treaty, an appeal before the General Court shall not have suspensory effect.

Written and oral part
2. Where an appeal is brought against a decision of the Civil Service Tribunal, the procedure before the General Court shall consist of a written part and an oral part. In accordance with conditions laid down in the rules of procedure, the General Court, having heard the parties, may dispense with the oral procedure.

Article 13

If well founded appeal
1. If the appeal is well founded, the General Court shall quash the decision of the Civil Service Tribunal and itself give judgment in the matter. It shall refer the case back to the Civil Service Tribunal for judgment where the state of the proceedings does not permit a decision by the Court.

Bound by points of law
2. Where a case is referred back to the Civil Service Tribunal, the Tribunal shall be bound by the decision of the General Court on points of law.

4. EUROPEAN CENTRAL BANK

ON THE STATUTE OF THE EUROPEAN SYSTEM OF CENTRAL BANKS AND OF THE EUROPEAN CENTRAL BANK

THE HIGH CONTRACTING PARTIES,

Statute for the Central Bank

DESIRING to lay down the Statute of the European System of Central Banks and of the European Central Bank provided for in the second paragraph of Article 129 of the Treaty on the Functioning of the European Union,

HAVE AGREED upon the following provisions, which shall be annexed to the Treaty on European Union and to the Treaty on the Functioning of the European Union:
Chapter I

The European System of Central Banks

Article 1: The European System of Central Banks

In accordance with Article 282(1) of the Treaty on the Functioning of the European Union, the European Central Bank (ECB) and the national central banks shall constitute the European System of Central Banks (ESCB). The ECB and the national central banks of those Member States whose currency is the euro shall constitute the Eurosystem.

The ESCB and the ECB shall perform their tasks and carry on their activities in accordance with the provisions of the Treaties and of this Statute.

Chapter II

Objectives and Tasks of the ESCB

Article 2: Objectives

In accordance with Article 127(1) and Article 282(2) of the Treaty on the Functioning of the European Union, the primary objective of the ESCB shall be to maintain price stability. Without prejudice to the objective of price stability, it shall support the general economic policies in the Union with a view to contributing to the achievement of the objectives of the Union as laid down in Article 3 of the Treaty on European Union. The ESCB shall act in accordance with the principle of an open market economy with free competition, favouring an efficient allocation of resources, and in compliance with the principles set out in Article 119 of the Treaty on the Functioning of the European Union.

Article 3: Tasks

3.1. In accordance with Article 127(2) of the Treaty on the Functioning of the European Union, the basic tasks to be carried out through the ESCB shall be:

- To define and implement the monetary policy of the Union;
- To conduct foreign-exchange operations consistent with the provisions of Article 219 of that Treaty;
- To hold and manage the official foreign reserves of the Member States;
- To promote the smooth operation of payment systems.

3.2. In accordance with Article 127(3) of the Treaty on the Functioning of the European Union, the third indent of Article 3.1 shall be without prejudice to the holding and management by the governments of Member States of foreign-exchange working balances.

3.3. In accordance with Article 127(5) of the Treaty on the Functioning of the European Union, the ESCB shall contribute to the smooth conduct of policies pursued by the competent authorities relating to the prudential supervision of credit institutions and the stability of the financial system.
Article 4: Advisory functions

In accordance with Article 127(4) of the Treaty on the Functioning of the European Union:

(a) The ECB shall be consulted:

- On any proposed Union act in its fields of competence;
- By national authorities regarding any draft legislative provision in its fields of competence, but within the limits and under the conditions set out by the Council in accordance with the procedure laid down in Article 41;

(b) The ECB may submit opinions to the Union institutions, bodies, offices or agencies or to national authorities on matters in its fields of competence.

Article 5: Collection of statistical information

Statistics

5.1. In order to undertake the tasks of the ESCB, the ECB, assisted by the national central banks, shall collect the necessary statistical information either from the competent national authorities or directly from economic agents. For these purposes it shall cooperate with the Union institutions, bodies, offices or agencies and with the competent authorities of the Member States or third countries and with international organisations.

5.2. The national central banks shall carry out, to the extent possible, the tasks described in Article 5.1.

5.3. The ECB shall contribute to the harmonisation, where necessary, of the rules and practices governing the collection, compilation and distribution of statistics in the areas within its fields of competence.

5.4. The Council, in accordance with the procedure laid down in Article 41, shall define the natural and legal persons subject to reporting requirements, the confidentiality regime and the appropriate provisions for enforcement.

Article 6: International cooperation

International representation

6.1. In the field of international cooperation involving the tasks entrusted to the ESCB, the ECB shall decide how the ESCB shall be represented.

6.2. The ECB and, subject to its approval, the national central banks may participate in international monetary institutions.

6.3. Articles 6.1 and 6.2 shall be without prejudice to Article 138 of the Treaty on the Functioning of the European Union.
Chapter III

Organization of the ESCB

Article 7: Independence

In accordance with Article 130 of the Treaty on the Functioning of the European Union, when exercising the powers and carrying out the tasks and duties conferred upon them by the Treaties and this Statute, neither the ECB, nor a national central bank, nor any member of their decision-making bodies shall seek or take instructions from Union institutions, bodies, offices or agencies, from any government of a Member State or from any other body. The Union institutions, bodies, offices or agencies and the governments of the Member States undertake to respect this principle and not to seek to influence the members of the decision-making bodies of the ECB or of the national central banks in the performance of their tasks.

Article 8: General principle

The ESCB shall be governed by the decision-making bodies of the ECB.

Article 9: The European Central Bank

9.1. The ECB which, in accordance with Article 282(3) of the Treaty on the Functioning of the European Union, shall have legal personality, shall enjoy in each of the Member States the most extensive legal capacity accorded to legal persons under its law; it may, in particular, acquire or dispose of movable and immovable property and may be a party to legal proceedings.

9.2. The ECB shall ensure that the tasks conferred upon the ESCB under Article 127(2), (3) and (5) of the Treaty on the Functioning of the European Union are implemented either by its own activities pursuant to this Statute or through the national central banks pursuant to Articles 12.1 and 14.

9.3. In accordance with Article 129(1) of the Treaty on the Functioning of the European Union, the decision making bodies of the ECB shall be the Governing Council and the Executive Board.

Article 10: The Governing Council

10.1. In accordance with Article 283(1) of the Treaty on the Functioning of the European Union, the Governing Council shall comprise the members of the Executive Board of the ECB and the governors of the national central banks of the Member States whose currency is the euro.

10.2. Each member of the Governing Council shall have one vote. As from the date on which the number of members of the Governing Council exceeds 21, each member of the Executive Board shall have one vote and the number of governors with a voting right shall be 15. The latter voting rights shall be assigned and shall rotate as follows:
-As from the date on which the number of governors exceeds 15, until it reaches 22, the governors shall be allocated to two groups, according to a ranking of the size of the share of their national central bank's Member State in the aggregate gross domestic product at market prices and in the total aggregated balance sheet of the monetary financial institutions of the Member States whose currency is the euro. The shares in the aggregate gross domestic product at market prices and in the total aggregated balance sheet of the monetary financial institutions shall be assigned weights of 5/6 and 1/6, respectively. The first group shall be composed of five governors and the second group of the remaining governors. The frequency of voting rights of the governors allocated to the first group shall not be lower than the frequency of voting rights of those of the second group. Subject to the previous sentence, the first group shall be assigned four voting rights and the second group eleven voting rights,

-As from the date on which the number of governors reaches 22, the governors shall be allocated to three groups according to a ranking based on the above criteria. The first group shall be composed of five governors and shall be assigned four voting rights. The second group shall be composed of half of the total number of governors, with any fraction rounded up to the nearest integer, and shall be assigned eight voting rights. The third group shall be composed of the remaining governors and shall be assigned three voting rights,

-Within each group, the governors shall have their voting rights for equal amounts of time,

-For the calculation of the shares in the aggregate gross domestic product at market prices Article 29.2 shall apply. The total aggregated balance sheet of the monetary financial institutions shall be calculated in accordance with the statistical framework applying in the Union at the time of the calculation,

-Whenever the aggregate gross domestic product at market prices is adjusted in accordance with Article 29.3, or whenever the number of governors increases, the size and/or composition of the groups shall be adjusted in accordance with the above principles,

-The Governing Council, acting by a two-thirds majority of all its members, with and without a voting right, shall take all measures necessary for the implementation of the above principles and may decide to postpone the start of the rotation system until the date on which the number of governors exceeds 18.

The right to vote shall be exercised in person. By way of derogation from this rule, the Rules of Procedure referred to in Article 12.3 may lay down that members of the Governing Council may cast their vote by means of teleconferencing. These rules shall also provide that a member of the Governing Council who is prevented from attending meetings of the Governing Council for a prolonged period may appoint an alternate as a member of the Governing Council.
The provisions of the previous paragraphs are without prejudice to the voting rights of all members of the Governing Council, with and without a voting right, under Articles 10.3, 40.2 and 40.3.

Save as otherwise provided for in this Statute, the Governing Council shall act by a simple majority of the members having a voting right. In the event of a tie, the President shall have the casting vote.

In order for the Governing Council to vote, there shall be a quorum of two-thirds of the members having a voting right. If the quorum is not met, the President may convene an extraordinary meeting at which decisions may be taken without regard to the quorum.

10.3. For any decisions to be taken under Articles 28, 29, 30, 32 and 33, the votes in the Governing Council shall be weighted according to the national central banks’ shares in the subscribed capital of the ECB. The weights of the votes of the members of the Executive Board shall be zero. A decision requiring a qualified majority shall be adopted if the votes cast in favour represent at least two thirds of the subscribed capital of the ECB and represent at least half of the shareholders. If a Governor is unable to be present, he may nominate an alternate to cast his weighted vote.

10.4. The proceedings of the meetings shall be confidential. The Governing Council may decide to make the outcome of its deliberations public.

10.5. The Governing Council shall meet at least 10 times a year.

Article 11: The Executive Board

11.1. In accordance with the first subparagraph of Article 283(2) of the Treaty on the Functioning of the European Union, the Executive Board shall comprise the President, the Vice-President and four other members.

The members shall perform their duties on a full-time basis. No member shall engage in any occupation, whether gainful or not, unless exemption is exceptionally granted by the Governing Council.

11.2. In accordance with the second subparagraph of Article 283(2) of the Treaty on the Functioning of the European Union, the President, the Vice-President and the other members of the Executive Board shall be appointed by the European Council, acting by a qualified majority, from among persons of recognised standing and professional experience in monetary or banking matters, on a recommendation from the Council after it has consulted the European Parliament and the Governing Council.

Their term of office shall be eight years and shall not be renewable.

Only nationals of Member States may be members of the Executive Board.

11.3. The terms and conditions of employment of the members of the Executive Board, in particular their salaries, pensions and other social security benefits shall be the subject of contracts with the ECB and shall be fixed by the
Governning Council on a proposal from a Committee comprising three members appointed by the Governing Council and three members appointed by the Council. The members of the Executive Board shall not have the right to vote on matters referred to in this paragraph.

11.4. If a member of the Executive Board no longer fulfils the conditions required for the performance of his duties or if he has been guilty of serious misconduct, the Court of Justice may, on application by the Governing Council or the Executive Board, compulsorily retire him.

11.5. Each member of the Executive Board present in person shall have the right to vote and shall have, for that purpose, one vote. Save as otherwise provided, the Executive Board shall act by a simple majority of the votes cast. In the event of a tie, the President shall have the casting vote. The voting arrangements shall be specified in the Rules of Procedure referred to in Article 12.3.

11.6. The Executive Board shall be responsible for the current business of the ECB.

11.7. Any vacancy on the Executive Board shall be filled by the appointment of a new member in accordance with Article 11.2.

**Article 12: Responsibilities of the Decision-Making Bodies**

12.1. The Governing Council shall adopt the guidelines and take the decisions necessary to ensure the performance of the tasks entrusted to the ESCB under these Treaties and this Statute. The Governing Council shall formulate the monetary policy of the Union including, as appropriate, decisions relating to intermediate monetary objectives, key interest rates and the supply of reserves in the ESCB, and shall establish the necessary guidelines for their implementation.

The Executive Board shall implement monetary policy in accordance with the guidelines and decisions laid down by the Governing Council. In doing so the Executive Board shall give the necessary instructions to national central banks. In addition the Executive Board may have certain powers delegated to it where the Governing Council so decides.

To the extent deemed possible and appropriate and without prejudice to the provisions of this Article, the ECB shall have recourse to the national central banks to carry out operations which form part of the tasks of the ESCB.

12.2. The Executive Board shall have responsibility for the preparation of meetings of the Governing Council.

12.3. The Governing Council shall adopt Rules of Procedure which determine the internal organisation of the ECB and its decision-making bodies.

12.4. The Governing Council shall exercise the advisory functions referred to in Article 4.
12.5. The Governing Council shall take the decisions referred to in Article 6.

Article 13: The President

13.1. The President or, in his absence, the Vice-President shall chair the Governing Council and the Executive Board of the ECB.

13.2. Without prejudice to Article 38, the President or his nominee shall represent the ECB externally.

Article 14: National central banks

14.1. In accordance with Article 131 of the Treaty on the Functioning of the European Union, each Member State shall ensure that its national legislation, including the statutes of its national central bank, is compatible with these Treaties and this Statute.

14.2. The statutes of the national central banks shall, in particular, provide that the term of office of a Governor of a national central bank shall be no less than five years.

A Governor may be relieved from office only if he no longer fulfils the conditions required for the performance of his duties or if he has been guilty of serious misconduct. A decision to this effect may be referred to the Court of Justice by the Governor concerned or the Governing Council on grounds of infringement of these Treaties or of any rule of law relating to their application. Such proceedings shall be instituted within two months of the publication of the decision or of its notification to the plaintiff or, in the absence thereof, of the day on which it came to the knowledge of the latter, as the case may be.

14.3. The national central banks are an integral part of the ESCB and shall act in accordance with the guidelines and instructions of the ECB. The Governing Council shall take the necessary steps to ensure compliance with the guidelines and instructions of the ECB, and shall require that any necessary information be given to it.

14.4. National central banks may perform functions other than those specified in this Statute unless the Governing Council finds, by a majority of two thirds of the votes cast, that these interfere with the objectives and tasks of the ESCB. Such functions shall be performed on the responsibility and liability of national central banks and shall not be regarded as being part of the functions of the ESCB.

Article 15: Reporting commitments

15.1. The ECB shall draw up and publish reports on the activities of the ESCB at least quarterly.

15.2. A consolidated financial statement of the ESCB shall be published each week.
15.3. In accordance with Article 284(3) of the Treaty on the Functioning of the European Union, the ECB shall address an annual report on the activities of the ESCB and on the monetary policy of both the previous and the current year to the European Parliament, the Council and the Commission, and also to the European Council.

15.4. The reports and statements referred to in this Article shall be made available to interested parties free of charge.

**Article 16: Banknotes**

In accordance with Article 128(1) of the Treaty on the Functioning of the European Union, the Governing Council shall have the exclusive right to authorise the issue of euro banknotes within the Union. The ECB and the national central banks may issue such notes. The banknotes issued by the ECB and the national central banks shall be the only such notes to have the status of legal tender within the Union.

The ECB shall respect as far as possible existing practices regarding the issue and design of banknotes.

**Chapter IV**

Monetary Functions and Operations of the ESCB

**Article 17: Accounts with the ECB and the National Central Banks**

In order to conduct their operations, the ECB and the national central banks may open accounts for credit institutions, public entities and other market participants and accept assets, including book entry securities, as collateral.

**Article 18: Open Market and Credit Operations**

18.1. In order to achieve the objectives of the ESCB and to carry out its tasks, the ECB and the national central banks may:

- Operate in the financial markets by buying and selling outright (spot and forward) or under repurchase agreement and by lending or borrowing claims and marketable instruments, whether in euro or other currencies, as well as precious metals;

- Conduct credit operations with credit institutions and other market participants, with lending being based on adequate collateral.

18.2. The ECB shall establish general principles for open market and credit operations carried out by itself or the national central banks, including for the announcement of conditions under which they stand ready to enter into such transactions.
Article 19: Minimum Reserves

19.1. Subject to Article 2, the ECB may require credit institutions established in Member States to hold minimum reserve on accounts with the ECB and national central banks in pursuance of monetary policy objectives. Regulations concerning the calculation and determination of the required minimum reserves may be established by the Governing Council. In cases of non-compliance the ECB shall be entitled to levy penalty interest and to impose other sanctions with comparable effect.

19.2. For the application of this Article, the Council shall, in accordance with the procedure laid down in Article 41, define the basis for minimum reserves and the maximum permissible ratios between those reserves and their basis, as well as the appropriate sanctions in cases of non-compliance.

Article 20: Other Instruments of Monetary Control

The Governing Council may, by a majority of two thirds of the votes cast, decide upon the use of such other operational methods of monetary control as it sees fit, respecting Article 2.

The Council shall, in accordance with the procedure laid down in Article 41, define the scope of such methods if they impose obligations on third parties.

Article 21: Operations with Public Entities

21.1. In accordance with Article 123 of the Treaty on the Functioning of the European Union, overdrafts or any other type of credit facility with the ECB or with the national central banks in favour of Union institutions, bodies, offices or agencies, central governments, regional, local or other public authorities, other bodies governed by public law, or public undertakings of Member States shall be prohibited, as shall the purchase directly from them by the ECB or national central banks of debt instruments.

21.2. The ECB and national central banks may act as fiscal agents for the entities referred to in Article 21.1.

21.3. The provisions of this Article shall not apply to publicly owned credit institutions which, in the context of the supply of reserves by central banks, shall be given the same treatment by national central banks and the ECB as private credit institutions.

Article 22: Clearing and Payment Systems

The ECB and national central banks may provide facilities, and the ECB may make regulations, to ensure efficient and sound clearing and payment systems within the Union and with other countries.
Article 23: External Operations

The ECB and national central banks may:

- Establish relations with central banks and financial institutions in other countries and, where appropriate, with international organisations;

- Acquire and sell spot and forward all types of foreign exchange assets and precious metals; the term "foreign exchange asset" shall include securities and all other assets in the currency of any country or units of account and in whatever form held;

- Hold and manage the assets referred to in this Article;

- Conduct all types of banking transactions in relations with third countries and international organisations, including borrowing and lending operations.

Article 24: Other Operations

In addition to operations arising from their tasks, the ECB and national central banks may enter into operations for their administrative purposes or for their staff.

Chapter V

Prudential Supervision

Article 25: Prudential Supervision

25.1. The ECB may offer advice to and be consulted by the Council, the Commission and the competent authorities of the Member States on the scope and implementation of Union legislation relating to the prudential supervision of credit institutions and to the stability of the financial system.

25.2. In accordance with any regulation of the Council under Article 127(6) of the Treaty on the Functioning of the European Union, the ECB may perform specific tasks concerning policies relating to the prudential supervision of credit institutions and other financial institutions with the exception of insurance undertakings.

Chapter VI

Financial Provisions of the ESCB

Article 26: Financial Accounts

26.1. The financial year of the ECB and national central banks shall begin on the first day of January and end on the last day of December.

26.2. The annual accounts of the ECB shall be drawn up by the Executive Board, in accordance with the principles established by the Governing Council. The accounts shall be approved by the Governing Council and shall thereafter be published.
26.3. For analytical and operational purposes, the Executive Board shall draw up a consolidated balance sheet of the ESCB, comprising those assets and liabilities of the national central banks that fall within the ESCB.  

26.4. For the application of this Article, the Governing Council shall establish the necessary rules for standardising the accounting and reporting of operations undertaken by the national central banks.  

Article 27: Auditing  

27.1. The accounts of the ECB and national central banks shall be audited by independent external auditors recommended by the Governing Council and approved by the Council. The auditors shall have full power to examine all books and accounts of the ECB and national central banks and obtain full information about their transactions.  

27.2. The provisions of Article 287 of the Treaty on the Functioning of the European Union shall only apply to an examination of the operational efficiency of the management of the ECB.  

Article 28: Capital of the ECB  

28.1. The capital of the ECB shall be euro 5 000 million. The capital may be increased by such amounts as may be decided by the Governing Council acting by the qualified majority provided for in Article 10.3, within the limits and under the conditions set by the Council under the procedure laid down in Article 41.  

28.2. The national central banks shall be the sole subscribers to and holders of the capital of the ECB. The subscription of capital shall be according to the key established in accordance with Article 29.  

28.3. The Governing Council, acting by the qualified majority provided for in Article 10.3, shall determine the extent to which and the form in which the capital shall be paid up.  

28.4. Subject to Article 28.5, the shares of the national central banks in the subscribed capital of the ECB may not be transferred, pledged or attached.  

28.5. If the key referred to in Article 29 is adjusted, the national central banks shall transfer among themselves capital shares to the extent necessary to ensure that the distribution of capital shares corresponds to the adjusted key. The Governing Council shall determine the terms and conditions of such transfers.  

Article 29: Key for Capital Subscription  

29.1. The key for subscription of the ECB's capital, fixed for the first time in 1998 when the ESCB was established, shall be determined by assigning to each national central bank a weighting in this key equal to the sum of:
Weighting:
50% people
50% GNP

-50% of the share of its respective Member State in the population of the Union in the penultimate year preceding the establishment of the ESCB;

-50% of the share of its respective Member State in the gross domestic product at market prices of the Union as recorded in the last five years preceding the penultimate year before the establishment of the ESCB.

The percentages shall be rounded up or down to the nearest multiple of 0.0001 percentage points.

Commission data

29.2. The statistical data to be used for the application of this Article shall be provided by the Commission in accordance with the rules adopted by the Council under the procedure provided for in Article 41.

New weightings every 5 years

29.3. The weightings assigned to the national central banks shall be adjusted every five years after the establishment of the ESCB by analogy with the provisions laid down in Article 29.1. The adjusted key shall apply with effect from the first day of the following year.

29.4. The Governing Council shall take all other measures necessary for the application of this Article.

Transfers from national central banks

30.1. Without prejudice to Article 28, the ECB shall be provided by the national central banks with foreign reserve assets, other than Member States’ currencies, euro, IMF reserve positions and SDRs, up to an amount equivalent to euro 50,000 million. The Governing Council shall decide upon the proportion to be called up by the ECB following its establishment and the amounts called up at later dates. The ECB shall have the full right to hold and manage the foreign reserves that are transferred to it and to use them for the purposes set out in this Statute.

National contributions after shares

30.2. The contributions of each national central bank shall be fixed in proportion to its share in the subscribed capital of the ECB.

Equivalent claims

30.3. Each national central bank shall be credited by the ECB with a claim equivalent to its contribution. The Governing Council shall determine the denomination and remuneration of such claims.

Further reserve assets

30.4. Further calls of foreign reserve assets beyond the limit set in Article 30.1 may be effected by the ECB, in accordance with Article 30.2, within the limits and under the conditions set by the Council in accordance with the procedure laid down in Article 41.

30.5. The ECB may hold and manage IMF reserve positions and SDRs and provide for the pooling of such assets.

30.6. The Governing Council shall take all other measures necessary for the application of this Article.
Article 31: Foreign Reserve Assets held by National Central Banks

31.1. The national central banks shall be allowed to perform transactions in fulfilment of their obligations towards international organisations in accordance with Article 23.

31.2. All other operations in foreign reserve assets remaining with the national central banks after the transfers referred to in Article 30, and Member States' transactions with their foreign exchange working balances shall, above a certain limit to be established within the framework of Article 31.3, be subject to approval by the ECB in order to ensure consistency with the exchange rate and monetary policies of the Union.

31.3. The Governing Council shall issue guidelines with a view to facilitating such operations.

Article 32: Allocation of Monetary Income of National Central Banks

32.1. The income accruing to the national central banks in the performance of the ESCB's monetary policy function (hereinafter referred to as "monetary income") shall be allocated at the end of each financial year in accordance with the provisions of this Article.

32.2. The amount of each national central bank's monetary income shall be equal to its annual income derived from its assets held against notes in circulation and deposit liabilities to credit institutions. These assets shall be earmarked by national central banks in accordance with guidelines to be established by the Governing Council.

32.3. If, after the introduction of the euro, the balance sheet structures of the national central banks do not, in the judgment of the Governing Council, permit the application of Article 32.2, the Governing Council, acting by a qualified majority, may decide that, by way of derogation from Article 32.2, monetary income shall be measured according to an alternative method for a period of not more than five years.

32.4. The amount of each national central bank's monetary income shall be reduced by an amount equivalent to any interest paid by that central bank on its deposit liabilities to credit institutions in accordance with Article 19.

The Governing Council may decide that national central banks shall be indemnified against costs incurred in connection with the issue of banknotes or in exceptional circumstances for specific losses arising from monetary policy operations undertaken for the ESCB. Indemnification shall be in a form deemed appropriate in the judgment of the Governing Council; these amounts may be offset against the national central banks' monetary income.

32.5. The sum of the national central banks' monetary income shall be allocated to the national central banks in proportion to their paid up shares in the capital of the ECB, subject to any decision taken by the Governing Council pursuant to Article 33.2.
32.6. The clearing and settlement of the balances arising from the allocation of monetary income shall be carried out by the ECB in accordance with guidelines established by the Governing Council.

32.7. The Governing Council shall take all other measures necessary for the application of this Article.

Article 33: Allocation of Net Profits and Losses of the ECB

33.1. The net profit of the ECB shall be transferred in the following order:

(a) An amount to be determined by the Governing Council, which may not exceed 20% of the net profit, shall be transferred to the general reserve fund subject to a limit equal to 100% of the capital;

(b) The remaining net profit shall be distributed to the shareholders of the ECB in proportion to their paid-up shares.

33.2. In the event of a loss incurred by the ECB, the shortfall may be offset against the general reserve fund of the ECB and, if necessary, following a decision by the Governing Council, against the monetary income of the relevant financial year in proportion and up to the amounts allocated to the national central banks in accordance with Article 32.5.

Chapter VII
General Provisions

Article 34: Legal Acts

34.1. In accordance with Article 132 of the Treaty on the Functioning of the European Union, the ECB shall:

Regulations
- Make regulations to the extent necessary to implement the tasks defined in Article 3.1, first indent, Articles 19.1, 22 or 25.2 and in cases which shall be laid down in the acts of the Council referred to in Article 41;

Decisions
- Take decisions necessary for carrying out the tasks entrusted to the ESCB under these Treaties and this Statute;

Recommendations
- Make recommendations and deliver opinions.

34.2. The ECB may decide to publish its decisions, recommendations and opinions.

34.3. Within the limits and under the conditions adopted by the Council under the procedure laid down in Article 41, the ECB shall be entitled to impose fines or periodic penalty payments on undertakings for failure to comply with obligations under its regulations and decisions.
Article 35: Judicial Control and Related Matters

35.1. The acts or omissions of the ECB shall be open to review or interpretation by the Court of Justice of the European Union in the cases and under the conditions laid down in the Treaty on the Functioning of the European Union. The ECB may institute proceedings in the cases and under the conditions laid down in the Treaties.

Disputes to the Court in Luxembourg

35.2. Disputes between the ECB, on the one hand, and its creditors, debtors or any other person, on the other, shall be decided by the competent national courts, save where jurisdiction has been conferred upon the Court of Justice of the European Union.

Liability

35.3. The ECB shall be subject to the liability regime provided for in Article 340 of the Treaty on the Functioning of the European Union. The national central banks shall be liable according to their respective national laws.

Jurisdiction

35.4. The Court of Justice of the European Union shall have jurisdiction to give judgment pursuant to any arbitration clause contained in a contract concluded by or on behalf of the ECB, whether that contract be governed by public or private law.

Governing Council

35.5. A decision of the ECB to bring an action before the Court of Justice of the European Union shall be taken by the Governing Council.

Court

35.6. The Court of Justice of the European Union shall have jurisdiction in disputes concerning the fulfilment by a national central bank of obligations under the Treaties and this Statute. If the ECB considers that a national central bank has failed to fulfil an obligation under the Treaties and this Statute, it shall deliver a reasoned opinion on the matter after giving the national central bank concerned the opportunity to submit its observations. If the national central bank concerned does not comply with the opinion within the period laid down by the ECB, the latter may bring the matter before the Court of Justice of the European Union.

Reasoned opinion

Article 36: Staff

36.1. The Governing Council, on a proposal from the Executive Board, shall lay down the conditions of employment of the staff of the ECB.

Staff

36.2. The Court of Justice of the European Union shall have jurisdiction in any dispute between the ECB and its servants within the limits and under the conditions laid down in the conditions of employment.

Conflicts in Court

Article 37 (ex Article 38): Professional Secrecy

37.1. Members of the governing bodies and the staff of the ECB and the national central banks shall be required, even after their duties have ceased, not to disclose information of the kind covered by the obligation of professional secrecy.

Secrecy

Not disclose information
37.2. Persons having access to data covered by Union legislation imposing an obligation of secrecy shall be subject to such legislation.

Article 38 (ex Article 39): Signatories

The ECB shall be legally committed to third parties by the President or by two members of the Executive Board or by the signatures of two members of the staff of the ECB who have been duly authorised by the President to sign on behalf of the ECB.

Article 39 (ex Article 40): Privileges and Immunities

The ECB shall enjoy in the territories of the Member States such privileges and immunities as are necessary for the performance of its tasks, under the conditions laid down in the Protocol on the privileges and immunities of the European Union.

Chapter VIII

Amendment of the Statute and Complementary Legislation

Article 40 (ex Article 41): Simplified Amendment Procedure

40.1. In accordance with Article 129(3) of the Treaty on the Functioning of the European Union, Articles 5.1, 5.2, 5.3, 17, 18, 19.1, 22, 23, 24, 26, 32.2, 32.3, 32.4, 32.6, 33.1(a) and 36 of this Statute may be amended by the European Parliament and the Council, acting in accordance with the ordinary legislative procedure either on a recommendation from the ECB and after consulting the Commission, or on a proposal from the Commission and after consulting the ECB.

40.2. Article 10.2 may be amended by a decision of the European Council, acting unanimously, either on a recommendation from the European Central Bank and after consulting the European Parliament and the Commission, or on a recommendation from the Commission and after consulting the European Parliament and the European Central Bank. These amendments shall not enter into force until they are approved by the Member States in accordance with their respective constitutional requirements.

40.3. A recommendation made by the ECB under this Article shall require a unanimous decision by the Governing Council.

Article 41 (ex Article 42): Complementary Legislation

In accordance with Article 129(4) of the Treaty on the Functioning of the European Union, the Council, either on a proposal from the Commission and after consulting the European Parliament and the ECB or on a recommendation from the ECB and after consulting the European Parliament and the Commission, shall adopt the provisions referred to in Articles 4, 5.4, 19.2, 20, 28.1, 29.2, 30.4 and 34.3 of this Statute.
Chapter IX

Transitional and other Provisions for the ESCB

Article 42 (ex Article 43): General Provisions

42.1. A derogation as referred to in Article 139 of the Treaty on the Functioning of the European Union shall entail that the following Articles of this Statute shall not confer any rights or impose any obligations on the Member State concerned: 3, 6, 9.2, 12.1, 14.3, 16, 18, 19, 20, 22, 23, 26.2, 27, 30, 31, 32, 33, 34, and 49.

42.2. The central banks of Member States with a derogation as specified in Article 139(1) of the Treaty on the Functioning of the European Union shall retain their powers in the field of monetary policy according to national law.

42.3. In accordance with Article 139 of the Treaty on the Functioning of the European Union, "Member States" shall be read as "Member States whose currency is the euro" in the following Articles of this Statute: 3, 11.2 and 19.

42.4. "National central banks" shall be read as "central banks of Member States whose currency is the euro" in the following Articles of this Statute: 9.2, 10.2, 10.3, 12.1, 16, 17, 18, 22, 23, 27, 30, 31, 32, 33.2 and 49.

42.5. "Shareholders" shall be read as "central banks of Member States whose currency is the euro" in Articles 10.3 and 33.1.

42.6. "Subscribed capital of the ECB" shall be read as "capital of the ECB subscribed by the central banks of Member States whose currency is the euro" in Articles 10.3 and 30.2.

Article 43 (ex Article 44): Transitional Tasks of the ECB

The ECB shall take over the former tasks of the EMI referred to in Article 141(2) of the Treaty on the Functioning of the European Union which, because of the derogations of one or more Member States, still have to be performed after the introduction of the euro.

The ECB shall give advice in the preparations for the abrogation of the derogations specified in Article 140 of the Treaty on the Functioning of the European Union.

Article 44 (ex Article 45): The General Council of the ECB

44.1. Without prejudice to Article 129(1) of the Treaty on the Functioning of the European Union, the General Council shall be constituted as a third decision-making body of the ECB.

44.2. The General Council shall comprise the President and Vice-President of the ECB and the Governors of the national central banks. The other members of the Executive Board may participate, without having the right to vote, in meetings of the General Council.
44.3. The responsibilities of the General Council are listed in full in Article 46 of this Statute.

Article 45 (ex Article 46): Rules of Procedure of the General Council

45.1. The President or, in his absence, the Vice-President of the ECB shall chair the General Council of the ECB.

45.2. The President of the Council and a Member of the Commission may participate, without having the right to vote, in meetings of the General Council.

45.3. The President shall prepare the meetings of the General Council.

Article 46 (ex Article 47): Responsibilities of the General Council

46.1. The General Council shall:

- Perform the tasks referred to in Article 43;
- Contribute to the advisory functions referred to in Articles 4 and 25.1.

46.2. The General Council shall contribute to:

- The collection of statistical information as referred to in Article 5;
- The reporting activities of the ECB as referred to in Article 15;
- The establishment of the necessary rules for the application of Article 26 as referred to in Article 26.4;
- The taking of all other measures necessary for the application of Article 29 as referred to in Article 29.4;
- The laying down of the conditions of employment of the staff of the ECB as referred to in Article 36.

46.3. The General Council shall contribute to the necessary preparations for irrevocably fixing the exchange rates of the currencies of Member States with a derogation against the euro as referred to in Article 140(3) of the Treaty on the Functioning of the European Union.

46.4. The General Council shall be informed by the President of the ECB of decisions of the Governing Council.

Article 47 (ex Article 48): Transitional Provisions for the Capital of the ECB

In accordance with Article 29.1, each national central bank shall be assigned a weighting in the key for subscription of the ECB's capital. By way of derogation from Article 28.3, central banks of Member States with a derogation shall not pay up their subscribed capital unless the General Council, acting by a majority...
representing at least two thirds of the subscribed capital of the ECB and at least half of the shareholders, decides that a minimal percentage has to be paid up as a contribution to the operational costs of the ECB.

Article 48 (ex Article 49): Deferred Payment of Capital, Reserves and Provisions of the ECB

48.1. The central bank of a Member State whose derogation has been abrogated shall pay up its subscribed share of the capital of the ECB to the same extent as the central banks of other Member States whose currency is the euro, and shall transfer to the ECB foreign reserve assets in accordance with Article 30.1. The sum to be transferred shall be determined by multiplying the euro value at current exchange rates of the foreign reserve assets which have already been transferred to the ECB in accordance with Article 30.1, by the ratio between the number of shares subscribed by the national central bank concerned and the number of shares already paid up by the other national central banks.

48.2. In addition to the payment to be made in accordance with Article 48.1, the central bank concerned shall contribute to the reserves of the ECB, to those provisions equivalent to reserves, and to the amount still to be appropriated to the reserves and provisions corresponding to the balance of the profit and loss account as at 31 December of the year prior to the abrogation of the derogation. The sum to be contributed shall be determined by multiplying the amount of the reserves, as defined above and as stated in the approved balance sheet of the ECB, by the ratio between the number of shares subscribed by the central bank concerned and the number of shares already paid up by the other central banks.

48.3. Upon one or more countries becoming Member States and their respective national central banks becoming part of the ESCB, the subscribed capital of the ECB and the limit on the amount of foreign reserve assets that may be transferred to the ECB shall be automatically increased. The increase shall be determined by multiplying the respective amounts then prevailing by the ratio, within the expanded capital key, between the weighting of the entering national central banks concerned and the weighting of the national central banks already members of the ESCB. Each national central bank’s weighting in the capital key shall be calculated by analogy with Article 29.1 and in compliance with Article 29.2. The reference periods to be used for the statistical data shall be identical to those applied for the latest quinquennial adjustment of the weightings under Article 29.3.

Article 49 (ex Article 52): Exchange of Banknotes in the Currencies of the Member States

Following the irrevocable fixing of exchange rates in accordance with Article 140 of the Treaty on the Functioning of the European Union, the Governing Council shall take the necessary measures to ensure that banknotes denominated in currencies with irrevocably fixed exchange rates are exchanged by the national central banks at their respective par values.
Article 50 (ex Article 53): Applicability of the Transitional Provisions

If and as long as there are Member States with a derogation, Articles 42 to 47 shall be applicable.

5. EUROPEAN INVESTMENT BANK

ON THE STATUTE OF THE EUROPEAN INVESTMENT BANK

THE HIGH CONTRACTING PARTIES,

DESIDRING to lay down the Statute of the European Investment Bank provided for in Article 308 of the Treaty on the Functioning of the European Union,

HAVE AGREED upon the following provisions, which shall be annexed to the Treaty on European Union and to the Treaty on the Functioning of the European Union:

Article 1

The European Investment Bank established by Article 308 of the Treaty on the Functioning of the European Union (hereinafter called the "Bank") is hereby constituted; it shall perform its functions and carry on its activities in accordance with the provisions of the Treaties and of this Statute.

Article 2

The task of the Bank shall be that defined in Article 309 of the Treaty on the Functioning of the European Union.

Article 3

In accordance with Article 308 of the Treaty on the Functioning of the European Union, the Bank's members shall be the Member States.

Article 4

1. The capital of the Bank shall be EUR 233 247 390 000, subscribed by the Member States as follows:
<table>
<thead>
<tr>
<th>Country</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>37 578 019 000</td>
</tr>
<tr>
<td>France</td>
<td>37 578 019 000</td>
</tr>
<tr>
<td>Italy</td>
<td>37 578 019 000</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>37 578 019 000</td>
</tr>
<tr>
<td>Spain</td>
<td>22 546 811 500</td>
</tr>
<tr>
<td>Belgium</td>
<td>10 416 365 500</td>
</tr>
<tr>
<td>Netherlands</td>
<td>10 416 365 500</td>
</tr>
<tr>
<td>Sweden</td>
<td>6 910 226 000</td>
</tr>
<tr>
<td>Denmark</td>
<td>5 274 105 000</td>
</tr>
<tr>
<td>Austria</td>
<td>5 170 732 500</td>
</tr>
<tr>
<td>Poland</td>
<td>4 810 160 500</td>
</tr>
<tr>
<td>Finland</td>
<td>2 970 783 000</td>
</tr>
<tr>
<td>Greece</td>
<td>2 825 416 500</td>
</tr>
<tr>
<td>Portugal</td>
<td>1 820 820 000</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>1 774 990 500</td>
</tr>
<tr>
<td>Hungary</td>
<td>1 679 222 000</td>
</tr>
<tr>
<td>Ireland</td>
<td>1 318 525 000</td>
</tr>
<tr>
<td>Romania</td>
<td>1 217 626 000</td>
</tr>
<tr>
<td>Croatia</td>
<td>854 400 000</td>
</tr>
<tr>
<td>Slovakia</td>
<td>604 206 500</td>
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<tr>
<td>Slovenia</td>
<td>560 951 500</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>410 217 500</td>
</tr>
<tr>
<td>Lithuania</td>
<td>351 981 000</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>263 707 000</td>
</tr>
<tr>
<td>Cyprus</td>
<td>258 583 500</td>
</tr>
<tr>
<td>Latvia</td>
<td>214 805 000</td>
</tr>
<tr>
<td>Estonia</td>
<td>165 882 000</td>
</tr>
<tr>
<td>Malta</td>
<td>98 429 500</td>
</tr>
</tbody>
</table>
1. The Member States shall be liable only up to the amount of their share of the capital subscribed and not paid up.

2. The admission of a new member shall entail an increase in the subscribed capital corresponding to the capital brought in by the new member.

3. The Board of Governors may, acting unanimously, decide to increase the subscribed capital. 

4. The share of a member in the subscribed capital may not be transferred, pledged or attached.

**Article 5**

1. The subscribed capital shall be paid in by Member States to the extent of 5% on average of the amounts laid down in Article 4(1).

2. In the event of an increase in the subscribed capital, the Board of Governors, acting unanimously, shall fix the percentage to be paid up and the arrangements for payment. Cash payments shall be made exclusively in euro.

3. The Board of Directors may require payment of the balance of the subscribed capital, to such extent as may be required for the Bank to meet its obligations.

Each Member State shall make this payment in proportion to its share of the subscribed capital.

**Article 6 (ex Article 8)**

The Bank shall be directed and managed by a Board of Governors, a Board of Directors and a Management Committee.

**Article 7 (ex Article 9)**

1. The Board of Governors shall consist of the ministers designated by the Member States.

2. The Board of Governors shall lay down general directives for the credit policy of the Bank, in accordance with the Union's objectives. The Board of Governors shall ensure that these directives are implemented.

3. The Board of Governors shall in addition:

   (a) Decide whether to increase the subscribed capital in accordance with Article 4(3) and Article 5(2);

   (b) For the purposes of Article 9(1), determine the principles applicable to financing operations undertaken within the framework of the Bank's task;

   (c) Exercise the powers provided in Articles 9 and 11 in respect of the appointment and the compulsory retirement of the members of the Board of...
Directors and of the Management Committee, and those powers provided in the second subparagraph of Article 11(1);

(d) Take decisions in respect of the granting of finance for investment operations to be carried out, in whole or in part, outside the territories of the Member States in accordance with Article 16(1);

(e) Approve the annual report of the Board of Directors;

(f) Approve the annual balance sheet and profit and loss account;

(g) Exercise the other powers and functions conferred by this Statute;

(h) Approve the rules of procedure of the Bank.

4. Within the framework of the Treaty and this Statute, the Board of Governors shall be competent to take, acting unanimously, any decisions concerning the suspension of the operations of the Bank and, should the event arise, its liquidation.

Article 8 (ex Article 10)

Save as otherwise provided in this Statute, decisions of the Board of Governors shall be taken by a majority of its members. This majority must represent at least 50 % of the subscribed capital.

A qualified majority shall require eighteen votes in favour and 68 % of the subscribed capital. Abstentions by members present in person or represented shall not prevent the adoption of decisions requiring unanimity.

Article 9 (ex Article 11)

1. The Board of Directors shall take decisions in respect of granting finance, in particular in the form of loans and guarantees, and raising loans; it shall fix the interest rates on loans granted and the commission and other charges. It may, on the basis of a decision taken by a qualified majority, delegate some of its functions to the Management Committee. It shall determine the terms and conditions for such delegation and shall supervise its execution.

The Board of Directors shall see that the Bank is properly run; it shall ensure that the Bank is managed in accordance with the provisions of the Treaties and of this Statute and with the general directives laid down by the Board of Governors.

At the end of the financial year the Board of Directors shall submit a report to the Board of Governors and shall publish it when approved.

2. The Board of Directors shall consist of twenty-nine directors and nineteen alternate directors. The directors shall be appointed by the Board of Governors for five years, one nominated by each Member State, and one nominated by the Commission.

29 Directors and 19 alternate directors, one from each country and one from the Commission

Alternates appointed
The alternate directors shall be appointed by the Board of Governors for five years as shown below:

- Two alternates nominated by the Federal Republic of Germany,
- Two alternates nominated by the French Republic,
- Two alternates nominated by the Italian Republic,
- Two alternates nominated by the United Kingdom of Great Britain and Northern Ireland,
- One alternate nominated by common accord of the Kingdom of Spain and the Portuguese Republic,
- One alternate nominated by common accord of the Kingdom of Belgium, the Grand Duchy of Luxembourg and the Kingdom of the Netherlands,
- Two alternates nominated by common accord of the Kingdom of Denmark, the Hellenic Republic, Ireland and Romania,
- Two alternates nominated by common accord of the Republic of Estonia, the Republic of Latvia, the Republic of Lithuania, the Republic of Austria, the Republic of Finland and the Kingdom of Sweden,
- Four alternates nominated by common accord of the Republic of Bulgaria, the Czech Republic, the Republic of Croatia, the Republic of Cyprus, the Republic of Hungary, the Republic of Malta, the Republic of Poland, the Republic of Slovenia and the Slovak Republic,
- One alternate nominated by the Commission.

The Board of Directors shall co-opt six non-voting experts: three as members and three as alternates. Six non-voting experts

The appointments of the directors and the alternates shall be renewable. Rules of procedure

The Rules of Procedure shall lay down arrangements for participating in the meetings of the Board of Directors and the provisions applicable to alternates and co-opted experts. Independent and competent

The President of the Management Committee or, in his absence, one of the Vice-Presidents, shall preside over meetings of the Board of Directors but shall not vote. Compulsory retirement

Members of the Board of Directors shall be chosen from persons whose independence and competence are beyond doubt; they shall be responsible only to the Bank. Resignation

3. A director may be compulsorily retired by the Board of Governors only if he no longer fulfils the conditions required for the performance of his duties; the Board must act by a qualified majority. Vacancy

If the annual report is not approved, the Board of Directors shall resign.

4. Any vacancy arising as a result of death, voluntary resignation, compulsory retirement or collective resignation shall be filled in accordance with paragraph 2. A member shall be replaced for the remainder of his term of office, save where the entire Board of Directors is being replaced.
5. The Board of Governors shall determine the remuneration of members of the Board of Directors. The Board of Governors shall lay down what activities are incompatible with the duties of a director or an alternate.

Article 10 (ex Article 12)

1. Each director shall have one vote on the Board of Directors. He may delegate his vote in all cases, according to procedures to be laid down in the Rules of Procedure of the Bank.

2. Save as otherwise provided in this Statute, decisions of the Board of Directors shall be taken by at least one third of the members entitled to vote representing at least fifty per cent of the subscribed capital. A qualified majority shall require eighteen votes in favour and sixty-eight percent of the subscribed capital. The rules of procedure of the Bank shall lay down the quorum required for the decisions of the Board of Directors to be valid.

Article 11 (ex Article 13)

1. The Management Committee shall consist of a President and eight Vice-Presidents appointed for a period of six years by the Board of Governors on a proposal from the Board of Directors.

2. On a proposal from the Board of Directors adopted by a qualified majority, the Board of Governors may, acting in its turn by a qualified majority, compulsorily retire a member of the Management Committee.

3. The Management Committee shall be responsible for the current business of the Bank, under the authority of the President and the supervision of the Board of Directors.

It shall prepare the decisions of the Board of Directors, in particular decisions on the raising of loans and the granting of finance, in particular in the form of loans and guarantees; it shall ensure that these decisions are implemented.

4. The Management Committee shall act by a majority when delivering opinions on proposals for raising loans or granting of finance, in particular in the form of loans and guarantees.

5. The Board of Governors shall determine the remuneration of members of the Management Committee and shall lay down what activities are incompatible with their duties.

6. The President or, if he is prevented, a Vice-President shall represent the Bank in judicial and other matters.

7. The staff of the Bank shall be under the authority of the President. They shall be engaged and discharged by him.
In the selection of staff, account shall be taken not only of personal ability and qualifications but also of an equitable representation of nationals of Member States. The Rules of Procedure shall determine which organ is competent to adopt the provisions applicable to staff.

8. The Management Committee and the staff of the Bank shall be responsible only to the Bank and shall be completely independent in the performance of their duties.

Article 12 (ex Article 14)

1. A Committee consisting of six members, appointed on the grounds of their competence by the Board of Governors, shall verify that the activities of the Bank conform to best banking practice and shall be responsible for the auditing of its accounts.

2. The Committee referred to in paragraph 1 shall annually ascertain that the operations of the Bank have been conducted and its books kept in a proper manner. To this end, it shall verify that the Bank's operations have been carried out in compliance with the formalities and procedures laid down by this Statute and the Rules of Procedure.

3. The Committee referred to in paragraph 1 shall confirm that the financial statements, as well as any other financial information contained in the annual accounts drawn up by the Board of Directors, give a true and fair view of the financial position of the Bank in respect of its assets and liabilities, and of the results of its operations and its cash flows for the financial year under review.

4. The Rules of Procedure shall specify the qualifications required of the members of the Committee and lay down the terms and conditions for the Committee's activity.

Article 13 (ex Article 15)

The Bank shall deal with each Member State through the authority designated by that State. In the conduct of financial operations the Bank shall have recourse to the national central bank of the Member State concerned or to other financial institutions approved by that State.

Article 14 (ex Article 16)

1. The Bank shall cooperate with all international organisations active in fields similar to its own.

2. Bank shall seek to establish all appropriate contacts in the interests of cooperation with banking and financial institutions in the countries to which its operations extend.
Article 15 (ex Article 17)

Interpret directives

At the request of a Member State or of the Commission, or on its own initiative, the Board of Governors shall, in accordance with the same provisions as governed their adoption, interpret or supplement the directives laid down by it under Article 7 of this Statute.

Article 16 (ex Article 18)

Grant loans and guarantees

1. Within the framework of the task set out in Article 309 of the Treaty on the Functioning of the European Union, the Bank shall grant finance, in particular in the form of loans and guarantees to its members or to private or public undertakings for investments to be carried out in the territories of Member States, to the extent that funds are not available from other sources on reasonable terms.

Outside the EU by qualified majority

However, by decision of the Board of Governors, acting by a qualified majority on a proposal from the Board of Directors, the Bank may grant financing for investment to be carried out, in whole or in part, outside the territories of Member States.

2. As far as possible, loans shall be granted only on condition that other sources of finance are also used.

Member state guarantees

3. When granting a loan to an undertaking or to a body other than a Member State, the Bank shall make the loan conditional either on a guarantee from the Member State in whose territory the investment will be carried out or on other adequate guarantees, or on the financial strength of the debtor.

Furthermore, in accordance with the principles established by the Board of Governors pursuant to Article 7(3)(b), and where the implementation of projects provided for in Article 309 of the Treaty on the Functioning of the European Union so requires, the Board of Directors shall, acting by a qualified majority, lay down the terms and conditions of any financing operation presenting a specific risk profile and thus considered to be a special activity.

Qualified majority if special risk

4. The Bank may guarantee loans contracted by public or private undertakings or other bodies for the purpose of carrying out projects provided for in Article 309 of the Treaty on the Functioning of the European Union.

250% limit

5. The aggregate amount outstanding at any time of loans and guarantees granted by the Bank shall not exceed 250 % of its subscribed capital, reserves, non-allocated provisions and profit and loss account surplus. The latter aggregate amount shall be reduced by an amount equal to the amount subscribed (whether or not paid in) for any equity participation of the Bank.

The amount of the Bank's disbursed equity participations shall not exceed at any time an amount corresponding to the total of its paid-in subscribed capital, reserves, non-allocated provisions and profit and loss account surplus.
By way of exception, the special activities of the Bank, as decided by the Board of Governors and the Board of Directors in accordance with paragraph 3, will have a specific allocation of reserve.

This paragraph shall also apply to the consolidated accounts of the Bank.

6. The Bank shall protect itself against exchange risks by including in contracts for loans and guarantees such clauses as it considers appropriate.

   Article 17 (ex Article 19)

1. Interest rates on loans to be granted by the Bank and commission and other charges shall be adjusted to conditions prevailing on the capital market and shall be calculated in such a way that the income therefrom shall enable the Bank to meet its obligations, to cover its expenses and risks and to build up a reserve fund as provided for in Article 22.

2. The Bank shall not grant any reduction in interest rates. Where a reduction in the interest rate appears desirable in view of the nature of the investment to be financed, the Member State concerned or some other agency may grant aid towards the payment of interest to the extent that this is compatible with Article 107 of the Treaty on the Functioning of the European Union.

   Article 18 (ex Article 20)

In its financing operations, the Bank shall observe the following principles:

1. It shall ensure that its funds are employed as rationally as possible in the interests of the Union.

It may grant loans or guarantees only:

(a) Where, in the case of investments by undertakings in the production sector, interest and amortisation payments are covered out of operating profits or, in the case of other investments, either by a commitment entered into by the State in which the investment is made or by some other means; and

(b) Where the execution of the investment contributes to an increase in economic productivity in general and promotes the attainment of the internal market.

2. It shall neither acquire any interest in an undertaking nor assume any responsibility in its management unless this is required to safeguard the rights of the Bank in ensuring recovery of funds lent.

However, in accordance with the principles determined by the Board of Governors pursuant to Article 7(3)(b), and where the implementation of operations provided for in Article 309 of the Treaty on the Functioning of the European Union so requires, the Board of Directors shall, acting by a qualified majority, lay down the terms and conditions for taking an equity participation in a commercial undertaking, normally as a complement to a loan or a guarantee, in so far as this is required to finance an investment or programme.
**Bonds**

3. It may dispose of its claims on the capital market and may, to this end, require its debtors to issue bonds or other securities.

**No national discrimination**

4. Neither the Bank nor the Member States shall impose conditions requiring funds lent by the Bank to be spent within a specified Member State.

**Tender**

5. The Bank may make its loans conditional on international invitations to tender being arranged.

**Member state must approve**

6. The Bank shall not finance, in whole or in part, any investment opposed by the Member State in whose territory it is to be carried out.

**Technical assistance**

7. As a complement to its lending activity, the Bank may provide technical assistance services in accordance with the terms and conditions laid down by the Board of Governors, acting by a qualified majority, and in compliance with this Statute.

Article 19 (ex Article 21)

**Direct applications**

1. Any undertaking or public or private entity may apply directly to the Bank for financing. Applications to the Bank may also be made either through the Commission or through the Member State on whose territory the investment will be carried out.

**Opinion by member state**

2. Applications made through the Commission shall be submitted for an opinion to the Member State in whose territory the investment will be carried out. Applications made through a Member State shall be submitted to the Commission for an opinion. Applications made direct by an undertaking shall be submitted to the Member State concerned and to the Commission.

The Member State concerned and the Commission shall deliver their opinions within two months. If no reply is received within this period, the Bank may assume that there is no objection to the investment in question.

**Financing operations**

3. The Board of Directors shall rule on financing operations submitted to it by the Management Committee.

**Proposal to the Board**

4. The Management Committee shall examine whether financing operations submitted to it comply with the provisions of this Statute, in particular with Articles 16 and 18. Where the Management Committee is in favour of the financing operation, it shall submit the corresponding proposal to the Board of Directors; the Committee may make its favourable opinion subject to such conditions, as it considers essential. Where the Management Committee is against granting the finance, it shall submit the relevant documents together with its opinion to the Board of Directors.

**Board by negative opinion**

5. Where the Management Committee delivers an unfavourable opinion, the Board of Directors may not grant the finance concerned unless its decision is unanimous.
6. Where the Commission delivers an unfavourable opinion, the Board of Directors may not grant the finance concerned unless its decision is unanimous, the director nominated by the Commission abstaining.

7. Where both the Management Committee and the Commission deliver an unfavourable opinion, the Board of Directors may not grant the finance.

8. In the event that a financing operation relating to an approved investment has to be restructured in order to safeguard the Bank's rights and interests, the Management Committee shall take without delay the emergency measures which it deems necessary, subject to immediate reporting thereon to the Board of Directors.

Article 20 (ex Article 22)

1. The Bank shall borrow on the capital markets the funds necessary for the performance of its tasks.

2. The Bank may borrow on the capital markets of the Member States in accordance with the legal provisions applying to those markets.

The competent authorities of a Member State with a derogation within the meaning of Article 139(1) of the Treaty on the Functioning of the European Union may oppose this only if there is reason to fear serious disturbances on the capital market of that State.

Article 21 (ex Article 23)

1. The Bank may employ any available funds which it does not immediately require to meet its obligations in the following ways:

(a) It may invest on the money markets;
(b) It may, subject to the provisions of Article 18(2), buy and sell securities;
(c) It may carry out any other financial operation linked with its objectives.

2. Without prejudice to the provisions of Article 23, the Bank shall not, in managing its investments, engage in any currency arbitrage not directly required to carry out its lending operations or fulfil commitments arising out of loans raised or guarantees granted by it.

3. The Bank shall, in the fields covered by this Article, act in agreement with the competent authorities or with the national central bank of the Member State concerned.

Article 22 (ex Article 24)

1. A reserve fund of up to 10 % of the subscribed capital shall be built up progressively. If the state of the liabilities of the Bank should so justify, the Board of Directors may decide to set aside additional reserves. Until such time as the reserve fund has been fully built up, it shall be fed by:
(a) Interest received on loans granted by the Bank out of sums to be paid up by
the Member States pursuant to Article 5;

(b) Interest received on loans granted by the Bank out of funds derived from
repayment of the loans referred to in (a);

To the extent that this income is not required to meet the obligations of the Bank
or to cover its expenses.

2. The resources of the reserve fund shall be so invested as to be available at any
time to meet the purpose of the fund.

**Article 23 (ex Article 25)**

*In all currencies*

1. The Bank shall at all times be entitled to transfer its assets in the currency of a
Member State whose currency is not the euro in order to carry out financial
operations corresponding to the task set out in Article 309 of the Treaty on the
Functioning of the European Union, taking into account the provisions of
Article 21 of this Statute. The Bank shall, as far as possible, avoid making
such transfers if it has cash or liquid assets in the currency required.

2. The Bank may not convert its assets in the currency of a Member State whose
currency is not the euro into the currency of a third country without the
agreement of the Member State concerned.

3. The Bank may freely dispose of that part of its capital which is paid up and of
any currency borrowed on markets outside the Union.

4. The Member States undertake to make available to the debtors of the Bank
the currency needed to repay the capital and pay the interest on loans or
commission on guarantees granted by the Bank for investments to be carried
out in their territory.

**Article 24 (ex Article 26)**

*Suspension*

If a Member State fails to meet the obligations of membership arising from this
Statute, in particular the obligation to pay its share of the subscribed capital or to
service its borrowings, the granting of loans or guarantees to that Member State
or its nationals may be suspended by a decision of the Board of Governors, acting
by a qualified majority.

Such decision shall not release either the State or its nationals from their
obligations towards the Bank.

**Article 25 (ex Article 27)**

1. If the Board of Governors decides to suspend the operations of the Bank, all
its activities shall cease forthwith, except those required to ensure the due
realisation, protection and preservation of its assets and the settlement of its
liabilities.
2. In the event of liquidation, the Board of Governors shall appoint the liquidators and give them instructions for carrying out the liquidation. It shall ensure that the rights of the members of staff are safeguarded.

Article 26 (ex Article 28)

1. In each of the Member States, the Bank shall enjoy the most extensive legal capacity accorded to legal persons under their laws; it may, in particular, acquire or dispose of movable or immovable property and may be a party to legal proceedings.

2. The property of the Bank shall be exempt from all forms of requisition or expropriation.

Article 27 (ex Article 29)

Disputes between the Bank on the one hand, and its creditors, debtors or any other person on the other, shall be decided by the competent national courts, save where jurisdiction has been conferred on the Court of Justice of the European Union. The Bank may provide for arbitration in any contract.

The Bank shall have an address for service in each Member State. It may, however, in any contract, specify a particular address for service.

The property and assets of the Bank shall not be liable to attachment or to seizure by way of execution except by decision of a court.

Article 28 (ex Article 30)

1. The Board of Governors may, acting unanimously, decide to establish subsidiaries or other entities, which shall have legal personality and financial autonomy.

2. The Board of Governors shall establish the Statutes of the bodies referred to in paragraph 1. The Statutes shall define, in particular, their objectives, structure, capital, membership, the location of their seat, their financial resources, means of intervention and auditing arrangements, as well as their relationship with the organs of the Bank.

3. The Bank shall be entitled to participate in the management of these bodies and contribute to their subscribed capital up to the amount determined by the Board of Governors, acting unanimously.

4. The Protocol on the privileges and immunities of the European Union shall apply to the bodies referred to in paragraph 1 in so far as they are incorporated under the law of the Union, to the members of their organs in the performance of their duties as such and to their staff, under the same terms and conditions as those applicable to the Bank.

Those dividends, capital gains or other forms of revenue stemming from such bodies, to which the members, other than the European Union and the Bank, are entitled, shall however remain subject to the fiscal provisions of the applicable legislation.
5. The Court of Justice of the European Union shall, within the limits hereinafter laid down, have jurisdiction in disputes concerning measures adopted by organs of a body incorporated under Union law. Proceedings against such measures may be instituted by any member of such a body in its capacity as such or by Member States under the conditions laid down in Article 263 of the Treaty on the Functioning of the European Union.

6. The Board of Governors may, acting unanimously, decide to admit the staff of bodies incorporated under Union law to joint schemes with the Bank, in compliance with the respective internal procedures.

**PROTOCOL (No 6)**

**ON THE LOCATION OF THE SEATS OF THE INSTITUTIONS AND OF CERTAIN BODIES, OFFICES, AGENCIES AND DEPARTMENTS OF THE EUROPEAN UNION**

**THE REPRESENTATIVES OF THE GOVERNMENTS OF THE MEMBER STATES,**

HAVING REGARD to Article 341 of the Treaty on the Functioning of the European Union and Article 189 of the Treaty establishing the European Atomic Energy Community,

RECALLING AND CONFIRMING the Decision of 8 April 1965, and without prejudice to the decisions concerning the seat of future institutions, bodies, offices, agencies and departments,

HAVE AGREED UPON the following provisions, which shall be annexed to the Treaty on European Union and to the Treaty on the Functioning of the European Union, and to the Treaty establishing the European Atomic Energy Community:

**Sole Article**

(a) The European Parliament shall have its seat in Strasbourg where the 12 periods of monthly plenary sessions, including the budget session, shall be held. The periods of additional plenary sessions shall be held in Brussels. The committees of the European Parliament shall meet in Brussels. The General Secretariat of the European Parliament and its departments shall remain in Luxembourg.

(b) The Council shall have its seat in Brussels. During the months of April, June and October, the Council shall hold its meetings in Luxembourg.

(c) The Commission shall have its seat in Brussels. The departments listed in Articles 7, 8 and 9 of the Decision of 8 April 1965 shall be established in Luxembourg.

(d) The Court of Justice of the European Union shall have its seat in Luxembourg.

(e) The Court of Auditors shall have its seat in Luxembourg.
The Economic and Social Committee shall have its seat in Brussels.

(f) The Committee of the Regions shall have its seat in Brussels.

(g) The European Investment Bank shall have its seat in Luxembourg.

(h) European Central Bank shall have its seat in Frankfurt.

(i) The European Police Office (Europol) shall have its seat in The Hague

**PROTOCOL (No 7)**

**ON THE PRIVILEGES AND IMMUNITIES OF THE EUROPEAN UNION**

THE HIGH CONTRACTING PARTIES,

CONSIDERING that, in accordance with Article 343 of the Treaty on the Functioning of the European Union and Article 191 of the Treaty establishing the European Atomic Energy Community ("EAEC"), the European Union and the EAEC shall enjoy in the territories of the Member States such privileges and immunities as are necessary for the performance of their tasks,

HAVE AGREED upon the following provisions, which shall be annexed to the Treaty on European Union, the Treaty on the Functioning of the European Union and the Treaty establishing the European Atomic Energy Community:

**Chapter I**

**Property, Funds, Assets and Operations of the European Union**

**Article 1**

The premises and buildings of the Union shall be inviolable. They shall be exempt from search, requisition, confiscation or expropriation. The property and assets of the Union shall not be the subject of any administrative or legal measure of constraint without the authorisation of the Court of Justice.

**Article 2**

The archives of the Union shall be inviolable.

**Article 3**

The Union, its assets, revenues and other property shall be exempt from all direct taxes.

The governments of the Member States shall, wherever possible, take the appropriate measures to remit or refund the amount of indirect taxes or sales taxes included in the price of movable or immovable property, where the Union makes, for its official use, substantial purchases the price of which includes taxes of this kind. These provisions shall not be applied, however, so as to have the effect of distorting competition within the Union.
No exemption shall be granted in respect of taxes and dues which amount merely
to charges for public utility services.

Article 4

The Union shall be exempt from all customs duties, prohibitions and restrictions
on imports and exports in respect of articles intended for its official use: articles
so imported shall not be disposed of, whether or not in return for payment, in the
territory of the country into which they have been imported, except under
conditions approved by the government of that country.

The Union shall also be exempt from any customs duties and any prohibitions and
restrictions on import and exports in respect of its publications.

Chapter II

Communications and Laissez-Passer

Article 5 (ex Article 6)

For their official communications and the transmission of all their documents, the
institutions of the Union shall enjoy in the territory of each Member State the
treatment accorded by that State to diplomatic missions.

Official correspondence and other official communications of the institutions of
the Union shall not be subject to censorship.

Article 6 (ex Article 7)

Laissez-passers in a form to be prescribed by the Council, acting by a simple
majority, which shall be recognised as valid travel documents by the authorities of
the Member States, may be issued to members and servants of the institutions of
the Union by the Presidents of these institutions. These laissez-passer shall be
issued to officials and other servants under conditions laid down in the Staff
Regulations of Officials and the Conditions of Employment of other servants of
the Union.

The Commission may conclude agreements for these laissez-passer to be
recognised as valid travel documents within the territory of third countries.

Chapter III

Members of the European Parliament

Article 7 (ex Article 8)

No administrative or other restriction shall be imposed on the free movement of
Members of the European Parliament travelling to or from the place of meeting of
the European Parliament.

Members of the European Parliament shall, in respect of customs and exchange
control, be accorded:
(a) By their own government, the same facilities as those accorded to senior officials travelling abroad on temporary official missions;  

(b) By the government of other Member States, the same facilities as those accorded to representatives of foreign governments on temporary official missions.

**Article 8 (ex Article 9)**

Members of the European Parliament shall not be subject to any form of inquiry, detention or legal proceedings in respect of opinions expressed or votes cast by them in the performance of their duties.

**Article 9 (ex Article 10)**

During the sessions of the European Parliament, its Members shall enjoy:

(a) In the territory of their own State, the immunities accorded to members of their parliament;

(b) In the territory of any other Member State, immunity from any measure of detention and from legal proceedings.

Immunity shall likewise apply to Members while they are travelling to and from the place of meeting of the European Parliament.

Immunity cannot be claimed when a Member is found in the act of committing an offence and shall not prevent the European Parliament from exercising its right to waive the immunity of one of its Members.

**Chapter IV**

Representatives of Member States taking part in the work of the institutions of the European Union

**Article 10 (ex Article 11)**

Representatives of Member States taking part in the work of the institutions of the Union, their advisers and technical experts shall, in the performance of their duties and during their travel to and from the place of meeting, enjoy the customary privileges, immunities and facilities.

This Article shall also apply to members of the advisory bodies of the Union.

**Chapter V**

Officials and other Servants of the European Union

**Article 11 (ex Article 12)**

In the territory of each Member State and whatever their nationality, officials and other servants of the Union shall:
Immunity

(a) Subject to the provisions of the Treaties relating, on the one hand, to the rules on the liability of officials and other servants towards the Union and, on the other hand, to the jurisdiction of the Court of Justice of the European Union in disputes between the Union and its officials and other servants, be immune from legal proceedings in respect of acts performed by them in their official capacity, including their words spoken or written. They shall continue to enjoy this immunity after they have ceased to hold office;

No immigration restrictions

(b) Together with their spouses and dependent members of their families, not be subject to immigration restrictions or to formalities for the registration of aliens;

Currency or exchange regulations

(c) In respect of currency or exchange regulations, be accorded the same facilities as are customarily accorded to officials of international organisations;

No duties when taking up their post

(d) Enjoy the right to import free of duty their furniture and effects at the time of first taking up their post in the country concerned, and the right to re-export free of duty their furniture and effects, on termination of their duties in that country, subject in either case to the conditions considered to be necessary by the government of the country in which this right is exercised;

Motor car without duty

(e) Have the right to import free of duty a motor car for their personal use, acquired either in the country of their last residence or in the country of which they are nationals on the terms ruling in the home market in that country, and to re-export it free of duty, subject in either case to the conditions considered to be necessary by the government of the country concerned.

Article 12 (ex Article 13)

Low EU tax

Officials and other servants of the Union shall be liable to a tax for the benefit of the Union on salaries, wages and emoluments paid to them by the Union, in accordance with the conditions and procedure laid down by the European Parliament and the Council, acting by means of regulations in accordance with the ordinary legislative procedure and after consultation of the institutions concerned.

No national taxes

They shall be exempt from national taxes on salaries, wages and emoluments paid by the Union.

Article 13 (ex Article 14)

No taxes in host country

In the application of income tax, wealth tax and death duties and in the application of conventions on the avoidance of double taxation concluded between Member States of the Union, officials and other servants of the Union who, solely by reason of the performance of their duties in the service of the Union, establish their residence in the territory of a Member State other than their country of domicile for tax purposes at the time of entering the service of the Union, shall be considered, both in the country of their actual residence and in the country of domicile for tax purposes, as having maintained their domicile in the latter country provided that it is a member of the Union. This provision shall also apply to a spouse, to the extent that the latter is not separately engaged in a gainful occupation, and to children dependent on and in the care of the persons referred to in this Article.
Movable property belonging to persons referred to in the preceding paragraph and situated in the territory of the country where they are staying shall be exempt from death duties in that country; such property shall, for the assessment of such duty, be considered as being in the country of domicile for tax purposes, subject to the rights of third countries and to the possible application of provisions of international conventions on double taxation.

Any domicile acquired solely by reason of the performance of duties in the service of other international organisations shall not be taken into consideration in applying the provisions of this Article.

**Article 14 (ex Article 15)**

The European Parliament and the Council, acting by means of regulations in accordance with the ordinary legislative procedure and after consultation of the institutions concerned, shall lay down the scheme of social security benefits for officials and other servants of the Union.

**Article 15 (ex Article 16)**

The European Parliament and the Council, acting by means of regulations in accordance with the ordinary legislative procedure, and after consulting the other institutions concerned, shall determine the categories of officials and other servants of the Union to whom the provisions of Article 11, the second paragraph of Article 12, and Article 13 shall apply, in whole or in part.

The names, grades and addresses of officials and other servants included in such categories shall be communicated periodically to the governments of the Member States.

**Chapter VI**

Privileges and immunities of missions of third countries accredited to the European Union

**Article 16 (ex Article 17)**

The Member State in whose territory the Union has its seat shall accord the customary diplomatic immunities and privileges to missions of third countries accredited to the Union.

**Chapter VII**

General Provisions

**Article 17 (ex Article 18)**

Privileges, immunities and facilities shall be accorded to officials and other servants of the Union solely in the interests of the Union.

Each institution of the Union shall be required to waive the immunity accorded to an official or other servant wherever that institution considers that the waiver of such immunity is not contrary to the interests of the Union.
Article 18 (ex Article 19)

The institutions of the Union shall, for the purpose of applying this Protocol, cooperate with the responsible authorities of the Member States concerned.

Article 19 (ex Article 20)

Articles 11 to 14 and Article 17 shall apply to the President of the European Council. They shall also apply to Members of the Commission.

Article 20 (ex Article 21)

Articles 11 to 14 and Article 17 shall apply to the Judges, the Advocates-General, the Registrars and the Assistant Rapporteurs of the Court of Justice of the European Union, without prejudice to the provisions of Article 3 of the Protocol on the Statute of the Court of Justice of the European Union relating to immunity from legal proceedings of Judges and Advocates-General.

Article 21 (ex Article 22)

This Protocol shall also apply to the European Investment Bank, to the members of its organs, to its staff and to the representatives of the Member States taking part in its activities, without prejudice to the provisions of the Protocol on the Statute of the Bank.

The European Investment Bank shall in addition be exempt from any form of taxation or imposition of a like nature on the occasion of any increase in its capital and from the various formalities which may be connected therewith in the State where the Bank has its seat. Similarly, its dissolution or liquidation shall not give rise to any imposition. Finally, the activities of the Bank and of its organs carried on in accordance with its Statute shall not be subject to any turnover tax.

Article 22 (ex Article 23)

This Protocol shall also apply to the European Central Bank, to the members of its organs and to its staff, without prejudice to the provisions of the Protocol on the Statute of the European System of Central Banks and the European Central Bank.

The European Central Bank shall, in addition, be exempt from any form of taxation or imposition of a like nature on the occasion of any increase in its capital and from the various formalities which may be connected therewith in the State where the bank has its seat. The activities of the Bank and of its organs carried on in accordance with the Statute of the European System of Central Banks and of the European Central Bank shall not be subject to any turnover tax.
PROTOCOL (No 8)
RELATING TO ARTICLE 6(2) OF THE TREATY ON EUROPEAN UNION ON THE ACCESSION OF THE UNION TO THE EUROPEAN CONVENTION ON THE PROTECTION OF HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS

THE HIGH CONTRACTING PARTIES,

HAVE AGREED UPON the following provisions, which shall be annexed to the Treaty on European Union and to the Treaty on the Functioning of the European Union:

Article 1

The agreement relating to the accession of the Union to the European Convention on the Protection of Human Rights and Fundamental Freedoms (hereinafter referred to as the "European Convention") provided for in Article 6(2) of the Treaty on European Union shall make provision for preserving the specific characteristics of the Union and Union law, in particular with regard to:

(a) The specific arrangements for the Union's possible participation in the control bodies of the European Convention;

(b) The mechanisms necessary to ensure that proceedings by non-Member States and individual applications are correctly addressed to Member States and/or the Union as appropriate.

Article 2

The agreement referred to in Article 1 shall ensure that accession of the Union shall not affect the competences of the Union or the powers of its institutions. It shall ensure that nothing therein affects the situation of Member States in relation to the European Convention, in particular in relation to the Protocols thereto, measures taken by Member States derogating from the European Convention in accordance with Article 15 thereof and reservations to the European Convention made by Member States in accordance with Article 57 thereof.

Article 3

Nothing in the agreement referred to in Article 1 shall affect Article 344 of the Treaty on the Functioning of the European Union.

PROTOCOL (No 9)

THE HIGH CONTRACTING PARTIES,
TAKING INTO ACCOUNT the fundamental importance that agreeing on the Decision of the Council relating to the implementation of Article 16(4) of the Treaty on European Union and Article 238(2) of the Treaty on the Functioning of the European Union between 1 November 2014 and 31 March 2017 on the one hand, and as from 1 April 2017 on the other (hereinafter "the Decision"), had when approving the Treaty of Lisbon,

HAVE AGREED UPON the following provisions, which shall be annexed to the Treaty on European Union and to the Treaty on the Functioning of the European Union:

Sole Article

Before the examination by the Council of any draft which would aim either at amending or abrogating the Decision or any of its provisions, or at modifying indirectly its scope or its meaning through the modification of another legal act of the Union, the European Council shall hold a preliminary deliberation on the said draft, acting by consensus in accordance with Article 15(4) of the Treaty on European Union.

PROTOCOL (No 10)
ON PERMANENT STRUCTURED COOPERATION ESTABLISHED BY ARTICLE 42 OF THE TREATY ON EUROPEAN UNION

THE HIGH CONTRACTING PARTIES,

HAVING REGARD TO Article 42(6) and Article 46 of the Treaty on European Union, RECALLING that the Union is pursuing a common foreign and security policy based on the achievement of growing convergence of action by Member States,

RECALLING that the common security and defence policy is an integral part of the common foreign and security policy; that it provides the Union with operational capacity drawing on civil and military assets; that the Union may use such assets in the tasks referred to in Article 43 of the Treaty on European Union outside the Union for peace-keeping, conflict prevention and strengthening international security in accordance with the principles of the United Nations Charter; that the performance of these tasks is to be undertaken using capabilities provided by the Member States in accordance with the principle of a single set of forces,

RECALLING that the common security and defence policy of the Union does not prejudice the specific character of the security and defence policy of certain Member States,

RECALLING that the common security and defence policy of the Union respects the obligations under the North Atlantic Treaty of those Member States which see their common defence realized in the North Atlantic Treaty Organisation, which remains the foundation of the collective defence of its members, and is compatible with the common security and defence policy established within that framework,
CONVINCED that a more assertive Union role in security and defence matters will contribute to the vitality of a renewed Atlantic Alliance, in accordance with the Berlin Plus arrangements,

DETERMINED to ensure that the Union is capable of fully assuming its responsibilities within the international community,

RECOGNISING that the United Nations Organisation may request the Union's assistance for the urgent implementation of missions undertaken under Chapters VI and VII of the United Nations Charter,

RECOGNISING that the strengthening of the security and defence policy will require efforts by Member States in the area of capabilities,

CONSCIOUS that embarking on a new stage in the development of the European security and defence policy involves a determined effort by the Member States concerned,

RECALLING the importance of the High Representative of the Union for Foreign Affairs and Security Policy being fully involved in proceedings relating to permanent structured cooperation,

HAVE AGREED UPON the following provisions, which shall be annexed to the Treaty on European Union and to the Treaty on the Functioning of the European Union:

Article 1

The permanent structured cooperation referred to in Article 42(6) of the Treaty on European Union shall be open to any Member State which undertakes, from the date of entry into force of the Treaty of Lisbon, to:

(a) Proceed more intensively to develop its defence capacities through the development of its national contributions and participation, where appropriate, in multinational forces, in the main European equipment programmes, and in the activity of the Agency in the field of defence capabilities development, research, acquisition and armaments (European Defence Agency), and

(b) Have the capacity to supply by 2010 at the latest, either at national level or as a component of multinational force groups, targeted combat units for the missions planned, structured at a tactical level as a battle group, with support elements including transport and logistics, capable of carrying out the tasks referred to in Article 43 of the Treaty on European Union, within a period of five to 30 days, in particular in response to requests from the United Nations Organisation, and which can be sustained for an initial period of 30 days and be extended up to at least 120 days.

Article 2

To achieve the objectives laid down in Article 1, Member States participating in permanent structured cooperation shall undertake to:
(a) Cooperate, as from the entry into force of the Treaty of Lisbon, with a view to achieving approved objectives concerning the level of investment expenditure on defence equipment, and regularly review these objectives, in the light of the security environment and of The Union's international responsibilities;

(b) Bring their defence apparatus into line with each other as far as possible, particularly by harmonising the identification of their military needs, by pooling and, where appropriate, specialising their defence means and capabilities, and by encouraging cooperation in the fields of training and logistics;

(c) Take concrete measures to enhance the availability, interoperability, flexibility and deployability of their forces, in particular by identifying common objectives regarding the commitment of forces, including possibly reviewing their national decision-making procedures;

(d) Work together to ensure that they take the necessary measures to make good, including through multinational approaches, and without prejudice to undertakings in this regard within the North Atlantic Treaty Organisation, the shortfalls perceived in the framework of the "Capability Development Mechanism";

(e) Take part, where appropriate, in the development of major joint or European equipment programmes in the framework of the European Defence Agency.

Article 3

The European Defence Agency shall contribute to the regular assessment of participating Member States' contributions with regard to capabilities, in particular contributions made in accordance with the criteria to be established, inter alia, on the basis of Article 2, and shall report thereon at least once a year. The assessment may serve as a basis for Council recommendations and decisions adopted in accordance with Article 46 of the Treaty on European Union.

11. SECURITY AND DEFENCE
ART. 42.2 TEU

PROTOCOL (No 11)
ON ARTICLE 42 OF THE TREATY ON EUROPEAN UNION

THE HIGH CONTRACTING PARTIES,

BEARING IN MIND the need to implement fully the provisions of Article 42(2) of the Treaty on European Union,

BEARING IN MIND that the policy of the Union in accordance with Article 42 shall not prejudice the specific character of the security and defence policy of certain Member States and shall respect the obligations of certain Member States, which see their common defence realised in NATO, under the North Atlantic Treaty and be compatible with the common security and defence policy established within that framework,

HAVE AGREED UPON the following provision, which shall be annexed to the Treaty on European Union and to the Treaty on the Functioning of the European Union:
The European Union shall draw up, together with the Western European Union, arrangements for enhanced cooperation between them.

**PROTOCOL (No 12) ON THE EXCESSIVE DEFICIT PROCEDURE**

**THE HIGH CONTRACTING PARTIES,**

DESIRING TO lay down the details of the excessive deficit procedure referred to in Article 126 of the Treaty on the Functioning of the European Union,

HAVE AGREED upon the following provisions, which shall be annexed to the Treaty on European Union and to the Treaty on the Functioning of the European Union:

**Article 1**

The reference values referred to in Article 126(2) of the Treaty on the Functioning of the European Union are:

- 3% for the ratio of the planned or actual government deficit to gross domestic product at market prices;
- 60% for the ratio of government debt to gross domestic product at market prices.

**Article 2**

In Article 126 of the said Treaty and in this Protocol:

- "Government" means general government, that is central government, regional or local government and social security funds, to the exclusion of commercial operations, as defined in the European System of Integrated Economic Accounts;
- "Deficit" means net borrowing as defined in the European System of Integrated Economic Accounts;
- "Investment" means gross fixed capital formation as defined in the European System of Integrated Economic Accounts;

"debt" means total gross debt at nominal value outstanding at the end of the year and consolidated between and within the sectors of general government as defined in the first indent.

**Article 3**

In order to ensure the effectiveness of the excessive deficit procedure, the governments of the Member States shall be responsible under this procedure for the deficits of general government as defined in the first indent of Article 2. The Member States shall ensure that national procedures in the budgetary area enable them to meet their obligations in this area deriving from these Treaties. The Member States shall report their planned and actual deficits and the levels of their debt promptly and regularly to the Commission.
Article 4

The statistical data to be used for the application of this Protocol shall be provided by the Commission.

PROTOCOL (No 13)
ON THE CONVERGENCE CRITERIA

THE HIGH CONTRACTING PARTIES,

Article 1

The criterion on price stability referred to in the first indent of Article 140(1) of the Treaty on the Functioning of the European Union shall mean that a Member State has a price performance that is sustainable and an average rate of inflation, observed over a period of one year before the examination, that does not exceed by more than 1 1/2 percentage points that of, at most, the three best performing Member States in terms of price stability. Inflation shall be measured by means of the consumer price index on a comparable basis taking into account differences in national definitions.

Article 2

The criterion on the government budgetary position referred to in the second indent of Article 140(1) of the said Treaty shall mean that at the time of the examination the Member State is not the subject of a Council decision under Article 126(6) of the said Treaty that an excessive deficit exists.

Article 3

The criterion on participation in the Exchange Rate mechanism of the European Monetary System referred to in the third indent of Article 140(1) of the said Treaty shall mean that a Member State has respected the normal fluctuation margins provided for by the exchange-rate mechanism on the European Monetary System without severe tensions for at least the last two years before the examination. In particular, the Member State shall not have devalued its currency's bilateral central rate against the euro on its own initiative for the same period.
Article 4

The criterion on the convergence of interest rates referred to in the fourth indent of Article 140(1) of the said Treaty shall mean that, observed over a period of one year before the examination, a Member State has had an average nominal long term interest rate that does not exceed by more than two percentage points that of, at most, the three best performing Member States in terms of price stability. Interest rates shall be measured on the basis of long-term government bonds or comparable securities, taking into account differences in national definitions.

Article 5

The statistical data to be used for the application of this Protocol shall be provided by the Commission.

Article 6

The Council shall, acting unanimously on a proposal from the Commission and after consulting the European Parliament, the ECB and the Economic and Financial Committee, adopt appropriate provisions to lay down the details of the convergence criteria referred to in Article 140(1) of the said Treaty, which shall then replace this Protocol.

PROTOCOL (No 14)
ON THE EURO GROUP

THE HIGH CONTRACTING PARTIES,

DEsIRING to promote conditions for stronger economic growth in the European Union and, to that end, to develop ever-closer coordination of economic policies within the euro area,

CONSCIOUS of the need to lay down special provisions for enhanced dialogue between the Member States whose currency is the euro, pending the euro becoming the currency of all Member States of the Union,

HAVE AGREED UPON the following provisions, which shall be annexed to the Treaty on European Union and to the Treaty on the Functioning of the European Union:

Article 1

The Ministers of the Member States whose currency is the euro shall meet informally. Such meetings shall take place, when necessary, to discuss questions related to the specific responsibilities they share with regard to the single currency. The Commission shall take part in the meetings. The European Central Bank shall be invited to take part in such meetings, which shall be prepared by the representatives of the Ministers with responsibility for finance of the Member States whose currency is the euro and of the Commission.
Article 2

The Ministers of the Member States whose currency is the euro shall elect a president for two and a half years, by a majority of those Member States.

**PROTOCOL (No 15) ON CERTAIN PROVISIONS RELATING TO THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND**

THE HIGH CONTRACTING PARTIES,

RECOGNISING that the United Kingdom shall not be obliged or committed to adopt the euro without a separate decision to do so by its government and parliament,

GIVEN that on 16 October 1996 and 30 October 1997 the United Kingdom government notified the Council of its intention not to participate in the third stage of economic and monetary union,

NOTING the practice of the government of the United Kingdom to fund its borrowing requirement by the sale of debt to the private sector,

HAVE AGREED upon the following provisions, which shall be annexed to the Treaty on European Union and to the Treaty on the Functioning of the European Union:

1. Unless the United Kingdom notifies the Council that it intends to adopt the euro, it shall be under no obligation to do so.

2. In view of the notice given to the Council by the United Kingdom government on 16 October 1996 and 30 October 1997, paragraphs 3 to 8 and 10 shall apply to the United Kingdom.

3. The United Kingdom shall retain its powers in the field of monetary policy according to national law.

4. Articles 119, second paragraph, 126(1), (9) and (11), 127(1) to (5), 128, 130, 131, 132, 133, 138, 140(3), 219, 282(2), with the exception of the first and last sentences thereof, 282(5), and 283 of the Treaty on the Functioning of the European Union shall not apply to the United Kingdom. The same applies to Article 121(2) of this Treaty as regards the adoption of the parts of the broad economic policy guidelines which concern the euro area generally. In these provisions references to the Union or the Member States shall not include the United Kingdom and references to national central banks shall not include the Bank of England.

5. The United Kingdom shall endeavour to avoid an excessive government deficit.
Articles 143 and 144 of the Treaty on the Functioning of the European Union shall continue to apply to the United Kingdom. Articles 134(4) and 142 shall apply to the United Kingdom as if it had a derogation.

6. The voting rights of the United Kingdom shall be suspended in respect of acts of the Council referred to in the Articles listed in paragraph 4 and in the instances referred to in the first subparagraph of Article 139(4) of the Treaty on the Functioning of the European Union. For this purpose the second subparagraph of Article 139(4) of the Treaty shall apply.

The United Kingdom shall also have no right to participate in the appointment of the President, the Vice-President and the other members of the Executive Board of the ECB under the second subparagraph of Article 283(2) of the said Treaty.

7. Articles 3, 4, 6, 7, 9.2, 10.1, 10.3, 11.2, 12.1, 14, 16, 18 to 20, 22, 23, 26, 27, 30 to 34 and 49 of the Protocol on the Statute of the European System of Central Banks and of the European Central Bank ("the Statute") shall not apply to the United Kingdom.

In those Articles, references to the Union or the Member States shall not include the United Kingdom and references to national central banks or shareholders shall not include the Bank of England.

References in Articles 10.3 and 30.2 of the Statute to "subscribed capital of the ECB" shall not include capital subscribed by the Bank of England.

8. Article 141(1) of the Treaty on the Functioning of the European Union and Articles 43 to 47 of the Statute shall have effect, whether or not there is any Member State with a derogation, subject to the following amendments:

(a) References in Article 43 to the tasks of the ECB and the EMI shall include those tasks that still need to be performed in the third stage owing to any decision of the United Kingdom not to adopt the euro.

(b) In addition to the tasks referred to in Article 46, the ECB shall also give advice in relation to and contribute to the preparation of any decision of the Council with regard to the United Kingdom taken in accordance with paragraphs 9(a) and 9(c).

(c) The Bank of England shall pay up its subscription to the capital of the ECB as a contribution to its operational costs on the same basis as national central banks of Member States with a derogation.

9. The United Kingdom may notify the Council at any time of its intention to adopt the euro. In that event:

(a) The United Kingdom shall have the right to adopt the euro provided only that it satisfies the necessary conditions. The Council, acting at the request of the United Kingdom and under the conditions and in accordance with the procedure laid down in Article 140(1) and (2) of the Treaty on the Functioning of the European Union, shall decide whether it fulfils the necessary conditions.
(b) The Bank of England shall pay up its subscribed capital, transfer to the ECB foreign reserve assets and contribute to its reserves on the same basis as the national central bank of a Member State whose derogation has been abrogated.

(c) The Council, acting under the conditions and in accordance with the procedure laid down in Article 140(3) of the said Treaty, shall take all other necessary decisions to enable the United Kingdom to adopt the euro. If the United Kingdom adopts the euro pursuant to the provisions of this Protocol, paragraphs 3 to 8 shall cease to have effect.

10. Notwithstanding Article 123 of the Treaty on the Functioning of the European Union and Article 21.1 of the Statute, the Government of the United Kingdom may maintain its "ways and means" facility with the Bank of England if and so long as the United Kingdom does not adopt the euro.

PROTOCOL (No 16)
ON CERTAIN PROVISIONS RELATING TO DENMARK

THE HIGH CONTRACTING PARTIES,

TAKING INTO ACCOUNT that the Danish Constitution contains provisions which may imply a referendum in Denmark prior to Denmark renouncing its exemption,

GIVEN THAT, on 3 November 1993, the Danish Government notified the Council of its intention not to participate in the third stage of economic and monetary union,

HAVE AGREED UPON the following provisions, which shall be annexed to the Treaty on European Union and to the Treaty on the Functioning of the European Union:

1. In view of the notice given to the Council by the Danish Government on 3 November 1993, Denmark shall have an exemption. The effect of the exemption shall be that all Articles and provisions of the Treaties and the Statute of the ESCB referring to a derogation shall be applicable to Denmark.

2. As for the abrogation of the exemption, the procedure referred to in Article 140 shall only be initiated at the request of Denmark.

3. In the event of abrogation of the exemption status, the provisions of this Protocol shall cease to apply.

PROTOCOL (No 17)
ON DENMARK

THE HIGH CONTRACTING PARTIES,

DESIRING to settle certain particular problems relating to Denmark,
HAVE AGREED upon the following provisions, which shall be annexed to the Treaty on European Union and the Treaty on the Functioning of the European Union:

The provisions of Article 14 of the Protocol on the Statute of the European System of Central Banks and of the European Central Bank shall not affect the right of the National Bank of Denmark to carry out its existing tasks concerning those parts of the Kingdom of Denmark which are not part of the Union.

**PROTOCOL (No 18)**

**ON FRANCE**

THE HIGH CONTRACTING PARTIES,

DESIRING to take into account a particular point relating to France,

HAVE AGREED UPON the following provisions, which shall be annexed to the Treaty on European Union and to the Treaty on the Functioning of the European Union:

France will keep the privilege of monetary emission in New Caledonia, French Polynesia and Wallis and Futuna under the terms established by its national laws, and will be solely entitled to determine the parity of the CFP franc.

**PROTOCOL (No 19)**

**ON THE SCHENGEN ACQUIS INTEGRATED INTO THE FRAMEWORK OF THE EUROPEAN UNION**

THE HIGH CONTRACTING PARTIES,

NOTING that the Agreements on the gradual abolition of checks at common borders signed by some Member States of the European Union in Schengen on 14 June 1985 and on 19 June 1990, as well as related agreements and the rules adopted on the basis of these agreements, have been integrated into the framework of the European Union by the Treaty of Amsterdam of 2 October 1997,

DESIRING to preserve the Schengen acquis, as developed since the entry into force of the Treaty of Amsterdam, and to develop this acquis in order to contribute towards achieving the objective of offering citizens of the Union an area of freedom, security and justice without internal borders,

TAKING INTO ACCOUNT the special position of Denmark,

TAKING INTO ACCOUNT the fact that Ireland and the United Kingdom of Great Britain and Northern Ireland do not participate in all the provisions of the Schengen acquis; that provision should, however, be made to allow those Member States to accept other provisions of this acquis in full or in part,

RECOGNISING that, as a consequence, it is necessary to make use of the provisions of the Treaties concerning closer cooperation between some Member States,
Iceland and Norway

TAKING INTO ACCOUNT the need to maintain a special relationship with the Republic of Iceland and the Kingdom of Norway, both States being bound by the provisions of the Nordic passport union, together with the Nordic States which are members of the European Union,

HAVE AGREED UPON the following provisions, which shall be annexed to the Treaty on European Union and to the Treaty on the Functioning of the European Union:

Article 1

The Kingdom of Belgium, the Republic of Bulgaria, the Czech Republic, the Kingdom of Denmark, the Federal Republic of Germany, the Republic of Estonia, the Hellenic Republic, the Kingdom of Spain, the French Republic, the Italian Republic, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Grand Duchy of Luxembourg, the Republic of Hungary, Malta, the Kingdom of the Netherlands, the Republic of Austria, the Republic of Poland, the Portuguese Republic, Romania, the Republic of Slovenia, the Slovak Republic, the Republic of Finland and the Kingdom of Sweden shall be authorised to establish closer cooperation among themselves in areas covered by provisions defined by the Council which constitute the Schengen acquis. This cooperation shall be conducted within the institutional and legal framework of the European Union and with respect for the relevant provisions of the Treaties.

Article 2

The Schengen acquis shall apply to the Member States referred to in Article 1, without prejudice to Article 3 of the Act of Accession of 16 April 2003 or to Article 4 of the Act of Accession of 25 April 2005. The Council will substitute itself for the Executive Committee established by the Schengen agreements.

Article 3

The participation of Denmark in the adoption of measures constituting a development of the Schengen acquis, as well as the implementation of these measures and their application to Denmark, shall be governed by the relevant provisions of the Protocol on the position of Denmark.

Article 4

Ireland and the United Kingdom of Great Britain and Northern Ireland may at any time request to take part in some or all of the provisions of the Schengen acquis.

U. Unanimity

The Council shall decide on the request with the unanimity of its members referred to in Article 1 and of the representative of the Government of the State concerned.

1 In accordance with the Act of Accession of 9 December 2011, the Republic of Croatia has since become a member of the European Union.

2 This provision shall also apply without prejudice to Article 4 of the Act of Accession of 9 December 2011.
Article 5

1. Proposals and initiatives to build upon the Schengen *acquis* shall be subject to the relevant provisions of the Treaties.

In this context, where either Ireland or the United Kingdom has not notified the Council in writing within a reasonable period that it wishes to take part, the authorisation referred to in Article 329 of the Treaty on the Functioning of the European Union shall be deemed to have been granted to the Member States referred to in Article 1 and to Ireland or the United Kingdom where either of them wishes to take part in the areas of cooperation in question.

2. Where either Ireland or the United Kingdom is deemed to have given notification pursuant to a decision under Article 4, it may nevertheless notify the Council in writing, within three months, that it does not wish to take part in such a proposal or initiative. In that case, Ireland or the United Kingdom shall not take part in its adoption. As from the latter notification, the procedure for adopting the measure building upon the Schengen *acquis* shall be suspended until the end of the procedure set out in paragraphs 3 or 4 or until the notification is withdrawn at any moment during that procedure.

3. For the Member State having made the notification referred to in paragraph 2, any decision taken by the Council pursuant to Article 4 shall, as from the date of entry into force of the proposed measure, cease to apply to the extent considered necessary by the Council and under the conditions to be determined in a decision of the Council acting by a qualified majority on a proposal from the Commission. That decision shall be taken in accordance with the following criteria: the Council shall seek to retain the widest possible measure of participation of the Member State concerned without seriously affecting the practical operability of the various parts of the Schengen *acquis*, while respecting their coherence. The Commission shall submit its proposal as soon as possible after the notification referred to in paragraph 2. The Council shall, if needed after convening two successive meetings, act within four months of the Commission proposal.

4. If, by the end of the period of four months, the Council has not adopted a decision, a Member State may, without delay, request that the matter be referred to the European Council. In that case, the European Council shall, at its next meeting, acting by a qualified majority on a proposal from the Commission, take a decision in accordance with the criteria referred to in paragraph 3.

5. If, by the end of the procedure set out in paragraphs 3 or 4, the Council or, as the case may be, the European Council has not adopted its decision, the suspension of the procedure for adopting the measure building upon the Schengen *acquis* shall be terminated. If the said measure is subsequently adopted any decision taken by the Council pursuant to Article 4 shall, as from the date of entry into force of that measure, cease to apply for the Member State concerned to the extent and under the conditions decided by the Commission, unless the said Member State has withdrawn its notification referred to in paragraph 2 before the adoption of the measure. The Commission shall act by the date of this adoption. When taking its decision,
the Commission shall respect the criteria referred to in paragraph 3.

Article 6

Iceland and Norway

The Republic of Iceland and the Kingdom of Norway shall be associated with the implementation of the Schengen acquis and its further development. Appropriate procedures shall be agreed to that effect in an Agreement to be concluded with those States by the Council, acting by the unanimity of its Members mentioned in Article 1. Such Agreement shall include provisions on the contribution of Iceland and Norway to any financial consequences resulting from the implementation of this Protocol.

A separate Agreement shall be concluded with Iceland and Norway by the Council, acting unanimously, for the establishment of rights and obligations between Ireland and the United Kingdom of Great Britain and Northern Ireland on the one hand, and Iceland and Norway on the other, in domains of the Schengen acquis which apply to these States.

Article 7

New member states bound by the full Schengen acquis

For the purposes of the negotiations for the admission of new Member States into the European Union, the Schengen acquis and further measures taken by the institutions within its scope shall be regarded as an acquis which must be accepted in full by all States candidates for admission.

PROTOCOL (No 20)

ON THE APPLICATION OF CERTAIN ASPECTS OF ARTICLE 26 OF THE TREATY ON THE FUNCTIONING OF THE EUROPEAN UNION TO THE UNITED KINGDOM AND TO IRELAND

THE HIGH CONTRACTING PARTIES,

DESIRING to settle certain questions relating to the United Kingdom and Ireland,

HAVING REGARD to the existence for many years of special travel arrangements between the United Kingdom and Ireland,

HAVE AGREED UPON the following provisions, which shall be annexed to the Treaty on European Union and the Treaty on the Functioning of the European Union:

Article 1

UK and Ireland decides own border control

The United Kingdom shall be entitled, notwithstanding Articles 26 and 77 of the Treaty on the Functioning of the European Union, any other provision of that Treaty or of the Treaty on European Union, any measure adopted under those Treaties, or any international agreement concluded by the Union or by the Union and its Member States with one or more third States, to exercise at its frontiers with other Member States such controls on persons seeking to enter the United Kingdom as it may consider necessary for the purpose:
(a) Of verifying the right to enter the United Kingdom of citizens of Member States and of their dependants exercising rights conferred by Union law, as well as citizens of other States on whom such rights have been conferred by an agreement by which the United Kingdom is bound; and

(b) Of determining whether or not to grant other persons permission to enter the United Kingdom.

Nothing in Articles 26 and 77 of the Treaty on the Functioning of the European Union or in any other provision of that Treaty or of the Treaty on European Union or in any measure adopted under them shall prejudice the right of the United Kingdom to adopt or exercise any such controls. References to the United Kingdom in this Article shall include territories for whose external relations the United Kingdom is responsible.

Article 2
The United Kingdom and Ireland may continue to make arrangements between themselves relating to the movement of persons between their territories ("the Common Travel Area"), while fully respecting the rights of persons referred to in Article 1, first paragraph, point (a) of this Protocol. Accordingly, as long as they maintain such arrangements, the provisions of Article 1 of this Protocol shall apply to Ireland under the same terms and conditions as for the United Kingdom. Nothing in Articles 26 and 77 of the Treaty on the Functioning of the European Union, in any other provision of that Treaty or of the Treaty on European Union or in any measure adopted under them, shall affect any such arrangements.

Article 3
The other Member States shall be entitled to exercise at their frontiers or at any point of entry into their territory such controls on persons seeking to enter their territory from the United Kingdom or any territories whose external relations are under its responsibility for the same purposes stated in Article 1 of this Protocol, or from Ireland as long as the provisions of Article 1 of this Protocol apply to Ireland.

Nothing in Articles 26 and 77 of the Treaty on the Functioning of the European Union or in any other provision of that Treaty or of the Treaty on European Union or in any measure adopted under them shall prejudice the right of the other Member States to adopt or exercise any such controls.

**PROTOCOL (No 21)**

**ON THE POSITION OF THE UNITED KINGDOM AND IRELAND IN RESPECT OF THE AREA OF FREEDOM, SECURITY AND JUSTICE**

THE HIGH CONTRACTING PARTIES,

DESIRING to settle certain questions relating to the United Kingdom and Ireland,

HAVING REGARD to the Protocol on the application of certain aspects of Article 26 of the Treaty on the Functioning of the European Union to the United Kingdom and to Ireland,
HAVE AGREED UPON the following provisions, which shall be annexed to the Treaty on European Union and the Treaty on the Functioning of the European Union:

Article 1

Subject to Article 3, the United Kingdom and Ireland shall not take part in the adoption by the Council of proposed measures pursuant to Title V of Part Three of the Treaty on the Functioning of the European Union. The unanimity of the members of the Council, with the exception of the representatives of the governments of the United Kingdom and Ireland, shall be necessary for decisions of the Council which must be adopted unanimously.

For the purposes of this Article, a qualified majority shall be defined in accordance with Article 238(3) of the Treaty on the Functioning of the European Union.

Article 2

In consequence of Article 1 and subject to Articles 3, 4 and 6, none of the provisions of Title V of Part Three of the Treaty on the Functioning of the European Union, no measure adopted pursuant to that Title, no provision of any international agreement concluded by the Union pursuant to that Title, and no decision of the Court of Justice interpreting any such provision or measure shall be binding upon or applicable in the United Kingdom or Ireland; and no such provision, measure or decision shall in any way affect the competences, rights and obligations of those States; and no such provision, measure or decision shall in any way affect the Community or Union acquis nor form part of Union law as they apply to the United Kingdom or Ireland.

Article 3

1. The United Kingdom or Ireland may notify the President of the Council in writing, within three months after a proposal or initiative has been presented to the Council pursuant to Title V of Part Three of the Treaty on the Functioning of the European Union, that it wishes to take part in the adoption and application of any such proposed measure, whereupon that State shall be entitled to do so.

The unanimity of the members of the Council, with the exception of a member which has not made such a notification, shall be necessary for decisions of the Council which must be adopted unanimously. A measure adopted under this paragraph shall be binding upon all Member States which took part in its adoption.

Measures adopted pursuant to Article 70 of the Treaty on the Functioning of the European Union shall lay down the conditions for the participation of the United Kingdom and Ireland in the evaluations concerning the areas covered by Title V of Part Three of that Treaty.

For the purposes of this Article, a qualified majority shall be defined in accordance with Article 238(3) of the Treaty on the Functioning of the European Union.
2. If after a reasonable period of time a measure referred to in paragraph 1 cannot be adopted with the United Kingdom or Ireland taking part, the Council may adopt such measure in accordance with Article 1 without the participation of the United Kingdom or Ireland. In that case Article 2 applies.

Article 4

The United Kingdom or Ireland may at any time after the adoption of a measure by the Council pursuant to Title V of Part Three of the Treaty on the Functioning of the European Union notify its intention to the Council and to the Commission that it wishes to accept that measure. In that case, the procedure provided for in Article 331(1) of the Treaty on the Functioning of the European Union shall apply mutatis mutandis.

Article 4a

1. The provisions of this Protocol apply for the United Kingdom and Ireland also to measures proposed or adopted pursuant to Title V of Part Three of the Treaty on the Functioning of the European Union amending an existing measure by which they are bound.

2. However, in cases where the Council, acting on a proposal from the Commission, determines that the non-participation of the United Kingdom or Ireland in the amended version of an existing measure makes the application of that measure inoperable for other Member States or the Union, it may urge them to make a notification under Article 3 or 4. For the purposes of Article 3, a further period of two months starts to run as from the date of such determination by the Council.

If at the expiry of that period of two months from the Council’s determination the United Kingdom or Ireland has not made a notification under Article 3 or Article 4, the existing measure shall no longer be binding upon or applicable to it, unless the Member State concerned has made a notification under Article 4 before the entry into force of the amending measure. This shall take effect from the date of entry into force of the amending measure or of expiry of the period of two months, whichever is the later.

For the purpose of this paragraph, the Council shall, after a full discussion of the matter, act by a qualified majority of its members representing the Member States participating or having participated in the adoption of the amending measure. A qualified majority of the Council shall be defined in accordance with Article 238(3) (a) of the Treaty on the Functioning of the European Union.

3. The Council, acting by a qualified majority on a proposal from the Commission, may determine that the United Kingdom or Ireland shall bear the direct financial consequences, if any, necessarily and unavoidably incurred as a result of the cessation of its participation in the existing measure.

4. This Article shall be without prejudice to Article 4.
Article 5

**No pay**

A Member State which is not bound by a measure adopted pursuant to Title V of Part Three of the Treaty on the Functioning of the European Union shall bear no financial consequences of that measure other than administrative costs entailed for the institutions, unless all members of the Council, acting unanimously after consulting the European Parliament, decide otherwise.

Article 6

**Criminal and police matters**

**Personal data**

Where, in cases referred to in this Protocol, the United Kingdom or Ireland is bound by a measure adopted by the Council pursuant to Title V of Part Three of the Treaty on the Functioning of the European Union, the relevant provisions of the Treaties shall apply to that State in relation to that measure.

Article 6a

The United Kingdom and Ireland shall not be bound by the rules laid down on the basis of Article 16 of the Treaty on the Functioning of the European Union which relate to the processing of personal data by the Member States when carrying out activities which fall within the scope of Chapter 4 or Chapter 5 of Title V of Part Three of that Treaty where the United Kingdom and Ireland are not bound by the rules governing the forms of judicial cooperation in criminal matters or police cooperation which require compliance with the provisions laid down on the basis of Article 16.

Article 7

Articles 3, 4 and 4a shall be without prejudice to the Protocol on the Schengen acquis integrated into the framework of the European Union.

Article 8

**Ireland may join without UK**

Ireland may notify the Council in writing that it no longer wishes to be covered by the terms of this Protocol. In that case, the normal treaty provisions will apply to Ireland.

Article 9

**Ireland takes fully part in the fight against terror**

With regard to Ireland, this Protocol shall not apply to Article 75 of the Treaty on the Functioning of the European Union.
PROTOCOL (No 22)
ON THE POSITION OF DENMARK

THE HIGH CONTRACTING PARTIES,

RECALLING the Decision of the Heads of State or Government, meeting within the European Council at Edinburgh on 12 December 1992, concerning certain problems raised by Denmark on the Treaty on European Union,

HAVING NOTED the position of Denmark with regard to Citizenship, Economic and Monetary Union, Defence Policy and Justice and Home Affairs as laid down in the Edinburgh Decision,

CONSCIOUS of the fact that a continuation under the Treaties of the legal regime originating in the Edinburgh decision will significantly limit Denmark's participation in important areas of cooperation of the Union, and that it would be in the best interest of the Union to ensure the integrity of the acquis in the area of freedom, security and justice,

WISHING therefore to establish a legal framework that will provide an option for Denmark to participate in the adoption of measures proposed on the basis of Title V of Part Three of the Treaty on the Functioning of the European Union and welcoming the intention of Denmark to avail itself of this option when possible in accordance with its constitutional requirements,

NOTING that Denmark will not prevent the other Member States from further developing their cooperation with respect to measures not binding on Denmark,

BEARING IN MIND Article 3 of the Protocol on the Schengen acquis integrated into the framework of the European Union,

HAVE AGREED UPON the following provisions, which shall be annexed to the Treaty on European Union and the Treaty on the Functioning of the European Union:

PART I

Article 1

Denmark shall not take part in the adoption by the Council of proposed measures pursuant to Title V of Part Three of the Treaty on the Functioning of the European Union. The unanimity of the members of the Council, with the exception of the representative of the government of Denmark, shall be necessary for the decisions of the Council which must be adopted unanimously.

For the purposes of this Article, a qualified majority shall be defined in accordance with Article 238(3) of the Treaty on the Functioning of the European Union.
Article 2

None of the provisions of Title V of Part Three of the Treaty on the Functioning of the European Union, no measure adopted pursuant to that Title, no provision of any international agreement concluded by the Union pursuant to that Title, and no decision of the Court of Justice of the European Union interpreting any such provision or measure or any measure amended or amendable pursuant to that Title shall be binding upon or applicable in Denmark; and no such provision, measure or decision shall in any way affect the competences, rights and obligations of Denmark; and no such provision, measure or decision shall in any way affect the Community or Union acquis nor form part of Union law as they apply to Denmark. In particular, acts of the Union in the field of police cooperation and judicial cooperation in criminal matters adopted before the entry into force of the Treaty of Lisbon which are amended shall continue to be binding upon and applicable to Denmark unchanged.

Article 2a

Article 2 of this Protocol shall also apply in respect of those rules laid down on the basis of Article 16 of the Treaty on the Functioning of the European Union which relate to the processing of personal data by the Member States when carrying out activities which fall within the scope of Chapter 4 or Chapter 5 of Title V of Part Three of that Treaty.

Article 3

Denmark shall bear no financial consequences of measures referred to in Article 1, other than administrative costs entailed for the institutions.

Article 4

1. Denmark shall decide within a period of six months after the Council has decided on a proposal or initiative to build upon the Schengen acquis covered by this Part, whether it will implement this measure in its national law. If it decides to do so, this measure will create an obligation under international law between Denmark and the other Member States bound by the measure.

2. If Denmark decides not to implement a measure of the Council as referred to in paragraph 1, the Member States bound by that measure and Denmark will consider appropriate measures to be taken.

PART II

Article 5

With regard to measures adopted by the Council pursuant to Article 26(1), Article 42 and Articles 43 to 46 of the Treaty on European Union, Denmark does not participate in the elaboration and the implementation of decisions and actions of the Union which have defence implications. Therefore Denmark shall not participate in their adoption. Denmark will not prevent the other Member States from further developing their cooperation in this area.
Denmark shall not be obliged to contribute to the financing of operational expenditure arising from such measures, nor to make military capabilities available to the Union.

The unanimity of the members of the Council, with the exception of the representative of the government of Denmark, shall be necessary for the acts of the Council which must be adopted unanimously.

For the purposes of this Article, a qualified majority shall be defined in accordance with Article 238(3) of the Treaty on the Functioning of the European Union.

PART III

Article 6

Articles 1, 2 and 3 shall not apply to measures determining the third countries whose nationals must be in possession of a visa when crossing the external borders of the Member States, or measures relating to a uniform format for visas.

PART IV

Article 7

At any time Denmark may, in accordance with its constitutional requirements, inform the other Member States that it no longer wishes to avail itself of all or part of this Protocol. In that event, Denmark will apply in full all relevant measures then in force taken within the framework of the European Union.

Article 8

1. At any time and without prejudice to Article 7, Denmark may, in accordance with its constitutional requirements, notify the other Member States that, with effect from the first day of the month following the notification, Part I shall consist of the provisions in the Annex. In that case Articles 5 to 8 shall be renumbered in consequence.

2. Six months after the date on which the notification referred to in paragraph 1 takes effect all Schengen acquis and measures adopted to build upon this acquis, which until then have been binding on Denmark as obligations under international law, shall be binding upon Denmark as Union law.
ANNEX

Article 1

Subject to Article 3, Denmark shall not take part in the adoption by the Council of measures proposed pursuant to Title V of Part Three of the Treaty on the Functioning of the European Union. The unanimity of the members of the Council, with the exception of the representative of the government of Denmark, shall be necessary for the acts of the Council which must be adopted unanimously.

For the purposes of this Article, a qualified majority shall be defined in accordance with Article 238(3) of the Treaty on the Functioning of the European Union.

Article 2

Pursuant to Article 1 and subject to Articles 3, 4 and 8, none of the provisions in Title V of Part Three of the Treaty on the Functioning of the European Union, no measure adopted pursuant to that Title, no provision of any international agreements concluded by the Union pursuant to that Title, no decision of the Court of Justice of the European Union interpreting any such provision or measure shall be binding upon or applicable in Denmark; and no such provision, measure or decision shall in any way affect the competences, rights and obligations of Denmark; and no such provision, measure or decision shall in any way affect the Community or Union acquis nor form part of Union law as they apply to Denmark.

Article 3

1. Denmark may notify the President of the Council in writing, within three months after a proposal or initiative has been presented to the Council pursuant to Title V of Part Three of the Treaty on the Functioning of the European Union, that it wishes to take part in the adoption and application of any such proposed measure, whereupon Denmark shall be entitled to do so.

2. If after a reasonable period of time a measure referred to in paragraph 1 cannot be adopted with Denmark taking part, the Council may adopt that measure referred to in paragraph 1 in accordance with Article 1 without the participation of Denmark. In that case Article 2 applies.

Article 4

Denmark may at any time after the adoption of a measure pursuant to Title V of Part Three of the Treaty on the Functioning of the European Union notify its intention to the Council and the Commission that it wishes to accept that measure. In that case, the procedure provided for in Article 331(1) of that Treaty shall apply mutatis mutandis.
Article 5

1. The provisions of this Protocol apply for Denmark also to measures proposed or adopted pursuant to Title V of Part Three of the Treaty on the Functioning of the European Union amending an existing measure by which it is bound.

2. However, in cases where the Council, acting on a proposal from the Commission, determines that the non-participation of Denmark in the amended version of an existing measure makes the application of that measure inoperable for other Member States or the Union, it may urge it to make a notification under Article 3 or 4. For the purposes of Article 3 a further period of two months starts to run as from the date of such determination by the Council.

If, at the expiry of that period of two months from the Council's determination, Denmark has not made a notification under Article 3 or Article 4, the existing measure shall no longer be binding upon or applicable to it, unless it has made a notification under Article 4 before the entry into force of the amending measure. This shall take effect from the date of entry into force of the amending measure or of expiry of the period of two months, whichever is the later.

For the purpose of this paragraph, the Council shall, after a full discussion of the matter, act by a qualified majority of its members representing the Member States participating or having participated in the adoption of the amending measure. A qualified majority of the Council shall be defined in accordance with Article 238(3) (a) of the Treaty on the Functioning of the European Union.

3. The Council, acting by a qualified majority on a proposal from the Commission, may determine that Denmark shall bear the direct financial consequences, if any, necessarily and unavoidably incurred as a result of the cessation of its participation in the existing measure.

4. This Article shall be without prejudice to Article 4.

Article 6

1. Notification pursuant to Article 4 shall be submitted no later than six months after the final adoption of a measure if this measure builds upon the Schengen acquis.

If Denmark does not submit a notification in accordance with Articles 3 or 4 regarding a measure building upon the Schengen acquis, the Member States bound by that measure and Denmark will consider appropriate measures to be taken.

2. A notification pursuant to Article 3 with respect to a measure building upon the Schengen acquis shall be deemed irrevocably to be a notification pursuant to Article 3 with respect to any further proposal or initiative aiming to build upon that measure to the extent that such proposal or initiative builds upon the Schengen acquis.
Article 7

Not bound

Denmark shall not be bound by the rules laid down on the basis of Article 16 of the Treaty on the Functioning of the European Union which relate to the processing of personal data by the Member States when carrying out activities which fall within the scope of Chapter 4 or Chapter 5 of Title V of Part Three of that Treaty where Denmark is not bound by the rules governing the forms of judicial cooperation in criminal matters or police cooperation which require compliance with the provisions laid down on the basis of Article 16.

Article 8

Criminal matters and police

Where, in cases referred to in this Part, Denmark is bound by a measure adopted by the Council pursuant to Title V of Part Three of the Treaty on the Functioning of the European Union, the relevant provisions of the Treaties shall apply to Denmark in relation to that measure.

Article 9

No pay

Where Denmark is not bound by a measure adopted pursuant to Title V of Part Three of the Treaty on the Functioning of the European Union, it shall bear no financial consequences of that measure other than administrative costs entailed for the institutions unless the Council, with all its Members acting unanimously after consulting the European Parliament, decides otherwise.

23. CROSSING OF EXTERNAL BORDERS

Protocol stating that the member states must respect EU law

TAKING INTO ACCOUNT the need of the Member States to ensure effective controls at their external borders, in cooperation with third countries where appropriate,

HAVE AGREED UPON the following provisions, which shall be annexed to the Treaty on European Union and to the Treaty on the Functioning of the European Union:

The provisions on the measures on the crossing of external borders included in Article 77(2) (b) of the Treaty on the Functioning of the European Union shall be without prejudice to the competence of Member States to negotiate or conclude agreements with third countries as long as they respect Union law and other relevant international agreements.

24. ASYLUM SEEKERS FROM THE EU

Protocol (No 24)

ON ASYLUM FOR NATIONALS OF MEMBER STATES OF THE EUROPEAN UNION

THE HIGH CONTRACTING PARTIES,

WHEREAS, in accordance with Article 6(1) of the Treaty on European Union,
the Union recognises the rights, freedoms and principles set out in the Charter of Fundamental Rights,

WHEREAS pursuant to Article 6(3) of the Treaty on European Union, fundamental rights, as guaranteed by the European Convention for the Protection of Human Rights and Fundamental Freedoms, constitute part of the Union's law as general principles,

WHEREAS the Court of Justice of the European Union has jurisdiction to ensure that in the interpretation and application of Article 6, paragraphs (1) and (3) of the Treaty on European Union the law is observed by the European Union,

WHEREAS pursuant to Article 49 of the Treaty on European Union any European State, when applying to become a Member of the Union, must respect the values set out in Article 2 of the Treaty on European Union,

BEARING IN MIND that Article 7 of the Treaty on European Union establishes a mechanism for the suspension of certain rights in the event of a serious and persistent breach by a Member State of those values,

RECALLING that each national of a Member State, as a citizen of the Union, enjoys a special status and protection which shall be guaranteed by the Member States in accordance with the provisions of Part Two of the Treaty on the Functioning of the European Union,

BEARING IN MIND that the Treaties establish an area without internal frontiers and grant every citizen of the Union the right to move and reside freely within the territory of the Member States,

WISHING to prevent the institution of asylum being resorted to for purposes alien to those for which it is intended,

WHEREAS this Protocol respects the finality and the objectives of the Geneva Convention of 28 July 1951 relating to the status of refugees,

HAVE AGREED UPON the following provisions, which shall be annexed to the Treaty on European Union and to the Treaty on the Functioning of the European Union:

Sole Article

Given the level of protection of fundamental rights and freedoms by the Member States of the European Union, Member States shall be regarded as constituting safe countries of origin in respect of each other for all legal and practical purposes in relation to asylum matters. Accordingly, any application for asylum made by a national of a Member State may be taken into consideration or declared admissible for processing by another Member State only in the following cases:

(a) If the Member State of which the applicant is a national proceeds after the entry into force of the Treaty of Amsterdam, availing itself of the provisions of Article 15 of the European Convention for the Protection of Human Rights and Fundamental Freedoms,
to take measures derogating in its territory from its obligations under that Convention;

(b) If the procedure referred to Article 7(1) of the Treaty on European Union has been initiated and until the Council, or, where appropriate, the European Council, takes a decision in respect thereof with regard to the Member State of which the applicant is a national;

(c) If the Council has adopted a decision in accordance with Article 7(1) of the Treaty on European Union in respect of the Member State of which the applicant is a national or if the European Council has adopted a decision in accordance with Article 7(2) of that Treaty in respect of the Member State of which the applicant is a national;

(d) If a Member State should so decide unilaterally in respect of the application of a national of another Member State; in that case the Council shall be immediately informed; the application shall be dealt with on the basis of the presumption that it is manifestly unfounded without affecting in any way, whatever the cases may be, the decision-making power of the Member State.

PROTOCOL (No 25)
ON THE EXERCISE OF SHARED COMPETENCE

THE HIGH CONTRACTING PARTIES,

HAVE AGREED UPON the following provisions, which shall be annexed to the Treaty on European Union and to the Treaty on the Functioning of the European Union:

Sole Article

With reference to Article 22(2) of the Treaty on the Functioning of the European Union on shared competence, when the Union has taken action in a certain area, the scope of this exercise of competence only covers those elements governed by the Union act in question and therefore does not cover the whole area.

PROTOCOL (No 26)
ON SERVICES OF GENERAL INTEREST

THE HIGH CONTRACTING PARTIES,

WISHING to emphasise the importance of services of general interest,

HAVE AGREED UPON the following interpretative provisions, which shall be annexed to the Treaty on European Union and to the Treaty on the Functioning of the European Union:

Article 1

The shared values of the Union in respect of services of general economic interest within the meaning of Article 14 of the Treaty on the Functioning of the European Union include in particular:
- The essential role and the wide discretion of national, regional and local authorities in providing, commissioning and organising services of general economic interest as closely as possible to the needs of the users;

- The diversity between various services of general economic interest and the differences in the needs and preferences of users that may result from different geographical, social or cultural situations;

- A high level of quality, safety and affordability, equal treatment and the promotion of universal access and of user rights.

Article 2

The provisions of the Treaties do not affect in any way the competence of Member States to provide commission and organise non-economic services of general interest.

**PROTOCOL (No 27)**

**ON THE INTERNAL MARKET AND COMPETITION**

**THE HIGH CONTRACTING PARTIES,**

CONSIDERING that the internal market as set out in Article 3 of the Treaty on European Union includes a system ensuring that competition is not distorted,

HAVE AGREED that:

To this end, the Union shall, if necessary, take action under the provisions of the Treaties, including under Article 352 of the Treaty on the Functioning of the European Union.

This protocol shall be annexed to the Treaty on European Union and to the Treaty on the Functioning of the European Union.

**PROTOCOL (No 28)**

**ON ECONOMIC, SOCIAL AND TERRITORIAL COHESION**

**THE HIGH CONTRACTING PARTIES,**

RECALLING that Article 3 of the Treaty on European Union includes the objective of promoting economic, social and territorial cohesion and solidarity between Member States and that the said cohesion figures among the areas of shared competence of the Union listed in Article 4(2)(c) of the Treaty on the Functioning of the European Union,

RECALLING that the provisions of Part Three, Title XVIII, on economic, social and territorial cohesion as a whole provide the legal basis for consolidating and further developing the Union's action in the field of economic, social and territorial cohesion, including the creation of a new fund,

RECALLING that the provisions of Article 177 of the Treaty on the Functioning of the European Union envisage setting up a Cohesion Fund,
NOTING that the European Investment Bank is lending large and increasing amounts for the benefit of the poorer regions,

NOTING the desire for greater flexibility in the arrangements for allocations from the Structural Funds,

NOTING the desire for modulation of the levels of Union participation in programmes and projects in certain countries,

NOTING the proposal to take greater account of the relative prosperity of Member States in the system of own resources,

REAFFIRM that the promotion of economic, social and territorial cohesion is vital to the full development and enduring success of the Union,

REAFFIRM their conviction that the Structural Funds should continue to play a considerable part in the achievement of Union objectives in the field of cohesion,

REAFFIRM their conviction that the European Investment Bank should continue to devote the majority of its resources to the promotion of economic, social and territorial cohesion, and declare their willingness to review the capital needs of the European Investment Bank as soon as this is necessary for that purpose,

AGREE that the Cohesion Fund will provide Union financial contributions to projects in the fields of environment and trans-European networks in Member States with a per capita GNP of less than 90 % of the Union average which have a programme leading to the fulfilment of the conditions of economic convergence as set out in Article 126,

DECLARE their intention of allowing a greater margin of flexibility in allocating financing from the Structural Funds to specific needs not covered under the present Structural Funds regulations,

DECLARE their willingness to modulate the levels of Union participation in the context of programmes and projects of the Structural Funds, with a view to avoiding excessive increases in budgetary expenditure in the less prosperous Member States,

RECOGNISE the need to monitor regularly the progress made towards achieving economic, social and territorial cohesion and state their willingness to study all necessary measures in this respect,

DECLARE their intention of taking greater account of the contributive capacity of individual Member States in the system of own resources, and of examining means of correcting, for the less prosperous Member States, regressive elements existing in the present own resources system,

AGREE to annex this Protocol to the Treaty on European Union and the Treaty on the Functioning of the European Union.
PROTOCOL (No 29)
ON THE SYSTEM OF PUBLIC BROADCASTING IN THE MEMBER STATES

THE HIGH CONTRACTING PARTIES,

CONSIDERING that the system of public broadcasting in the Member States is
directly related to the democratic, social and cultural needs of each society and to
the need to preserve media pluralism,

HAVE AGREED UPON the following interpretive provisions, which shall be
annexed to the Treaty on European Union and to the Treaty on the Functioning of
the European Union:

The provisions of the Treaties shall be without prejudice to the competence of
Member States to provide for the funding of public service broadcasting and in so
far as such funding is granted to broadcasting organisations for the fulfilment of
the public service remit as conferred, defined and organised by each Member
State, and in so far as such funding does not affect trading conditions and
competition in the Union to an extent which would be contrary to the common
interest, while the realisation of the remit of that public service shall be taken into
account.

PROTOCOL (No 30)
ON THE APPLICATION OF THE CHARTER OF FUNDAMENTAL RIGHTS OF THE EUROPEAN UNION TO POLAND AND TO THE UNITED KINGDOM

THE HIGH CONTRACTING PARTIES,

WHEREAS in Article 6 of the Treaty on European Union, the Union recognises
the rights, freedoms and principles set out in the Charter of Fundamental Rights of
the European Union,

WHEREAS the Charter is to be applied in strict accordance with the provisions of
the aforementioned Article 6 and Title VII of the Charter itself,

WHEREAS the aforementioned Article 6 requires the Charter to be applied and
interpreted by the courts of Poland and of the United Kingdom strictly in
accordance with the explanations referred to in that Article,

WHEREAS the Charter contains both rights and principles,

WHEREAS the Charter contains both provisions which are civil and political in
caller and those which are economic and social in character,

WHEREAS the Charter reaffirms the rights, freedoms and principles recognised
in the Union and makes those rights more visible, but does not create new rights
or principles,

RECALLING the obligations devolving upon Poland and the United Kingdom
under the Treaty on European Union,
the Treaty on the Functioning of the European Union, and Union law generally,

NOTING the wish of Poland and the United Kingdom to clarify certain aspects of the application of the Charter,

DESIROUS therefore of clarifying the application of the Charter in relation to the laws and administrative action of Poland and of the United Kingdom and of its justiciability within Poland and within the United Kingdom,

REAFFIRMING that reference in this Protocol to the operation of specific provisions of the Charter are strictly without prejudice to the operation of other provisions of the Charter,

REAFFIRMING that this Protocol is without prejudice to the application of the Charter to other Member States,

REAFFIRMING that this Protocol is without prejudice to other obligations devolving upon Poland and the United Kingdom under the Treaty on European Union, the Treaty on the Functioning of the European Union, and Union law generally,

HAVE AGREED UPON the following provisions, which shall be annexed to the Treaty on European Union and to the Treaty on the Functioning of the European Union:

Article 1

1. The Charter does not extend the ability of the Court of Justice of the European Union, or any court or tribunal of Poland or of the United Kingdom, to find that the laws, regulations or administrative provisions, practices or action of Poland or of the United Kingdom are inconsistent with the fundamental rights, freedoms and principles that it reaffirms.

2. In particular, and for the avoidance of doubt, nothing in Title IV of the Charter creates justiciable rights applicable to Poland or the United Kingdom except in so far as Poland or the United Kingdom has provided for such rights in its national law.

Article 2

To the extent that a provision of the Charter refers to national laws and practices, it shall only apply to Poland or the United Kingdom to the extent that the rights or principles that it contains are recognised in the law or practices of Poland or of the United Kingdom.
PROTOCOL (No 31)  
CONCERNING IMPORTS INTO THE EUROPEAN UNION OF PETROLEUM PRODUCTS REFINED IN THE NETHERLANDS ANTILLES  

THE HIGH CONTRACTING PARTIES,

BEING DESIROUS of giving fuller details about the system of trade applicable to imports into the European Union of petroleum products refined in the Netherlands Antilles,

HAVE AGREED UPON the following provisions, which shall be annexed to the Treaty on European Union and to the Treaty on the Functioning of the European Union:

Article 1

This Protocol is applicable to petroleum products coming under the Brussels Nomenclature numbers 27.10, 27.11, 27.12, ex 27.13 (paraffin wax, petroleum or shale wax and paraffin residues) and 27.14, imported for use in Member States.

Article 2

Member States shall undertake to grant to petroleum products refined in the Netherlands Antilles the tariff preferences resulting from the association of the latter with the Union, under the conditions provided for in this Protocol. These provisions shall hold good whatever may be the rules of origin applied by the Member States.

Article 3

1. When the Commission, at the request of a Member State or on its own initiative, establishes that imports into the Union of petroleum products refined in the Netherlands Antilles under the system provided for in Article 2 above are giving rise to real difficulties on the market of one or more Member States, it shall decide that customs duties on the said imports shall be introduced, increased or re-introduced by the Member States in question, to such an extent and for such a period as may be necessary to meet that situation. The rates of the customs duties thus introduced, increased or re-introduced may not exceed the customs duties applicable to third countries for these same products.

2. The provisions of paragraph 1 can in any case be applied when imports into the Union of petroleum products refined in the Netherlands Antilles reach two million metric tons a year.

3. The Council shall be informed of decisions taken by the Commission in pursuance of paragraphs 1 and 2, including those directed at rejecting the request of a Member State. The Council shall, at the request of any Member State, assume responsibility for the matter and may at any time amend or revoke them.
Article 4

If market is disturbed

1. If a Member State considers that imports of petroleum products refined in the Netherlands Antilles, made either directly or through another Member State under the system provided for in Article 2 above, are giving rise to real difficulties on its market and that immediate action is necessary to meet them, it may on its own initiative decide to apply customs duties to such imports, the rate of which may not exceed those of the customs duties applicable to third countries in respect of the same products. It shall notify its decision to the Commission which shall decide within one month whether the measures taken by the State should be maintained or must be amended or cancelled. The provisions of Article 3(3) shall be applicable to such decision of the Commission.

2. When the quantities of petroleum products refined in the Netherlands Antilles imported either directly or through another Member State, under the system provided for in Article 2 above, into a Member State or States of the European Union exceed during a calendar year the tonnage shown in the Annex to this Protocol, the measures taken in pursuance of paragraph 1 by that or those Member States for the current year shall be considered to be justified; the Commission shall, after assuring itself that the tonnage fixed has been reached, formally record the measures taken. In such a case the other Member States shall abstain from formally placing the matter before the Council.

Article 5

If the Union decides to apply quantitative restrictions to petroleum products, no matter whence they are imported, these restrictions may also be applied to imports of such products from the Netherlands Antilles. In such a case preferential treatment shall be granted to the Netherlands Antilles as compared with third countries.

Article 6

1. The provisions of Articles 2 to 5 shall be reviewed by the Council, by unanimous decision, after consulting the European Parliament and the Commission, when a common definition of origin for petroleum products from third countries and associated countries is adopted, or when decisions are taken within the framework of a common commercial policy for the products in question or when a common energy policy is established.

2. When such revision is made, however, equivalent preferences must in any case be maintained in favour of the Netherlands Antilles in a suitable form and for a minimum quantity of 21½ million metric tons of petroleum products.

3. The Union's commitments in regard to equivalent preferences as mentioned in paragraph 2 of this Article may, if necessary, be broken down country by country taking into account the tonnage indicated in the Annex to this Protocol.
Article 7

For the implementation of this Protocol, the Commission is responsible for following the pattern of imports into the Member States of petroleum products refined in the Netherlands Antilles. Member States shall communicate to the Commission, which shall see that it is circulated, all useful information to that end in accordance with the administrative conditions recommended by it.

ANNEX TO THE PROTOCOL

For the implementation of Article 4(2) of the Protocol concerning imports into the European Union of petroleum products refined in the Netherlands Antilles, the High Contracting Parties have decided that the quantity of 2 million metric tons of petroleum products from the Antilles shall be allocated among the Member States as follows:

<table>
<thead>
<tr>
<th>Country</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>625</td>
</tr>
<tr>
<td>Belgo-Luxembourg</td>
<td>200</td>
</tr>
<tr>
<td>France</td>
<td>75 000</td>
</tr>
<tr>
<td>Italy</td>
<td>100</td>
</tr>
<tr>
<td>Netherlands</td>
<td>1 000</td>
</tr>
</tbody>
</table>

**Protocol (No 32)**

ON THE ACQUISITION OF PROPERTY IN DENMARK

THE HIGH CONTRACTING PARTIES,

DESIRING to settle certain particular problems relating to Denmark,

HAVE AGREED UPON the following provisions, which shall be annexed to the Treaty on European Union and to the Treaty on the Functioning of the European Union:

Notwithstanding the provisions of the Treaties, Denmark may maintain the existing legislation on the acquisition of second homes.

**Protocol (No 33)**

CONCERNING ARTICLE 157 OF THE TREATY ON THE FUNCTIONING OF THE EUROPEAN UNION

THE HIGH CONTRACTING PARTIES,

HAVE AGREED upon the following provision, which shall be annexed to the Treaty on European Union and to the Treaty on the Functioning of the European Union:

For the purposes of Article 157 of the Treaty on the Functioning of the European Union, benefits under occupational social security schemes shall not be considered as remuneration if and in so far as they are attributable to periods of employment prior to 17 May 1990,
except in the case of workers or those claiming under them who have before that date initiated legal proceedings or introduced an equivalent claim under the applicable national law.

### PROTOCOL (No 34)
**ON SPECIAL ARRANGEMENTS FOR GREENLAND**

Sole Article

1. The treatment on import into the Union of products subject to the common organisation of the market in fishery products, originating in Greenland, shall, while complying with the mechanisms of the internal market organisation, involve exemption from customs duties and charges having equivalent effect and the absence of quantitative restrictions or measures having equivalent effect if the possibilities for access to Greenland fishing zones granted to the Union pursuant to an agreement between the Union and the authority responsible for Greenland are satisfactory to the Union.

2. All measures relating to the import arrangements for such products, including those relating to the adoption of such measures, shall be adopted in accordance with the procedure laid down in Article 43 of the Treaty establishing the European Union.

### PROTOCOL (No 35)
**ON ARTICLE 40.3.3 OF THE CONSTITUTION OF IRELAND**

THE HIGH CONTRACTING PARTIES,

HAVE AGREED upon the following provision, which shall be annexed to the Treaty on European Union and to the Treaty on the Functioning of the European Union and to the Treaty establishing the European Atomic Energy Community:

Nothing in the Treaties, or in the Treaty establishing the European Atomic Energy Community, or in the Treaties or Acts modifying or supplementing those Treaties, shall affect the application in Ireland of Article 40.3.3 of the Constitution of Ireland.

### PROTOCOL (No 36)
**ON TRANSITIONAL PROVISIONS**

THE HIGH CONTRACTING PARTIES,

WHEREAS, in order to organise the transition from the institutional provisions of the Treaties applicable prior to the entry into force of the Treaty of Lisbon to the provisions contained in that Treaty, it is necessary to lay down transitional provisions,

HAVE AGREED UPON the following provisions, which shall be annexed to the Treaty on European Union, to the Treaty on the Functioning of the European Union and to the Treaty establishing the European Atomic Energy Community:
Article 1

In this Protocol, the words "the Treaties" shall mean the Treaty on European Union, the Treaty on the Functioning of the European Union and the Treaty establishing the European Atomic Energy Community.

TITLE I

PROVISIONS CONCERNING THE EUROPEAN PARLIAMENT

Article 2

1. For the period of the 2009-2014 parliamentary term remaining at the date of entry into force of this Article, and by way of derogation from Articles 189, second paragraph, and 190(2) of the Treaty establishing the European Community and Articles 107, second paragraph, and 108(2) of the Treaty establishing the European Atomic Energy Community, which were in force at the time of the European Parliament elections in June 2009, and by way of derogation from the number of seats provided for in the first subparagraph of Article 14(2) of the Treaty on European Union, the following 18 seats shall be added to the existing 736 seats, thus provisionally bringing the total number of members of the European Parliament to 754 until the end of the 2009-2014 parliamentary term:

<table>
<thead>
<tr>
<th>Country</th>
<th>Seats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bulgaria</td>
<td>1</td>
</tr>
<tr>
<td>Spain</td>
<td>4</td>
</tr>
<tr>
<td>France</td>
<td>2</td>
</tr>
<tr>
<td>Italy</td>
<td>1</td>
</tr>
<tr>
<td>Latvia</td>
<td>1</td>
</tr>
<tr>
<td>Malta</td>
<td>1</td>
</tr>
<tr>
<td>Netherlands</td>
<td>1</td>
</tr>
<tr>
<td>Austria</td>
<td>2</td>
</tr>
<tr>
<td>Poland</td>
<td>1</td>
</tr>
<tr>
<td>Slovenia</td>
<td>1</td>
</tr>
<tr>
<td>Sweden</td>
<td>2</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>1</td>
</tr>
</tbody>
</table>

2. By way of derogation from Article 14(3) of the Treaty on European Union, the Member States concerned shall designate the persons who will fill the additional seats referred to in paragraph 1, in accordance with the legislation of the Member States concerned and provided that the persons in question have been elected by direct universal suffrage:

(a) In ad hoc elections by direct universal suffrage in the Member State concerned, in accordance with the provisions applicable for elections to the European Parliament;

(b) By reference to the results of the European Parliament elections from 4 to 7 June 2009; or

(c) By designation, by the national parliament of the Member State concerned from among its members, of the requisite number of members, according to the procedure determined by each of those Member States.

3. In accordance with the second subparagraph of Article 14(2) of the Treaty on European Union, the European Council shall adopt a decision determining the composition of the European Parliament in good time before the 2014 European Parliament elections.
TITLE II

PROVISIONS CONCERNING THE QUALIFIED MAJORITY

Article 3

1. In accordance with Article 16(4) of the Treaty on European Union, the provisions of that paragraph and of Article 238(2) of the Treaty on the Functioning of the European Union relating to the definition of the qualified majority in the European Council and the Council shall take effect on 1 November 2014.

2. Between 1 November 2014 and 31 March 2017, when an act is to be adopted by qualified majority, a member of the Council may request that it be adopted in accordance with the qualified majority as defined in paragraph 3. In that case, paragraphs 3 and 4 shall apply.

3. Until 31 October 2014, the following provisions shall remain in force, without prejudice to the second subparagraph of Article 235(1) of the Treaty on the Functioning of the European Union.

For acts of the European Council and of the Council requiring a qualified majority, members' votes shall be weighted as follows:

- Belgium 12
- Bulgaria 10
- Czech Republic 12
- Denmark 7
- Germany 29
- Estonia 4
- Ireland 7
- Greece 12
- Spain 27
- France 29
- Croatia 7
- Italy 29
- Cyprus 4
- Latvia 4
- Lithuania 7
- Luxembourg 4
- Hungary 12
- Malta 3
- Netherlands 13
- Austria 10
- Poland 27
- Portugal 12
- Romania 14
- Slovenia 4
- Slovakia 7
- Finland 7
- Sweden 10
- United Kingdom 29
Acts shall be adopted if there are at least 260 votes in favour representing a majority of the members where, under the Treaties, they must be adopted on a proposal from the Commission. In other cases decisions shall be adopted if there are at least 260 votes in favour representing at least two thirds of the members.

A member of the European Council or the Council may request that, where an act is adopted by the European Council or the Council by a qualified majority, a check is made to ensure that the Member States comprising the qualified majority represent at least 62 % of the total population of the Union. If that proves not to be the case, the act shall not be adopted.

4. Until 31 October 2014, the qualified majority shall, in cases where, under the Treaties, not all the members of the Council participate in voting, namely in the cases where reference is made to the qualified majority as defined in Article 238(3) of the Treaty on the Functioning of the European Union, be defined as the same proportion of the weighted votes and the same proportion of the number of the Council members and, if appropriate, the same percentage of the population of the Member States concerned as laid down in paragraph 3 of this Article.

TITLE III

PROVISIONS CONCERNING THE CONFIGURATIONS OF THE COUNCIL

Article 4

Until the entry into force of the decision referred to in the first subparagraph of Article 16(6) of the Treaty on European Union, the Council may meet in the configurations laid down in the second and third subparagraphs of that paragraph and in the other configurations on the list established by a decision of the General Affairs Council, acting by a simple majority.

TITLE IV

PROVISIONS CONCERNING THE COMMISSION, INCLUDING THE HIGH REPRESENTATIVE OF THE UNION FOR FOREIGN AFFAIRS AND SECURITY POLICY

Article 5

The members of the Commission in office on the date of entry into force of the Treaty of Lisbon shall remain in office until the end of their term of office. However, on the day of the appointment of the High Representative of the Union for Foreign Affairs and Security Policy, the term of office of the member having the same nationality as the High Representative shall end.

TITLE V

Article 6

The terms of office of the Secretary-General of the Council, High Representative for the common foreign and security policy, and the Deputy Secretary-General of the Council shall end on the date of entry into force of the Treaty of Lisbon. The Council shall appoint a Secretary-General in conformity with Article 240(2) of the Treaty on the Functioning of the European Union.

TITLE VI

PROVISIONS CONCERNING ADVISORY BODIES

Article 7

Economic and Social Committee, ESC

Until the entry into force of the decision referred to in Article 301 of the Treaty on the Functioning of the European Union, the allocation of members of the Economic and Social Committee shall be as follows:

- Belgium 12
- Bulgaria 12
- Czech Republic 12
- Denmark 9
- Germany 24
- Estonia 7
- Ireland 9
- Greece 12
- Spain 21
- France 24
- Croatia 9
- Italy 24
- Cyprus 6
- Latvia 7
- Lithuania 9
- Luxembourg 6
- Hungary 12
- Malta 5
- Netherlands 12
- Austria 12
- Poland 21
- Portugal 12
- Romania 15
- Slovenia 7
- Slovakia 9
- Finland 9
- Sweden 12
- United Kingdom 24
Article 8

Until the entry into force of the decision referred to in Article 305 of the Treaty on the Functioning of the European Union, the allocation of members of the Committee of the Regions shall be as follows:

- Belgium 12
- Bulgaria 12
- Czech Republic 12
- Denmark 9
- Germany 24
- Estonia 7
- Ireland 9
- Greece 12
- Spain 21
- France 24
- Croatia 9
- Italy 24
- Cyprus 6
- Latvia 7
- Lithuania 9
- Luxembourg 6
- Hungary 12
- Malta 5
- Netherlands 12
- Austria 12
- Poland 21
- Portugal 12
- Romania 15
- Slovenia 7
- Slovakia 9
- Finland 9
- Sweden 12
- United Kingdom 24

TITLE VII

TRANSITIONAL PROVISIONS CONCERNING ACTS ADOPTED ON THE BASIS OF TITLES V AND VI OF THE TREATY ON EUROPEAN UNION PRIOR TO THE ENTRY INTO FORCE OF THE TREATY OF LISBON

Article 9

The legal effects of the acts of the institutions, bodies, offices and agencies of the Union adopted on the basis of the Treaty on European Union prior to the entry into force of the Treaty of Lisbon shall be preserved until those acts are repealed, annulled or amended in implementation of the Treaties. The same shall apply to agreements concluded between Member States on the basis of the Treaty on European Union.
Article 10

1. As a transitional measure, and with respect to acts of the Union in the field of police cooperation and judicial cooperation in criminal matters which have been adopted before the entry into force of the Treaty of Lisbon, the powers of the institutions shall be the following at the date of entry into force of that Treaty: the powers of the Commission under Article 258 of the Treaty on the Functioning of the European Union shall not be applicable and the powers of the Court of Justice of the European Union under Title VI of the Treaty on European Union, in the version in force before the entry into force of the Treaty of Lisbon, shall remain the same, including where they have been accepted under Article 35(2) of the said Treaty on European Union.

2. The amendment of an act referred to in paragraph 1 shall entail the applicability of the powers of the institutions referred to in that paragraph as set out in the Treaties with respect to the amended act for those Member States to which that amended act shall apply.

3. In any case, the transitional measure mentioned in paragraph 1 shall cease to have effect five years after the date of entry into force of the Treaty of Lisbon.

4. At the latest six months before the expiry of the transitional period referred to in paragraph 3, the United Kingdom may notify to the Council that it does not accept, with respect to the acts referred to in paragraph 1, the powers of the institutions referred to in paragraph 1 as set out in the Treaties. In case the United Kingdom has made that notification, all acts referred to in paragraph 1 shall cease to apply to it as from the date of expiry of the transitional period referred to in paragraph 3. This subparagraph shall not apply with respect to the amended acts which are applicable to the United Kingdom as referred to in paragraph 2.

The Council, acting by a qualified majority on a proposal from the Commission, shall determine the necessary consequential and transitional arrangements. The United Kingdom shall not participate in the adoption of this decision. A qualified majority of the Council shall be defined in accordance with Article 238(3) (a) of the Treaty on the Functioning of the European Union.

The Council, acting by a qualified majority on a proposal from the Commission, may also adopt a decision determining that the United Kingdom shall bear the direct financial consequences, if any, necessarily and unavoidably incurred as a result of the cessation of its participation in those acts.

5. The United Kingdom may, at any time afterwards, notify the Council of its wish to participate in acts which have ceased to apply to it pursuant to paragraph 4, first subparagraph. In that case, the relevant provisions of the Protocol on the Schengen acquis integrated into the framework of the European Union or of the Protocol on the position of the United Kingdom and Ireland in respect of the area of freedom, security and justice, as the case may be, shall apply. The powers of the institutions with regard to those acts shall be those set out in the Treaties.
When acting under the relevant Protocols, the Union institutions and the United Kingdom shall seek to re-establish the widest possible measure of participation of the United Kingdom in the *acquis* of the Union in the area of freedom, security and justice without seriously affecting the practical operability of the various parts thereof, while respecting their coherence.

**PROTOCOL (No 37)**

**ON THE FINANCIAL CONSEQUENCES OF THE EXPIRY OF THE ECSC TREATY AND ON THE RESEARCH FUND FOR COAL AND STEEL**

THE HIGH CONTRACTING PARTIES,

RECALLING that all assets and liabilities of the European Coal and Steel Community, as they existed on 23 July 2002, were transferred to the European Community on 24 July 2002,

TAKING ACCOUNT of the desire to use these funds for research in sectors related to the coal and steel industry and therefore the necessity to provide for certain special rules in this regard,

HAVE AGREED UPON the following provisions, which shall be annexed to the Treaty on European Union and to the Treaty on the Functioning of the European Union:

**Article 1**

1. The net worth of these assets and liabilities, as they appear in the balance sheet of the ECSC of 23 July 2002, subject to any increase or decrease which may occur as a result of the liquidation operations, shall be considered as assets intended for research in the sectors related to the coal and steel industry, referred to as the "ECSC in liquidation". On completion of the liquidation they shall be referred to as the "assets of the Research Fund for Coal and Steel".

2. The revenue from these assets, referred to as the "Research Fund for Coal and Steel", shall be used exclusively for research, outside the research framework programme, in the sectors related to the coal and steel industry in accordance with the provisions of this Protocol and of acts adopted on the basis hereof.

**Article 2**

The Council, acting in accordance with a special legislative procedure and after obtaining the consent of the European Parliament, shall adopt all the necessary provisions for the implementation of this Protocol, including essential principles.

The Council shall adopt, on a proposal from the Commission and after consulting the European Parliament, measures establishing multiannual financial guidelines for managing the assets of the Research Fund for Coal and Steel and technical guidelines for the research programme of the Research Fund for Coal and Steel.
Article 3

Except as otherwise provided in this Protocol and in the acts adopted on the basis hereof, the provisions of the Treaties shall apply.

ANNEXES TO THE TREATY ON THE FUNCTIONING OF THE EUROPEAN UNION

ANNEX I

LIST REFERRED TO IN ARTICLE 38
OF THE TREATY ON THE FUNCTIONING OF THE EUROPEAN UNION

<table>
<thead>
<tr>
<th>(1) No in the Brussels nomenclature</th>
<th>(2) Description of products</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHAPTER 1: Live animals.</td>
<td></td>
</tr>
<tr>
<td>CHAPTER 2: Meat and edible meat offal.</td>
<td></td>
</tr>
<tr>
<td>CHAPTER 3: Fish, crustaceans and mollusks.</td>
<td></td>
</tr>
<tr>
<td>CHAPTER 4: Dairy produce; birds' eggs; natural honey.</td>
<td></td>
</tr>
<tr>
<td>CHAPTER 5 05.04: Guts, bladders and stomachs of animals. (other than fish), whole and pieces thereof</td>
<td></td>
</tr>
<tr>
<td>05.15: Animal products not elsewhere specified or included; dead animals of Chapter 1 or Chapter 3, unfit for human consumption.</td>
<td></td>
</tr>
<tr>
<td>CHAPTER 6: Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage</td>
<td></td>
</tr>
<tr>
<td>CHAPTER 7: Edible vegetables and certain roots and tubers.</td>
<td></td>
</tr>
<tr>
<td>CHAPTER 8: Edible fruit and nuts; peel of melons or citrus fruit.</td>
<td></td>
</tr>
<tr>
<td>CHAPTER 9: Coffee, tea and spices, excluding maté (heading No 09.03).</td>
<td></td>
</tr>
<tr>
<td>CHAPTER 10: Cereals.</td>
<td></td>
</tr>
<tr>
<td>CHAPTER 11: Products of the milling industry; malt and starches; gluten; insulin.</td>
<td></td>
</tr>
<tr>
<td>CHAPTER 12: Oil seeds and oleaginous fruit; miscellaneous grains, seeds and fruit; industrial and medical plants; straw and fodder.</td>
<td></td>
</tr>
<tr>
<td>CHAPTER 13: ex 13.03:</td>
<td></td>
</tr>
<tr>
<td>CHAPTER 15: 15.01: Lard and other rendered pig fat; rendered poultry fat.</td>
<td></td>
</tr>
<tr>
<td>15.02: Unrendered fats of bovine cattle, sheep or goats; tallow (including &quot;Premier Jus&quot;) produced from those fats.</td>
<td></td>
</tr>
<tr>
<td>(1) No in the Brussels nomenclature</td>
<td>(2) Description of products</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>15.03:</td>
<td>Lard stearin, oleostearin and tallow stearin; lard oil, oleo-oil and tallow oil, not emulsified or mixed or prepared in any way.</td>
</tr>
<tr>
<td>15.04:</td>
<td>Fats and oil, of fish and marine mammals, whether or not refined.</td>
</tr>
<tr>
<td>15.07:</td>
<td>Fixed vegetable oils, fluid or solid, crude, refined or purified.</td>
</tr>
<tr>
<td>15.12:</td>
<td>Animal or vegetable fats and oils, hydrogenated, whether or not refined, but not further prepared.</td>
</tr>
<tr>
<td>15.13:</td>
<td>Margarine, imitation lard and other prepared edible fats.</td>
</tr>
<tr>
<td>15.17:</td>
<td>Residues resulting from the treatment of fatty substances or animal or vegetable waxes.</td>
</tr>
</tbody>
</table>

**CHAPTER 16:** Preparations of meat, of fish, of crustaceans or mollusks.

**CHAPTER 17:**

| 17.01: | Beet sugar and cane sugar, solid. |
| 17.02: | Other sugars; sugar syrups; artificial honey (whether or not mixed with natural honey); caramel. |
| 17.03: | Molasses, whether or not decolourised. |
| 17.05 (*): | Flavoured or coloured sugars, syrups and molasses (including vanilla sugar or vanillin), with the exception of fruit juice containing added sugar in any proportion. |

**CHAPTER 18:**

| 18.01: | Cocoa beans, whole or broken, raw or roasted. |
| 18.02: | Cocoa shells, husks, skins and waste. |

**CHAPTER 20:** Preparations of vegetables, fruit or other parts of plants.

**CHAPTER 22:**

| 22.04: | Grape must, in fermentation or with fermentation arrested otherwise than by the addition of alcohol. |
| 22.05: | Wine of fresh grapes; grape must with fermentation arrested by the addition of alcohol. |
| 22.07: | Other fermented beverages (for example, cider, perry and mead). |
| ex 22.08 (*): | Ethyl alcohol or neutral spirits, whether or not denatured, of any strength, obtained from agricultural products listed in Annex I, excluding liqueurs and other spirituous beverages and compound alcoholic preparations |
| ex 22.09 (*): | Ethyl alcohol or neutral spirits, whether or not denatured, of any strength, obtained from agricultural products listed in Annex I, excluding liqueurs and other spirituous beverages and compound alcoholic preparations |
(known as "concentrated extracts") for the manufacture of beverages.

(1) No in the Brussels nomenclature  (2) Description of products

<table>
<thead>
<tr>
<th>22.10 (*):</th>
<th>Vinegar and substitutes for vinegar.</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHAPTER 23:</td>
<td>Residues and waste from the food industries; prepared animal fodder.</td>
</tr>
<tr>
<td>CHAPTER 24:</td>
<td>Unmanufactured tobacco, tobacco refuse.</td>
</tr>
<tr>
<td>24.01:</td>
<td>Natural cork, unworked, crushed, granulated or ground; waste cork.</td>
</tr>
<tr>
<td>CHAPTER 45:</td>
<td>Flax, raw or processed but not spun; flax tow and waste (including pulled or garnetted rags).</td>
</tr>
<tr>
<td>45.01:</td>
<td>True hemp (Cannabis sativa), raw or processed but not spun; tow and waste of true hemp (including pulled or garnetted rags or ropes).</td>
</tr>
<tr>
<td>CHAPTER 54:</td>
<td></td>
</tr>
<tr>
<td>54.01:</td>
<td></td>
</tr>
<tr>
<td>CHAPTER 57:</td>
<td></td>
</tr>
<tr>
<td>57.01:</td>
<td></td>
</tr>
</tbody>
</table>

(*) Entry added by Article 1 of Regulation No 7a of the Council of the European Economic Community of 18 December 1959 (OJ No 7, 30.1.1961, p. 71/61).

ANNEX II

OVERSEAS COUNTRIES AND TERRITORIES TO WHICH THE PROVISIONS OF PART FOUR OF THE TREATY ON THE FUNCTIONING OF THE EUROPEAN UNION APPLY

- Greenland,
- New Caledonia and Dependencies,
- French Polynesia,
- French Southern and Antarctic Territories,
- Wallis and Futuna Islands,
- Saint Pierre and Miquelon,
- Saint-Barthélemy,
- Aruba,
- Netherlands Antilles:
  - Bonaire,
  - Curaçao,
  - Saba,
  - Sint Eustatius,
  - Sint Maarten,
- Anguilla,
- Cayman Islands,
- Falkland Islands,
- South Georgia and the South Sandwich Islands,
- Montserrat,
- Pitcairn,
- Saint Helena and Dependencies,
- British Antarctic Territory,
- British Indian Ocean Territory,
- Turks and Caicos Islands,
- British Virgin Islands,
- Bermuda.
A. DECLARATIONS CONCERNING PROVISIONS OF THE TREATIES

1. Declaration concerning the Charter of Fundamental Rights of the European Union

The Charter of Fundamental Rights of the European Union, which has legally binding force, confirms the fundamental rights guaranteed by the European Convention for the Protection of Human Rights and Fundamental Freedoms and as they result from the constitutional traditions common to the Member States.

The Charter does not extend the field of application of Union law beyond the powers of the Union or establish any new power or task for the Union, or modify powers and tasks as defined by the Treaties.

2. Declaration on Article 6(2) of the Treaty on European Union

The Conference agrees that the Union's accession to the European Convention for the Protection of Human Rights and Fundamental Freedoms should be arranged in such a way as to preserve the specific features of Union law. In this connection, the Conference notes the existence of a regular dialogue between the Court of Justice of the European Union and the European Court of Human Rights; such dialogue could be reinforced when the Union accedes to that Convention.

3. Declaration on Article 8 of the Treaty on European Union

The Union will take into account the particular situation of small-sized countries which maintain specific relations of proximity with it.

4. Declaration on the composition of the European Parliament

The additional seat in the European Parliament will be attributed to Italy.

5. Declaration on the political agreement by the European Council concerning the draft Decision on the composition of the European Parliament

The European Council will give its political agreement on the revised draft Decision on the composition of the European Parliament for the legislative period 2009-2014, based on the proposal from the European Parliament.

6. Declaration on Article 15(5) and (6), Article 17(6) and (7) and Article 18 of the Treaty on European Union

In choosing the persons called upon to hold the offices of President of the European Council, President of the Commission and High Representative of the Union for Foreign Affairs and Security Policy, due account is to be taken of the need to respect the geographical and demographic diversity of the Union and its Member States.
7. Declaration on Article 16(4) of the Treaty on European Union and Article 238(2) of the Treaty on the Functioning of the European Union

The Conference declares that the decision relating to the implementation of Article 16(4) of the Treaty on European Union and Article 238(2) of the Treaty on the Functioning of the European Union will be adopted by the Council on the date of the signature of the Treaty of Lisbon and will enter into force on the day that Treaty enters into force. The draft decision is set out below:

Draft decision of the Council relating to the implementation of Article 16(4) of the Treaty on European Union and Article 238(2) of the Treaty on the Functioning of the European Union between 1 November 2014 and 31 March 2017 on the one hand, and as from 1 April 2017 on the other.

THE COUNCIL OF THE EUROPEAN UNION, Whereas:

(1) Provisions should be adopted allowing for a smooth transition from the system for decision-making in the Council by a qualified majority as defined in Article 3(3) of the Protocol on the transitional provisions, which will continue to apply until 31 October 2014, to the voting system provided for in Article 16(4) of the Treaty on European Union and Article 238(2) of the Treaty on the Functioning of the European Union, which will apply with effect from 1 November 2014, including, during a transitional period until 31 March 2017, specific provisions laid down in Article 3(2) of that Protocol.

(2) It is recalled that it is the practice of the Council to devote every effort to strengthening the democratic legitimacy of decisions taken by a qualified majority,

HAS DECIDED AS FOLLOWS:

Section 1

If representatives for:

Provisions to be applied from 1 November 2014 to 31 March 2017

Article 1

From 1 November 2014 to 31 March 2017, if members of the Council, representing:

(a) At least three quarters of the population, or
(b) At least three quarters of the number of Member States

Council shall discuss

Necessary to constitute a blocking minority resulting from the application of Article 16(4), first subparagraph, of the Treaty on European Union or Article 238(2) of the Treaty on the Functioning of the European Union, indicate their opposition to the Council adopting an act by a qualified majority, the Council shall discuss the issue.
Article 2

The Council shall, in the course of these discussions, do all in its power to reach, within a reasonable time and without prejudicing obligatory time limits laid down by Union law, a satisfactory solution to address concerns raised by the members of the Council referred to in Article 1. 

Article 3

To this end, the President of the Council, with the assistance of the Commission and in compliance with the Rules of Procedure of the Council, shall undertake any initiative necessary to facilitate a wider basis of agreement in the Council. The members of the Council shall lend him or her their assistance.

Section 2

Provisions to be applied as from 1 April 2017

Article 4

As from 1 April 2017, if members of the Council, representing:

(a) At least 55 % of the population, or
(b) At least 55 % of the number of Member States

Necessary to constitute a blocking minority resulting from the application of Article 16(4), first subparagraph, of the Treaty on European Union or Article 238(2) of the Treaty on the Functioning of the European Union, indicate their opposition to the Council adopting an act by a qualified majority, the Council shall discuss the issue.

Article 5

The Council shall, in the course of these discussions, do all in its power to reach, within a reasonable time and without prejudicing obligatory time limits laid down by Union law, a satisfactory solution to address concerns raised by the members of the Council referred to in Article 4.

Article 6

To this end, the President of the Council, with the assistance of the Commission and in compliance with the Rules of Procedure of the Council, shall undertake any initiative necessary to facilitate a wider basis of agreement in the Council. The members of the Council shall lend him or her their assistance.

Section 3

Entry into force

Article 7

This Decision shall enter into force on the date of the entry into force of the Treaty of Lisbon.
8. Declaration on practical measures to be taken upon the entry into force of the Treaty of Lisbon as regards the Presidency of the European Council and of the Foreign Affairs Council

In the event that the Treaty of Lisbon enters into force later than 1 January 2009, the Conference requests the competent authorities of the Member State holding the six-monthly Presidency of the Council at that time, on the one hand, and the person elected President of the European Council and the person appointed High Representative of the Union for Foreign Affairs and Security Policy, on the other hand, to take the necessary specific measures, in consultation with the following six-monthly Presidency, to allow an efficient handover of the material and organisational aspects of the Presidency of the European Council and of the Foreign Affairs Council.

9. Declaration on Article 16(9) of the Treaty on European Union concerning the European Council decision on the exercise of the Presidency of the Council

The Conference declares that the Council should begin preparing the decision establishing the procedures for implementing the decision on the exercise of the Presidency of the Council as soon as the Treaty of Lisbon is signed, and should give its political approval within six months. A draft decision of the European Council, which will be adopted on the date of entry into force of the said Treaty, is set out below:

Draft decision of the European Council on the exercise of the Presidency of the Council

Article 1

Three countries for 18 month

1. The Presidency of the Council, with the exception of the Foreign Affairs configuration, shall be held by pre-established groups of three Member States for a period of 18 months. The groups shall be made up on a basis of equal rotation among the Member States, taking into account their diversity and geographical balance within the Union.

Rotating presidencies

2. Each member of the group shall in turn chair for a six-month period all configurations of the Council, with the exception of the Foreign Affairs configuration. The other members of the group shall assist the Chair in all its responsibilities on the basis of a common programme. Members of the team may decide alternative arrangements among themselves.

Article 2

COREPER

The Committee of Permanent Representatives of the Governments of the Member States shall be chaired by a representative of the Member State chairing the General Affairs Council.

Political and security committee

The Chair of the Political and Security Committee shall be held by a representative of the High Representative of the Union for Foreign Affairs and Security Policy.
The chair of the preparatory bodies of the various Council configurations, with the exception of the Foreign Affairs configuration, shall fall to the member of the group chairing the relevant configuration, unless decided otherwise in accordance with Article 4.

Article 3

The General Affairs Council shall ensure consistency and continuity in the work of the different Council configurations in the framework of multiannual programmes in cooperation with the Commission. The Member States holding the Presidency shall take all necessary measures for the organisation and smooth operation of the Council's work, with the assistance of the General Secretariat of the Council.

Article 4

The Council shall adopt a decision establishing the measures for the implementation of this decision.

10. Declaration on Article 17 of the Treaty on European Union

The Conference considers that when the Commission no longer includes nationals of all Member States, the Commission should pay particular attention to the need to ensure full transparency in relations with all Member States. Accordingly, the Commission should liaise closely with all Member States, whether or not they have a national serving as member of the Commission, and in this context pay special attention to the need to share information and consult with all Member States.

The Conference also considers that the Commission should take all the necessary measures to ensure that political, social and economic realities in all Member States, including those which have no national serving as member of the Commission, are fully taken into account. These measures should include ensuring that the position of those Member States is addressed by appropriate organisational arrangements.

11. Declaration on Article 17(6) and (7) of the Treaty on European Union

The Conference considers that, in accordance with the provisions of the Treaties, the European Parliament and the European Council are jointly responsible for the smooth running of the process leading to the election of the President of the European Commission. Prior to the decision of the European Council, representatives of the European Parliament and of the European Council will thus conduct the necessary consultations in the framework deemed the most appropriate. These consultations will focus on the backgrounds of the candidates for President of the Commission, taking account of the elections to the European Parliament, in accordance with the first subparagraph of Article 17(7). The arrangements for such consultations may be determined, in due course, by common accord between the European Parliament and the European Council.
12. Declaration on Article 18 of the Treaty on European Union.

1. The Conference declares that, in the course of the preparatory work preceding the appointment of the High Representative of the Union for Foreign Affairs and Security Policy which is due to take place on the date of entry into force of the Treaty of Lisbon in accordance with Article 18 of the Treaty on European Union and Article 5 of the Protocol on transitional provisions and whose term of office will be from that date until the end of the term of office of the Commission in office on that date, appropriate contacts will be made with the European Parliament.

2. Furthermore, the Conference recalls that, as regards the High Representative of the Union for Foreign Affairs and Security Policy whose term of office will start in November 2009 at the same time and for the same duration as the next Commission, he or she will be appointed in accordance with the provisions of Articles 17 and 18 of the Treaty on European Union.

13. Declaration concerning the common foreign and security policy.

Conference underlines that the provisions in the Treaty on European Union covering the Common Foreign and Security Policy, including the creation of the office of High Representative of the Union for Foreign Affairs and Security Policy and the establishment of an External Action Service, do not affect the responsibilities of the Member States, as they currently exist, for the formulation and conduct of their foreign policy nor of their national representation in third countries and international organisations.

The Conference also recalls that the provisions governing the Common Security and Defence Policy do not prejudice the specific character of the security and defence policy of the Member States.

It stresses that the European Union and its Member States will remain bound by the provisions of the Charter of the United Nations and, in particular, by the primary responsibility of the Security Council and of its Members for the maintenance of international peace and security.

14. Declaration concerning the common foreign and security policy.

In addition to the specific rules and procedures referred to in paragraph 1 of Article 24 of the Treaty on European Union, the Conference underlines that the provisions covering the Common Foreign and Security Policy including in relation to the High Representative of the Union for Foreign Affairs and Security Policy and the External Action Service will not affect the existing legal basis, responsibilities, and powers of each Member State in relation to the formulation and conduct of its foreign policy, its national diplomatic service, relations with third countries and participation in international organisations, including a Member State's membership of the Security Council of the United Nations.

The Conference also notes that the provisions covering the Common Foreign and Security Policy do not give new powers to the Commission to initiate decisions nor do they increase the role of the European Parliament.
The Conference also recalls that the provisions governing the Common Security and Defence Policy do not prejudice the specific character of the security and defence policy of the Member States.

15. Declaration on Article 27 of the Treaty on European Union.

The Conference declares that, as soon as the Treaty of Lisbon is signed, the Secretary-General of the Council, High Representative for the common foreign and security policy, the Commission and the Member States should begin preparatory work on the European External Action Service.

16. Declaration on Article 55(2) of the Treaty on European Union

The Conference considers that the possibility of producing translations of the Treaties in the languages mentioned in Article 55(2) contributes to fulfilling the objective of respecting the Union's rich cultural and linguistic diversity as set forth in the fourth subparagraph of Article 3(3). In this context, the Conference confirms the attachment of the Union to the cultural diversity of Europe and the special attention it will continue to pay to these and other languages.

The Conference recommends that those Member States wishing to avail themselves of the possibility recognised in Article 55(2) communicate to the Council, within six months from the date of the signature of the Treaty of Lisbon, the language or languages into which translations of the Treaties will be made.

17. Declaration concerning primacy.

The Conference recalls that, in accordance with well settled case law of the Court of Justice of the European Union, the Treaties and the law adopted by the Union on the basis of the Treaties have primacy over the law of Member States, under the conditions laid down by the said case law.

The Conference has also decided to attach as an Annex to this Final Act the Opinion of the Council Legal Service on the primacy of EC law as set out in 11197/07 (JUR 260):

"Opinion of the Council Legal Service of 22 June 2007. It results from the case-law of the Court of Justice that primacy of EC law is a cornerstone principle of Community law. According to the Court, this principle is inherent to the specific nature of the European Community. At the time of the first judgment of this established case law (Costa/Enel, 15 July 1964, Case 6/64) there was no mention of primacy in the treaty. It is still the case today. The fact that the principle of primacy will not be included in the future treaty shall not in any way change the existence of the principle and the existing case-law of the Court of Justice." Note 1): "It follows (...) that the law stemming from the treaty, an independent source of law, could not, because of its special and original nature, be overridden by domestic legal provisions, however framed, without being deprived of its character as Community law and without the legal basis of the Community itself being called into question."
18. Declaration in relation to the delimitation of competences.

The Conference underlines that, in accordance with the system of division of competences between the Union and the Member States as provided for in the Treaty on European Union and the Treaty on the Functioning of the European Union, competences not conferred upon the Union in the Treaties remain with the Member States.

The Council may ask the Commission to submit a proposal to repeal a legislative act

When the Treaties confer on the Union a competence shared with the Member States in a specific area, the Member States shall exercise their competence to the extent that the Union has not exercised, or has decided to cease exercising, its competence. The latter situation arises when the relevant EU institutions decide to repeal a legislative act, in particular better to ensure constant respect for the principles of subsidiarity and proportionality. The Council may, at the initiative of one or several of its members (representatives of Member States) and in accordance with Article 241 of the Treaty on the Functioning of the European Union, request the Commission to submit proposals for repealing a legislative act. The Conference welcomes the Commission's declaration that it will devote particular attention to these requests.

U. Increase or reduce Union powers by Inter-governmental Conference, see art. 48.2-5 TEU

Equally, the representatives of the governments of the Member States, meeting in an Intergovernmental Conference, in accordance with the ordinary revision procedure provided for in Article 48(2) to (5) of the Treaty on European Union, may decide to amend the Treaties upon which the Union is founded, including either to increase or to reduce the competences conferred on the Union in the said Treaties.

19. Declaration on Article 8 of the Treaty on the Functioning of the European Union.

The Conference agrees that, in its general efforts to eliminate inequalities between women and men, the Union will aim in its different policies to combat all kinds of domestic violence. The Member States should take all necessary measures to prevent and punish these criminal acts and to support and protect the victims.

20. Declaration on Article 16 of the Treaty on the Functioning of the European Union

The Conference declares that, whenever rules on protection of personal data to be adopted on the basis of Article 16 could have direct implications for national security, due account will have to be taken of the specific characteristics of the matter. It recalls that the legislation presently applicable (see in particular Directive 95/46/EC) includes specific derogations in this regard.

21. Declaration on the protection of personal data in the fields of judicial cooperation in criminal matters and police cooperation.

The Conference acknowledges that specific rules on the protection of personal data and the free movement of such data in the fields of judicial cooperation in criminal matters and police cooperation based on Article 16 of the Treaty on the
Functioning of the European Union may prove necessary because of the specific nature of these fields.

22. Declaration on Articles 48 and 79 of the Treaty on the Functioning of the European Union

The Conference considers that in the event that a draft legislative act based on Article 79(2) would affect important aspects of the social security system of a Member State, including its scope, cost or financial structure, or would affect the financial balance of that system as set out in the second paragraph of Article 48, the interests of that Member State will be duly taken into account.

23. Declaration on the second paragraph of Article 48 of the Treaty on the Functioning of the European Union

The Conference recalls that in that case, in accordance with Article 15(4) of the Treaty on European Union, the European Council acts by consensus.

24. Declaration concerning the legal personality of the European Union

The Conference confirms that the fact that the European Union has a legal personality will not in any way authorise the Union to legislate or to act beyond the competences conferred upon it by the Member States in the Treaties.

25. Declaration on Articles 75 and 215 of the Treaty on the Functioning of the European Union

The Conference recalls that the respect for fundamental rights and freedoms implies, in particular, that proper attention is given to the protection and observance of the due process rights of the individuals or entities concerned. For this purpose and in order to guarantee a thorough judicial review of decisions subjecting an individual or entity to restrictive measures, such decisions must be based on clear and distinct criteria. These criteria should be tailored to the specifics of each restrictive measure.

26. Declaration on non-participation by a Member State in a measure based on Title V of Part Three of the Treaty on the Functioning of the European Union

The Conference declares that, where a Member State opts not to participate in a measure based on Title V of Part Three of the Treaty on the Functioning of the European Union, the Council will hold a full discussion on the possible implications and effects of that Member State's non-participation in the measure.

In addition, any Member State may ask the Commission to examine the situation on the basis of Article 116 of the Treaty on the Functioning of the European Union.

The above paragraphs are without prejudice to the entitlement of a Member State to refer the matter to the European Council.
<table>
<thead>
<tr>
<th>Declaration</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>Criminal investigations</td>
<td>27. Declaration on Article 85(1), second subparagraph, of the Treaty on the Functioning of the European Union. The Conference considers that the regulations referred to in the second subparagraph of Article 85(1) of the Treaty on the Functioning of the European Union should take into account national rules and practices relating to the initiation of criminal investigations.</td>
</tr>
<tr>
<td>Division of Germany</td>
<td>28. Declaration on Article 98 of the Treaty on the Functioning of the European Union. The Conference notes that the provisions of Article 98 shall be applied in accordance with the current practice. The terms &quot;such measures are required in order to compensate for the economic disadvantages caused by the division of Germany to the economy of certain areas of the Federal Republic affected by that division&quot; shall be interpreted in accordance with the existing case law of the Court of Justice of the European Union.</td>
</tr>
<tr>
<td>Aid for former GDR areas (German Democratic Republic)</td>
<td>29. Declaration on Article 107(2) (c) of the Treaty on the Functioning of the European Union. The Conference notes that Article 107(2) (c) shall be interpreted in accordance with the existing case law of the Court of Justice of the European Union regarding the applicability of the provisions to aid granted to certain areas of the Federal Republic of Germany affected by the former division of Germany.</td>
</tr>
<tr>
<td>EMU</td>
<td>30. Declaration on Article 126 of the Treaty on the Functioning of the European Union. With regard to Article 126, the Conference confirms that raising growth potential and securing sound budgetary positions are the two pillars of the economic and fiscal policy of the Union and the Member States. The Stability and Growth Pact is an important tool to achieve these goals.</td>
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**Growth Pact**

The Conference reaffirms its commitment to the provisions concerning the Stability and Growth Pact as the framework for the coordination of budgetary policies in the Member States.

The Conference confirms that a rule-based system is the best guarantee for commitments to be enforced and for all Member States to be treated equally.

**Lisbon Strategy**

Within this framework, the Conference also reaffirms its commitment to the goals of the Lisbon Strategy: job creation, structural reforms, and social cohesion.

**Balanced economic growth and price stability**

The Union aims at achieving balanced economic growth and price stability. Economic and budgetary policies thus need to set the right priorities towards economic reforms, innovation, competitiveness and strengthening of private investment and consumption in phases of weak economic growth. This should be reflected in the orientations of budgetary decisions at the national and Union level in particular through restructuring of public revenue and expenditure while respecting budgetary discipline in accordance with the Treaties and the Stability and Growth Pact.
Budgetary and economic challenges facing the Member States underline the importance of sound budgetary policy throughout the economic cycle.

The Conference agrees that Member States should use periods of economic recovery actively to consolidate public finances and improve their budgetary positions. The objective is to gradually achieve a budgetary surplus in good times which creates the necessary room to accommodate economic downturns and thus contribute to the long-term sustainability of public finances.

The Member States look forward to possible proposals of the Commission as well as further contributions of Member States with regard to strengthening and clarifying the implementation of the Stability and Growth Pact. The Member States will take all necessary measures to raise the growth potential of their economies. Improved economic policy coordination could support this objective. This Declaration does not prejudge the future debate on the Stability and Growth Pact.

31. Declaration on Article 156 of the Treaty on the Functioning of the European Union

The Conference confirms that the policies described in Article 156 fall essentially within the competence of the Member States. Measures to provide encouragement and promote coordination to be taken at Union level in accordance with this Article shall be of a complementary nature. They shall serve to strengthen cooperation between Member States and not to harmonise national systems. The guarantees and practices existing in each Member State as regards the responsibility of the social partners will not be affected.

This Declaration is without prejudice to the provisions of the Treaties conferring competence on the Union, including in social matters.

32. Declaration on Article 168(4) (c) of the Treaty on the Functioning of the European Union

The Conference declares that the measures to be adopted pursuant to Article 168(4) (c) must meet common safety concerns and aim to set high standards of quality and safety where national standards affecting the internal market would otherwise prevent a high level of human health protection being achieved.

33. Declaration on Article 174 of the Treaty on the Functioning of the European Union

The Conference considers that the reference in Article 174 to island regions can include island States in their entirety, subject to the necessary criteria being met.

34. Declaration on Article 179 of the Treaty on the Functioning of the European Union

The Conference agrees that the Union’s action in the area of research and technological development will pay due respect to the fundamental orientations and choices of the research policies of the Member States.
35. Declaration  
Energy supply
35. Declaration on Article 194 of the Treaty on the Functioning of the European Union

The Conference believes that Article 194 does not affect the right of the Member States to take the necessary measures to ensure their energy supply under the conditions provided for in Article 347.

36. Declaration  
International agreements in judicial cooperation
36. Declaration on Article 218 of the Treaty on the Functioning of the European Union concerning the negotiation and conclusion of international agreements by Member States relating to the area of freedom, security and justice

The Conference confirms that Member States may negotiate and conclude agreements with third countries or international organisations in the areas covered by Chapters 3, 4 and 5 of Title V of Part Three in so far as such agreements comply with Union law.

37. Declaration  
Solidarity clause against terrorist attack
37. Declaration on Article 222 of the Treaty on the Functioning of the European Union

Without prejudice to the measures adopted by the Union to comply with its solidarity obligation towards a Member State which is the object of a terrorist attack or the victim of natural or man-made disaster, none of the provisions of Article 222 is intended to affect the right of another Member State to choose the most appropriate means to comply with its own solidarity obligation towards that Member State.

38. Declaration  
Number of Advocates-General
38. Declaration on Article 252 of the Treaty on the Functioning of the European Union regarding the number of Advocates-General in the Court of Justice

The Conference declares that if, in accordance with Article 252, first paragraph, of the Treaty on the Functioning of the European Union, the Court of Justice requests that the number of Advocates-General be increased by three (eleven instead of eight), the Council will, acting unanimously, agree on such an increase.

In that case, the Conference agrees that Poland will, as is already the case for Germany, France, Italy, Spain and the United Kingdom, have a permanent Advocate-General and no longer take part in the rotation system, while the existing rotation system will involve the rotation of five Advocates-General instead of three.

39. Declaration  
Delegated acts in financial services
39. Declaration on Article 290 of the Treaty on the Functioning of the European Union

The Conference takes note of the Commission's intention to continue to consult experts appointed by the Member States in the preparation of draft delegated acts in the financial services area, in accordance with its established practice.
40. Declaration on Article 329 of the Treaty on the Functioning of the European Union

The Conference declares that Member States may indicate, when they make a request to establish enhanced cooperation, if they intend already at that stage to make use of Article 333 providing for the extension of qualified majority voting or to have recourse to the ordinary legislative procedure.

41. Declaration on Article 352 of the Treaty on the Functioning of the European Union

The Conference declares that the reference in Article 352(1) of the Treaty on the Functioning of the European Union to objectives of the Union refers to the objectives as set out in Article 3(2) and (3) of the Treaty on European Union and to the objectives of Article 3(5) of the said Treaty with respect to external action under Part Five of the Treaty on the Functioning of the European Union. It is therefore excluded that an action based on Article 352 of the Treaty on the Functioning of the European Union would only pursue objectives set out in Article 3(1) of the Treaty on European Union. In this connection, the Conference notes that in accordance with Article 31(1) of the Treaty on European Union, legislative acts may not be adopted in the area of the Common Foreign and Security Policy.

42. Declaration on Article 352 of the Treaty on the Functioning of the European Union

The Conference underlines that, in accordance with the settled case law of the Court of Justice of the European Union, Article 352 of the Treaty on the Functioning of the European Union, being an integral part of an institutional system based on the principle of conferred powers, cannot serve as a basis for widening the scope of Union powers beyond the general framework created by the provisions of the Treaties as a whole and, in particular, by those that define the tasks and the activities of the Union. In any event, this Article cannot be used as a basis for the adoption of provisions whose effect would, in substance, be to amend the Treaties without following the procedure which they provide for that purpose.

43. Declaration on Article 355(6) of the Treaty on the Functioning of the European Union

The High Contracting Parties agree that the European Council, pursuant to Article 355(6), will take a decision leading to the modification of the status of Mayotte with regard to the Union in order to make this territory an outermost region within the meaning of Article 355(1) and Article 349, when the French authorities notify the European Council and the Commission that the evolution currently under way in the internal status of the island so allows.
B. DECLARATIONS CONCERNING PROTOCOLS ANNEXED TO THE TREATIES

44. Declaration on Article 5 of the Protocol on the Schengen acquis integrated into the framework of the European Union

The Conference notes that where a Member State has made a notification under Article 5(2) of the Protocol on the Schengen acquis integrated into the framework of the European Union that it does not wish to take part in a proposal or initiative, that notification may be withdrawn at any moment before the adoption of the measure building upon the Schengen acquis.

45. Declaration on Article 5(2) of the Protocol on the Schengen acquis integrated into the framework of the European Union

The Conference declares that whenever the United Kingdom or Ireland indicates to the Council its intention not to participate in a measure building upon a part of the Schengen acquis in which it participates, the Council will have a full discussion on the possible implications of the non-participation of that Member State in that measure. The discussion within the Council should be conducted in the light of the indications given by the Commission concerning the relationship between the proposal and the Schengen acquis.

46. Declaration on Article 5(3) of the Protocol on the Schengen acquis integrated into the framework of the European Union

The Conference recalls that if the Council does not take a decision after a first substantive discussion of the matter, the Commission may present an amended proposal for a further substantive re-examination by the Council within the deadline of 4 months.

47. Declaration on Article 5(3), (4) and (5) of the Protocol on the Schengen acquis integrated into the framework of the European Union

The Conference notes that the conditions to be determined in the decision referred to in paragraphs 3, 4 or 5 of Article 5 of the Protocol on the Schengen acquis integrated into the framework of the European Union may determine that the Member State concerned shall bear the direct financial consequences, if any, necessarily and unavoidably incurred as a result of the cessation of its participation in some or all of the acquis referred to in any decision taken by the Council pursuant to Article 4 of the said Protocol.

48. Declaration concerning the Protocol on the position of Denmark

The Conference notes that with respect to legal acts to be adopted by the Council acting alone or jointly with the European Parliament and containing provisions applicable to Denmark as well as provisions not applicable to Denmark because they have a legal basis to which Part I of the Protocol on the position of Denmark applies, Denmark declares that it will not use its voting right to prevent the adoption of the provisions which are not applicable to Denmark.
Furthermore, the Conference notes that on the basis of the Declaration by the Conference on Article 222, Denmark declares that Danish participation in actions or legal acts pursuant to Article 222 will take place in accordance with Part I and Part II of the Protocol on the position of Denmark.

49. Declaration concerning Italy

The Conference notes that the Protocol on Italy annexed in 1957 to the Treaty establishing the European Economic Community, as amended upon adoption of the Treaty on European Union, stated that:

“THE HIGH CONTRACTING PARTIES”

DESIRING to settle certain particular problems relating to Italy,

HAVE AGREED UPON the following provisions, which shall be annexed to this Treaty: THE MEMBER STATES OF THE COMMUNITY

TAKE NOTE of the fact that the Italian Government is carrying out a ten-year programme of economic expansion designed to rectify the disequilibria in the structure of the Italian economy, in particular by providing an infrastructure for the less developed areas in Southern Italy and in the Italian islands and by creating new jobs in order to eliminate unemployment;

RECALL that the principles and objectives of this programme of the Italian Government have been considered and approved by organisations for international cooperation of which the Member States are members;

RECOGNISE that it is in their common interest that the objectives of the Italian programme should be attained;

AGREE, in order to facilitate the accomplishment of this task by the Italian Government, to recommend to the institutions of the Community that they should employ all the methods and procedures provided in this Treaty and, in particular, make appropriate use of the resources of the European Investment Bank and the European Social Fund; ARE OF THE OPINION that the institutions of the Community should, in applying this Treaty, take account of the sustained effort to be made by the Italian economy in the coming years and of the desirability of avoiding dangerous stresses in particular within the balance of payments or the level of employment, which might jeopardise the application of this Treaty in Italy;

RECOGNISE that in the event of Articles 109 H and 109 I being applied it will be necessary to take care that any measures required of the Italian Government do not prejudice the completion of its programme for economic expansion and for raising the standard of living of the population.”
50. Declaration concerning Article 10 of the Protocol on transitional provisions.

The Conference invites the European Parliament, the Council and the Commission, within their respective powers, to seek to adopt, in appropriate cases and as far as possible within the five-year period referred to in Article 10(3) of the Protocol on transitional provisions, legal acts amending or replacing the acts referred to in Article 10(1) of that Protocol.

C. DECLARATIONS BY MEMBER STATES

51. Declaration by the Kingdom of Belgium on national Parliaments.

Belgium wishes to make clear that, in accordance with its constitutional law, not only the Chamber of Representatives and Senate of the Federal Parliament but also the parliamentary assemblies of the Communities and the Regions act, in terms of the competences exercised by the Union, as components of the national parliamentary system or chambers of the national Parliament.

52. Declaration by the Kingdom of Belgium, the Republic of Bulgaria, the Federal Republic of Germany, the Hellenic Republic, the Kingdom of Spain, the Italian Republic, the Republic of Cyprus, the Republic of Lithuania, the Grand-Duchy of Luxembourg, the Republic of Hungary, the Republic of Malta, the Republic of Austria, the Portuguese Republic, Romania, the Republic of Slovenia and the Slovak Republic on the symbols of the European Union

Belgium, Bulgaria, Germany, Greece, Spain, Italy, Cyprus, Lithuania, Luxemburg, Hungary, Malta, Austria, Portugal, Romania, Slovenia and the Slovak Republic declare that the flag with a circle of twelve golden stars on a blue background, the anthem based on the "Ode to Joy" from the Ninth Symphony by Ludwig van Beethoven, the motto "United in diversity", the euro as the currency of the European Union and Europe Day on 9 May will for them continue as symbols to express the sense of community of the people in the European Union and their allegiance to it.

53. Declaration by the Czech Republic on the Charter of Fundamental Rights of the European Union

1. The Czech Republic recalls that the provisions of the Charter of Fundamental Rights of the European Union are addressed to the institutions and bodies of the European Union with due regard for the principle of subsidiarity and division of competences between the European Union and its Member States, as reaffirmed in Declaration (No 18) in relation to the delimitation of competences. The Czech Republic stresses that its provisions are addressed to the Member States only when they are implementing Union law, and not when they are adopting and implementing national law independently from Union law.

2. The Czech Republic also emphasises that the Charter does not extend the field of application of Union law and does not establish any new power for the Union.
It does not diminish the field of application of national law and does not restrain any current powers of the national authorities in this field.

3. The Czech Republic stresses that, in so far as the Charter recognises fundamental rights and principles as they result from constitutional traditions common to the Member States, those rights and principles are to be interpreted in harmony with those traditions. 4. The Czech Republic further stresses that nothing in the Charter may be interpreted as restricting or adversely affecting human rights and fundamental freedoms as recognised, in their respective field of application, by Union law and by international agreements to which the Union or all the Member States are party, including the European Convention for the Protection of Human Rights and Fundamental Freedoms, and by the Member States' Constitutions.

54. Declaration by the Federal Republic of Germany, Ireland, the Republic of Hungary, the Republic of Austria and the Kingdom of Sweden

Germany, Ireland, Hungary, Austria and Sweden note that the core provisions of the Treaty establishing the European Atomic Energy Community have not been substantially amended since its entry into force and need to be brought up to date. They therefore support the idea of a Conference of the Representatives of the Governments of the Member States, which should be convened as soon as possible.

55. Declaration by the Kingdom of Spain and the United Kingdom of Great Britain and Northern Ireland

The Treaties apply to Gibraltar as a European territory for whose external relations a Member State is responsible. This shall not imply changes in the respective positions of the Member States concerned.

56. Declaration by Ireland on Article 3 of the Protocol on the position of the United Kingdom and Ireland in respect of the area of freedom, security and justice

Ireland affirms its commitment to the Union as an area of freedom, security and justice respecting fundamental rights and the different legal systems and traditions of the Member States within which citizens are provided with a high level of safety.

Accordingly, Ireland declares its firm intention to exercise its right under Article 3 of the Protocol on the position of the United Kingdom and Ireland in respect of the area of freedom, security and justice to take part in the adoption of measures pursuant to Title V of Part Three of the Treaty on the Functioning of the European Union to the maximum extent it deems possible. Ireland will, in particular, participate to the maximum possible extent in measures in the field of police cooperation.

Furthermore, Ireland recalls that in accordance with Article 8 of the Protocol it may notify the Council in writing that it no longer wishes to be covered by the terms of the Protocol. Ireland intends to review the operation of these arrangements within three years of the entry into force of the Treaty of Lisbon.
57. Declaration by the Italian Republic on the composition of the European Parliament

Italy notes that, pursuant to Articles 10 and 14 of the Treaty on European Union, the European Parliament is to be composed of representatives of the Union's citizens; this representation is to be degressively proportional.

Italy likewise notes that on the basis of Article 9 of the Treaty on European Union and Article 20 of the Treaty on the Functioning of the European Union, every national of a Member State is a citizen of the Union.

Italy therefore considers that, without prejudice to the decision on the 2009-2014 legislative period, any decision adopted by the European Council, at the initiative of the European Parliament and with its consent, establishing the composition of the European Parliament, must abide by the principles laid down out in the first subparagraph of Article 14.

58. Declaration by the Republic of Latvia, the Republic of Hungary and the Republic of Malta on the spelling of the name of the single currency in the Treaties

Without prejudice to the unified spelling of the name of the single currency of the European Union referred to in the Treaties as displayed on the banknotes and on the coins, Latvia, Hungary and Malta declare that the spelling of the name of the single currency, including its derivatives as applied throughout the Latvian, Hungarian and Maltese text of the Treaties, has no effect on the existing rules of the Latvian, Hungarian or Maltese languages.

59. Declaration by the Kingdom of the Netherlands on Article 312 of the Treaty on the Functioning of the European Union

The Kingdom of the Netherlands will agree to a decision as referred to in the second subparagraph of Article 312(2) of the Treaty on the Functioning of the European Union once a revision of the decision referred to in the third paragraph of Article 311 of that Treaty has provided the Netherlands with a satisfactory solution for its excessive negative net payment position vis-à-vis the Union budget.

60. Declaration by the Kingdom of the Netherlands on Article 355 of the Treaty on the Functioning of the European Union

The Kingdom of the Netherlands declares that an initiative for a decision, as referred to in Article 355(6) aimed at amending the status of the Netherlands Antilles and/or Aruba with regard to the Union, will be submitted only on the basis of a decision taken in conformity with the Charter for the Kingdom of the Netherlands.
61. Declaration by the Republic of Poland on the Charter of Fundamental Rights of the European Union

The Charter does not affect in any way the right of Member States to legislate in the sphere of public morality, family law, as well as the protection of human dignity and respect for human physical and moral integrity.

62. Declaration by the Republic of Poland concerning the Protocol on the application of the Charter of Fundamental Rights of the European Union in relation to Poland and the United Kingdom

Poland declares that, having regard to the tradition of social movement of "Solidarity" and its significant contribution to the struggle for social and labour rights, it fully respects social and labour rights, as established by European Union law, and in particular those reaffirmed in Title IV of the Charter of Fundamental Rights of the European Union.

63. Declaration by the United Kingdom of Great Britain and Northern Ireland on the definition of the term "nationals"

In respect of the Treaties and the Treaty establishing the European Atomic Energy Community, and in any of the acts deriving from those Treaties or continued in force by those Treaties, the United Kingdom reiterates the Declaration it made on 31 December 1982 on the definition of the term "nationals" with the exception that the reference to "British Dependent Territories Citizens" shall be read as meaning "British overseas territories citizens".

64. Declaration by the United Kingdom of Great Britain and Northern Ireland on the franchise for elections to the European Parliament

The United Kingdom notes that Article 14 of the Treaty on European Union and other provisions of the Treaties are not intended to change the basis for the franchise for elections to the European Parliament.

65. Declaration by the United Kingdom of Great Britain and Northern Ireland on Article 75 of the Treaty on the Functioning of the European Union

The United Kingdom fully supports robust action with regard to adopting financial sanctions designed to prevent and combat terrorism and related activities. Therefore, the United Kingdom declares that it intends to exercise its right under Article 3 of the Protocol on the position of the United Kingdom and Ireland in respect of the area of freedom, security and justice to take part in the adoption of all proposals made under Article 75 of the Treaty on the Functioning of the European Union.

TABLES OF EQUIVALENCES – deleted in this edition, for a much better comparison see The Lisbon Treaty, Second Edition. It can be downloaded at euabc.com
CHARTER OF FUNDAMENTAL RIGHTS OF THE EUROPEAN UNION

The European Parliament, the Council and the Commission solemnly proclaim the following text as the Charter of Fundamental Rights of the European Union.

CHARTER OF FUNDAMENTAL RIGHTS OF THE EUROPEAN UNION

PREAMBLE

The peoples of Europe, in creating an ever closer union among them, are resolved to share a peaceful future based on common values.

Conscious of its spiritual and moral heritage, the Union is founded on the indivisible, universal values of human dignity, freedom, equality and solidarity; it is based on the principles of democracy and the rule of law. It places the individual at the heart of its activities, by establishing the citizenship of the Union and by creating an area of freedom, security and justice.

The Union contributes to the preservation and to the development of these common values while respecting the diversity of the cultures and traditions of the peoples of Europe as well as the national identities of the Member States and the organisation of their public authorities at national, regional and local levels; it seeks to promote balanced and sustainable development and ensures free movement of persons, services, goods and capital, and the freedom of establishment.

To this end, it is necessary to strengthen the protection of fundamental rights in the light of changes in society, social progress and scientific and technological developments by making those rights more visible in a Charter.

This Charter reaffirms, with due regard for the powers and tasks of the Union and for the principle of subsidiarity, the rights as they result, in particular, from the constitutional traditions and international obligations common to the Member States, the European Convention for the Protection of Human Rights and Fundamental Freedoms, the Social Charters adopted by the Union and by the Council of Europe and the case-law of the Court of Justice of the European Union and of the European Court of Human Rights. In this context the Charter will be interpreted by the courts of the Union and the Member States with due regard to the explanations prepared under the authority of the Praesidium of the Convention which drafted the Charter and updated under the responsibility of the Praesidium of the European Convention.

Enjoyment of these rights entails responsibilities and duties with regard to other persons, to the human community and to future generations.

The Union therefore recognises the rights, freedoms and principles set out hereafter.
TITLE I

DIGNITY

ARTICLE 1

Human dignity

Human dignity is inviolable. It must be respected and protected.

ARTICLE 2

Right to life

1. Everyone has the right to life.
2. No one shall be condemned to the death penalty, or executed.

ARTICLE 3

Right to the integrity of the person

1. Everyone has the right to respect for his or her physical and mental integrity.
2. In the fields of medicine and biology, the following must be respected in particular:
   (a) The free and informed consent of the person concerned, according to the procedures laid down by law
   (b) The prohibition of eugenic practices, in particular those aiming at the selection of persons;
   (c) The prohibition on making the human body and its parts as such a source of financial gain;
   (d) The prohibition of the reproductive cloning of human beings.

ARTICLE 4

Prohibition of torture and inhuman or degrading treatment or punishment

No one shall be subjected to torture or to inhuman or degrading treatment or punishment.

ARTICLE 5

Prohibition of slavery and forced labour

1. No one shall be held in slavery or servitude.
2. No one shall be required to perform forced or compulsory labour
3. Trafficking in human beings is prohibited.
TITLE II

FREEDOMS

ARTICLE 6

Right to: Right to liberty and security

- Liberty and security Everyone has the right to liberty and security of person.

ARTICLE 7

Private and family life, homes, and communications Respect for Private and Family Life

Everyone has the right to respect for his or her private and family life, home and communications.

Article 8

Protection of Personal Data

- Protection of personal data 1. Everyone has the right to the protection of personal data concerning him or her.

- Uninhibited access to personal data 2. Such data must be processed fairly for specified purposes and on the basis of the consent of the person concerned or some other legitimate basis laid down by law. Everyone has the right of access to data which has been collected concerning him or her, and the right to have it rectified.

- Independently controlled 3. Compliance with these rules shall be subject to control by an independent authority.

ARTICLE 9

Right to Marry and Right to Found a Family

Marriages and family Marriages protected according to national law

The right to marry and the right to found a family shall be guaranteed in accordance with the national laws governing the exercise of these rights.

ARTICLE 10

Freedom of Thought, Conscience and Religion

Freedom of: Freedom of Thought, Conscience and Religion

- Thought 1. Everyone has the right to freedom of thought, conscience and religion. This right includes freedom to change religion or belief and freedom, either alone or in community with others and in public or in private, to manifest religion or belief, in worship, teaching, practice and observance.

- Conscience 2. The right to conscientious objection is recognised, in accordance with the national laws governing the exercise of this right.
ARTICLE 11
Freedom of Expression and Information

1. Everyone has the right to freedom of expression. This right shall include freedom to hold opinions and to receive and impart information and ideas without interference by public authority and regardless of frontiers.

2. The freedom and pluralism of the media shall be respected.

ARTICLE 12
Freedom of Assembly and Of Association

1. Everyone has the right to freedom of peaceful assembly and to freedom of association at all levels, in particular in political, trade union and civic matters, which implies the right of everyone to form and to join trade unions for the protection of his or her interests.

2. Political parties at Union level contribute to expressing the political will of the citizens of the Union.

ARTICLE 13
Freedom of the Arts and Sciences

The arts and scientific research shall be free of constraint. Academic freedom shall be respected.

ARTICLE 14
Right to Education

1. Everyone has the right to education and to have access to vocational and continuing training.

2. This right includes the possibility to receive free compulsory education.

3. The freedom to found educational establishments with due respect for democratic principles and the right of parents to ensure the education and teaching of their children in conformity with their religious, philosophical and pedagogical convictions shall be respected, in accordance with the national laws governing the exercise of such freedom and right.

ARTICLE 15
Freedom to choose an Occupation and Right to Engage in Work

1. Everyone has the right to engage in work and to pursue a freely chosen or accepted occupation.

Freedom:  
- To work
2. Every citizen of the Union has the freedom to seek employment, to work, to exercise the right of establishment and to provide services in any Member State.

3. Nationals of third countries who are authorised to work in the territories of the Member States are entitled to working conditions equivalent to those of citizens of the Union.

ARTICLE 16

Freedom to Conduct a Business

- To conduct business

The freedom to conduct a business in accordance with Union law and national laws and practices is recognised.

ARTICLE 17

Right to Property

1. Everyone has the right to own, use, dispose of and bequeath his or her lawfully acquired possessions. No one may be deprived of his or her possessions, except in the public interest and in the cases and under the conditions provided for by law, subject to fair compensation being paid in good time for their loss. The use of property may be regulated by law in so far as is necessary for the general interest.

2. Intellectual property shall be protected.

ARTICLE 18

Right to Asylum

The right to asylum shall be guaranteed with due respect for the rules of the Geneva Convention of 28 July 1951 and the Protocol of 31 January 1967 relating to the status of refugees and in accordance with the Treaty on European Union and the Treaty on the Functioning of the European Union (hereinafter referred to as 'the Treaties').

ARTICLE 19

Protection in the event of Removal, Expulsion or Extradition

1. Collective expulsions are prohibited.

2. No one may be removed, expelled or extradited to a State where there is a serious risk that he or she would be subjected to the death penalty, torture or other inhuman or degrading treatment or punishment.
TITLE III

EQUALITY

ARTICLE 20

Equality before the Law

Everyone is equal before the law.

Equality principle

ARTICLE 21

Non-discrimination

1. Any discrimination based on any ground such as sex, race, colour, ethnic or social origin, genetic features, language, religion or belief, political or any other opinion, membership of a national minority, property, birth, disability, age or sexual orientation shall be prohibited.

No discrimination

On grounds of: sex, race, colour, ethnic or social origin, genetic features, language, religion or belief, political opinion, national minority, property, birth, disability, age, sexual orientation
- Nationality

2. Within the scope of application of the Treaties and without prejudice to any of their specific provisions, any discrimination on grounds of nationality shall be prohibited.

Respect of cultural, religious and linguistic diversity

ARTICLE 22

Cultural, religious and linguistic diversity

The Union shall respect cultural, religious and linguistic diversity.

Equality between men and women

ARTICLE 23

Equality between women and men

Equality between women and men must be ensured in all areas, including employment, work and pay.

The principle of equality shall not prevent the maintenance or adoption of measures providing for specific advantages in favour of the under-represented sex.

Special advantages for the under-represented sex are allowed (positive discrimination)

ARTICLE 24

The Rights of the Child

1. Children shall have the right to such protection and care as is necessary for their well-being. They may express their views freely. Such views shall be taken into consideration on matters which concern them in accordance with their age and maturity.

Protection and care
Free expression of views

2. In all actions relating to children, whether taken by public authorities or private institutions, the child's best interests must be a primary consideration.

Child’s best interests are the main concern
3. Every child shall have the right to maintain on a regular basis a personal relationship and direct contact with both his and her parents, unless that is contrary to his or her interests.

ARTICLE 25

The Rights of the Elderly

The Union recognises and respects the rights of the elderly to lead a life of dignity and independence and to participate in social and cultural life.

ARTICLE 26

Integration of persons with disabilities

The Union recognises and respects the right of persons with disabilities to benefit from measures designed to ensure their independence, social and occupational integration and participation in the life of the community.

TITLE IV

SOLIDARITY

ARTICLE 27

Workers’ right to information and consultation within the undertaking

Workers or their representatives must, at the appropriate levels, be guaranteed information and consultation in good time in the cases and under the conditions provided for by Union law and national laws and practices.

ARTICLE 28

Right of Collective Bargaining and Action

Workers and employers, or their respective organisations, have, in accordance with Union law and national laws and practices, the right to negotiate and conclude collective agreements at the appropriate levels and, in cases of conflicts of interest, to take collective action to defend their interests, including strike action.

ARTICLE 29

Right of Access to Placement Services

Everyone has the right of access to a free placement service.
ARTICLE 30

Protection in the Event of Unjustified Dismissal

Every worker has the right to protection against unjustified dismissal, in accordance with Union law and national laws and practices.

ARTICLE 31

Fair and Just Working Conditions

1. Every worker has the right to working conditions which respect his or her health, safety and dignity.

2. Every worker has the right to limitation of maximum working hours, to daily and weekly rest periods and to an annual period of paid leave.

ARTICLE 32

Prohibition of Child Labour and Protection of Young People at Work

The employment of children is prohibited. The minimum age of admission to employment may not be lower than the minimum school-leaving age, without prejudice to such rules as may be more favourable to young people and except for limited derogations.

Young people admitted to work must have working conditions appropriate to their age and be protected against economic exploitation and any work likely to harm their safety, health or physical, mental, moral or social development or to interfere with their education.

ARTICLE 33

Family and Professional Life

1. The family shall enjoy legal, economic and social protection.

2. To reconcile family and professional life, everyone shall have the right to protection from dismissal for a reason connected with maternity and the right to paid maternity leave and to parental leave following the birth or adoption of a child.

ARTICLE 34

Social Security and Social Assistance

1. The Union recognises and respects the entitlement to social security benefits and social services providing protection in cases such as maternity, illness, industrial accidents, dependency or old age, and in the case of loss of employment, in accordance with the rules laid down by Union law and national laws and practices.

Protection against unjustified dismissal

Working conditions

Rest periods and paid leave

No child labour

Minimum age of employment is the same as the minimum age to leave school

Protection of children against exploitation

Compatibility of family and professional life

Protection of the family

- Protection against firing pregnant women
- Paid maternity leave
- Leave for both parents

Social security

Social security within the limits of Union law
2. Everyone residing and moving legally within the European Union is entitled to social security benefits and social advantages in accordance with Union law and national laws and practices.

Right to social and housing assistance for those who lack sufficient resources

3. In order to combat social exclusion and poverty, the Union recognises and respects the right to social and housing assistance so as to ensure a decent existence for all those who lack sufficient resources, in accordance with the rules laid down by Union law and national laws and practices.

ARTICLE 35

Health Care

Everyone has the right of access to preventive health care and the right to benefit from medical treatment under the conditions established by national laws and practices. A high level of human health protection shall be ensured in the definition and implementation of all the Union's policies and activities.

ARTICLE 36

Access to Services of General Economic Interest

Access to services of general interest within the limits of Union law

The Union recognises and respects access to services of general economic interest as provided for in national laws and practices, in accordance with the Treaties, in order to promote the social and territorial cohesion of the Union.

ARTICLE 37

Environmental Protection

Environment

High level of protection, not the "highest"

A high level of environmental protection and the improvement of the quality of the environment must be integrated into the policies of the Union and ensured in accordance with the principle of sustainable development.

ARTICLE 38

Consumer Protection

Consumer protection

“High level”

Union policies shall ensure a high level of consumer protection.

TITLE V

CITIZENS' RIGHTS

EP elections

Voting and standing as EP candidate in the country where you live

Right to vote and to stand as a candidate at elections to the European Parliament

1. Every citizen of the Union has the right to vote and to stand as a candidate at elections to the European Parliament in the Member State in which he or she resides, under the same conditions as nationals of that State.
2. Members of the European Parliament shall be elected by direct universal suffrage in a free and secret ballot.

ARTICLE 40

Right to vote and to stand as a candidate at municipal elections

Every citizen of the Union has the right to vote and to stand as a candidate at municipal elections in the Member State in which he or she resides under the same conditions as nationals of that State.

ARTICLE 41

Right to Good Administration

1. Every person has the right to have his or her affairs handled impartially, fairly and within a reasonable time by the institutions, bodies, offices and agencies of the Union.

2. This right includes:
   (a) The right of every person to be heard, before any individual measure which would affect him or her adversely is taken;
   (b) The right of every person to have access to his or her file, while respecting the legitimate interests of confidentiality and of professional and business secrecy;
   (c) The obligation of the administration to give reasons for its decisions.

3. Every person has the right to have the Union make good any damage caused by its institutions or by its servants in the performance of their duties, in accordance with the general principles common to the laws of the Member States.

4. Every person may write to the institutions of the Union in one of the languages of the Treaties and must have an answer in the same language.

ARTICLE 42

Right of Access to Documents

Any citizen of the Union, and any natural or legal person residing or having its registered office in a Member State, has a right of access to documents of the institutions, bodies, offices and agencies of the Union, whatever their medium.

ARTICLE 43

European Ombudsman

Any citizen of the Union and any natural or legal person residing or having its registered office in a Member State has the right to refer to the European Ombudsman cases of maladministration in the activities of the institutions, bodies, offices or agencies of the Union, with the exception of the Court of Justice of the European Union acting in its judicial role.
ARTICLE 44

Right to Petition

Any citizen of the Union and any natural or legal person residing or having its registered office in a Member State has the right to petition the European Parliament.

ARTICLE 45

Freedom of Movement and of Residence

1. Every citizen of the Union has the right to move and reside freely within the territory of the Member States.

2. Freedom of movement and residence may be granted, in accordance with the Treaties, to nationals of third countries legally resident in the territory of a Member State.

ARTICLE 46

Diplomatic and Consular Protection

Every citizen of the Union shall, in the territory of a third country in which the Member State of which he or she is a national is not represented, be entitled to protection by the diplomatic or consular authorities of any Member State, on the same conditions as the nationals of that Member State.

TITLE VI

JUSTICE

ARTICLE 47

Right to an Effective Remedy and to a Fair Trial

Everyone whose rights and freedoms guaranteed by the law of the Union are violated has the right to an effective remedy before a tribunal in compliance with the conditions laid down in this Article.

- Effective remedies

Everyone is entitled to a fair and public hearing within a reasonable time by an independent and impartial tribunal previously established by law. Everyone shall have the possibility of being advised, defended and represented.

- Impartial tribunal

Legal aid shall be made available to those who lack sufficient resources in so far as such aid is necessary to ensure effective access to justice.

- Legal defence

Legal aid shall be made available to those who lack sufficient resources in so far as such aid is necessary to ensure effective access to justice.

- Legal aid

1. Everyone who has been charged shall be presumed innocent until proved guilty according to law.

Presumption of Innocence and Right of Defence

ARTICLE 48

Presumption of Innocence and Right of Defence
2. Respect for the rights of the defence of anyone who has been charged shall be guaranteed.

ARTICLE 49

Principles of legality and proportionality of criminal offences and penalties

1. No one shall be held guilty of any criminal offence on account of any act or omission which did not constitute a criminal offence under national law or international law at the time when it was committed. Nor shall a heavier penalty be imposed than the one that was applicable at the time the criminal offence was committed. If, subsequent to the commission of a criminal offence, the law provides for a lighter penalty, that penalty shall be applicable.

2. This Article shall not prejudice the trial and punishment of any person for any act or omission which, at the time it was committed, was criminal according to the general principles recognised by the community of nations.

3. The severity of penalties must not be disproportionate to the criminal offence.

ARTICLE 50

Right not to be tried or punished twice in criminal proceedings for the same criminal offence

No one shall be liable to be tried or punished again in criminal proceedings for an offence for which he or she has already been finally acquitted or convicted within the Union in accordance with the law.

TITLE VII

GENERAL PROVISIONS GOVERNING THE INTERPRETATION AND APPLICATION OF THE CHARTER

ARTICLE 51

Field of Application

1. The provisions of this Charter are addressed to the institutions, bodies, offices and agencies of the Union with due regard for the principle of subsidiarity and to the Member States only when they are implementing Union law. They shall therefore respect the rights, observe the principles and promote the application thereof in according with their respective powers and respecting the limits of the powers of the Union as conferred on it in the Treaties.

2. The Charter does not extend the field of application of Union law beyond the powers of the Union or establish any new power or task for the Union, or modify powers and tasks as defined in the Treaties.
**ARTICLE 52**

Scope and interpretation of rights and principles

1. Any limitation on the exercise of the rights and freedoms recognised by this Charter must be provided for by law and respect the essence of those rights and freedoms. Subject to the principle of proportionality, limitations may be made only if they are necessary and genuinely meet objectives of general interest recognised by the Union or the need to protect the rights and freedoms of others.

2. Rights recognised by this Charter for which provision is made in the Treaties shall be exercised under the conditions and within the limits defined by those Treaties.

3. In so far as this Charter contains rights which correspond to rights guaranteed by the Convention for the Protection of Human Rights and Fundamental Freedoms, the meaning and scope of those rights shall be the same as those laid down by the said Convention. This provision shall not prevent Union law providing more extensive protection.

4. In so far as this Charter recognises fundamental rights as they result from the constitutional traditions common to the Member States, those rights shall be interpreted in harmony with those traditions.

5. The provisions of this Charter which contain principles may be implemented by legislative and executive acts taken by institutions, bodies, offices and agencies of the Union, and by acts of Member States when they are implementing Union law, in the exercise of their respective powers. They shall be judicially cognisable only in the interpretation of such acts and in the ruling on their legality.

6. Full account shall be taken of national laws and practices as specified in this Charter.

7. The explanations drawn up as a way of providing guidance in the interpretation of this Charter shall be given due regard by the courts of the Union and of the Member States.

**ARTICLE 53**

Level of Protection

Nothing in this Charter shall be interpreted as restricting or adversely affecting human rights and fundamental freedoms as recognised, in their respective fields of application, by Union law and international law and by international agreements to which the Union or all the Member States are party, including the European Convention for the Protection of Human Rights and Fundamental Freedoms, and by the Member States' constitutions.
ARTICLE 54

Prohibition of Abuse of Rights

Nothing in this Charter shall be interpreted as implying any right to engage in any activity or to perform any act aimed at the destruction of any of the rights and freedoms recognised in this Charter or at their limitation to a greater extent than is provided for herein.
Using the Index
The lead words are organised alphabetically and written in **bold**. The references relate to the readable version of the Consolidated EU treaties based on the Lisbon Treaty. Subsequent articles are connected by a hyphen. Non-neighbouring articles are separated by a comma.

The treaty article number is always followed by TEU, TFEU, Charter, Protocol or Declaration. Each of these divisions in the consolidated treaties has its own numbering system. The TEU articles are numbered from one to 55, the TFEU articles from one to 358, the Charter from one to 54, Protocols start from number one and finish at number 37. Declarations go from number one to 65. Some Protocols and Declarations have their own internal numbering.

A new Convention may produce a single numbering system for the entire consolidated treaties to ease reading, indexing and use. That was proposed in the constitutional Convention in 2002. The proposal – from the editor of this edition - was accepted for the proposed EU Constitution of 2005 but was not accepted for the 2009 Lisbon Treaty.

There will be automatic hyper-links in the E-book Index to the relevant articles. One may look for the lead word and click on the article number and then one is there immediately. This edition contains of:

**Table of contents** including a list with all Protocols and Declarations;

**TEU** – The Treaty on European Union with 55 articles at the beginning of the book;

**TFEU** – The Treaty on the Functioning of the European Union with 358 articles;

**Protocols** – 37 legally binding protocols with their own article numbers;

**Declarations** – 65 non-binding declarations with their own article numbers;

**The Charter** of Fundamental Rights with 54 articles, made legally binding according to art. 6 TEU.

The first reference is to the Consolidated EU Treaties as amended by the Lisbon Treaty and subsequent amendments up to 2016. The numbering system has been changed four times from the original 2004 draft Constitution up to the final Lisbon Treaty. If you find old numbers, real mistakes or a missing word, please write to: jp@bonde.dk

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**Jens-Peter Bonde**

**A**

Aaland Islands, 355.4 TFEU

Abolition of restrictions for freedom of establishment, 50.2.f TFEU

Abortion

Ireland, 35 Protocol

Right to life, 2 Charter, legally binding 6 TEU

As a provision of services, 57 TFEU

Freedom to provide services 53 TFEU, 56–62 TFEU, see also Services

Absolute majority of members in the EP, 7 TEU, 17.8 TEU, 49 TEU, 225 TFEU, 226 TFEU, 229 TFEU, 232 TFEU, 234 TFEU, 277 TFEU, 290.2 TFEU, 294.7.b-c TFEU, 312.2 TFEU, 314.4.c TFEU, 315 TFEU, 354 TFEU

Abuse of dominant position, 102 TFEU

Accept of offers for jobs, 45.3.a TFEU

Accession Partnership, 8 TEU

Act of accession, 49 TEU

Access to documents and limits, 15.3 TFEU, 42 Charter

The European Central Bank, ECB and

The European Investment Bank, only for administrative functions, 15.2 TFEU

EIB, see also 287 TFEU

Protection of personal data, 39 TEU, 16 TFEU

Accession to the European Union, 49 TEU

Accidents and diseases, occupational, 156 TFEU

Accounts, 287 TFEU, budget 310–324 TFEU

Activities of an industrial character, 57.a TFEU

Activities of commercial character, 57.b TFEU

Activities of artisans, 57.c TFEU

Activities of the professions, 57.d TFEU

ACP-countries see Development cooperation 208–214 TFEU

Acquis communautaire (all EU-rules) Primacy of EU law, 17 Declaration,

Role of the Court 226 TFEU, 280 TFEU, 299 TFEU, 344 TFEU

Relationship between the Union and the member states, 4 TEU, 274 TFEU

Acquisition of property in Denmark, 32 Protocol

Acts supporting, coordinating, complementary, 6 TFEU

Acts - legal acts, 288-299 TFEU, see also Regulations, directives, decisions, recommendations, opinions, treaties and standards

Delegated acts, 290 TFEU

Implementing acts, 291 TFEU

Legislative acts, 289 TFEU

Non-legislative acts, 292 TFEU

Overview of acts, 288 TFEU

Principles, 286 TFEU

Administration

Independent European administration, 298 TFEU

Transparency and access to documents, 15 TFEU

Investigative committee of inquiry, 226 TFEU

Mal-administration, Maladministration, 226 TFEU, 228 TFEU

---

334
Appointment of members
Committee of the Regions, 305 TFEU
Economic and Social Committee, 302 TFEU
Special Representative, 23 TFEU
Approval Council, 223.2 TFEU, 226 TFEU, 228.4 TFEU, 257 TFEU, 287.4 TFEU
European Central Bank, 128.2 TFEU
European Parliament, 7.1-2 TFEU, 48.3 TFEU, 48.7 TFEU, 49 TFEU, 50.2 TFEU, 25 TFEU, 82.2 d TFEU, 83.1 TFEU, 86.1 TFEU, 218.6 a TFEU, 223.1 TFEU, 311 TFEU, 312.2 TFEU, 352 TFEU
Member states, 48.6 TFEU, 25 TFEU, 223.1 TFEU, 311 TFEU
Approximation of laws, 114-115 TFEU, see also Harmonisation
Arbitration clause in agreements of the Union, 272 TFEU. See also 344 TFEU
Architectural services freedom to provide services, 53 TFEU, 56-62 TFEU, see also Services
Area of application of Charter of Fundamental Rights, 6 TFEU. See also the Melloni-case from 2013 giving primacy to the EU Charter when member states implement EU law
Area of Freedom, Security and Justice, 4.2 j TFEU, 67-89 TFEU, Administrative cooperation among national authorities, 74 TFEU
Border checks, asylum and immigration, 77-80 TFEU
Court role, 275 TFEU
Emergency brake, 82.3 TFEU
Evaluation by Commission and member states, 70 TFEU
International agreements, 36 Declaration concerning Art. 218 TFEU
Judicial cooperation in civil matters, 81 TFEU
Judicial cooperation in criminal matters, 82-86 TFEU
Law and order in member states, 72 TFEU
Member states shared initiative, 76 TFEU
Judicial cooperation, Police cooperation and Administrative cooperation in art. 74 TFEU, ¼ of member states can also initiate laws)
National parliaments shall control for subsidiarity, 69 TFEU and 1 Protocol
No jurisdiction on national police, 276 TFEU
Objectives, 67 TFEU
Police cooperation, 87-89 TFEU
Standing Committee council, 71 TFEU
Strategic guidelines by the European Council, 68 TFEU
Terrorism, 75 TFEU
Area without internal frontiers, 67.2 TFEU
Assessment of threats, 222.4 TFEU
Arms
European Defence Agency, 42.3 TFEU, 45 TFEU
Export and production, 346 TFEU
Illegal arms trade, 83.1 TFEU
Article 133 committee, see now 207 TFEU
Ascent procedure, 223.1 TFEU, see also Consent
Assistance clause, 42.7 TFEU
Association agreements, 198 - 204 TFEU
Decision-making, 203 TFEU, 217 TFEU
Geography, 355.2 TFEU
Neighbour agreements, 8 TFEU
Association, right of, 153.5 TFEU, 156 TFEU
Associations of companies/undertakings, 101 TFEU
Asylum, see Immigration and asylum
Audiovisual sector, 167.2 TFEU
Austria, “Lex Austria”, 7 TFEU and 354 TFEU
Authorisations freedom to provide services, 53 TFEU, 56-62 TFEU, see also Services
Authorities’ operation- on other member states’ territories, 89 TFEU,
Authority to vote for another member state in the Council, 235 TFEU
Azores, 349 TFEU, 355.1 TFEU
B
Bad administration
Ombudsman, 228.1 TFEU
Temporary Committee of Inquiry, 226 TFEU
Balance of payments, 119.3 TFEU, 143.1 TFEU
Balanced progress, internal market, 26.3 TFEU
Balanced support for partners at the labour market, 154.1 TFEU
Ban on, for all Charter articles see also 6 TFEU making them legally binding and the Melloni-case from 2013 giving them primacy over national constitutions when implementing EU law
Child labour, 32 Charter
Cloning of human beings, 3.2 Charter
Collective expulsion, 19 Charter
Commercial exploitation of the human body, 3.2 Charter
Implementation measures, 164 TFEU
Independence, 305 TFEU
President and presidium, 306 TFEU
Rules of Procedure, 306 TFEU
Committees, appointment of judges, 254-255 TFEU
Governing rules, 242 TFEU
Lists of committees and working groups, see www.EUABC.com
Procedures (comitology), 291 TFEU
Common agriculture and fishery policy, 38-44 TFEU
Asylum policy, 78 TFEU, 80 TFEU
Border control, 77 TFEU, ban on internal control 77.1.a TFEU, external control 77.1.b TFEU and common management system 77.1.c TFEU
Burden sharing, 80 TFEU
Commercial policy, 206 TFEU, 207 TFEU
Currency, 133 TFEU, TFEU
Customs tariff, 31 TFEU
Enhanced cooperation, 326-334 TFEU
Environment policy, 191-193 TFEU
Exercice of competences of the Union, 288-292 TFEU
Financial provisions, 320-324 TFEU
Fishery policy, 38.1 TFEU, 43.2 TFEU
Foreign and security policy (CFSP), 15.6.d TFEU, 24 TFEU, 42 TFEU, 2.4 TFEU, 218.6 TFEU, 275 TFEU, 329 TFEU, 331.2 TFEU
See also Initiative and Solidarity
Security and Defence policy, see Defence, 42-46 TFEU
Solidarity and burden sharing for immigration policy, 80 TFEU
Solidarity and exclusion from CFSP, 32 TFEU
Harmonisation with environmental clause, 114-118 TFEU
Immigration policy, 79-80 TFEU
Interest in economic aid, 107.3.c TFEU
Legal policy, 81 TFEU
Market, see Internal market 294 TFEU, 34 TUE, 138 TFEU
Police cooperation, 87 TFEU
Provisions, general and final, 335-358 TFEU
Request, partners in the labour market, 155.2 TFEU
Rules for the institutions of the Union, organs, offices and agencies, 293-299 TFEU
Ways of functioning, 349 TFEU
Common Foreign and Security Policy (CFSP), 23-46 TFEU, 15.6.d TFEU, 42 TFEU, 2.4 TFEU, 218.6 TFEU, 275 TFEU, 329 TFEU, 331.2 TFEU, See also Initiative and Solidarity, 42.7 TFEU
Common Market Organisation (CMO), 40 TFEU, 43 TFEU
Common market, see Internal Market
Community Charter of the Fundamental Social Rights of Workers, 151 TFEU
Companies, capital of, 55 TFEU
Creation of, 49 TFEU
From OTC’s, 199.5 TFEU
Legal status of, 54 TFEU
Protection of, 42 TFEU
Compensation for damages, 268 TFEU, 340 TFEU
Competence-catalogue, 2 TFEU, see also Competences
Competences, of the Union, 2-6 TFEU, 352 TFEU, see Competence categories
Competition, transport tariffs, 96 TFEU
Exclusive competence, 3.1.b TFEU
Free and undistorted, 32 c TFEU
Infringements, 105 TFEU
Market sharing, 101.1 c TFEU
The European Central Bank, 127.1 TFEU, must respect principle
Rules, 3.1.b TFEU
Supplementary obligations, 101.1.e TFEU
Transport, 96 TFEU
Competence rules, 101-109 TFEU
Abuse of dominant position, 102 TFEU
Ban on state aid, unless approved by the Commission, with derogations, 106 TFEU
Distorted competition, directives to eliminate, 116 TFEU, 27 Protocol
Duty to consult the Commission, 117 TFEU
Prohibition of agreements between undertakings, associations, concerted practices, fixing prices, limiting markets and competition, 101 TFEU
Competence, Transport tariffs, 96.3 TFEU
Competitive capacity, 32.b TFEU, 179.1 TFEU, 173 TFEU
Competitiveness of industry, 173 TFEU
Compulsory coordination, agriculture 40.1.b TFEU
Compulsory education, articles14 Charter
Computer crime, 83.1 TFEU
Concerted practices, 101.1 TFEU, 104 TFEU
Concessions, public undertakings and monopolies, 106 TFEU
Conciliation Committee
Budget, 314.5 TFEU
Legislation, 294.10-13 TFEU
Conciliation procedure, 294.10 TFEU
Conditions for membership of the Union, 49 TFEU
Conferral of powers, 7.2 TFEU, 5.2 TFEU, 4 TUE
Confidentiality in Court deliberations, 3.35 Protocol
Members of the institutions and civil servants, 339 TFEU
Conflict prevention, 42 TFEU, 43.1 TFEU
Conscience and religion, freedom of, 10 Charter
Conscientious objection, 10.2 Charter
Consensus, 15.4 TUE, 15.6.c TUE, 219.1 TFEU, 48.3 TUE
Consent
Council, 223.2 TFEU, 226 TFEU, 228.4 TFEU, 257 TFEU, 287.4 TFEU
European Central Bank, 128.2 TFEU
European Parliament, 352 TFEU, 14.2 TUE, 311 TFEU, 312.2 TFEU, 49 TFEU, 71.2 TFEU, 354 TFEU, 50.2 TFEU, 25 TFEU, 82.2.d TFEU, 83.1 TFEU, 86.1 TFEU, 218.6.a TFEU, 223.1 TFEU, 223.1 TFEU, 48.3 TUE, 48.7 TUE
Member states, 311 TUE, 25 TFEU, 223.1 TFEU, 48.6 TUE
Consistency of different Union policies, 7 TFEU with enhanced cooperation, 334 TFEU
National constitutions, 4.1 TUE, 6.3 TUE, 55.2 TUE, 362 TFEU
Constructive abstention, 7 TUE, 31.1 TUE, 235.1 TFEU, 238.4 TFEU, 354 TUE
Consular protection, 23 TFEU, 44 Charter
Consultancy, freedom to provide services, 53 TFEU, 56-62 TFEU, see also Services
Consultation before candidates are proposed for Presidency of the Commission, 17.8 TUE
Chair of the European Parliament, 235.2 TFEU
Civil society, 11.2 TUE
Commission, 48.6 TUE, 49 TUE, 52 TUE, 129.3.4 TFEU, 223.2 TFEU, 228.4 TFEU, 242 TFEU, 257 TFEU, 302 TFEU, 308 TFEU, 349 TFEU, 355.6 TFEU
Council of Ministers by member states, 28.4 TUE
Court of Auditors, 322 TFEU, 325.4 TFEU
Court of Justice, 257 TFEU, 281 TFEU
Economic and Financial Committee, 143.3 TFEU
Economic and Social Committee (EcoSoc), see Economic and Social Committee
European Central Bank, 66 TFEU, 126.14 TFEU, 126.7 TFEU, 128.2 TFEU, 129.3 TFEU, 133 TFEU, 134.3 TFEU, 138.1-2 TFEU, 219 TFEU
European Parliament, 17.8 TUE, 311 TUE, 212.2 TUE, 22 TFEU, 23 TFEU, 64.3 TFEU, 109 TFEU, 115 TUE, 118 TUE, 125.2 TFEU, 126.14 TFEU, 128.2 TFEU, 129.4 TFEU, 140.2 TFEU, 148.2 TFEU, 150 TFEU, 153.1.c,d,e,f,g TFEU, 160 TFEU, 192.2 TFEU, 95.3 TFEU, 182.3, 5 TUE, 188 TUE, 74 TFEU, 78.3 TUE, 86.4 TFEU, 87.3 TUE, 89 TUE, 203 TUE, 36 TUE, 41.3 TUE, 219.1 TUE, 283.2 TUE, 286.2 TUE, 308 TFEU, 322.2 TFEU, 332 TFEU, 349 TFEU, 48.3 TUE, 48.6 TUE
Foreign Affairs Minister, 46.2-3 TUE, 331.2 TFEU
Institutions concerned with conditions of employment, 336 TFEU
Management and labour, 154 TFEU, 152 TFEU
Member states, 156 TFEU
Parties concerned by Union acts, 11.3 TEEU
Workers, 153.1 e TFEU,
Consultation of labour market partners, 154.1 TFEU
Consumer protection, 169 TFEU
“Environment clause”, 114.3 TFEU
High level, 169.1 TFEU
Horizontal rule, 12 TFEU
Protection level, 169.1 TFEU
Shared competence, 4.2 TFEU
Stricter national rules, 169.4 TFEU, 114.4-5 TFEU
Contract relations, liability in, 340 TFEU
Contractual liability, 340 TFEU
Control at external frontiers, 67.2 TFEU
Convention for treaty changes, ordinary revision procedure, 48 TEEU
Revision of the Treaties without convention, 48.6 TEEU
Control on persons, banned at internal borders, 77.1.1 b TEEU
Convention on human rights, accession of the Union, 218.6.a.u TFEU, 8 Protocol
Convention on the future of the European Union, established in December 2001, finished its task by 10 July 2003, see www.EUABC.com
Convergence criteria, 140.1 TEEU, 13 Protocol
Cooperation aid, 214 TEEU
Civil protection, 67.4 TEEU, 81 TEEU, 196 TEEU
Development, 208-211 TEEU
Enhanced cooperation, 20 TEEU, 326-334 TEEU
Inter-parliamentary, 1.9 Protocol
Mutual military assistance, 42.7, 42.6 TEEU
Social and labour market policy, role of the Commission, 156 TEEU
Structured military cooperation, 42.6 TEEU
Third countries and humanitarian aid, 208-214 TEEU
Coordinating competences see also Shared competences and Exclusive competences, 6 TEEU, covers:
Administrative cooperation
Civil protection
Culture
Education, youth, sport and vocational training
Human health
Industry
Tourism
Coordination
Concerted practices affecting trade, 101.1 TEEU
Economic and employment policies, general clause, 5 TEEU
Economic policies, 119 TEEU, 121 TEEU
Economic policies of the Euro States, 127 TEEU
Employment policies, 5.2 TEEU, 145 TEEU, 146 TEEU, 150 TEEU
Freedom, security and justice, 67 TEEU
Industry, 173.2 TEEU
Public health, 168.2 TEEU
Research and technological development, 181 TEEU
Social policy, 153.2 TEEU, 156 TEEU, 5.3 TEEU
Trans-European network, 171.2 TEEU
Copenhagen criteria, 49 TEEU
Copyright, 118 TEEU
Court, 262 TEEU
Trade with, 207.1.4 TEEU
COREPER, 240 TEEU
Rules for the Council work, 16 TEEU
Voting rules, 238 TEEU
Corruption, fight against, 83.1 TEEU
COSAC, 1.10 Protocol
Control of subsidiarity and proportionality, 2 Protocol
Council of Europe,
Accession of the Union to the ECHR, 6 TEEU, 218.6.a.a TEEU
Preamble of the Charter, 167.3 TEEU, 220 TEEU
Council of Ministers, 15-16 TEEU, 13 TEEU, 237-243 TEEU, see 36 Protocol for previous voting weights
Decisions by simple majority, qualified majority, enlarged qualified majority (enhanced qualified majority) and unanimity, see 236 TEEU
Abstention, from voting, 7 TEEU, 31.1 TEEU, 238.4 TEEU, 354 TEEU
Access to documents, 15.3, TEEU, 42 Charter
Act on behalf of one other member state, 239 TEEU
Adoption of legal acts, 289 TEEU
Adoption of non-legislative acts, 290-292 TEEU
Adoption of implementing acts, 291 TEEU
Amendments to proposals from Commission only by unanimity, 293 TEEU, (where demanded by the Treaty)
Application for membership, 49 TEEU
Blocking minority, 16.4 TEEU, 238.3 TEEU
Budget procedure, 314 TEEU
Composition, 16.6-9 TEEU, 236 TEEU
Configurations, 236 TEEU
Convening of meeting, 237 TEEU
COREPER, 240.1 TEEU, 16.7 TEEU
Defence, 42.5 TEEU
Delegation, 290.1 TEEU
Revocation of delegation, 290.2 TEEU
Enhanced cooperation, 20.2-3 TEEU
Enlarged qualified majority, 238.2 TEEU
Foreign and security policy, 21-32 TEEU
Foreign Affairs Council, 16.6 TEEU
Foreign Minister, 18 TEEU, 32 TEEU
Conventions, 16 TEEU
General Affairs Council, GAC, 16.6 TEEU
General legislative procedure, 294 TEEU
General secretariat and general secretary, 240.2 TEEU
Implementation by, 291 TEEU
Legislative function, 16 TEEU, 294 TEEU
Minister for Foreign Affairs of the Union, 18 TEEU, 32 TEEU
Normal qualified majority, 16.4 TEEU
Permanent representatives, COREPER, 240.1 TEEU, 9.c.7 TEEU
Presidency, 236.b TEEU, 16.9 TEEU, 9 Declaration
Procedural questions, simple majority, 240.3 TEEU
Public meeting, 30.8 TEEU
Qualified majority, 55 % of member states representing 65 % of the total EU population, 16.4 TEEU, 238.3 TEEU, as a general rule 16.3 TEEU
Revocation of delegation, 290.2 TEEU
Rules for committees by simple majority, 242 TEEU
Rules of Procedure, 230 TEEU
Presidency, rotation, 16.9 TEEU, (9 Declaration)
Public meetings, 16.8 TEEU
Simple majority, 238.1 TEEU
Super qualified majority, 72 % of member states and 65 % of total EU population, formally called enlarged qualified majority
Weighting and votes, 36 Protocol
Council, see Council of Ministers
Countervailing charges, 112 TEEU agriculture, 44 TEEU
Court of Auditors, 285 TEEU, 287 TEEU, 286 TEEU
Actions for Court, 263 TEEU
Annual report, 287.4 TEEU
Ban on other activities, 286.4 TEEU
Composition, 286.1 TEEU, 283 TEEU
Consultation, 322 TEEU, 325.4 TEEU
Cooperation with national, 287.3 TEEU
DAS-statement on the validity of the underlying transactions, 287.1 TEEU
Discharge/approval, 319.1.3 TEEU
Independence, 286.3 TEEU, 285 TEEU
National parliaments, 1.7 Protocol
Opinions, 287.4 TEEU
President, 286.2 TEEU
Replacement, 286.5, 6 TEEU
Rules of procedure, 287.4 TEEU
Term of office, 286.2 TEEU
Salary, 243 TEEU, 286.8 TEEU, 243 TEEU
Special reports, 287.4 TEEU
Statement of assurance, 287.1 TEEU
Tasks, 287 TEEU, 285 TEEU
Court of Justice, 19 TEEU, 251-281 TEEU
Access to documents and transparency, 15.3 TEEU
Act of general application, 277 TEEU
Annulment questions, 263 TEEU
Annulment of legal acts, also partly, 264 TEEU
Appeal of decisions given by the General Court, 257 TEEU
Appeal on point of law only, 256.1 TEEU
Appointment of judges, 253-255 TEEU
Specialised courts, 257 TEEU
Arbitration clause, 272 TEEU
Budget, the Court’s, 316 TEEU
Chambers, grand chamber and full Court, 251 TEEU, 3.16 Protocol
Commissioner may be sacked by the Court, 245 TEEU, 247 TEEU
Compensation for damage, 268 TFEU, 340 TFEU
Competence, EMU, 271 TFEU
Foreign and security policy, 275 TFEU, 24.1, 2 TFEU
Intellectual rights, 262 TFEU
Justice and Home Affairs, 276 TFEU
Competition rules, 103.2 TFEU
Competition, misuse, internal market, directly to the Court, 348 TFEU
Cooperation in criminal matters, 82-86 TFEU
Court of Auditors, between EU and member states, 344 TFEU
Between member states, 273 TFEU
Compensation for damages, 266 TFEU, 340 TFEU
Members may be sacked by the Court, 286.5.6 TFEU
Duty of the institutions to implement judgements, 266 TFEU
Election of the President of the Court of Justice, 253 TFEU
Enforcement of judgements and pecuniary obligations, 280 TFEU, 299 TFEU
Environmental clause, misuse directly to the Court, 114.9 TFEU
EU Court as supreme interpreter of Union law, 263 TFEU, 273 TFEU
General advocates, 252 TFEU
General Court competence, 256 TFEU
Hiring panel for judges and more, 255 TFEU
Human Rights Convention, accession of the Union, 218.6.a.ii TFEU, 8 Protocol
Dialogue with the Human Rights Court, 2 Declaration
Interim measures, 279 TFEU
International agreements, compatibility with Treaties, 218.11 TFEU
Judges, 19.2 TFEU
Justice in the justice system, 47-50 Charter
Language (Court language is French), 342 TFEU
Number of judges, system changed in December 2015, two Judges from each member state from 2019, 19.2 TFEU, 253-254 TFEU and 3 Protocol, art. 9 and 48 amended in 2015
Number of Advocates-General, 252-253 TFEU
Obligation to comply with judgements, 266 TFEU
Ombudsman and the Court, 228 TFEU
Passivity cases, failing to address, 265 TFEU
Penalty payments, fines, 260 TFEU
Police cooperation, 87 TFEU
Limitations in Court control over national police and other judicial authorities, 276 TFEU
Preliminary rulings, 256.3 TFEU, 267 TFEU
Principal decisions, referred from the General Court, 256.3 TFEU
Public prosecutor’s office, 86 TFEU
Reasoned opinion from the Commission, 258 TFEU
Review of lack of competence, or infringement of an essential procedural requirement, or misuse of powers, 263 TFEU
Legality of legal acts, 263 TFEU
Penalties and sanctions, provided by law, 261 TFEU
Rules of Procedure, 253 TFEU
Specialised courts’ competence, 256.3 TFEU
Staff cases, 270 TFEU
State aid, directly to Court, 108.2 TFEU
Statute, 281 TFEU
Suspension of member states rights (“Lex Austria”), 269 TFEU, 7 TFEU, 354 TFEU
Suspensory effect, 278 TFEU
Time limits for annulment cases (2 month), 263 TFEU
Use of law in specialised courts, 257 TFEU
CRAFTSMEN 57 c TFEU
Crime combating, 67.3 TFEU, 85-89 TFEU, 75 TFEU, 83 TFEU
Crime prevention, 84 TFEU
Computer crime, 83 TFEU
Double punishment for same crime prohibited, 50 Charter
Eurojust, 25 b TFEU, 85 TFEU, 69 TFEU, 86.1 TFEU, 88.2 b TFEU
European Union prosecutor, 86 TFEU
Europol, 25 b TFEU, 85-86 TFEU, 88 TFEU
Judicial cooperation, 82-86 TFEU
Minimum rules, 83 TFEU
Organised crime, 75 TFEU, 83 TFEU
Police cooperation, 87-89 TFEU
Prevention of, 84 TFEU
Victims of, 82.2 c TFEU
CRIMINAL CASES, 82-86 TFEU
CRIMINAL LAW 67.3 TFEU, 82 TFEU, 27 Declaration
Courts competence, 276 TFEU
Harmonisiation of, 82.2 TEU, 83.2 TFEU
CRIMINAL OFFENCE, 49-50 Charter
CRIMINAL LAW 67.3 TFEU, 82 TFEU, 27 Declaration
Courts competence, 276 TFEU
Harmonisiation of, 82.2 TEU, 83.2 TFEU
CRIMINAL OFFENCE, 49-50 Charter
Cultural heritage, Respect of, Preamble TFEU
Cultural diversity, does not affect trading competition against common interest, 107.3 TFEU
Unanimity in commercial policy, 207.4 TFEU
Customs free movement of goods, 28-37 TFEU, 26.2 TFEU
On products from overseas countries and territories (OCT), 200.1.5 TFEU, 201 TFEU, 349 TFEU
On products from third countries, 29 TFEU
Restrictions on free movement of goods, 36 TFEU
Customs cooperation, 33 TFEU
CUSTOMS TARIFFS, 31 TFEU
Customs union, 30-32 TFEU
Ban on internal duties, 28 TFEU, 30 TFEU
Commission rule, 32 TFEU
Common customs tariff, 28.1 TFEU
Customs cooperation, 33 TFEU
Duties, 28-31 TFEU
Exclusive competence, 3 TFEU
Free movement of goods, 28-29 TFEU
Joint duties towards third countries, 28.1 TFEU
Strengthen customs cooperation by measures, 33 TFEU
Taxes, 110-113 TFEU
Externally, 26.2 TFEU, 306 TFEU
CYBER CRIMES, 83.1 TFEU
Cyprus Seats, 36 Protocol, 355.5.b TFEU
Czech Republic Seats, 36 Protocol
DANGEROUS SUBSTANCES, CHEMICALS, REACH, Registration, Evaluation and Authorisation of Chemicals, the chemical directive, legal base, 114 TFEU
Consumer protection, 169 TFEU,
Environmental competences, 191-193 TFEU
Public health, 168 TFEU
Danish derogations
17 Protocol from 1992 on EMU for Greenland and Faroe Islands,
22 Protocol from 1992 on Danish derogations mentioned in the Edinburgh Decision from 12 December 1992
No 32 on acquisition on property in Denmark
No 34 on Greenland
48 Declaration on abstention from voting in derogated areas
Death penalty, 2 Charter
Debt, public, 123.1 TFEU, 125 TFEU, 126 TFEU
Decisions, 288 TFEU, 291.4 TFEU, 297.2 TFEU, 32 TFEU, 42.4 TFEU
Cominity, national decisions on the admissibility of cartels, 104 TFEU
OCT’s, e.g. for Greenland, change in the status of, 52 TFEU and 355.6 TFEU
DECLARATIONS AFTER TOPIC, ALPHABETICALLY:
Declaration of capital movements 65.1.b TFEU
Declarations, from No 1 to 65 in the Lisbon Treaty, are not legally binding as Protocols. Here they are organised after content. In the “Table of Contents”, they are listed after their number.
Additional seat to Italy, 4 Declaration on composition of the European Parliament
Appointment of the High Representative of the Union for Foreign Affairs and Security Policy, 12 Declaration
Composition of the European Parliament, for Italy, 4 Declaration
Common foreign and security policy, CFSP, 13 Declaration, 14 Declaration
Charter of Fundamental Rights, 1 Declaration
Declaration concerning the CFR of the European Union Competences, 1 Declaration, 2 Declaration
Delimitation of competences, 18 Declaration
Composition of the EP 2009-14, political agreement by the European Council concerning the draft Decision on the composition of the European Parliament, 5 Declaration
Consensus required in sensitive issues, on the second paragraph of Article 48 of the TFEU, 23 Declaration

Cooperation between the member states, on Article 156 of the TFEU, 31 Declaration

Czech Republic on Fundamental Rights, on the Charter of Fundamental Rights of the European Union, 53 Declaration

Delegated acts – experts in financial services of member states, on Article 290 of the TFEU, 39 Declaration

Denmark – not use its voting right in areas with derogations, 48 Declaration

Diversity, respect of, on Articles 15.5-6 TUE, 17.6-7 TUE, 18 TUE, 6 Declaration, 167 TFEU

Election of the Commission President, on Article 17.6-7 TUE, 11 Declaration

Energy market in the case of war, on Article 194.1.a TFEU, 35 Declaration

Enhanced cooperation – qualified majority, on Article 329 TFEU, 40 Declaration

Equality of men and women, Article 8 TFEU, 19 Declaration

Aims, 3 TUE

Equal pay for equal work, 157 TFEU

Specific advantages for underrepresented sex, 157.4 TFEU

Uniform calculation methods, 157.2.a Values, 2 TUE

Equality of EU citizens, 9 TUE

Equality of member states, 4.2 TUE

EURATOM – to be brought up to date, by Germany, Ireland, Hungary, Austria and Sweden Euro – naming its spell, 54 Declaration

Euro, by Latvia, Hungary and Malta on the spelling of the name of the single currency in the Treaties, 58 Declaration

Eurojust and national practice, on Article 85.1.2 TFEU, 27 Declaration

European External Action Service, on Article 27 TUE, 15 Declaration

Excessive government deficits, on Article 126 TFEU, 30 Declaration

Flexibility clause – no legislative acts in foreign policy and defence, on Article 352 of the TFEU, 41 Declaration

Flexibility clause – not instead of treaty amendments, on Article 352 TFEU, 42 Declaration

Germany, aid to certain areas, on Article 107.2.c TFEU Germany, 29 Declaration

Germany, disadvantages from division, on Article 98 TFEU, 28 Declaration

Gibraltar, by Spain and UK, 55 Declaration

Handover the six month presidency, on practical measures to be taken upon the entry into force of the Treaty of Lisbon as regards the Presidency of the European Council and of the Foreign Affairs Council, 8 Declaration

Health protection – high standard, on Article 168.4c TFEU, 32 Declaration

Human Rights, on 6.2 TUE, 2 Declaration

International agreements by member states, on Article 218 TFEU concerning the negotiation and conclusion of international agreements by member states relating to the area of freedom, security and justice, 36 Declaration

Ireland – position on the area of freedom, security and justice, on Article 3 of the Protocol on the position of the United Kingdom and Ireland in respect of the area of freedom, security and justice, 56 Declaration

Italy – its economic programme, 49 Declaration

Italy – on the composition of EP, 57 Declaration

Languages, on Article 55.2 TUE, 16 Declaration

Legal personality of the Union, 24 Declaration

Mayotte – status of, on the previous Article 311 a.6 TFEU, now 355.6 TFEU, 43 Declaration

Member states interest, social security emergency brake, and immigration, on Articles 48 and 79 TFEU, 22 Declaration

National parliaments, Belgium on national parliaments, 51 Declaration

Neighbouring countries, relations with, on Article 8 TUE, 3 Declaration

Netherlands on its negative position to EU budget, on Article 312 of the TFEU, 59 Declaration

Non-participation, by a member state in a measure based on Title IV of Part Three TFEU, 26 Declaration

OCT’s – status of, by Netherlands on Article 355 TFEU, 60 Declaration

Poland can have a permanent Advocate General, on Article 252 of the TFEU regarding the number of Advocates-General in the Court of Justice, 38 Declaration

Poland on solidarity in the Charter, on the application of the Charter of Fundamental Rights of the European Union in relation to Poland and the United Kingdom, 62 Declaration

Poland on the Charter, by Poland on the Charter of Fundamental Rights of the European Union, 63 Declaration

Primary of EU law, established by the Costa-Enel Court case in 1964, inserted in the draft EU Constitution and then moved to the Lisbon Treaty, 17 Declaration, primacy over national constitutions, Internationale Handelsgesellschaft-case 1970, EU-law as a constitution, Les Verts-case 1986

Protection of personal data in judicial cooperation, on the protection of personal data in the fields of judicial cooperation in criminal matters and police cooperation, 21 Declaration

Protection of personal data, on Article 16 TFEU, 20 Declaration

Qualified majority from 1 November 2014, on Article 16.4 TUE and Article 238.2 TFEU, 7 Declaration

Restrictive measures should be tailored to the specifics, on Articles 75 and 215 TFEU, 25 Declaration

Schengen acquis –

Financial consequences, on Article 5.3-5 of the Protocol on the Schengen acquis—integrated into the framework of the European Union, 47 Declaration

Notifications of participation can be withdrawn, on Article 5 of the Protocol on the Schengen acquis integrated into the framework of the European Union, 44 Declaration

Re-examination, Schengen acquis integrated into the framework of the European Union, on Article 5.3 of the Protocol on the Schengen Acquis, 6 Declaration

United Kingdom and Ireland opt-outs, on Article 5.2 of the Protocol on the Schengen acquis integrated into the framework of the European Union, 45 Declaration

Scientific cooperation, on Article 179 TFEU, 34 Declaration

Social and territorial cohesion – island regions, on Article 174 TFEU, 33 Declaration

Solidarity in case of terrorist attack, on Article 222 TFEU, 37 Declaration

Symbols of the Union, by Belgium, Bulgaria, Germany, Greece, Spain, Italy, Cyprus, Lithuania, Luxembourg, Hungary, Malta, Austria, Portugal, Romania, Slovenia, and the Slovak Republic on the symbols of the European Union, 52 Declaration

Team presidency on Article 16.9 of the Treaty on European Union concerning the European Council decision on the exercise of the Presidency of the Council, 9 Declaration

Transitional provisions, concerning Article 10 of the Protocol on transitional provisions. Furthermore, the Conference has noted the declarations listed hereafter and annexed to this Final Act, 50 Declaration

Transparency (Commission), on Article 17.5 of the TUE, 10. Declaration

U.K. citizens, by the United Kingdom of Great Britain and Northern Ireland on the definition of the term ‘nationals’, 63 Declaration

United Kingdom on terrorism, by the United Kingdom of Great Britain and Northern Ireland on Article 75 TFEU, 65 Declaration

United Kingdom on the franchise to EP, by the United Kingdom of Great Britain and Northern Ireland on the franchise for elections to the European Parliament, 64 Declaration

Deepening clause, 48.3 TUE, 42.6 TUE, 312.2 TFEU, 40 Declaration

Defence 42 TUE, 43-46 TUE

Common Security and Defence policy, 42-46 TUE

Competence, 2 TUE, 42 TUE

Defence Agency 42.3 TUE, 45 TUE

Foreign Minister, 18 TUE, 32 TUE

Guidelines, 43 TUE

Implementation, 43-46 TUE

Improve military capabilities, 43.2 TUE

Member states can act on behalf of the EU, 44.1 TUE

Minister of Foreign Affairs, Union’s, 18 TUE

NATO, 10 Protocol

Neutral countries, 42.2 TUE

Petersburg tasks, 43.1, 43 TUE

Progressive framing of, 42.2 TUE, 2.4 TFEU

Rapid reaction force, 43 TUE

Scope, 42 TFEU

Solidarity commitment, 42.7 TUE, 222.1 TFEU for solidarity clause

Structured cooperation, 42.6 TUE, 46.6 TUE, see also 36 TUE, 222.2-4 TFEU, 42.7 TUE, and 10 Protocol and 11 Protocol about Defence and NATO

Tasks 43, TUE

Westem European Union, 11 Protocol

Defendant, articles 47 Charter

Deficit, public, 126 TFEU, 139.2.b, 4.b TUE, 140.1 TUE, 12 Protocol

Definition of qualified majority in the European Council and the Council of Ministers, 238 TUE, see also Voting

Definition of services, 57 TFEU

Delegated acts, 290 TFEU

Democracies of Europe, “Europe of Democracies”, Alternative Report from the EU Convention’s report to the European Council, see www.EUABC.com

Democracy

Defend democracy externally, 21 TUE

Democratic equality, 9 TUE

Democratic life of the Union, 9-12 TUE

Goals, values, Preamble, TUE, 2 TUE

Participatory democracy, 11 TUE, 24 TFEU
Protection of democratic institutions against terror, 222.1 TFEU
Representative democracy, 10 TFEU

Demonstration projects, research, 179.3 TFEU

Denmark

Acquisition of second homes, summer houses, 32 Protocol
Derogations mentioned in the Edinburgh Agreement from 12 December 1992; 22 Protocol and 48 Declaration
Greenland, association of Overseas Countries and Territories, Greenland as OCT country, 198 TFEU Greenland status on articles 198-203 TFEU, 204 TFEU, 355.6 TFEU
Internal market, fish and Greenland, 34 Protocol
Monetary Union, Denmark may decide for Greenland and the Faroe Islands, 17 Protocol
Seats, 36 Protocol

Dentists, freedom to provide services, 53 TFEU, 56-62 TFEU, see also Services

Deposit, non-interest-bearing, punishment for failure to fulfill EMU requirement, 104.11 TFEU fines, 126.11 TFEU

Derogations

British derogations, EMU, 15 Protocol
British-Irish derogation on border control, Schengen cooperation, 20 Protocol, 21 Protocol
Danish derogations, EMU, 16 Protocol
Acquisition of secondary houses in Denmark, 32 Protocol
Four derogations mentioned in the Edinburgh Agreement from 12 December 1992; 22 Protocol
Internal Market derogations, 27 TFEU, 114.4 TFEU, 192.2 5 TFEU
Official public authority, 51 TFEU
Secondary houses, 32 Protocol
Suffrage 22 TFEU

Diplomatic services and missions

Diplomatic service

Diplomatic and consular protection

TFEU

Diabetes

Regions, 174-178 TFEU

Development

Aid programmes, 210 TFEU
Cooperation and humanitarian aid, 4.4 TFEU, 208-214 TFEU, 21.2.d TFEU
Decision-making, 209.1 TFEU
International organisations, coordination of member states and Union positions, 211 TFEU

Measures 209.1, TFEU
Objectives 208, TFEU
Third countries, 211 TFEU

Development areas in the EU, 107.3.a TFEU
Regions, 174-178 TFEU

Diabetes, see also Services and Health combating major health scourges, 168.1.5 TFEU

Dialogue between the two sides of industry, 154 TFEU

Diplomatic and consular protection, 20.2.c TFEU, 23 TFEU

Diplomatic service 27.3 TFEU, 15 Declaration

Diplomatic services and missions cooperation, 35 TFEU

Representation, 220 TFEU, 221 TFEU
European External Action Service, 27.3 TFEU, Missions, 32 TFEU

Direct investment

State monopolies, 37 TFEU

Common commercial policy, 206-207 TFEU
Free movement of capital, 64.2 TFEU

Direct universal suffrage for the European Parliament, 223 TFEU

Directives, 288 TFEU, 289 TFEU, 153.2 TFEU Areas where only directives can be adopted, 50 TFEU, 52.2 TFEU, 53.1 TFEU, 59 TFEU, 116 TFEU, 153.3 TFEU, 82.2 TFEU, 83 TFEU, 260.3 TFEU
Disability, 48 TFEU, 153.1.c TFEU, 153.1.h TFEU
Disarmament, 43 TFEU
Improving military capacity, 42.3 TFEU
Disaster, assistance in cases of solidarity clause, 222.1.b TFEU

Discharge, 317-319 TFEU

Discipline, budgetary discipline, 136.1.a TFEU

Discrimination, 2 TFEU, see also Ban on Agricultural market, 40.2 TFEU

Aid, 107.2.a TFEU
Arbitrary, 36 TFEU, 65.3 TFEU, 114.6 TFEU
Ban, 18 TFEU, 10 TFEU
Combating, 3.3 TFEU, 10 TFEU, 19 TFEU
Commodities, 200.5 TFEU
Discrimination on grounds of nationality prohibited, 18 TFEU, 45.2 TFEU, 21 Charter
Enhanced cooperation, 326 TFEU
Environmental clause, 114.6 TFEU
Humanitarian aid, 214.2 TFEU
Legislation, 19 TFEU
Market for agricultural products, 40.2 TFEU
Nationality and residence, 18 TFEU, 21.2 Charter
State monopolies 37 TFEU
Pay, based on sex, 157 TFEU
Prices, 95.1 TFEU
Rates, 95.1 TFEU
Services, interim provision, 61 TFEU
Gender, 2 TEU, 3.3 TEU, 8 TFEU, 10 TFEU, 157 TFEU, 21 Charter
General, 2 TEU, 10 TFEU, 18 TFEU
Social aid, 107.2.a TFEU
Taxation/protecticn, 110-113 TFEU
Transition periods, 61 TFEU
Workers, 45.2 TFEU

Dismissal of the Commission, 17.6-8 TEU, 234 TFEU
Disputes for compensation for damages, 268 TFEU, 340 TFEU
Distance education, 165.2 TFEU

Distorted competition, 348 TFEU, 113 TFEU, 116 TFEU, 173 TFEU, 326 TFEU

Distributive trades, freedom to provide services, 53 TFEU, 56-62 TFEU, see also Services

Disturbances, 347 TFEU

Diversity, 3.3 TEU, 165 TFEU, 6 Declaration

Division of

Cyprus, Treaty does not cover Northern Cyprus and UK military base 355.5.b TFEU
Germany aid, 107.2.c TFEU, 29 Declaration Transport, 98 TFEU, 28 Declaration

Division of powers, see also Legislative powers, Executive powers, Judicial powers
Commission initiates laws, 17.2 TEU, 294 TFEU
Delegated competence, 290-249.c TFEU
Council of Ministers legislates, 16.1 TEU, 238 TFEU, 294 TFEU
European Parliament may propose amendments or reject a proposal by an absolute majority of its members (ordinary legislative procedure), 294 TFEU – in practice 90% of the laws are made in one reading only as compromises between the Commission, Council and Parliament

Doctors, 53.2 TFEU, free establishment after gradual removal of restrictions (service-directive) 47.1 TFEU

Domestic services, freedom to provide services, 53 TFEU, 56-62 TFEU, see also Services

Dominant position abuse of, 102 TFEU
Public undertakings, 106 TFEU
State monopolies, 37 TFEU

Double cap, 18.4 TEU, see also Foreign Minister, 18 TEU, 32 TEU

Double hat, 18.4 TEU

Double majority, 238 TFEU, see also Voting and Qualified majority

Driving licenses, 91.1 TFEU

Drugs, 83 TFEU, 168 TFEU

Duration of the Treaties, 53 TFEU, 356 TFEU

Dutch Antilles, 31 Protocol, 60 Declaration

Duties and charges for the passage of borders, 97 TFEU

Ban against discriminating duties, 110-113 TFEU

E

Early retirement scheme, 151 TFEU, 153.1.c TFEU - requiring unanimity in the Council

Qualifying periods gained in other countries, 48.1.a TFEU

Exportability of early retirement schemes, 48.1.b TFEU

E-business, freedom to provide services, 56-62 TFEU, see also Services

Harmonisation of Internal Market, 114 TFEU

Promotion of small-and-medium enterprises, 179.2 TFEU, 173.1 TFEU

Promotion of technologies, 179 TFEU, 45 TFEU

ECB, see European Central Bank

ECH – European Court of Human Rights Dialogue with the EU-Court, 2 Declaration

Ecology, see Agriculture, 38-44 TFEU

342
Consumer protection, 169 TFEU
Environmental clause, 114.4 TFEU, and Environment, 191-193 TFEU

**Economic and Financial Committee, 134 TFEU, 143.1 TFEU**

**Economic and Monetary Union, 119-144 TFEU**
Alert Mechanism Report, 121 TFEU
Automatic sanctions, 126 TFEU
Bail-out not permitted, 125 TFEU
Ban on overdrafts, 123 TFEU

Country Specific Recommendations, CSR, 121 TFEU, 126 TFEU
Common economic policy, 136 TFEU Convergence, 13 Protocol
Convergence and Competitiveness Instrument, CCI, part of Six-pack, 121.6.14 TFEU, 136 TFEU
Convergence criteria, 140 TFEU

Countries outside, 136 TFEU, 139.2 TFEU, 14 Protocol
Currency of the Union, 3.4 TFEU
Deficit, 12 Protocol

Denmark, Protocols 14, 16, 22 and 17 concerning Greenland and Faroe Island
Financial Transaction Tax, FTC, adopted by Enhanced cooperation, 329.1 TFEU
France, concerning French overseas territories, 18 Protocol
UK and UK and Ireland, 15 Protocol
ECB, European Central Bank, 127.4 TFEU, 282-284 TFEU – see also European Central Bank for more detailed references
Economic policy, 120-126 TFEU
Economic and Financial Committee, 134 TFEU
Elections, 22.2 TFEU
Enhanced dialogue, 14 Protocol
ESC, European System of Central Banks, objectives, 127.1 TFEU
Euro, 136-138 TFEU, 31.c TFEU, 5 TFEU
Euro-countries, 136-138 TFEU
Euro Group, enhanced dialogue, 14 Protocol
Euro legislation, 133 TFEU
European Banking Authority, 126.6 TFEU
European Fiscal Compact, see Treaty on Stability, Coordination and Governance in the Economic and Monetary Union
European Semester, 121 TFEU, 126 TFEU, 136 TFEU for the Euro-countries, 12 Protocol
Euro’s place in the world, 138 TFEU
Euro zone, 136-138 TFEU
Exchange rate, 219 TFEU
Exclusive right to bank notes, 128.1 TFEU
Excessive budget deficit procedure, 126 TFEU, 136 TFEU for the Euro-countries, 12 Protocol
Independence of ECB and national central banks, 130 TFEU
Institutional provisions, 134-135 TFEU
Member states with derogation may join the euro, 140 TFEU
Irish derogation, 15 Protocol
Macroeconomic imbalance, Procedure, MIP, 121.6 TFEU
Member states being part of the Euro-zone, 136-138 TFEU
Member states not fulfilling the conditions, 139-144 TFEU
Monetary policy, 127-133 TFEU
Multilateral surveillance, 121 TFEU
Most important single EMU article, 126 TFEU
No bail-out clause, 125 TFEU
No loan privileges, 124 TFEU
Non-Euro zone members, 282.4 TFEU
Notes and coins, 128 TFEU
No Union liability for debt, 125 TFEU
Prevention and correction of macroeconomic imbalances, 121.6 TFEU
Principles, 119 TFEU
Redemption Fund and Euro bills proposal, require treaty amendment, 48 TFEU
Sanctions, 126.9.11 TFEU
Single currency, 119.2 TFEU
Single rulebook, Banking Union, 127.6 TFEU
Six-pack, 121.6.14 TFEU, 136 TFEU
Stability and Growth Pact, 121 TFEU, 126 TFEU, 12 Protocol
Transition and transitional provisions, 139-144 TFEU
Transparency, 132.2 TFEU
Treaty on Stability, Coordination and Governance, TSGC, including Fiscal Compact, inter-governmental treaty from March 2012, see the document after the Index
UK derogation, 15 Protocol

**Economic and Social Committee, 300 TFEU, 301-304 TFEU**
Appointment, 302 TFEU
Composition, 301 TFEU, 36 art. 7 Protocol
Consultation concerning composition, 302 TFEU
Consultation cfby ESC due to these regulations, 51 TFEU, 46 TFEU, 50.1 TFEU, 114 TFEU, 115 TFEU, 148.2 TFEU, 149 TFEU, 153.2 TFEU, 156 TFEU, 157 TFEU, 164 TFEU, 175 TFEU, 177 TFEU, 178 TFEU, 169.3 TFEU, 91.1 TFEU, 100.2 TFEU, 172 TFEU, 182 TFEU, 183-186 TFEU, 188 TFEU, 194.2 TFEU, 68.4-5 TFEU, 173.3 TFEU, 165.4 TFEU, 166.4 TFEU, 307 TFEU, 303 TFEU
President and officers, 303 TFEU
Rules of procedure, 303 TFEU

**Economic development programmes, 42 TFEU**

**Economic guidelines, 121.2 TFEU, 136.1 b TFEU**

**Economic policies**

Coordination of, 2.3 TFEU, 4.2 TFEU, 5.1 TFEU, 119.1 TFEU
Employment, 146 TFEU
EMU, 119-144 TFEU
ECB, 282-284 TFEU
Member states with Euro, 136.1 b TFEU, 14 Protocol
Regional economic group, multilateral surveillance, 121 TFEU
Structural Funds, 175 TFEU

In Germany, 28 Declaration
In Italy, 49 Declaration

**Economic restrictive measures with third countries, boycott, 215 TFEU**

**Economic, social and territorial cohesion, 174-178 TFEU**

**Economy, Internal market, 26 TFEU, 32 d TFEU, 121.3 TFEU, 39.2.c TFEU**

**EcoSoc Committee, 301-304 TFEU, see also Economic and Social Committee**

Edinburgh Agreement
Danish derogations since 12 December 1992
See 22 Protocol and 48 Declaration

Education, 165-166 TFEU, see also Services
Esid, social advantage according to rules on free movement of workers, 153.1 c TFEU
Compulsory articles, 14 Charter
Consumer education, 169.1 TFEU
Cooperation in social policy, 156 TFEU
Coordinating competence, 6.e TFEU
Decision-making, 165.4 TFEU, 166.4 TFEU
Distance, 165.2 TFEU
European dimension of education, 165.2 TFEU
Exchanges, 165.2 TFEU
Facilitate adaption to industrial changes, 166.2 TFEU
Free, 14.2 Charter
Health, 168.1 TFEU
High level of education and training, 9 TFEU
Incentive measures, 165.4 TFEU
Integration in the labour markets, 166.2 TFEU
International cooperation, 165.3 TFEU, 166.3 TFEU
Medical and pharmaceutical recognition of diplomas, 53.2 TFEU
Member states’ responsibility, 165.1-2 TFEU
Mobility of students and teachers, 165.2 TFEU
Objectives, vocational training, 166 TFEU
Recognition of diplomas, 53 TFEU, 165.2 TFEU
Recommendations, 165.4 TFEU
Religious, 14.2 Charter
Right to, 14.1 Charter
Service-directive, 53.1 TFEU
Vocational training, 166 TFEU

**EEA Agreement, with Norway, Iceland and Liechtenstein, 217-218 TFEU**
Switzerland is also a member of EFTA and has a range of bilateral agreements with the EU

**Effective remedies before a tribunal, 47 Charter**

**EFTA, European Free Trade Agreement, see EEA-agreement**

**EFSF, see Foreign and Security policy**

**EIB, see European Investment Bank**

Own resources, 311 TFEU, 322.2 TFEU

**Elderly, rights of the, 25 Charter**

**Eletability, 20.2.b TFEU, 40 Charter**

**Elections, 20.2.b TFEU, 22 TFEU, 40 Charter**

European Parliament, 14.3 TFEU, 223.1 TFEU
President of the Commission, 17.8 TFEU, 14.1 TFEU

**Electoral rules, 22 TFEU**

**Electricity, 194 TFEU, see also Energy**

**Eligibility for the European Parliament, 22 TFEU**
Municipal elections, 22.1 TFEU, 40 Charter
Embassies, consulates and delegations, 221 TFEU
Diplomatic and consular protection, 23 TFEU, 46 Charter

**Emergency brake**
Question to the Commission, 230 TFEU
Quorum, 231 TFEU
Request initiative from the Commission, 225 TFEU
Rules of Procedure with absolute majority of members, 232 TFEU
Seats, 6 Protocol
Secrecy for members, 339 TFEU
Sessions, 229 TFEU
Statute for members, 223.2 TFEU
Statute for political parties in EU, 224 TFEU
Temporary inquiry committee, 226 TFEU
“Travelling circus”, 6 Protocol
Treaties revision initiative, 48.2 TFEU
Voting rights and eligibility, 22 TFEU, 39 Charter
Voting rules, 231 TFEU, simple majority the basic rule, but many decisions require an absolute majority of members, 376 of 751 MEP’s
European political parties, 10,4 TFEU, 224 TFEU, 12.2 Charter
European Public Prosecutors Office, 46 TFEU
European public service, 298 TFEU
European Research Area, 179-190 TFEU
European Security and Defence Policy (ESDP), 43-46 TEU, see Defence policy
European Social Fund, 162-164 TFEU, Administrative rules, 163 TFEU
Implementation, 164 TFEU
European Securities and Markets Authority, based in Paris, one of three
European Financial Supervisory Authorities, art.114 TFEU
European space Agency, 189.3 TFEU
European space policy, 4.3 TFEU, 189.3 TFEU
European Stability Mechanism, based on art.136 TFEU and the Treaty
Establishing the European Stability Mechanism
European System of Central Banks (ESCB), 282 TFEU, 127 TFEU, 129-133 TFEU, 139.3 TFEU, 140 TFEU, 284 TFEU, 271.d TFEU, 338.1 TFEU, 4.1 Protocol - see also European Central Bank and Economic and Monetary Union
Decision-making, 4.8 Protocol
Function, 4.17-24 Protocol
Independence, 4.10 Protocol
Objectives and tasks for, 4.2-6 Protocol
Operation, 4.17-24 Protocol
Statute, 140-141 TFEU, 219 TFEU, 271.d TFEU, 338.1 TFEU
European Voluntary Humanitarian Aid Corps, 214.5 TFEU
Europol, 12 c TFEU, 24.1.2 TFEU, 275 TFEU, 85-87 TFEU, see also 69 TFEU
EU-summits, see European Council
Euthanasia, Right to life, 2 Charter - as service, see 57 TFEU
Ever closer Union, 1 TUE, Preamble TFEU – deleted in the draft constitution, back again in the Lisbon Treaty, UK derogation in the agreement between the UK and the EU from 2016
Examination
Accounts, of 285 TFEU, 287.1 TFEU, 319 TFEU
Before a court, 226 TFEU
Budgetary situation, 126.2 TFEU, 140.1 TFEU
Convention, 48.3 TFEU
Distorting effects, 348 TFEU
Enhanced cooperation, 331 TFEU
National derogation, 114.7-8 TFEU
Exams, 165.2 TFEU
Exercise of Union Competences, 288-289 TFEU, 290 TFEU
Limits regarding provisions on the right of establishment in cases of national public authority, 51 TFEU
Excessive deficit procedure, 126 TFEU
Court of Justice control, 126.14 TFEU
Fines, 126.11 TFEU
Reference values, 12.1 Protocol
Excessive deficit, reference values, 12.1 Protocol
Exchange of best practise, 156 TFEU
Exchange young, the, 165.2 TFEU
Young workers, 47 TFEU
Exchange rate mechanism, see Economic and Monetary Union, 13.3 Protocol
Exchange rate policy, see Economic and Monetary Union, 119.2 TFEU, 140.3 TFEU, 219.2 TFEU
Derogation from, 142 TFEU
Exclusion of harmonisation, 2.5 TFEU
Administrative cooperation, 197.2 TFEU
Civil protection, 196.2 TFEU
Culture, 167.5 TFEU
Education, vocational training, youth and sport, 165.4 TFEU, 166.4 TFEU
Education, youth and sport, 165.4 TFEU
Employment, 149 TFEU
For discrimination, 19.2 TFEU
For employment policies, 149 TFEU
General exclusion for coordinating, supplementary and supporting measures, 2.5 TFEU
General exclusion for flexibility clause, 352.3 TFEU
Health, 168.5 TFEU
Immigration policy, 79.4 TFEU
Industry, 173.3 TFEU
Public health, 168.5 TFEU
Social policy, 153.2 a TFEU
Tourism, 195.2 TFEU
Vocational training, 166.4 TFEU
Exclusive competences, 3 TFEU, see also Shared competences, and Coordinating competences
Commercial policy
Competition rules
Customs Union
International agreements when the EU decides internally
Marine biological resources
Monetary policy for Euro countries
Executive Board of the European Central Bank 129.3 TFEU, 283.1 TFEU, 284.3 TFEU, 139.2 h TFEU, see also Economic and Monetary Union
Executive powers
Commission: decides itself when given delegated powers, 290 TFEU
Executes/implements Union laws, 17.1 TFEU, 291.2 TFEU
Council of Ministers: executes exceptionally, 291.2 TFEU
Member states: Implement, 291.1 TFEU
Exemptions, member states with derogation from the monetary union, 134.4 TFEU, 139.2 h TFEU, 140.2 TFEU, 15 Protocol, 16 Protocol
Exchange-rate, 142 TFEU
Mutual assistance with problems of balance of payments, 143 TFEU
Protection measures, 144 TFEU, 141 TFEU
Expanded liberalisation of services, 60 TFEU
Expansion of consumption, 32.4 TFEU, 41.1 b TFEU
Expenditures, 310 TFEU
Explanations to the Charter on fundamental rights, 1 Declaration
Export credits, 40.2 TFEU
Export of goods, customs union, 30 TFEU
Export policy, 207 TFEU
Export restitution, 40.2 TFEU
Expositions, freedom to provide services, 53 TFEU, 56-62 TFEU, see also Services
Expression and information, freedom of, 11 Charter
Expulsion, 19.1 Charter
Extraordinary meetings in European Parliament, 229 TFEU
Extension of consumption, 41.1 b TFEU, 32.4 TFEU
Extension of time limits, labour market, 154.4 TFEU
External actions, 205-222 TFEU, 21-46 TFEU
External Action Service, 27.3 TFEU, 15 Declaration
External borders, 77.1 b TFEU, 67.2 TFEU
External border control, 67.2 TFEU, 77 TFEU
Integrated management system, 77.2 d TFEU
European Border and Coast Guard, legal base 77.2.d
External representation, 47 TFEU
External service, 27.3 TFEU, 15 Declaration
Extra-judicial decisions, 67.4 TFEU

F

Failure to act, proceedings for, 265 TFEU
Failure to fulfil an obligation/breach of law
Bringing a state before the Court of Justice, 258-259
Commission of inquiry, 226 TFEU
Union law, 259 TFEU, 263 TFEU, 265 TFEU
Competition rules, 105.1-2 TFEU
Fines, 260 TFEU
Penalty payment, 260.2 TFEU
Principles of subsidiarity and proportionality, 2.5.7 Protocol
Proceedings for, 265 TFEU
Family
Allowances, 48 TFEU, 153.1.c TFEU
Conflicts, 81.86 TFEU
Decision-making, 81.3 TFEU
Family law, 81.3 TFEU
Family reunion, 79.2 a TFEU, 81.3 TFEU
Marriage, 9 Charter
Professional life, 33 Charter

346
European Defences

Diplomatic and consular missions, 32 TEU, 35 TEU

Declarations on foreign and security policy, 13 Declaration, 14 Declaration

Crises management, 38 TEU

Common Security and Defence policy, 42 TEU, 46.1 TEU

Foreign Affairs, Alphabetical lead words, see also under Foreign Minister:

221 TFEU, Solidarity clause, 222.2 TFEU

215 TFEU, Inter-third countries, 212 TFEU, External Actions, 205 TFEU, Football, Fluctuation margins, Flora, Passerelle, 48.3 TFEU

Fixing of prices in agriculture, Fixed prices, Fitness, Fisheries, Monopolies 106.2 TFEU, Fiscal rules, 101.1.a TFEU, agriculture 43.2.a TFEU

Monetary union, 126.11 TFEU

Enforcement, 299 TFEU, Central bank, 132.3 TFEU

Social security, 153.4 TFEU

Balanced budget, 310.6 TFEU

Financial year, 313 TFEU

Financial balance, Balanced budget, 310.6 TFEU

Social security, 153.4 TFEU

Fines area of competition, 103.2.a TFEU

Central bank, 132.3 TFEU

Enforcement, 299 TFEU

Non-compliance with a judgement by member state, 260.2 TFEU

Monetary union, 126.11 TFEU

 Finished goods

32.c TFEU

Finances

of the Union, 310-319 TFEU, 312-319 TFEU, also see Financial provisions

Financial assistance to countries in difficulties, 122 TFEU

Financial framework, 312.1 TFEU, 312 TFEU, also see Financial provisions

Consequences if not decided in due course, 312 TFEU

Decision by qualified majority – Dutch position, 59 Declaration

Financial perspective, see Financial Framework Financial provisions, 312-319 TFEU

Annual budget, 313 TFEU

Budget procedure, 314 TFEU

Currency transactions, 321 TFEU

Enhanced cooperation, 332 TFEU

Foreign policy, 41 TEU

Fraud, 325 TFEU

Implementation and approval of accounts, Discharge, 317-319 TFEU

Multiannual financial framework, 312.1 TFEU, 312 TFEU

Own resources, 311 TFEU, 322.2 TFEU

Respect for all obligations, 323 TFEU

Start-up fund, 41.3 TFEU

Transfers, 316 TFEU

Triilogue meetings, 324 TFEU

Twelfths (one twelfth of annual budget), 315 TFEU

Urgent financing of foreign policy actions, 41.3 TFEU

Financial year, 313 TFEU

Financial perspective, 312-319 TFEU

Declarations on foreign and security policy, 13 Declaration, 14 Declaration

Diplomatic and consular missions, 32 TEU, 35 TEU

European Defence Agency, 42.3 TEU, tasks 45 TFEU

European External Action Service, 27.3 TEU, 41.3 TEU

Financial provisions, 41 TFEU

General guidelines, 26 TEU

Hearing of the European Parliament, 36 TEU

High Representative, 18 TEU, see Foreign Minister

Initiatives (proposals), 18.2 TEU, 42.4 TEU, 22.2 TFEU, 27.3 TUE, 30.1 TEU, 31.2 TEU, 33.3 TUE, 38.4 TUE, 41.3 TUE, 215 TFEU, 218.3 TFEU

Instruments, 25 TEU

International agreements concerning the common foreign and security policy, 37 TEU, 218.3 TFEU

Joint actions, 25 TEU

Joint staff from Commission, Council and member states, 27.3 TUE

Loyalty from member states, 31 TUE

Operational capacity, 41.2 TUE

Operational expenditures, 41.2 TUE

Passeerelle to majority voting, 31.3 TUE

Permanent structured cooperation, 42.6 TEU, 46.1 TUE

Political and security committee, 38 TUE

President of, 18.3 TUE, 27.1 TUE

Qualified majority, when the high Representative (Foreign Minister) proposes within strategic guidelines from the European Council, 31.2 TUE

Rapid access to money, 41.3 TUE

Recommendation, 218 TFEU, 222.3 TFEU, 331.2 TUE

Solidarity clause, 31 TUE, 222.2 TUE

Special representatives, 33 TUE

Start-up fund, 41.3 TUE

Strategies and objectives, 26 TUE

Structured cooperation, 42.6 TUE, 46.1 TUE

Unanimity unless legal base for qualified majority voting, 31.1 TUE

Up-start fund, 41.3 TUE

Urgent financing, 41.3 TUE

Urgent meetings, 30 TUE

Veto, 31.2 TUE

Voting rules, 31 TUE

Foreign and security policy, see Foreign Affairs and Foreign Minister

Foreign investments, 206 TFEU, 207 TFEU

Foreign Minister, 18 TUE, 21-41 TUE Competence: at times alone, at times with the Commission, sometimes with the member states and sometimes no competence at all. Look in the different articles

Approval by the European Parliament, 17.8 TUE

Assistance from the European External Action Service, 27.3 TUE, 15 Declaration

Boycott, propose restrictive measures, 215 TFEU

Common proposals with the Commission

In general, 27.3 TUE, 22.2 TUE

Optional, 30 TUE

Voting rule, 31 TUE

Consultation and information European Parliament, 36 TUE

Control the loyalty obligations, 24.3 TUE

Coordination of member states' positions in international organisations, 34 TUE, 220.1 TFEU, 221.2 TFEU

Discussing with the European Parliament, 36 TUE

Double hat, 18.4 TUE

Election by enlarged qualified majority, 18.1 TUE

Enhanced cooperation for a group of countries, 44.1 TUE, 329.2 TFEU, 331.2 TFEU

Head the External service, 27.3 TUE, 221 TFEU

Implementation of foreign and security policy, 220.2 TFEU

International agreements related to foreign and Security policy, proposing, 218.3 TFEU

Informing and consulting the European Parliament, 36 TUE

Military actions, coordinating, 43.2 TUE, 44.1 TUE

Only Foreign Minister, special representatives, 33 TUE

Opinion on enhanced cooperation, 329.2 TFEU

Opinion on structured cooperation, 46.3 TUE

Own initiative, 18.2 TUE, 27.1 TUE, 30.1 TUE

Part Commission's composition, 17.7 TUE, 18.4 TUE

Participating in the European Council, 15.2 TUE

Presiding over Foreign Affairs Council, 18.3 TUE, 27.1 TUE

Representing the Union externally, 27.2 TUE

Right of initiative, 15.6.d TUE, 36.1 TUE, 30.1 TUE, 33 TUE, 38 TUE

Urgent financing, 41.3 TUE, 222.2-4 TUE

Vice-President in the Commission, 18.4 TUE

Foreign nationals, 52 TFEU

Foreign policy, see Foreign Affairs

Foreign Service, see Foreign Minister and European External Action Service, 27.3 TUE, 15 Declaration

Forever clause, unlimited continuation of the treaties, 53 TUE, 356 TFEU

Forests see Agriculture, 38-44 TFEU
Formal notice. Letter of, bringing member state before EU Court, 258-259 TFEU
Forms of legislative acts, 288-296 TFEU
Four freedoms, right to move for goods, persons, services and capital, 26.2 TFEU, 34 TFEU, 45 TFEU, 56 TFEU, 63 TFEU
From third countries, 29 TFEU, 202 TFEU
Framework programme and special programmes, 182.1 TFEU, 183-186 TFEU
France, 355 TFEU
French derogation transport, 92 TFEU
French Guiana, 355.1 TFEU
French overseas departments, 349 TFEU
Seats, 36 Protocol
Fraud, 310.6 TFEU, 325 TFEU
Free and fair trade, 3.5 TFEU
Free establishment, 49-55 TFEU
Free movement, 26.2 TFEU, 45-66 TFEU, 114.2 TFEU, 77 TFEU
Border control between UK and Ireland, 20 Protocol
Capital and payments, 63-66 TFEU
Customs union, 28 TFEU
Establishing undertakings, 49-55 TFEU
For OCT countries, 202 TFEU
Free settlement, 21 TFEU
Goods, 3.3 TFEU, 28-37 TFEU
Persons, 3.2 TEU, 45-48 TFEU
Services, 3.3 TUE, 56-62 TFEU
Transport, 90-100 TFEU and 154-155 TFEU
Workers, 3.3 TEU, 45-48 TFEU
Freedom of Information, 11 Charter
Freedom to provide services, 53.1 TFEU, 56-62 TFEU, see Services
Self-employed, see Rights
Freedom, see Rights
Freedom, 6-19 Charter. Preamble of the Charter
Assembly and association, 12 Charter
Business freedom, 16 Charter
Derogations, 51 TFEU, 53.2 TFEU
Freedom to conduct a business, 16 Charter
Free establishment, 20.2 a TFEU, 49-55 TFEU, 15.2 Charter
Establish own undertaking, 16 Charter
Exceptions, 51 TFEU, 53.2 TFEU
Expression and information, 11 Charter
Externally, 21.1 TEU, 205 TFEU
Of thought, conscience and religion, 10 Charter
Freezing of assets, 75 TFEU, 215 TFEU
Frontiers, area without internal frontiers, 26.2 TFEU
Duties 97 TFEU, also see Border control
Food and drink, see Agriculture, 38-44 TFEU
Full equality, specific advantages, 157.4 TFEU
Fund for Regional development, 175-178 TFEU
Fundamental freedoms, 6-19 Charter
In foreign relations 21.1 TEU, 205 TFEU
Fundamental principles, see Security and Justice, see Area of...
Fundamental rights, see Rights
Fundamental, see Rights
Habitat, 191.1 TFEU
Handicap benefits, 48 TFEU, 153.1 c TFEU, 153.1 h TFEU
Handicapped, 21.26 Charter, 10 TFEU, 19 TFEU
Harbour services, freedom to provide services, 53 TFEU, 56-62 TFEU, see also Services
Harmonisation of member states laws and administrative rules, social policy and labour market, 153.2 a TFEU
Criminal laws, 83.2 TFEU
Defence. European Agency for defence capabilities development, research, acquisition and armaments, 45.1 b TFEU
Environmental policy, 114-4.10 TFEU, 191.2 TFEU
European Armaments, Research and Military Capabilities Agency, 45.1 b TFEU
Internal market, 114-115 TFEU laws, 114-118 TFEU
Living and working conditions, 151 TFEU
Right to move for goods, persons, services and capital, 26.2 TFEU
Right to move for goods, persons, services and capital, 26.2 TFEU
Social policy and administrative rules, 53.1 c TFEU, 153.1 h TFEU
Social systems, 151 TFEU
Social security, 151 TFEU
Value added tax, VAT, 113 TFEU
See also Rights
Access to the European Convention on Human Rights, 6 TFEU
Citizenship of the Union, 20 TFEU
Foreign relations, 21.1 TEU, 205 TFEU
General principles in EU law, 6 TFEU
Interpretation of the Charter, articles 52-53
Legally binding, 6 TFEU
Fundamental social rights for workers, 151 TFEU, 27-33 Charter, Preamble TFEU
Gambling halls, freedom to provide services, 53 TFEU, 56-62 TFEU, see also Services
Enlarged qualified majority in the Council of Ministers or the European Council, 238 TFEU
From unanimity to qualified majority voting in the Council (passerelle), 48.3 TFEU, 312.2 TFEU
General Rule in the Commission, 250 TFEU
General Rule in the Council, 16.4 TFEU, 238.2 TFEU, 238 TFEU
General rule in the Court of Auditors, 287.4 TFEU
General Rule in the European Council, 15.4 TFEU
General rule in the European Parliament, 231 TFEU
Motion of censure, 234 TFEU
Qualified majority, 238 TFEU, 16.3 TFEU, also see under the different institutions
Qualified majority from 2014, 16 TFEU
Qualified majority until 2009, 36 Protocol on transition provisions
Maladministration, 15 TFEU, 43 Charter, 226 TFEU, 228 TFEU
Malta
Neutrality, (Declaration on Malta’s neutrality not annexed to the Lisbon Treaty)
Seats, 36 Protocol
Management ECB’s 129 TFEU, 283.2 TFEU, 284.3 TFEU
Freedom to provide services, 53 TFEU, 56-62 TFEU, see also Services
Market control, 101.1 b TFEU
Market economy, 119-120 TFEU
Market organisation for agricultural products, 40 TFEU
Market, see Internal Market
Market sharing, 101.1 c TFEU
Marriage, 9 Charter
Martinique, 355.1 TFEU
Maternity benefit, 48 TFEU, 153.1 c TFEU
Maternity leave, 33.3, 34 Charter
Means to pursue objectives of the Union, 3.6 TFEU
Media freedom and pluralism, 2 TEU, 11 Charter
Medical and pharmaceutical professions, 53.2 TFEU
Medical equipment, see Internal Market and, 168 TFEU
Medical treatment, 168 TFEU, 35 Charter
Member states
Adjustment of national monopolies, 37 TFEU
Assistance to the Union to implement EU law, 4.3 TFEU
Closer co-operation on Defence, 42.5 TFEU
Common values, 2 TEE, 6.3 TEE, 49 TEE
Competences, 2 TEE
Conferral of competences to the Union, 4.1 TEE, 5.2 TEE
Distorted conditions of competition, 50.2 h TEE, 32 c TEE
Derogations, 140 TEE, 144 TEE, 141 TEE, 139 TEE, 142 TEE, 143 TEE
Enhanced cooperation, 20 TEE, 326-334 TEE
Equality before the treaties, 4 TEE
Failure to fulfil obligations, 258-260 TEEU
Fulfil Union obligations, 4.3 TEE
Interests when their social security system is affected, 22 Declaration
Jurisdiction over disputes between member states, 273 TEEU
Loyal cooperation, 4.3 TEE, 13.2 TEE, 291 TEEU
Loyalty in foreign policy, 24.3 TEEU
Mutual admissibility of evidence, 82.2 a TEEU
Mutual assistance in case of terrorism or disaster, 222 TEEU, 222.2-4 TEEU
Mutual recognition of diplomas, 53.1 TEEU
Judgements, 67.4 TEEU, 81.1 TEEU
Negotiation of international agreements, 219.4 TEEU
Operational co-operation on internal security, 71 TEEU
Prime ministers, 15.2 TEEU
Principle of subsidiarity, 5.3 TEEU, 1-2 Protocols
Promotion of trade with third countries, 32.4 TEEU
Relation between the Union and member states, 4 TEEU, 291.1 TEEU, 32.1 TEEU
Responsibilities, 4 TEEU
Right of initiative of a group of member states, 7.1, 2 TEEU, 2 TEEU, 76 TEEU,
294 15 TEEU
Of a single member State, 30 TEEU, 42.4 TEEU, 105 TEEU
Operational capabilities, 27.3 TEEU
Role in services of general interest, 14 TEEU
Shared competence between Union and member states, 5 TEEU
Subsidiarity, 5.3 TEEU, 1-2 Protocols
Support of Union foreign policy, 24.3 TEEU
Member states with derogation, 140 TEEU, 144 TEEU, 141 TEEU, 139 TEEU,
142 TEEU, 143 TEEU
Membership of the Union, 49-50 TEEU
Withdrawal from the EU, 50 TEEU
Men and Women, equality between, 2 TEEU, 23 Charter
Mental health, 168.1 TEEU
Migrant workers, social security, 48.1 TEEU
Migration, 67.2 TEEU, 79 TEEU
Military assistance, 42.7 TEEU, 222.1 TEEU, 43 TEEU
Military, Common Security and Defence Policy, CSDP, see Defence 42 TEEU,
222.1 TEEU, 43-46 TEEU
Improve military capabilities, 42.3 TEEU
Make military capabilities available to the Union, 42.3 TEEU
Structured cooperation, 42 TEEU, 10 Protocol
Military service, see Defence
Milk quotas, 40.2 TEEU, see Agriculture
Minimum harmonisation of sanctions, 83 TEEU
Minimum rules
Consumer protection, 169.4 TEEU
Criminal law, 173 TEEU
Environment, 193 TEEU
Environmental clause, not covering health, 114.4-10 TEEU
Procedural law, 82 TEEU
Social law, 153.2 b TEEU
Minimum salary, 157.2 TEEU
See also court cases Laval, Viking, Rüffert and Luxembourg in www.euabc.com
Minorities, 2 TEEU, 21 Charter
Minority rights, 2 TEEU, 21 Charter
Misuse of dominant position, 102 TEEU
Mobility of teachers, 165 TEEU
Monetary Union, see Economic and Monetary Union
Money laundering, 83.1 TEEU
Monitoring of international situation, 38 TEEU
Monopolies
Public, 37 TEEU
Competition rules, 106 TEEU
Morality, 36 TEEU
Motherhood allowance, 48 TEEU, 153.1 c TEEU
Motion of censure to the Commission, 17.6-8 TEEU, 234 TEEU
Movement, freedom of movement and of residence, 45 Charter, see also
Employment
Multianual Financial Framework, 312.1, 2 TEEU, 312 TEEU
Multilateral surveillance, 121.3, 5-6 TEEU
Mutual recognition of diplomas, 53.1 TEEU
Judgements, 67.4 TEEU, 81.1 TEEU
Negotiation of international agreements, 219.4 TEEU
Operational co-operation on internal security, 71 TEEU
Prime ministers, 15.2 TEEU
Principle of subsidiarity, 5.3 TEEU, 1-2 Protocols
Promotion of trade with third countries, 32.4 TEEU
Relation between the Union and member states, 4 TEEU, 291.1 TEEU, 32.1 TEEU
Responsibilities, 4 TEEU
Right of initiative of a group of member states, 7.1, 2 TEEU, 2 TEEU, 76 TEEU,
294 15 TEEU
Of a single member State, 30 TEEU, 42.4 TEEU, 105 TEEU
Operational capabilities, 27.3 TEEU
Role in services of general interest, 14 TEEU
Shared competence between Union and member states, 5 TEEU
Subsidiarity, 5.3 TEEU, 1-2 Protocols
Support of Union foreign policy, 24.3 TEEU
Member states with derogation, 140 TEEU, 144 TEEU, 141 TEEU, 139 TEEU,
142 TEEU, 143 TEEU
Membership of the Union, 49-50 TEEU
Withdrawal from the EU, 50 TEEU
Men and Women, equality between, 2 TEEU, 23 Charter
Mental health, 168.1 TEEU
Narcotics, 83.1 TEEU
Health, 168 TEEU
National adaptation, 131 TEEU
National approval, 25 TEEU
National authorities, temporary competence in competition cases, 104 TEEU
National central banks
Ban on overdrafts, 123 TEEU
Independence, 130 TEEU
National citizenship, additional EU citizenship, 9 TEEU
National competition law, 103.2 e TEEU
National constitutions and the Lisbon Treaty
Conflicts are resolved by the EU Court, 344 TEEU
Obligation of loyalty, 4.3 TEEU
Primacy of Union law, 17 Declaration
Respect of national identities and national constitutions, 4.2 TEEU
Union as a legal personality, 47 TEEU
National courts, 274 TEEU
National criminal law, 67.3 TEEU
National discrimination 83.2 TEEU, 72 TEEU, 276 TEEU
National experts, concerning 290 TEEU, 39 Declaration
National identities, respect of, 4.2 TEEU
Nationality, ban on discrimination, 18 TEEU
National implementation of Union law, 197 TEEU, 273-274 TEEU
National laws, 17 TEEU, 9, 10, 2, 14.3, 16, 27, 28, 30, 34-36, 38 1, 42 Charter,
103.2 e TEEU, 104 TEEU, 67.3 TEEU, 72 TEEU, 83.2 TEEU, 173.3 TEEU, 267
TEEU, 276 TEEU, 299 TEEU, 17 Declaration concerning primacy of Union law

353
Consumer protection, 169 TFEU
Environmental competences, 191-193 TFEU
Internal Market, 26 TFEU
Public health, 168 TFEU

“Petersberg tasks”, 43.1 TUE

Petitions, the right to petition, 20.2.1 d TFEU, 44 Charter, 227 TFEU

Pharmaceutical professions, 53.2 TFEU

Pharmacies, freedom to provide services, 53 TFEU, 56-62 TFEU, see also Services

Pharmacist's freedom of establishment, 53.2 TFEU

Free establishment after gradual removal of restrictions; service-directive, 47.1 TFEU

Philosophical associations, 17.2 TFEU

Physical persons/companies, 54 TFEU

Physical planning, 192.2 B TFEU

Physical and mental integrity, 3 Charter

Physosanitary fields, 168.4 b TFEU

Piece rates, work at, 157.2a TFEU

Pillars, until 2009 the EU cooperation was divided in 3 pillars, these have disappeared with the Lisbon Treaty from 2009, see www.EUABC.com

Placement service, 29 Charter, 46.a.d TFEU

Plants, 36 TFEU

Plumbiming, freedom to provide services, 53 TFEU, 56-62 TFEU, see also Services

Pluralism, values, 2 TFEU, 11.2 Charter

Poco, see now 38 TUE

Poland, application of Charter of Fundamental Rights in Poland, 30 Protocol, 61 Declaration

Seats, 36 Protocol

Police authorities, 67.3 TFEU

Europol, 88 TFEU

Police cooperation, 87-89 TFEU

Cross border operations, 89 TFEU

Eurojust, 85 TFEU

Europol, 88 TFEU

Objectives, 87 TFEU

Operational cooperation, 87.3 TFEU

Public prosecutor, 86 TFEU

Political and Security Committee, 38 TUE, 43.2 TFEU, 222.3 TFEU

Political control

European Parliament, 14.1 TUE

Foreign and Security Committee, 38 TUE

Political directors, 38 TUE

Political parties at Union level, 10.4 TUE, 224 TFEU, 12.2 Charter

Political, trade union and civic associations, 12 Charter

Polluter-pays principle, 191.2 TFEU, 192.5 TFEU

Polls, freedom to provide services, 53 TFEU, 56-62 TFEU, see also Services

Portugal, seats, 36 Protocol

Post, freedom to provide services, 56-62 TFEU, see also Services

Liberalisation, 59-60 TFEU

Services of general interest, 36 Charter, 14 TFEU

Posting of workers, 53.1 TFEU. See Services and court cases Laval, Viking, Rüffert and Luxembourg in www.EUABC.com

Post-conflict Stabilisation, 43.1 TUE

Poverty combating, 34.3 Charter

Eradication, 3.5 TUE, 21.2.d TUE, 208.1 TFEU

Preamble (introduction) of Charter of Fundamental Rights, see Charter, 6 TUE

Precautionary principle, environment 191.2 TFEU

Pregnancy, 45.2 TFEU, 153.1.a,c TFEU

Preliminary rulings, 19.3 TFEU, 256.3 TFEU, 267 TFEU

Preservation, freedom to provide services, 53 TFEU, 56-62 TFEU, see also Services

Presidents in different institutions:

Commission, see also Commission, election of, 17.8 TUE, 15.2 TUE

No vote in the European Council, 235.1 TUE, 18.4 TUE

Replacements, 246 TFEU, 248 TFEU

Role, 17.7 TUE

Salary, 243 TFEU, 286.7 TFEU, 11 Declaration

Committee of the Regions, 360 TFEU, see also Committee of the Regions Council (permanent President since 2009), 15 TUE, 16.9 TUE

Court of Auditors, 286.2 TFEU, see also Court of Auditors

Court of Justice, 253 TFEU, 255 TFEU, see also Court

Economic and Social Committee, (EcoSoc, ESC), 303 TFEU, see also Economic and Social Committee European European Central Bank, ECB, 283.2 TFEU, see also European Central Bank

European Parliament, 223 TFEU, 294.8.b TFEU, 314.4.c TFEU, see also European Parliament Extraordinary Extraordinary meetings foreign policy, 26.1

P

Pacific Financial Community, Franc System, CFP-franc, 18 Protocol

Paid leave, 158 TFEU, 31.2 Charter

Panel, 254-255 TFEU

Part time work, 153.1.b TFEU

Agreement of social partners, 155 TFEU

Participatory democracy, 11 TUE, 24 TFEU

Parties at Union level, 10.4 TUE, 224 TUE, 12.2 Charter

Partnership, 8 TFEU

“Passeerelle” (change from unanimity to qualified majority and from special legislative procedure to general legislative procedure, without amending the Treaties formally):

General passeerelle:

From unanimity to qualified majority, 48.7 TUE, 333.1 TFEU

From special legislative procedure to ordinary legislative procedure, 48.7 TUE, 333.2 TFEU

Special passeerelles:

Budget, financial frame, from unanimity to qualified majority, 312.2 TFEU

Cooperation in civil matters, 81.4 TUE

Enhanced cooperation, 333.2 TFEU

Environment, 192.2 TFEU

Family law, 81.3 TFEU

Foreign policy, 31.3 TUE

Social policy, 153.2 TFEU

Passivity question, failure of an EU Institution to act, 265 TFEU

Passports, 21.2 TFEU, 77.3 TFEU

Patents, 118 TFEU, 17 Charter

Competence of the Court, 262 TFEU

Trade with, 207.1, 4 TFEU

Pay, 45.2 TFEU, 153.5 TFEU See also court cases Laval, Viking, Rüffert and Luxembourg in www.EUABC.com

Limited Union competence for pay, 153.5 TFEU

No discrimination on grounds of gender, 157 TUE, 23 Charter

Nationality, 45.2 TFEU

Remunerations and salaries of the members of the European institutions, 243 TFEU

Pay in kind, salary, 157.2 TFEU

Payment of benefits, social security, 48.1 b TFEU

Fines, 260.3 TFEU

Payment/salary to employees of the Union, 243 TFEU, 336 TFEU

Payments balance of, 119 TUE, 143.1 TFEU, 144 TFEU

Free movement of capital, 63-66 TFEU

Peace, promote peace, 2 TUE, 31.1 TUE, 42.1 TUE, 347 TFEU, 21.2.c TUE, 43 TUE

Peacekeeping, 42.1 TUE, 43.1 TUE

Pedagogical convictions, 14 Charter

Penalty, 83 TUE, 103.2a TUE, 126.11 TUE, 132.3 TUE, 260-261 TFEU, 299 TUEF, 49, 50 Charter payment, 260.3 TFEU

Pensions, 48 TFEU, 153.1.c TFEU

Pensioners, 48 TFEU, 153.1.c TFEU

Permanent representatives, COREPER, 42.6 TUE, 240 TFEU, 16.7 TUE

Permanent structure cooperation, military, 46 TUE, 10 Protocol

Personal data

Protection of, 39 TUE, 16 TFEU, 8 Charter

National security, 20 Declaration

Pesticides

Chemicals REACH, Registration, Evaluation and Authorisation of Chemicals, the chemical directive, legal base, 114 TFEU

Agriculture, 38 TFEU, 39.2 TFEU
Judicial Cooperation in Civil Matters and on Police Cooperation

Provisional steps, in environmental protection, 191.2 TFEU
Public administration
Workers, 45.4 TFEU
European administration, 298 TFEU
Public authorities, 51 TFEU
Public Council meetings, 16.8 TFEU does not cover working groups and Coreper, see under Transparency in www.euabc.com
Public deficit, 126 TFEU convergence criteria, 140.1 TFEU
Public finance, 119 TFEU
Public health, see Health
Public lending fees ban on discrimination on ground of nationality, 18 TFEU
Public monopolies, 37 TFEU, 102 TFEU, 106 TFEU
Public order, derogation 45.3 TFEU, 52.1 TFEU, 65.1b TFEU, 202 TFEU
Public procurement, see Public purchase
Public prosecutor’s office, establishment of, 86 TFEU
Public purchase, 106-107 TFEU
Tender rules, 106 TFEU, 107 TFEU, 114 TFEU, 56 TFEU, 18 TFEU
Public Relations
Public services,
Public security, health, public policy, 52 TFEU, 45 TFEU
Public service, broadcast – state funding, 106 TFEU, 29 Protocol
Public services, European public service, 298 TFEU
Limit for transport subsidies, 93 TFEU
Workers, 45.4 TFEU
Public undertakings, 106 TFEU
Publication and entry into force, 297 TFEU
Punishment 83 TFEU, see also Penalty

Q

Qualified majority, voting in the Council and European Council, 238 TFEU, see table on page 2 in this book
Administrative co-operation, ensure, 74 TFEU
Adoption of multianual financial framework, 312.2 TFEU
Appointement of Foreign Minister, 18.1 TEU
Balance of payments, threatening of, 143.2-3 TFEU
Budget procedure, 314.5.6 TFEU
Changing voting procedure to QMV (passerelle), 48.3 TFEU, 7 Declaration
Common commercial policy, 207.4 TFEU
Common Security and Defence policy, 31.2,4 TFEU, 45.2 TFEU, 46.2,4 TFEU, 41.3 TFEU
Customs tariff, 51 TFEU
Decision of Council, 16.3 TFEU
Decision on aid, 107.3.e TFEU
Definition, 238 TFEU
Delegated regulation, 288 TFEU
Diplomatic protection, 23 TFEU
Election of President of European Council, 15.5 TFEU
Enhanced cooperation, 329.1 TFEU, 20 TEU
Establishing Council formations, 236.a TFEU
Euro zone, in the, 136.2 TFEU
European Council President, 15.5 TFEU
European Defence Agency, 42.3 TFEU, 45.2 TFEU
Exceptional safeguard measures, 66 TFEU
Excessive deficit, 126.6-7 TFEU
Fines imposed by the ECB, 132.3 TFEU
Fiscal rules, 112 TFEU
General rule in the Council, 16.3 TEU
Guidelines for economic guidelines, breach of, 121.4 TFEU
Guidelines for economic policy, 121.2 TFEU
Guidelines for employment, 148.2, 4 TFEU, 149 TFEU
Implementation of the solidity clause, 222.3 TFEU
Implementing measures relating to European Regional Development Fund, 178 TFEU
Incentive measures, 19.2 TFEU
Initiating military structured co-operation, 46.2 TEU
Internal market laws, 114.1 TFEU
International agreements, 218.6, 8 TFEU, 219.1 TFEU
Interruption of relations with third countries, 215.1 TFEU
Joining to the Euro zone, 136.2 TFEU
Legislation, 294 TFEU
Main rule, 16.3 TEU
New rules on qualified majority took effect 1 November 2014, see: transitional provisions relating to the institutions and bodies of the union ordinary legislative procedure, 294.4,5.8,10, 13 TFEU, 16.3 TEU, 153.2 TFEU, 192.2 TFEU, 81.3, 4 TFEU, 82.2d TFEU, 83.1-2 TFEU, 86.4 TFEU, 31.3 TEU, 332.3 TFEU
Passerelles from unanimity to qualified majority, 48.3 TEU, 7 Declaration
Possible restriction, 9 Protocol
President and members of the Executive Board of the ECB, 283.2 TFEU
Prohibition of financial overdraft, 125.2 TFEU
Refugees, sudden inflow of, 78.3 TFEU
Regulations and decisions, 26.3 TFEU, 31 TFEU, 66 TFEU, 75 TFEU, 103.1 TFEU, 107.3.c TFEU, 109 TFEU, 124 TFEU, 125 TFEU, 126 TFEU, 129.4 TFEU, 312.3, TFEU, 153.2 TFEU, 42 TFEU, 188 TFEU, 70 TFEU, 74 TFEU, 78.3 TFEU, 20 TFEU, 243 TFEU, 349 TFEU
Rules of Procedure for High Court, 254 TFEU
Salaries, allowances, pensions, 243 TFEU
Suspension of rights of member states, 7.4 TEU, 354 TFEU
Union-level labour-management arrangements, 153.2 TFEU
Voluntary withdrawal from the Union, 50.2-3 TFEU
Voting by qualified majority in the Council: 55% of the member states representing 65% of the total population, 72% of the member states when proposals do not originate from the Commission
EU population, 16.4 TFEU, 238.3 a TFEU
65% of the population in the whole of EU, 16.4 TFEU, 238.2 TFEU
72% of member states, 238.2 TFEU
80% of member states, 7.1 TEU, 48.1 TEU
Qualifying periods, 46.6 TFEU
Workers 46.c TFEU
Quantitative restrictions, 34-35 TFEU

R

Race
Ban on race discrimination, 10 TFEU, 21 Charter
Measures against racism, 19.1 TFEU, 67.3 TFEU
Racism, combat, 67.3 TFEU
Railways, 100.1 TFEU, 90-100 TFEU
Rapid access to finance of defence actions, 41.3 TFEU
Rapid decision to convene an extraordinary Council meeting, 30.2 TFEU
Rapid Reaction Force, 43 TFEU, see also Defence policy
Ratification and entry into force, 54 TEU, 357 TFEU
Approval of amendments in Treaties, 48.4 TEU
Without ratification, 48.7 TEU
Raw materials, 32. c TFEU
Real estate agents, freedom to provide services 53 TFEU, 56-62 TFEU, see also Services
Reasoned European decision, 105.2 TFEU
Reasoned opinion of the Commission in cases of non-fulfilment of Union obligations, 258-259 TFEU
Recommendations, 288 TFEU, 296 TFEU
Commission for international agreements, from 218.3 TFEU
Commission to the member states, 60 TFEU, 117 TFEU, 97 TFEU
Council to member states, 7.2 TFEU, 354 TFEU, 126.6 TFEU, 139.4 TFEU, 140.2 TFEU, 148.4 TFEU
Council, Commission and ECB adopt, 292 TFEU
Crossing of frontiers, for charges concerning the, 97 TFEU
Culture, in the field of, 167.5 TFEU
Economic policy, for, 121.2, 4-5 TFEU
Education, sport, youth and vocational training, in the field of, 165.4 TFEU, 166.4 TFEU, 167.5 TFEU
European Central Bank, 292 TFEU, 129.3 TFEU, 132.1 TFEU, 219 TFEU, 294.15 TFEU, 1 Protocol on the role of the National Parliaments, 4 Protocol arts. 34 and 40-4, on the statute of the system of the Central Banks and of the ECB, European Parliament on foreign policy, 36 TFEU
European Parliament to give a discharge, for the, 319.1 TFEU
Excessive deficit, in the case of, 126.6-9 TFEU
Exchange rate policy, for the, 219.1-3 TFEU
Implementation of the employment policies, 148.4 TFEU
Labour market, for, 154.3 TFEU
Nomination of President and members of Executive Board of ECB, 283.2 TFEU
Public health, in the field of, 168.6 TFEU
Request of member state, on the, 135 TFEU
System of European Central Banks, 129.3-4 TFEU
Recreation centres, freedom to provide services, 53 TFEU, 56-62 TFEU, see also Services
Refugee services freedom to provide services, 53 TFEU, 56-62 TFEU, see also Services
Refugees, 78 TFEU, 18 Charter
Breach of refugee status, 78.1 TFEU, 7 TEU
EU bound by the Geneva Convention, 78.1 TFEU
Granting and withdrawing asylum, 78.2 d TFEU
Inform the Council on breaches of refugee status, 24 d Protocol, 7 TEU
Refugees from EU member states, 24 Protocol, 78.1 TFEU, 7 TEU
Responsible member states, 78.2 e TFEU

Regional Development Fund, 175-178 TFEU
Regional disparities, 176 TFEU

Regional Fund, 175-178 TFEU
Regional policy, 174-178 TFEU

Regional unions, 350 TFEU
Regions, Committee of the, 305-307 TFEU

Regulations, 288 TFEU, see also Laws and Delegated regulations
Administrative cooperation, 74 TFEU, 76 TFEU
Adopted by the ECB, 292 TFEU

Agrarian market, 40.2 TFEU, 42 TFEU, 43.2 a TFEU
Aid granted by member states, 108.4 TFEU, 109 TFEU
Applying for undertakings, 103.1 TFEU, 106.3 TFEU
Approximation in judicial co-operation, 82.1 TFEU

Combating organised crime, 75 TFEU
Delegated regulations, 290 TFEU

Economic policy, 124 TFEU, 125.2 TFEU, 126.14 TFEU

Exceptional safeguard measure, 66 TFEU
Fixing Common Customs Tariff duties, 31 TFEU
Formal requirements, 297.2 TFEU
Higher environmental standards, 114.4 TFEU
Immigration, 78.3 TFEU
Implementing regulations, 291.4 TFEU
Internal market, 26.3 TFEU
Labour market, 155.2 TFEU
Monetary policy, 129.4 TFEU, 132.1 TFEU, 143.0 TFEU

No harmonisation of member states' regulations, 2.5 TFEU, 352.3 TFEU, 19.2 TFEU, 149 TFEU, 153.2a TFEU, 79.4 TFEU, 168.5 TFEU, 173.3 TFEU, 167.5 TFEU, 195.2 TFEU, 165.4 TFEU, 166.4 TFEU, 196.2 TFEU, 197.2 TFEU

Ombudsman’s duties, 228.4 TFEU
Research and development, 188 TFEU

Rules of the European Parliament, 223.2 TFEU, 224 TFEU
Salaries of those employed in EU institutions, 243 TFEU
Signature, 297.2 TFEU
Staff regulations, 270 TFEU, 336 TFEU
Transport, related to, 95.3 TFEU

Religion, 10, 21 Charter
Churches, 17 TFEU
Combating discrimination through measures, 19 TFEU, 25 TFEU
Horizontal rule, 10 TFEU
Dialogue with churches, 17.3 TFEU

Diversity, 22 Charter
Education of own religion, 14.3 Charter
Non-discrimination, principle of, 10 TFEU, 21 Charter
Religious diversity, 22 Charter
Rites, animal welfare, 13 TFEU
Freedom, 10.1 Charter
Heritage, Preamble of TUE

Removal of articles, partition of Germany, 98 TFEU
Removal of restrictions, medical professions, 53.2 TFEU
Removal, expulsion and extradition
Common measures for removal and repatriation, 79.2 c TFEU
Protection in case of, 19 Charter

Remuneration, see also Workers, Salary and Pay Limited Union competence for pay, 153.5 TFEU
No discrimination on grounds of nationality, 45.2 TFEU
Gender, 157 TFEU, 23 Charter
Remunerations and salaries of the officials of the European institutions, 243 TFEU

Renewable energy, 194.1 a, TFEU

Revapatriation, 79.2 c TFEU

Report on, (by) activities of the European System of Central Banks and monetary policy (by ECB), 284.3 TFEU
Annual general report by the Commission, 233 TFEU, 249.2 TFEU
Broad economic guidelines (by Council), 121.2 TFEU
Citizenship and discrimination (by Commission), 25 TFEU
Combating fraud (by Commission), 325.5 TFEU
court of Auditors’ report, 287.2,4 TFEU
Economic and Financial Committee’s report, 134.2, 4 TFEU
Economic, social and territorial cohesion (by Commission), 175 TFEU
Employment situation, 148.1 TFEU
European Council President to the European Parliament, 15.6.d TFEU
European Ombudsman’s report, 228.1 TFEU

Excessive deficits (by Commission), 126.3 TFEU
Implementation of the budget, 318 TFEU, 319.3 TFEU, see also 287.4 TFEU
International trade negotiations (by Commission), 207.3 TFEU
Member states on their adjustment efforts in cases of excessive deficit, 126.9 TFEU

Member states’ economic performance, 121.2 TFEU
Member states’ progress in fulfilling their obligation under the monetary union, 140.1 TFEU

Research and technological development (by Commission), 190 TFEU
Social Protection Committee on social situation, 160 TFEU
Social situation (by Commission), 159 TFEU, 161 TFEU

Representative democracy, 10 TEU

Reproductive health, see Health, 168 TFEU

Request from the Council to the Commission, 241 TFEU from the European Parliament to the Commission to submit proposals, 225 TFEU
Required action according to international situations, 28.1, 2 TEU

Required operational action, 28.1,2 TEU

Research and technological development and space, 4.3 TFEU, 179-190 TFEU

Annual report from the Commission, 190 TFEU
Complimenting activities as programmes, promotion of cooperation, discrimination of information and training and mobility of researchers, 180 TFEU
Decision-making, 188 TFEU

European Research Area, 179.1 TFEU
Framework programme, 182.1 TFEU

Free movement of researchers, 179.2 TFEU
Guidelines, best practice, monitoring and evaluation, 181.2 TFEU
Implementation, 182 TFEU

International cooperation, TFEU 186
Joint undertakings, 187 TFEU

Mobility of researchers, 180 TFEU
Multannual framework programme, 182.1 TFEU

One European Research Area, 179.1 TFEU
Qualified majority, 182.5 TFEU
Research centres, 179.2 TFEU
Space policy, 189 TFEU

Specific programmes, 182.3 TFEU

Supplementary programmes for certain member states, 184 TFEU
Undertakings, research centers, universities and free movement of researchers, 179.2 TFEU

Universities, 179.2 TFEU

Union as participant in national programmes, 185 TFEU

Residence, 20.2.b TFEU, 55 Charter
No discrimination, 61 TFEU
Permits, passports and identity cards, 21.2 TFEU
Residence permits, 21.2 TFEU, 26.2 TFEU
Right to move and reside, 20.2a TFEU, 45 Charter
Right to vote, 22 TFEU

Residence permits, 21.2 TFEU
Resources of the Union, 311 TFEU

Rest periods, holidays with salary, 158 TFEU, 31.2 Charter

Rest time, 153.1 b TFEU

Restitutions – Export subsidies, 40.2 TFEU, see also Agriculture

Restrictions
Before 1993, 64.1 TFEU
Trade ban, 34.35 TFEU, derogation, 36 TFEU

Restrictive measures against States, physical and legal persons, boycott, 215.2 TFEU

Reunion, 355.1 TFEU

Revision
Internal policies, 352 TFEU, 48.2 TEU
Treaties, 48.1 TEU

Revision procedure general, 48.1 TEU
Simplified, 48.3 TEU, 48.2 TEU
Without ratification, 48.7 TEU

Right of association and collective bargaining, 156 TFEU

Rights, Fundamental rights
Abuse of, prohibited, 54 Charter
Access to documents, 15.3 TFEU, 42 Charter
Access to placement services, 29 Charter

Arts sciences, 13 Charter
Assembly association, 12 Charter, 153.5 TFEU, 156 TFEU

Asylum, 18 Charter
Children, 3 TFEU, 24, 32 Charter
Child labour, prohibition of, 32 Charter
Citizens, 20 TFEU, 39 Charter, 46 Charter
Shared competences, see also Exclusive competences and Coordinating competences,
2.2 TFEU, 4 TFEU, 25 Protocol
Shared competence applies in the following principal areas:
(a) internal market;
(b) social policy, for the aspects defined in this Treaty;
(c) economic, social and territorial cohesion;
(d) agriculture and fisheries, excluding the conservation of marine biological resources;
(e) environment;
(f) consumer protection;
(g) transport;
(h) trans-European networks;
(i) energy;
(j) area of freedom, security and justice;
(k) common safety concerns in public health matters, for the aspects defined in this Treaty.

Shared initiative, 76 TFEU
Shipbuilding aids granted by member states, 107-108 TFEU freedom to provide services, 56-62 TFEU, see also Services
Shipping, 90-100 TFEU, see also Services Trans-European Networks (TEN), 170-172 TFEU Transport, 90-100 TFEU
Freedom to provide services, 58 TFEU, 90-100 TFEU, see also Services
Simple majority, 17.7 TUE, 150 TFEU, 160 TFEU, 226 TFEU, 235.3 TFEU, 238.1 TFEU, 240.2 TFEU, 241 TFEU, 242 TFEU, 245 TFEU, 247 TFEU, 337 TFEU, 48.3 TFEU
Single currency, 136-138 TFEU, see also “Euro”

Single Resolution Board, Art. 114 TFEU
Single Resolution Fund, Art. 114 TFEU
Single Resolution Mechanism, Art.114 TFEU
Single Supervisory Mechanism, Art.127.6 TFEU
Slavery and servitude, 5 Charter
Slovakia, seats, 36 Protocol
Slovenia, seats, 36 Protocol
Smaller Commission, 10 Declaration, 17.5 TUE
Social
Annual social report, 159 TFEU
Clause, 9 TFEU
Collective bargaining, 155 TFEU
Commission’s role, 156 TFEU
Community Charter of Fundamental Social Rights of Workers, 151 TFEU
Consultations, 152 TFEU
Development, 161 TFEU
Dialogue, 152 TFEU, 28 Charter, 154-155 TFEU
Emergency brake, 48.2 TFEU
Equal pay, 157 TFEU
European Social Charter (signed in Turin), 151 TFEU
Exclusion, 153.1 TFEU, 3.3 TFEU, 34.3 Charter, 9 TFEU
Fundamental social rights, Preamble TFEU
Harmonisation, 151 TFEU
Integration excluded, 153.1 h TFEU
Majority decisions, 48 TFEU, with emergency brake, 48.2 TFEU
Market economy, social, 3 TFEU
Modernisation of social protection systems, 153.1 k TFEU
Objectives, 3.3 TFEU, 34 Charter, 151 TFEU
Pact signed in Turin, 151 TFEU
Paid holiday, 158 TFEU
Payments and benefits of moving workers, 48.1 b TFEU
Policy, 4.2 b TFEU, 5.3 TFEU, 151-161 TFEU
Report, annual social, 159 TFEU
Residence law, 21.2 TFEU
Security and assistance, 34 Charter
Security and social protection, 34 Charter, 48 TFEU, 153.1 c TFEU
Social security system, 153.4 TFEU
Interests of member states in social security, 22 Declaration
Shared competence, 4 TFEU
Social benefits, 48 TFEU, 153.1 c TFEU
Social fund, see European Social Fund
Social partners, 152 TFEU, 27-28 Charter, 154-155 TFEU
Consultation partners, 154 TFEU, 152 TFEU, 27-28 Charter
Dialogue and collective agreements between the partners, 155 TFEU
Implementation of legal acts, 153.3 TFEU
Partners and the social dialogue, 152 TFEU
Role at EU level, 152 TFEU, 9 TFEU
Social policy, 4.2 TFEU, 5.3 TFEU, 156 TFEU, 151-161 TFEU, see also Social
Social Protection Committee, 160 TFEU
Social protection for worker’s dependents, 48.1 TFEU
Social protection, 151 TFEU
Committee for, 160 TFEU
Social security, 34 Charter, 21.2 TFEU, 48 TFEU, 153.1 c TFEU, 156 TFEU, see also Social
Social security and assistance, 34 Charter, 22 Declaration about member states interest in social security
Software patents, 17 Charter, 118 TFEU
Competition of the Court, 262 TFEU
Trade with, 207 TFEU, 4 TFEU
Solidarity clause against terrorism, 222.1-2 TFEU, 37 Declaration
Solidarity, 27-38 Charter, 21.1 TUE, 205 TFEU
Between member states and the Union, 4.3 TUE, 24.3 TUE, 3.3 TEU, 42.7 TUE, 80 TFEU
In cases of disasters, 37 Declaration
Terror, 222 TFEU
Space organisation, 189.3 TFEU
Space policy, 4.3 TFEU, 189.1 TFEU, 189.3 TFEU
Space programme, 182.1 TFEU
Spain voting weights and seats, 36 Protocol
Special committee, 207.3 TFEU, 218.4 TFEU
Special courts, 19.1 TUE, 257 TFEU
Special legislative procedure, 48.7 TUE
Special programmes, 182.3 TFEU
Specific representative, 33 TUE
Specific advantages for the underrepresented sex, 23 Charter, 157.4 TFEU
Specific rules for the Euro-countries, 136-138 TFEU
Spelling of euro, 58 Declaration
Sport
Competitions 165.2 TFEU
Coordinating competence 6 e TFEU
International sport cooperation 165.3 TFEU Objectives, 165.1 TFEU
Physical and moral integrity of sportsmen and sports women, especially young, 165.2 TFEU
Promotion of sport, 165.1 TFEU
Sport centres, freedom to provide services, 53 TFEU, 56-62 TFEU, see also Services
Stabilisation of conflict, 43 TUE
Of agriculture markets, 39.1 c TFEU
Stability and Growth Pact, see Economic and Monetary Union and 30 Declaration
Staff disputes, 270 TFEU
Staff regulations
Civil servants, 336 TFEU
Confidentiality, 339 TFEU
Liability 340 TFEU
Staff disputes, 270 TFEU
Standing Committee on internal security, 71 TFEU
State aid
Ban on, 107 TFEU
Constantly review aid, 108.1 TFEU
Commission role, 108 TFEU
Deregulation in, 108.2 TFEU, and for less favoured areas in 42 TFEU
Legislation according to, 109 TFEU
State monopolies, 37 TFEU
Stateless as third country citizens, 67.2 TFEU
Statistics, 338 TFEU
Statute
Direct elections for the European Parliament, 223.1 TFEU
European Investment Bank (EIB), 5 Protocol European Court of Justice, 3 Protocol
European System of Central Banks of Member states, 129 TFEU, and 4 Protocol
Members’ Statute, European Parliament, 223.2 TFEU
Ombudsman, 228.4 TFEU
Political parties at Union level, 224 TFEU
Step backwards, in liberalization, 64.3 TFEU
Stock farming, 38.1 TFEU
Strasbourg, seats 6 Protocol, 229 TFEU
Strategic interests of the Union, 22.1 TFEU

Stricter national rules, 114.4-5 TFEU, 193 TFEU, 169.4 TFEU, 168.4.a TFEU

Strike law and right to, 153.5 TFEU, 28 Charter, See also about the Viking and Laval Court cases in www.euabc.com

Structural adjustments of regions, 176 TFEU

Structural changes, 173 TFEU

Structural funds, 175-178 TFEU

Supervision of growth and employment, 152 TFEU

Supplementary programme, 184 TFEU

Supervision, tenure, 78.1 TFEU

Supporting competences, 2.5.6 TFEU, 6 TFEU, see also Coordinating competences, Shared competences and Exclusive competences

Supplementary competence, 2.5.6 TFEU, 6 TFEU

Supplementary obligations, 101.1.e TFEU

Supplementing programme, 184 TFEU

Supply and sales conditions, state monopolies, 37.1 TFEU

Supply security (of raw materials and semi-finished goods), 32.c TFEU

Support buying (market interventions), 39.1.c TFEU, 40.2 TFEU, see also Agriculture, 38-44 TFEU

Supporting action, 6 TFEU

Supportive actions, 2.5 TFEU, 6 TFEU, 20.1 TFEU, 79.4 TFEU

Supremacy of Union law, 263 TFEU, 17 Declaration

Supreme Court, “Court of Justice European union”, 19 TFEU, 251-281 TFEU

Surveillance procedure, EMU, 121 TFEU

Suspension of membership rights, (“Lex Austria”) 7 TFEU, 269 TFEU, 54 TFEU of procedure, 48.2.a TFEU

Suspensory effect and interim measures, 278 TFEU

Sustainable energy, 194.1.c TFEU

Sustainable development.

Objectives, 3.3 TFEU

Environmental protection, 37 Charter

Environmental protection, sustainable development as horizontal principle for all policies, 11 TFEU

External action, 21 TFEU, 21.2.d TFEU

Sweden, seats, 36 Protocol

Tariffs, customs, 28.1 TFEU

Duties, 110-113 TFEU

Trade policy, 206 TFEU, 207.1 TFEU

Tax consultancy, freedom to provide services, 53 TFEU, 56-62 TFEU, see also Services

Duties, 110-113 TFEU, 113 TFEU, 114.2 TFEU, 65 TFEU

Direct taxes, 115 TFEU

Duties 110-113 TFEU, 113 TFEU

Tobin-tax, 113 TFEU

Tax heaven, avoid distortion of competition, 113 TFEU, 116 TFEU

Team presidencies, 236.b TFEU, 16.9 TFEU, 9 Declaration

Technical barriers to trade, 30 TFEU

Technological development, 4,3 TFEU, 179-190 TFEU

Weapons, 45.1.d TFEU

Telecommunications, 170.1 TFEU

Television without frontiers agreements in the field of audiovisual services, 207.4.a TFEU

Culture, 167 TFEU

Distorting competition, 348 TFEU, 116 TFEU

Legal base television directive, 114 TFEU

Public services, 106 TFEU

State aid, 107 TFEU

Temporary budget, twelfths, 315 TFEU

Temporary Committee of Inquiry, 226 TFEU

Temporary derogations, environment, 192.5 TFEU

Temporary employment agencies, freedom to provide services, 53 TFEU, 56-62 TFEU, see also Services

Tender rules, 53 TFEU, 62 TFEU, 114 TFEU

Territorial integrity of the member states, 4 TFEU

Territory of the EU, 52 TFEU, 349 TFEU, 355 TFEU

Terrorism

Assessments of threats, 222.4 TFEU

External action, 43.1 TFEU

Harmonisation of laws, 75 TFEU, 83.1 TFEU

Legislation, 75 TFEU, 83.1 TFEU

Solidarity clause, 222.2 TFEU, 36 Declaration

Testing, freedom to provide services, 53 TFEU, 56-62 TFEU, see also Services

The General Court and the Court of Justice, 19 TFEU, 254-257 TFEU

Third countries

Agreements with third countries and international organisations, 218 TFEU

Association agreements, 217 TFEU

Boycott, sanctions, 215 TFEU

Environment agreements, 191.4 TFEU

Third country citizens, 153.1.g TFEU

Time rates, 157.2.b TFEU

Time-share, freedom to provide services, 53 TFEU, 56-62 TFEU, see also Services

Tobacco, abuse of, 168.5 TFEU, see also Health and Agriculture, 38-44 TFEU

Tolerance, value, 2 TFEU

Top jobs

Salary, 243 TFEU

Geographic and demographic diversity, 6 Declaration

Torture, 4 Charter

Tourism, 195 TFEU

Coordinating competence, 6.d TFEU

Decision-making, 195.2 TFEU

Exchange of good practices, 195.1.b TFEU

Favorable environment for, 195.1.a TFEU

Promote tourism, 195.1 TFEU

Tourist services, freedom to provide services, 53 TFEU, 56-62 TFEU, see also Services

Town and country planning, 192.2.b TFEU

Town environment, 192.2.b TFEU

Trade fairs, organisation of trade fairs and exhibitions, freedom to provide services, 53 TFEU, 56-62 TFEU, see also Services

Trade marks, 17 Charter, 118 TFEU

Court competence, 262 TFEU

Trade with, 207.1 TFEU

Trade policy, exclusive competence, 3.1.e TFEU, 206-207 TFEU

Trade promotion, 32.a TFEU

Trade unions, 12 Charter

Traditions, respect of, Preamble TFEU

Trafficking in human beings, 5 Charter, 75 TFEU, 79.1 TFEU

Trans-European networks (TEN), 4.2.h TFEU, 170-172 TFEU

Decision-making, 172.3 TFEU

Energy structures, 170 TFEU

Objectives, 171 TFEU

Telecommunication, transport, 170 TFEU

Transport, 170 TFEU

Transfer between currencies, 321 TFEU

Transit, 36 TFEU

Transition rules competition, 104 TFEU Institutions, 36 Protocol

Transport, 92 TFEU

Transitions, 55 TFEU

16 Declaration

Transparency, 11.2 TUE, 15.3 TFEU, 42 Charter, does not cover working groups, see under Transparency in www.euabc.com

Transparency/Openness and access to documents, 153.3 TFEU, 42 Charter

Council meets in public, 12.8 TFEU, 16.8 TFEU

In the Commission, 10 Declaration

Transport, 90-100 TFEU

Advisory committee, 99 TFEU

361
Enlarged qualified majority, 238.2 TFEU
- Ioannina compromise, 9 Protocol
- Simple majority, see Simple majority
- Voting in the Commission, 250 TFEU
- Voting in the Council, 238.1 TFEU
- Voting in the European Council, 235.5 TFEU, 238 TFEU
- Voting in the Council on enhanced cooperation, 10.3 TEEU, 330 TFEU
- Structured cooperation on Defence 46.3-4 TEEU
- Suspension of member states rights 7.3 TEEU, 354 TFEU
- Voting in the European Council, 238 TFEU
- Voting in the European Parliament, 231 TEEU, 294 TFEU
- Voting weights, 36 Protocol on transition rules concerning the institutions and organs until 2014

W
- War, 347 TFEU, 346.1.b TFEU
- Warning against breach of economic guidelines, 121.4 TFEU
- Waste, 192.2.b TEEU
- Water resources, 192.2 TEEU
- Weapons agency, 171.1 TEEU, 56 TEEU, see also Services
- Veterinary, 13 TEEU, 49 TEEU, 202 TEEU
- Violence at home, 165 TEEU
- Violations, 168.3.b TEEU
- Veto, 48.7 TEEU, 50 TEEU, 226 TEEU
- Voting in the Commission, 214 TEEU, 235.2 TEEU
- Voting in the European Parliament, 231 TEEU, 294 TEEU
- Voting in the European Council, 235, 238 TEEU
- Voting in the Council, 238.1 TEEU, 235.5 TEEU
- Voting in the Council on enhanced cooperation, 10.3 TEEU, 330 TEEU
- Voluntary Humanitarian Aid Corps, 165 TEEU
- Voting in the Commission, 17.1 TEEU, 235.3 TEEU
- Voting in the European Parliament, 231 TEEU, 294 TEEU
- Voting in the European Council, 235 TEEU
- Voting weights, 36 Protocol on transition rules concerning the institutions and organs until 2014

X
- Xenophobia, 67.3 TEEU

Y
- Yellow card, see 1 Protocol, 2 Protocol, on national parliaments and subsidiarity
- Young workers, equality between, 2 TEEU, 32 Charter, 47 TEEU, see also Workers, 6.e TEEU, 47 TEEU, 165-166 TEEU
- Youth
- Coordinating competence, 6 TEEU
- Exchange, 165.2 TEEU
- Participate in democratic life, 165.2 TEEU
I. THE UNITED KINGDOM AND THE EUROPEAN UNION

1. At their December meeting, the members of the European Council agreed to work together closely to find mutually satisfactory solutions in all the four areas mentioned in the British Prime Minister's letter of 10 November 2015.

2. Today, the European Council agreed that the following set of arrangements, which are fully compatible with the Treaties and will become effective on the date the Government of the United Kingdom informs the Secretary-General of the Council that the United Kingdom has decided to remain a member of the European Union, constitute an appropriate response to the concerns of the United Kingdom:

(a) A Decision of the Heads of State or Government, meeting within the European Council, concerning a new settlement for the United Kingdom within the European Union (Annex 1);

(b) A Statement containing a draft Council Decision on specific provisions relating to the effective management of the banking union and of the consequences of further integration of the euro area which will be adopted on the day the Decision referred to in point (a) takes effect (Annex 2);

(c) A Declaration of the European Council on competitiveness (Annex 3);

(d) A Declaration of the Commission on a subsidiarity implementation mechanism and a burden reduction implementation mechanism (Annex 4);

(e) A Declaration of the European Commission on the indexation of child benefits exported to a Member State other than that where the worker resides (Annex 5);

(f) A Declaration of the Commission on the safeguard mechanism referred to in paragraph 2(b) of Section D of the Decision of the Heads of State or Government (Annex 6);

(g) A Declaration of the Commission on issues related to the abuse of the right of free movement of persons (Annex 7).

3. Regarding the Decision in Annex 1, the Heads of State or Government have declared that:

(i) This Decision gives legal guarantee that the matters of concern to the United Kingdom as expressed in the letter of 10 November 2015 have been addressed;

(ii) The content of the Decision is fully compatible with the Treaties;

(iii) This Decision is legally binding, and may be amended or repealed only by common accord of the Heads of State or Government of the Member States of the European Union;

(iv) This Decision will take effect on the date the Government of the United Kingdom informs the Secretary-General of the Council that the United Kingdom has decided to remain a member of the European Union.
3. It is understood that, should the result of the referendum in the United Kingdom be for it to leave the European Union, the set of arrangements referred to in paragraph 2 above will cease to exist.

I. MIGRATION deleted here

II. EXTERNAL RELATIONS deleted

III. EUROPEAN SEMESTER

3. The European Council endorsed the recommendation on the economic policy of the euro area.

ANNEX I

DECISION OF THE HEADS OF STATE OR GOVERNMENT,

MEETING WITHIN THE EUROPEAN COUNCIL,

CONCERNING A NEW SETTLEMENT FOR THE UNITED KINGDOM

WITHIN THE EUROPEAN UNION

The Heads of State or Government of the 28 Member States of the European Union, meeting within the European Council, whose Governments are signatories of the Treaties on which the Union is founded,

Desiring to settle, in conformity with the Treaties, certain issues raised by the United Kingdom in its letter of 10 November 2015,

Intending to clarify in this Decision certain questions of particular importance to the Member States so that such clarification will have to be taken into consideration as being an instrument for the interpretation of the Treaties; intending as well to agree arrangements for matters including the role of national Parliaments in the Union, as well as the effective management of the banking union and of the consequences of further integration of the euro area,

Recalling the Union's objective of establishing, in accordance with the Treaties, an economic and monetary union whose currency is the euro and the importance which a properly functioning euro area has for the European Union as a whole. While nineteen Member States have already adopted the single currency, other Member States are under a derogation which applies until the Council decides that the conditions are met for its abrogation and two Member States have, pursuant to Protocols No 15 and No 16 annexed to the Treaties, respectively no obligation to adopt the euro or an exemption from doing so. Accordingly, for as long as the said derogations are not abrogated or the said protocols have not ceased to apply following notification or request from the relevant Member State, not all Member States have the euro as their currency. Recalling that the process towards the establishment of the banking union and a more integrated governance of the euro area is open to Member States that do not have the euro as their currency,
Recalling that the Treaties, together with references to the process of European integration and to the process of creating an ever closer union among the peoples of Europe, contain also specific provisions whereby some Member States are entitled not to take part in or are exempted from the application of certain provisions or chapters of the Treaties and Union law as concerns matters such as the adoption of the euro, decisions having defence implications, the exercise of border controls on persons, as well as measures in the area of freedom, security and justice.

Treaty provisions also allow for the non-participation of one or more Member States in actions intended to further the objectives of the Union, notably through the establishment of enhanced cooperations. Therefore, such processes make possible different paths of integration for different Member States, allowing those that want to deepen integration to move ahead, whilst respecting the rights of those which do not want to take such a course.

Recalling in particular that the United Kingdom is entitled under the Treaties:

- Not to adopt the euro and therefore to keep the British pound sterling as its currency (Protocol No 15),
- Not to participate in the Schengen acquis (Protocol No 19),
- To exercise border controls on persons, and therefore not to participate in the Schengen area as regards internal and external borders (Protocol No 20),
- To choose whether or not to participate in measures in the area of freedom, security and justice (Protocol No 21),
- To cease to apply as from 1 December 2014 a large majority of Union acts and provisions in the field of police cooperation and judicial cooperation in criminal matters adopted before the entry into force of the Lisbon Treaty while choosing to continue to participate in 35 of them (Article 10(4) and (5) of Protocol No 36),

Recalling also that the Charter of Fundamental Rights of the European Union has not extended the ability of the Court of Justice of the European Union or any court or tribunal of the United Kingdom to rule on the consistency of the laws and practices of the United Kingdom with the fundamental rights that it reaffirms (Protocol No 30),

Determined to exploit fully the potential of the internal market in all its dimensions, to reinforce the global attractiveness of the Union as a place of production and investment, and to promote international trade and market access through, inter alia, the negotiation and conclusion of trade agreements, in a spirit of mutual and reciprocal benefit and transparency,

Determined also to facilitate and support the proper functioning of the euro area and its long-term future, for the benefit of all Member States,

Respecting the powers of the institutions of the Union, including throughout the legislative and budgetary procedures, and not affecting the relations of the Union institutions and bodies with the national competent authorities,

Respecting the powers of the central banks in the performance of their tasks, including the provision of central bank liquidity within their respective jurisdictions,
Having regard to the Statement containing the draft Decision of the Council on specific provisions relating to the effective management of the banking union and of the consequences of further integration of the euro area,

Having regard to the Conclusions of the European Council of 26 and 27 June 2014 and of 18 and 19 February 2016,

Noting the Declaration of the European Council on competitiveness,

Noting the Declaration of the Commission on a subsidiarity implementation mechanism and a burden reduction implementation mechanism,

Noting the Declaration of the Commission on the safeguard mechanism referred to in paragraph 2(b) of Section D of the Decision,

Noting the Declaration of the Commission on issues related to the abuse of the right of free movement of persons,

Having taken into account the views expressed by the President and members of the European Parliament,

Have agreed on the following Decision:

SECTION A

ECONOMIC GOVERNANCE

In order to fulfil the Treaties' objective to establish an economic and monetary union whose currency is the euro, further deepening is needed. Measures, the purpose of which is to further deepen economic and monetary union, will be voluntary for Member States whose currency is not the euro and will be open to their participation wherever feasible. This is without prejudice to the fact that Member States whose currency is not the euro, other than those without an obligation to adopt the euro or exempted from it, are committed under the Treaties to make progress towards fulfilling the conditions necessary for the adoption of the single currency.

It is acknowledged that Member States not participating in the further deepening of the economic and monetary union will not create obstacles to but facilitate such further deepening while this process will, conversely, respect the rights and competences of the non-participating Member States.

The Union institutions, together with the Member States, will facilitate the coexistence between different perspectives within the single institutional framework ensuring consistency, the effective operability of Union mechanisms and the equality of Member States before the Treaties, as well as the level-playing field and the integrity of the internal market.

Mutual respect and sincere cooperation between Member States participating or not in the operation of the euro area will be ensured by the principles recalled in this Section, which are safeguarded notably through the Council Decision \(^1\) referring to it.
1. Discrimination between natural or legal persons based on the official currency of the Member State, or, as the case may be, the currency that has legal tender in the Member State, where they are established is prohibited. Any difference of treatment must be based on objective reasons.

Legal acts, including intergovernmental agreements between Member States, directly linked to the functioning of the euro area shall respect the internal market, as well as economic and social and territorial cohesion, and shall not constitute a barrier to or discrimination in trade between Member States.

These acts shall respect the competences, rights and obligations of Member States whose currency is not the euro.

Member States whose currency is not the euro shall not impede the implementation of legal acts directly linked to the functioning of the euro area and shall refrain from measures which could jeopardise the attainment of the objectives of economic and monetary union.

2. Union law on the banking union conferring upon the European Central Bank, the Single Resolution Board or Union bodies exercising similar functions, authority over credit institutions is applicable only to credit institutions located in Member States whose currency is the euro or in Member States that have concluded with the European Central Bank a close cooperation agreement on prudential supervision, in accordance with relevant EU rules and subject to the requirements of group and consolidated supervision and resolution.

The single rulebook is to be applied by all credit institutions and other financial institutions in order to ensure the level-playing field within the internal market. Substantive Union law to be applied by the European Central Bank in the exercise of its functions of single supervisor, or by the Single Resolution Board or Union bodies exercising similar functions, including the single rulebook as regards prudential requirements for credit institutions or other legislative measures to be adopted for the purpose of safeguarding financial stability, may need to be conceived in a more uniform manner than corresponding rules to be applied by national authorities of Member States that do not take part in the banking union. To this end, specific provisions within the single rulebook and other relevant instruments may be necessary, while preserving the level-playing field and contributing to financial stability.

3. Emergency and crisis measures designed to safeguard the financial stability of the euro area will not entail budgetary responsibility for Member States whose currency is not the euro, or, as the case may be, for those not participating in the banking union.

Appropriate mechanisms to ensure full reimbursement will be established where the general budget of the Union supports costs, other than administrative costs, that derive from the emergency and crisis measures referred to in the first subparagraph.

4. The implementation of measures, including the supervision or resolution of financial institutions and markets, and macro-prudential responsibilities, to be taken in view of preserving the financial stability of Member States whose currency is not the euro is, subject to the requirements of group and consolidated supervision and resolution, a matter for their own authorities and own budgetary responsibility,
unless such Member States wish to join common mechanisms open to their participation.

This is without prejudice to the development of the single rulebook and to Union mechanisms of macro-prudential oversight for the prevention and mitigation of systemic financial risks in the Union and to the existing powers of the Union to take action that is necessary to respond to threats to financial stability.

The informal meetings of the ministers of the Member States whose currency is the euro, as referred to in Protocol (No 14) on the Euro Group, shall respect the powers of the Council as an institution upon which the Treaties confer legislative functions and within which Member States coordinate their economic policies.

In accordance with the Treaties, all members of the Council participate in its deliberations, even where not all members have the right to vote. Informal discussions by a group of Member States shall respect the powers of the Council, as well as the prerogatives of the other EU institutions.

Where an issue relating to the application of this Section is to be discussed in the European Council as provided in paragraph 1 of Section E, due account will be taken of the possible urgency of the matter.

The substance of this Section will be incorporated into the Treaties at the time of their next revision in accordance with the relevant provisions of the Treaties and the respective constitutional requirements of the Member States.

SECTION B

COMPETITIVENESS

The establishment of an internal market in which the free movement of goods, persons, services and capital is ensured is an essential objective of the Union. To secure this objective and to generate growth and jobs, the EU must enhance competitiveness, along the lines set out in the Declaration of the European Council on competitiveness.

To this end, the relevant EU institutions and the Member States will make all efforts to fully implement and strengthen the internal market, as well as to adapt it to keep pace with the changing environment.

At the same time, the relevant EU institutions and the Member States will take concrete steps towards better regulation, which is a key driver to deliver the above-mentioned objectives. This means lowering administrative burdens and compliance costs on economic operators, especially small and medium enterprises, and repealing unnecessary legislation as foreseen in the Declaration of the Commission on a subsidiarity implementation mechanism and a burden reduction implementation mechanism, while continuing to ensure high standards of consumer, employee, health and environmental protection. The European Union will also pursue an active and ambitious trade policy.

Progress on all these elements of a coherent policy for competitiveness will be closely monitored and reviewed as appropriate.
SECTION C

SOVEREIGNTY

1. It is recognised that the United Kingdom, in the light of the specific situation it has under the Treaties, is not committed to further political integration into the European Union. The substance of this will be incorporated into the Treaties at the time of their next revision in accordance with the relevant provisions of the Treaties and the respective constitutional requirements of the Member States, so as to make it clear that the references to ever closer union do not apply to the United Kingdom.

The references in the Treaties and their preambles to the process of creating an ever closer union among the peoples of Europe do not offer a legal basis for extending the scope of any provision of the Treaties or of EU secondary legislation. They should not be used either to support an extensive interpretation of the competences of the Union or of the powers of its institutions as set out in the Treaties.

These references do not alter the limits of Union competence governed by the principle of conferral, or the use of Union competence governed by the principles of subsidiarity and proportionality. They do not require that further competences be conferred upon the European Union or that the European Union must exercise its existing competences, or that competences conferred on the Union could not be reduced and thereby returned to the Member States.

The competences conferred by the Member States on the Union can be modified, whether to increase or reduce them, only through a revision of the Treaties with the agreement of all Member States. The Treaties already contain specific provisions whereby some Member States are entitled not to take part in or are exempted from the application of certain provisions of Union law. The references to an ever closer union among the peoples are therefore compatible with different paths of integration being available for different Member States and do not compel all Member States to aim for a common destination.

The Treaties allow an evolution towards a deeper degree of integration among the Member States that share such a vision of their common future, without this applying to other Member States.

2. The purpose of the principle of subsidiarity is to ensure that decisions are taken as closely as possible to the citizen. The choice of the right level of action therefore depends, inter alia, on whether the issue under consideration has transnational aspects which cannot be satisfactorily regulated by action by Member States and on whether action at Union level would produce clear benefits by reason of its scale or effects compared with actions at the level of Member States.

Reasoned opinions issued by national Parliaments in accordance with Article 7(1) of Protocol No 2 on the application of the principles of subsidiarity and proportionality are to be duly taken into account by all institutions involved in the decision-making process of the Union. Appropriate arrangements will be made to ensure this.

3. Where reasoned opinions on the non-compliance of a draft Union legislative act with the principle of subsidiarity, sent within 12 weeks from the transmission of that draft, represent more than 55% of the votes allocated to the national Parliaments, the Council Presidency will include the item on the agenda of the Council for a
comprehensive discussion on these opinions and on the consequences to be drawn therefrom.

Following such discussion, and while respecting the procedural requirements of the Treaties, the representatives of the Member States acting in their capacity as members of the Council will discontinue the consideration of the draft legislative act in question unless the draft is amended to accommodate the concerns expressed in the reasoned opinions.

For the purposes of this paragraph, the votes allocated to the national Parliaments are calculated in accordance with Article 7(1) of Protocol No 2. Votes from national Parliaments of Member States not participating in the adoption of the legislative act in question are not counted.

4. The rights and obligations of Member States provided for under the Protocols annexed to the Treaties must be fully recognised and given no lesser status than the other provisions of the Treaties of which such Protocols form an integral part.

In particular, a measure adopted pursuant to Title V of Part Three of the Treaty on the Functioning of the European Union (TFEU) on the area of freedom, security and justice does not bind the Member States covered by Protocols No 21 and No 22, unless the Member State concerned, where the relevant Protocol so allows, has notified its wish to be bound by the measure.

The representatives of the Member States acting in their capacity as members of the Council will ensure that, where a Union measure, in the light of its aim and content, falls within the scope of Title V of Part Three of the TFEU, Protocols No 21 and No 22 will apply to it, including when this entails the splitting of the measure into two acts.

5. Article 4(2) of the Treaty on European Union confirms that national security remains the sole responsibility of each Member State. This does not constitute a derogation from Union law and should therefore not be interpreted restrictively. In exercising their powers, the Union institutions will fully respect the national security responsibility of the Member States.

The benefits of collective action on issues that affect the security of Member States are recognised.

SECTION D

SOCIAL BENEFITS AND FREE MOVEMENT

Free movement of workers within the Union is an integral part of the internal market which entails, among others, the right for workers of the Member States to accept offers of employment anywhere within the Union. Different levels of remuneration among the Member States make some offers of employment more attractive than others, with consequential movements that are a direct result of the freedom of the market. However, the social security systems of the Member States, which Union law coordinates but does not harmonise, are diversely structured and this may in itself attract workers to certain Member States.
It is legitimate to take this situation into account and to provide, both at Union and at national level, and without creating unjustified direct or indirect discrimination, for measures limiting flows of workers of such a scale that they have negative effects both for the Member States of origin and for the Member States of destination.

The concerns expressed by the United Kingdom in this regard are duly noted, in view of further developments of Union legislation and of relevant national law.

Interpretation of current EU rules

1. The measures referred to in the introductory paragraph should take into account that Member States have the right to define the fundamental principles of their social security systems and enjoy a broad margin of discretion to define and implement their social and employment policy, including setting the conditions for access to welfare benefits.

   (a) Whereas the free movement of workers under Article 45 TFEU entails the abolition of any discrimination based on nationality as regards employment, remuneration and other conditions of work and employment, this right may be subject to limitations on grounds of public policy, public security or public health. In addition, if overriding reasons of public interest make it necessary, free movement of workers may be restricted by measures proportionate to the legitimate aim pursued. Encouraging recruitment, reducing unemployment, protecting vulnerable workers and averting the risk of seriously undermining the sustainability of social security systems are reasons of public interest recognised in the jurisprudence of the Court of Justice of the European Union for this purpose, based on a case by case analysis.

   Based on objective considerations independent of the nationality of the persons concerned and proportionate to the legitimate aim pursued, conditions may be imposed in relation to certain benefits to ensure that there is a real and effective degree of connection between the person concerned and the labour market of the host Member State.

   (b) Free movement of EU citizens under Article 21 TFEU is to be exercised subject to the limitations and conditions laid down in the Treaties and the measures adopted to give them effect.

The right of economically non active persons to reside in the host Member State depends under EU law on such persons having sufficient resources for themselves and their family members not to become a burden on the social assistance system of the host Member State, and on those persons having comprehensive sickness insurance.

Member States have the possibility of refusing to grant social benefits to persons who exercise their right to freedom of movement solely in order to obtain Member States’ social assistance although they do not have sufficient resources to claim a right of residence.

Member States may reject claims for social assistance by EU citizens from other Member States who do not enjoy a right of residence or are entitled to reside on their territory solely because of their job-search.
This includes claims by EU citizens from other Member States for benefits whose predominant function is to cover the minimum subsistence costs, even if such benefits are also intended to facilitate access to the labour market of the host Member States.

(c) Those enjoying the right to free movement shall abide by the laws of the host Member State.

In accordance with Union law, Member States are able to take action to prevent abuse of rights or fraud, such as the presentation of forged documents, and address cases of contracting or maintaining marriages of convenience with third country nationals for the purpose of making use of free movement as a route for regularising unlawful stay in a Member State or address cases of making use of free movement as a route for bypassing national immigration rules applying to third country nationals.

Host Member States may also take the necessary restrictive measures to protect themselves against individuals whose personal conduct is likely to represent a genuine and serious threat to public policy or security. In determining whether the conduct of an individual poses a present threat to public policy or security, Member States may take into account past conduct of the individual concerned and the threat may not always need to be imminent. Even in the absence of a previous criminal conviction, Member States may act on preventative grounds, so long as they are specific to the individual concerned.

Further exchange of information and administrative cooperation between Member States will be developed together with the Commission in order to more effectively fight against such abuse of rights and fraud.

Changes to EU secondary legislation

2. It is noted that, following the taking effect of this Decision, the Commission will submit proposals for amending existing EU secondary legislation as follows:

(a) A proposal to amend Regulation (EC) No 883/2004 of the European Parliament and of the Council on the coordination of social security systems in order to give Member States, with regard to the exportation of child benefits to a Member State other than that where the worker resides, an option to index such benefits to the conditions of the Member State where the child resides. This should apply only to new claims made by EU workers in the host Member State. However, as from 1 January 2020, all Member States may extend indexation to existing claims to child benefits already exported by EU workers. The Commission does not intend to propose that the future system of optional indexation of child benefits be extended to other types of exportable benefits, such as old-age pensions;

(b) In order to take account of a pull factor arising from a Member State's in-work benefits regime, a proposal to amend Regulation (EU) No 492/2011 of the European Parliament and of the Council on freedom of movement for workers within the Union which will provide for an alert and safeguard mechanism that responds to situations of inflow of workers from other Member States of an exceptional magnitude over an extended period of time, including as a result of past policies following previous EU enlargements. A Member State wishing to avail itself of the mechanism would notify the Commission and the Council that such an exceptional situation exists on a scale that affects essential aspects of its social security system, including the primary purpose of its in-work benefits system, or
which leads to difficulties which are serious and liable to persist in its employment market or are putting an excessive pressure on the proper functioning of its public services. On a proposal from the Commission after having examined the notification and the reasons stated therein, the Council could authorise the Member State concerned to restrict access to non-contributory in-work benefits to the extent necessary. The Council would authorise that Member State to limit the access of newly arriving EU workers to non-contributory in-work benefits for a total period of up to four years from the commencement of employment. The limitation should be graduated, from an initial complete exclusion but gradually increasing access to such benefits to take account of the growing connection of the worker with the labour market of the host Member State. The authorisation would have a limited duration and apply to EU workers newly arriving during a period of 7 years.

The representatives of the Member States, acting in their capacity as members of the Council, will proceed with work on these legislative proposals as a matter of priority and do all within their power to ensure their rapid adoption.

The future measures referred to in this paragraph should not result in EU workers enjoying less favourable treatment than third country nationals in a comparable situation.

Changes to EU primary law

3. With regard to future enlargements of the European Union, it is noted that appropriate transitional measures concerning free movement of persons will be provided for in the relevant Acts of Accession to be agreed by all Member States, in accordance with the Treaties. In this context, the position expressed by the United Kingdom in favour of such transitional measures is noted.

SECTION E

APPLICATION AND FINAL PROVISIONS

1. Any Member State may ask the President of the European Council that an issue relating to the application of this Decision be discussed in the European Council.

2. This Decision shall take effect on the same date as the Government of the United Kingdom informs the Secretary-General of the Council that the United Kingdom has decided to remain a member of the European Union.

ANNEX II

STATEMENT ON SECTION A
OF THE DECISION OF THE HEADS OF STATE OR GOVERNMENT,
MEETING WITHIN THE EUROPEAN COUNCIL,
CONCERNING A NEW SETTLEMENT FOR THE UNITED KINGDOM
WITHIN THE EUROPEAN UNION

The Heads of State or Government declare that the Council Decision on specific provisions relating to the effective management of the banking union and of the consequences of further integration of the euro area will be adopted by the Council on the date of the taking effect of the Decision of the Heads of State or Government, meeting within the European Council, concerning a new settlement for the United Kingdom within the European Union, and will enter into force on that same day.
The draft Decision is set out below:

Draft Council Decision on specific provisions relating to the effective management of the banking union and of the consequences of further integration of the euro area

THE COUNCIL OF THE EUROPEAN UNION,

Whereas:
(1) Supplementing Decision 2009/857/EC of 13 December 2007, provisions should be adopted in order to allow for the effective management of the banking union and of the consequences of further integration of the euro area.

(2) The mechanism in this Decision contributes to the respect of the principles laid down in Section A of the Decision of the Heads of State or Government as regards legislative acts relating to the effective management of the banking union and of the consequences of further integration of the euro area, the adoption of which is subject to the vote of all members of the Council.

(3) In accordance with paragraph 1 of Section E of the Decision of the Heads of State or Government, meeting within the European Council, concerning a new settlement for the United Kingdom within the European Union, any Member State may ask the President of the European Council that an issue relating to the application of that Decision be discussed in the European Council.

4. This Decision is without prejudice to the specific voting arrangements agreed by the representatives of the 28 Member States meeting within the Council on 18 December 2013, concerning the adoption of Decisions by the Council on the basis of Article 18 of Regulation (EU) No 806/2014 of the European Parliament and of the Council.

5. In the application of this Decision, and in particular with reference to the reasonable time for the Council to discuss the issue concerned, due account should be taken of the possible urgency of the situation,

HAS ADOPTED THIS DECISION:

Article 1

1. If, in relation to the legislative acts to which Section A of the Decision of the Heads of State or Government applies, the adoption of which is subject to the vote of all members of the Council, at least one member of the Council that does not participate in the banking union indicates its reasoned opposition to the Council adopting such an act by qualified majority, the Council shall discuss the issue. The Member State concerned shall justify its opposition by indicating how the draft act does not respect the principles laid down in Section A of that Decision.

2. The Council shall, in the course of these discussions, do all in its power to reach, within a reasonable time and without prejudicing obligatory time limits laid down by Union law, a satisfactory solution to address concerns raised by the member or members of the Council referred to in paragraph 1.
3. To that end, the President of the Council, with the assistance of the Commission and in compliance with the Rules of Procedure of the Council, shall undertake any initiative necessary to facilitate a wider basis of agreement in the Council. The members of the Council shall lend him or her their assistance.

While taking due account of the possible urgency of the matter and based on the reasons for opposing as indicated under paragraph 1, a request for a discussion in the European Council on the issue, before it returns to the Council for decision, may constitute such an initiative. Any such referral is without prejudice to the normal operation of the legislative procedure of the Union and cannot result in a situation which would amount to allowing a Member State a veto.

**Article 2**

This Decision, which supplements Decision 2009/857/EC, shall enter into force on the date of the taking effect of the Decision of the Heads of State or Government, meeting within the European Council, concerning a new settlement for the United Kingdom within the European Union. It shall cease to apply if the latter ceases to apply.

Done at …, [date]

*For the Council*

*The President*

[name]

**ANNEX III**

**EUROPEAN COUNCIL DECLARATION ON COMPETITIVENESS**

Europe must become more competitive if we are to generate growth and jobs. Although this goal has been at the heart of EU activities in recent years, the European Council is convinced more can be done in order to exploit fully the potential of all strands of the internal market, promote a climate of entrepreneurship and job creation, invest and equip our economies for the future, facilitate international trade, and make the Union a more attractive partner.

The European Council highlights the enormous value of the internal market as an area without frontiers within which goods, persons, services and capital move unhindered. This constitutes one of the Union's greatest achievements. In these times of economic and social challenges, we need to breathe new life into the internal market and adapt it to keep pace with our changing environment. Europe must boost its international competitiveness across the board in services and products and in key areas such as energy and the digital single market.

The European Council urges all EU institutions and Member States to strive for better regulation and to repeal unnecessary legislation in order to enhance EU competitiveness while having due regard to the need to maintain high standards of consumer, employee, health and environmental protection. This is a key driver to deliver economic growth, foster competitiveness and job creation.
To contribute to this objective, the European Parliament, the Council and the Commission have agreed the Interinstitutional Agreement on Better Law Making. Effective cooperation in this framework is necessary in order to simplify Union legislation and to avoid overregulation and administrative burdens for citizens, administrations and businesses, including small and medium sized enterprises, while ensuring that the objectives of the legislation are met.

The focus must be on:

- A strong commitment to regulatory simplification and burden reduction, including through withdrawal or repeal of legislation where appropriate, and a better use of impact assessment and ex-post evaluation throughout the legislative cycle, at the EU and national levels. This work should build on the progress already made with the Regulatory Fitness Programme (REFIT);

- Doing more to reduce the overall burden of EU regulation, especially on SMEs and micro-enterprises;

- Establishing where feasible burden reduction targets in key sectors, with commitments by EU institutions and Member States.

The European Council welcomes the Commission's commitment to review every year the success of the Union's efforts to simplify legislation, avoid over-regulation and reduce burdens on business. This annual overview done in support of the Commission's REFIT program will include an Annual Burden Survey and also look at the stock of existing EU law.

The European Council also asks the Council to examine the annual reviews conducted by the Commission under its Declaration on Subsidiarity with a view to ensuring that these are given appropriate follow up in the different areas of the Union's activities. It invites the Commission to propose repealing measures that are inconsistent with the principle of subsidiarity or that impose a disproportionate regulatory burden.

The European Council stresses the importance of a strong, rules-based multilateral trading system and the need to conclude ambitious bilateral trade and investment agreements with third countries, in a spirit of reciprocity and mutual benefit. In this context it welcomes the recent agreement reached by the WTO in Nairobi. Work must be advanced in negotiations with the US, Japan and key partners in Latin America, notably Mercosur, and in the Asia-Pacific region. Trade must benefit all, consumers, workers and economic operators alike. The new trade strategy ("Trade for All: Towards a more responsible trade and investment policy") is a crucial component.

The European Council will keep developments under review and asks the General Affairs Council and the Competitiveness Council to regularly evaluate progress on the various elements set out in this Declaration.
ANNEX IV

DECLARATION OF THE EUROPEAN COMMISSION

On a subsidiarity implementation mechanism and a burden reduction implementation mechanism

The Commission will establish a mechanism to review the body of existing EU legislation for its compliance with the principle of subsidiarity and proportionality, building on existing processes and with a view to ensuring the full implementation of this principle.

The Commission will draw up priorities for this review taking into account the views of the European Parliament, the Council and the national parliaments.

The Commission will propose a programme of work by the end of 2016 and subsequently report on an annual basis to the European Parliament and the Council.

The Commission is fully committed to and will continue its efforts to make EU law simpler and to reduce regulatory burden for EU business operators without compromising policy objectives by applying the 2015 Better Regulation Agenda, including in particular the Commission's Regulatory Fitness and Performance Programme (REFIT). Cutting red tape for entrepreneurship, in particular small and medium size enterprises, remains an overarching goal for all of us in delivering growth and jobs.

The Commission, within the REFIT platform, will work with Member States and stakeholders, towards establishing specific targets at EU and national levels for reducing burden on business, particularly in the most onerous areas for companies, in particular small and medium size enterprises. Once established, the Commission will monitor progress against these targets and report to the European Council annually.

ANNEX V

DECLARATION OF THE EUROPEAN COMMISSION

On the indexation of child benefits exported to a Member State other than that where the worker resides

The Commission will make a proposal to amend Regulation (EC) No 883/2004 of the European Parliament and of the Council on the coordination of social security systems in order to give Member States, with regard to the exportation of child benefits to a Member State other than that where the worker resides, an option to index such benefits to the conditions of the Member State where the child resides.

The Commission considers that these conditions include the standard of living and the level of child benefits applicable in that Member State.

ANNEX VI

DECLARATION OF THE EUROPEAN COMMISSION

On the Safeguard Mechanism referred to in paragraph 2(b) of Section D of the Decision of the Heads of State or Government, meeting within the European Council, concerning a new settlement for the United Kingdom within the European Union

With reference to paragraph 2(b) of Section D of the Decision of the Heads of State or Government, meeting within the European Council, concerning a new settlement for the United Kingdom within the European Union, the European Commission will table a proposal to amend Regulation 492/2011 on freedom of movement for workers within the Union to provide for a safeguard mechanism with the understanding that it can and will be used and therefore will act as a solution to the United Kingdom's concerns about the exceptional inflow of workers from elsewhere in the European Union that it has seen over the last years.

The European Commission considers that the kind of information provided to it by the United Kingdom, in particular as it has not made full use of the transitional periods on free movement of workers which were provided for in recent Accession Acts, shows the type of exceptional situation that the proposed safeguard mechanism is intended to cover exists in the United Kingdom today. Accordingly, the United Kingdom would be justified in triggering the mechanism in the full expectation of obtaining approval.

ANNEX VII

DECLARATION OF THE EUROPEAN COMMISSION

On issues related to the abuse of the right of free movement of persons

The Commission notes the Decision of the Heads of State or Government, meeting within the European Council, concerning a new settlement for the United Kingdom within the European Union and notably its section D.

The Commission intends to adopt a proposal to complement Directive 2004/38 on free movement of Union citizens in order to exclude, from the scope of free movement rights, third country nationals who had no prior lawful residence in a Member State before marrying a Union citizen or who marry a Union citizen only after the Union citizen has established residence in the host Member State. Accordingly, in such cases, the host Member State's immigration law will apply to the third country national. This proposal will be submitted after the above Decision has taken effect.

As regards situations of abuse in the context of entry and residence of non-EU family members of mobile Union citizens the Commission will clarify that:

• Member States can address specific cases of abuse of free movement rights by Union citizens returning to their Member State of nationality with a non-EU family member where residence in the host Member State has not been sufficiently genuine to create or strengthen family life and had the purpose of evading the application of national immigration rules.
• The concept of marriage of convenience - which is not protected under Union law – also covers a marriage which is maintained for the purpose of enjoying a right of residence by a family member who is not a national of a Member State.

The Commission will also clarify that Member States may take into account past conduct of an individual in the determination of whether a Union citizen's conduct poses a "present" threat to public policy or security. They may act on grounds of public policy or public security even in the absence of a previous criminal conviction on preventative grounds but specific to the individual concerned. The Commission will also clarify the notions of "serious grounds of public policy or public security" and "imperative grounds of public security". Moreover, on the occasion of a future revision of Directive 2004/38 on free movement of Union citizens, the Commission will examine the thresholds to which these notions are connected.

These clarifications will be developed in a Communication providing guidelines on the application of Union law on the free movement of Union citizens.

**PROTOCOL**

**On the concerns of the Irish people on the Treaty of Lisbon**

Hereinafter referred to as ‘THE HIGH CONTRACTING PARTIES’,

RECALLING the Decision of the Heads of State or Government of the 27 Member States of the European Union, meeting within the European Council, on 18-19 June 2009, on the concerns of the Irish people on the Treaty of Lisbon;

RECALLING the declaration of the Heads of State or Government, meeting within the European Council, on 18-19 June 2009, that they would, at the time of the conclusion of the next Accession Treaty, set out the provisions of that Decision in a Protocol to be attached, in accordance with their respective constitutional requirements, to the Treaty on European Union and the Treaty on the Functioning of the European Union;

NOTING the signature by the High Contracting Parties of the Treaty between the High Contracting Parties and the Republic of Croatia concerning the accession of the Republic of Croatia to the European Union;

HAVE AGREED UPON the following provisions, which shall be annexed to the Treaty on European Union and to the Treaty on the Functioning of the European Union:

**TITLE I**

**RIGHT TO LIFE, FAMILY AND EDUCATION**

**Article 1**

Nothing in the Treaty of Lisbon attributing legal status to the Charter of Fundamental Rights of the European Union, or in the provisions of that Treaty in the area of Freedom, Security and Justice affects in any way the scope and applicability

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**Marriage convenience not permitted**

**Irish Protocol**

**From Declaration to Protocol which is legally binding**

**Does not touch the Irish Constitution on:**

- Abortion
- Families
- Education
of the protection of the right to life in Article 40.3.1, 40.3.2 and 40.3.3, the protection of the family in Article 41 and the protection of the rights in respect of education in Articles 42 and 44.2.4 and 44.2.5 provided by the Constitution of Ireland.

TITLE II
TAXATION

Article 2

Nothing in the Treaty of Lisbon makes any change of any kind, for any Member State, to the extent or operation of the competence of the European Union in relation to taxation.

TITLE III
SECURITY AND DEFENCE

Article 3

The Union’s action on the international scene is guided by the principles of democracy, the rule of law, the universality and indivisibility of human rights and fundamental freedoms, respect for human dignity, the principles of equality and solidarity, and respect for the principles of the United Nations Charter and international law.

The Union’s common security and defence policy is an integral part of the common foreign and security policy and provides the Union with an operational capacity to undertake missions outside the Union for peace-keeping, conflict prevention and strengthening international security in accordance with the principles of the United Nations Charter.

It does not prejudice the security and defence policy of each Member State, including Ireland, or the obligations of any Member State. The Treaty of Lisbon does not affect or prejudice Ireland’s traditional policy of military neutrality.

It will be for Member States - including Ireland, acting in a spirit of solidarity and without prejudice to its traditional policy of military neutrality - to determine the nature of aid or assistance to be provided to a Member State which is the object of a terrorist attack or the victim of armed aggression on its territory.

Any decision to move to a common defence will require a unanimous decision of the European Council. It would be a matter for the Member States, including Ireland, to decide, in accordance with the provisions of the Treaty of Lisbon and with their respective constitutional requirements, whether or not to adopt a common defence.

Nothing in this Title affects or prejudices the position or policy of any other Member State on security and defence.

It is also a matter for each Member State to decide, in accordance with the provisions of the Treaty of Lisbon and any domestic legal requirements, whether to participate in permanent structured cooperation or the European Defence Agency.

The Treaty of Lisbon does not provide for the creation of a European army or for conscription to any military formation.
It does not affect the right of Ireland or any other Member State to determine the nature and volume of its defence and security expenditure and the nature of its defence capabilities.

It will be a matter for Ireland or any other Member State, to decide, in accordance with any domestic legal requirements, whether or not to participate in any military operation.

**TITLE IV**

**FINAL PROVISIONS**

**Article 4**

This Protocol shall remain open for signature by the High Contracting Parties until 30 June 2012.

This Protocol shall be ratified by the High Contracting Parties, and by the Republic of Croatia in the event that this Protocol has not entered into force by the date of accession of the Republic of Croatia to the European Union, in accordance with their respective constitutional requirements. The instruments of ratification shall be deposited with the Government of the Italian Republic.

This Protocol shall enter into force if possible on 30 June 2013, provided that all the instruments of ratification have been deposited, or, failing that, on the first day of the month following the deposit of the instrument of ratification by the last Member State to take this step.

**Article 5**

This Protocol, drawn up in a single original in the Bulgarian, Czech, Danish, Dutch, English, Estonian, Finnish, French, German, Greek, Hungarian, Irish, Italian, Latvian, Lithuanian, Maltese, Polish, Portuguese, Romanian, Slovak, Slovenian, Spanish and Swedish languages, each text being equally authentic, shall be deposited in the archives of the Government of the Italian Republic, which shall transmit a certified copy to each of the governments of the other Member States.

Once the Republic of Croatia has become bound by this Protocol pursuant to Article 2 of the Act concerning the conditions of accession of the Republic of Croatia, the Croatian text of this Protocol, which shall be equally authentic to the texts referred to in the first paragraph, shall also be deposited in the archives of the Government of the Italian Republic, which shall transmit a certified copy to each of the governments of the other Member States.

IN WITNESS WHEREOF, the undersigned Plenipotentiaries have signed this Protocol.

**THE EURO PLUS PACT**

**STRONGER ECONOMIC POLICY COORDINATION FOR COMPETITIVENESS AND CONVERGENCE**

This Pact has been agreed by the euro area Heads of State or government and joined by Bulgaria, Denmark, Latvia, Lithuania, Poland, Romania to
strengthen the economic pillar of the monetary union, achieve a new quality of economic policy coordination, improve competitiveness, thereby leading to a higher degree of convergence. This Pact focuses primarily on areas that fall under national competence and are key for increasing competitiveness and avoiding harmful imbalances. Competitiveness is essential to help the EU grow faster and more sustainably in the medium and long term, to produce higher levels of income for citizens, and to preserve our social models. Other Member States are invited to participate on a voluntary basis.

This renewed effort for stronger economic policy coordination for competitiveness and convergence rests on four guiding rules:

It will be in line with and strengthen the existing economic governance in the EU, while providing added value. It will be consistent with and build on existing instruments (Europe 2020, European Semester, Integrated Guidelines, Stability and Growth Pact and new macro-economic surveillance framework). It will involve a special effort going beyond what already exists and include concrete commitments and actions that are more ambitious than those already agreed, and accompanied with a timetable for implementation. These new commitments will thereafter be included in the National Reform and Stability Programmes and be subject to the regular surveillance framework, with a strong central role for the Commission in the monitoring of the implementation of the commitments, and the involvement of all the relevant formations of the Council and the Eurogroup. The European Parliament will play its full role in line with its competences. Social partners will be fully involved at the EU level through the Tripartite Social Summit.

It will be focused, action oriented, and cover priority policy areas that are essential for fostering competitiveness and convergence. It will concentrate on actions where the competence lies with the Member States. In the chosen policy areas common objectives will be agreed upon at the Heads of State or Government level. Participating Member States will pursue these objectives with their own policy-mix, taking into account their specific challenges.

Each year, concrete national commitments will be undertaken by each Head of State or Government. In doing so, Member States will take into account best practices and benchmark against the best performers, within Europe and vis-à-vis other strategic partners.

The implementation of commitments and progress towards the common policy objectives will be monitored politically by the Heads of State or Government of the euro area and participating countries on a yearly basis, on the basis of a report by the Commission. In addition, Member States commit to consult their partners on each major economic reform having potential spill-over effects before its adoption.

Participating Member States are fully committed to the completion of the Single Market which is key to enhancing the competitiveness in the EU and the euro area. This process will be fully in line with the treaty. The Pact will fully respect the integrity of the Single Market.

**Our goals**

Participating Member States undertake to take all necessary measures to pursue the following objectives:
1. Foster competitiveness
2. Foster employment
3. Contribute further to the sustainability of public finances
4. Reinforce financial stability

Each participating Member State will present the specific measures it will take to reach these goals. If Member State can show that action is not needed on one or the other areas, it will not include it. The choice of the specific policy actions necessary to achieve the common objectives remains the responsibility of each country, but particular attention will be paid to the set of possible measures mentioned below.

Concrete policy commitments and monitoring

Progress towards the common objectives above will be politically monitored by the Heads of State or Government on the basis of a series of indicators covering competitiveness, employment, fiscal sustainability and financial stability. Countries facing major challenges in any of these areas will be identified and will have to commit to addressing these challenges in a given timeframe.

a. Foster competitiveness

Progress will be assessed on the basis of wage and productivity developments and competitiveness adjustment needs. To assess whether wages are evolving in line with productivity, unit labour costs (ULC) will be monitored over a period of time, by comparing with developments in other euro area countries and in the main comparable trading partners. For each country, ULCs will be assessed for the economy as a whole and for each major sector (manufacturing; services; as well as tradable and non-tradable sectors). Large and sustained increases may lead to the erosion of competitiveness, especially if combined with a widening current account deficit and declining market shares for exports. Action to raise competitiveness is required in both all countries, but particular attention will be paid to those facing major challenges in this respect. To ensure that growth is balanced and widespread in the whole euro area, specific instruments and common initiatives will be envisaged to foster productivity in regions lagging behind.

Each country will be responsible for the specific policy actions it chooses to foster competitiveness, but the following reforms will be given particular attention:

1) Respecting national traditions of social dialogue and industrial relations, measures to ensure costs developments in line with productivity, such as:

- Review the wage setting arrangements, and, where necessary, the degree of centralisation in the bargaining process, and the indexation mechanisms, while maintaining the autonomy of the social partners in the collective bargaining process;

- Ensure that wages settlements in the public sector support the competitiveness efforts in the private sector (bearing in mind the important signalling effect of public sector wages).
2) Measures to increase productivity, such as:

- Further opening of sheltered sectors by measures taken at the national level to remove unjustified restrictions on professional services and the retail sector, to foster competition and efficiency, in full respect of the Community acquis;

- Specific efforts to improve education systems and promote R&D, innovation and infrastructure;

- Measures to improve the business environment, particularly for SMEs, notably by removing red tape and improving the regulatory framework (e.g. bankruptcy laws, commercial code).

b. Foster employment

A well-functioning labour market is key for the competitiveness of the euro area. Progress will be assessed on the basis of the following indicators: long term and youth unemployment rates, and labour participation rates.

Each country will be responsible for the specific policy actions it chooses to foster employment, but the following reforms will be given particular attention:

- Labour market reforms to promote “flexicurity”, reduce undeclared work and increase labour participation;

- Lifelong learning;

- Tax reforms, such as lowering taxes on labour to make work pay while preserving overall tax revenues, and taking measures to facilitate the participation of second earners in the work force.

c. Enhance the sustainability of public finances

In order to secure the full implementation of the Stability and Growth Pact, the highest attention will be paid to:

II Sustainability of pensions, health care and social benefits

This will be assessed notably on the basis of the sustainability gap indicators\(^1\). These indicators measure whether debt levels are sustainable based on current policies, notably pensions schemes, health care and benefit systems, and taking into account demographic factors.

Reforms necessary to ensure the sustainability and adequacy of pensions and social benefits could include:

5. Aligning the pension system to the national demographic situation, for example by aligning the effective retirement age with life expectancy or by increasing participation rates;
   a) Limiting early retirement schemes and using targeted incentives to employ older workers (notably in the age tranche above 55). The sustainability gap are indicators agreed by the Commission and Member States to assess fiscal sustainability.
National fiscal rules

Participating Member States commit to translating EU fiscal rules as set out in the Stability and Growth Pact into national legislation. Member States will retain the choice of the specific national legal vehicle to be used, but will make sure that it has a sufficiently strong binding and durable nature (e.g. constitution or framework law). The exact formulation of the rule will also be decided by each country (e.g. it could take the form of a "debt brake", rule related to the primary balance or an expenditure rule), but it should ensure fiscal discipline at both national and sub-national levels. The Commission will have the opportunity, in full respect of the prerogatives of national parliaments, to be consulted on the precise fiscal rule before its adoption so as to ensure it is compatible with, and supportive of, the EU rules.

d. **Reinforce financial stability**

A strong financial sector is key for the overall stability of the euro area. A comprehensive reform of the EU framework for financial sector supervision and regulation has been launched.

In this context, Member States commit to putting in place national legislation for banking resolution, in full respect of the Community acquis. Strict bank stress tests, coordinated at EU level, will be undertaken on a regular basis. In addition, the President of the ESRB and the President of the Eurogroup will be invited to regularly inform Heads of State or Government on issues related to macro-financial stability and macroeconomic developments in the euro area requiring specific action. In particular, for each Member State, the level of private debt for banks, households and non-financial firms will be closely monitored. In addition to the issues mentioned above, attention will be paid to tax policy coordination.

Direct taxation remains a national competence. Pragmatic coordination of tax policies is a necessary element of a stronger economic policy coordination in the euro area to support fiscal consolidation and economic growth. In this context, Member States commit to engage in structured discussions on tax policy issues, notably to ensure the exchange of best practices, avoidance of harmful practices and proposals to fight against fraud and tax evasion.

Developing a common corporate tax base could be a revenue neutral way forward to ensure consistency among national tax systems while respecting national tax strategies, and to contribute to fiscal sustainability and the competitiveness of European businesses.

The Commission has presented a legislative proposal on a common consolidated corporate tax base.

**Concrete yearly commitments**

In order to demonstrate a real commitment for change and ensure the necessary political impetus to reach our common objectives, each year participating Member States will agree at the highest level on a set of concrete actions to be achieved within 12 months. The selection of the specific policy measures to be implemented will remain the responsibility of each country, but the choice will be guided by considering in particular the issues mentioned above. These commitments will also

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**Fiscal rules into national legislation**

**The Commission to be consulted for implementation of rules on budget limits**

**Financial sector supervision**

**Strict bank stress tests**

**Tax policy coordination**

**Direct taxes national competence, use pragmatic coordination instead**

**Common corporate tax base**

**Concrete commitments within 12 months**
be reflected in the National Reform Programmes and Stability Programmes submitted each year which will be assessed by the Commission, the Council, and the Eurogroup in the context of the European Semester.

TREATY ON STABILITY, COORDINATION AND GOVERNANCE
IN THE ECONOMIC AND MONETARY UNION BETWEEN
THE KINGDOM OF BELGIUM, THE REPUBLIC OF BULGARIA,
THE KINGDOM OF DENMARK, THE FEDERAL REPUBLIC OF GERMANY,
THE REPUBLIC OF ESTONIA, IRELAND, THE HELLENIC REPUBLIC, THE
KINGDOM OF SPAIN, THE FRENCH REPUBLIC,
THE ITALIAN REPUBLIC, THE REPUBLIC OF CYPRUS, THE REPUBLIC
OF LATVIA, THE REPUBLIC OF LITHUANIA, THE GRAND DUCHY OF
LUXEMBOURG, HUNGARY, MALTA, THE KINGDOM OF THE
NETHERLANDS, THE REPUBLIC OF AUSTRIA, THE REPUBLIC OF
POLAND, THE PORTUGUESE REPUBLIC, ROMANIA,
THE REPUBLIC OF SLOVENIA, THE SLOVAK REPUBLIC,
THE REPUBLIC OF FINLAND AND THE KINGDOM OF SWEDEN

THE KINGDOM OF BELGIUM, THE REPUBLIC OF BULGARIA, THE
KINGDOM OF DENMARK, THE FEDERAL REPUBLIC OF GERMANY, THE
REPUBLIC OF ESTONIA, IRELAND, THE HELLENIC REPUBLIC, THE
KINGDOM OF SPAIN, THE FRENCH REPUBLIC, THE ITALIAN REPUBLIC,
THE REPUBLIC OF CYPRUS, THE REPUBLIC OF LATVIA, THE REPUBLIC
OF LITHUANIA, THE GRAND DUCHY OF LUXEMBOURG, HUNGARY,
AUSTRIA, THE REPUBLIC OF POLAND, THE PORTUGUESE REPUBLIC,
REPUBLIC OF FINLAND AND THE KINGDOM OF SWEDEN,

Hereinafter referred to as "the Contracting Parties";

CONSCIOUS of their obligation, as Member States of the European Union, to regard their economic policies as a matter of common concern;

DESIRING to promote conditions for stronger economic growth in the European Union and, to that end, to develop ever-closer coordination of economic policies within the euro area;

BEARING IN MIND that the need for governments to maintain sound and sustainable public finances and to prevent a general government deficit becoming excessive is of essential importance to safeguard the stability of the euro area as a whole, and accordingly, requires the introduction of specific rules, including a "balanced budget rule" and an automatic mechanism to take corrective action

CONSCIOUS of the need to ensure that their general government deficit does not exceed 3 % of their gross domestic product at market prices and that their general government debt does not exceed, or is sufficiently declining towards, 60 % of their gross domestic product at market prices;

RECALLING that the Contracting Parties, as Member States of the European Union, are to refrain from any measure which could jeopardise the attainment of the Union's objectives in the framework of the economic union, particularly the practice of accumulating debt outside the general government accounts;
BEARING IN MIND that the Heads of State or Government of the euro area Member States agreed on 9 December 2011 on a reinforced architecture for economic and monetary union, building upon the Treaties on which the European Union is founded and facilitating the implementation of measures taken on the basis of Articles 121, 126 and 136 of the Treaty on the Functioning of the European Union;

BEARING IN MIND that the objective of the Heads of State or Government of the euro area Member States and of other Member States of the European Union is to incorporate the provisions of this Treaty as soon as possible into the Treaties on which the European Union is founded;

WELCOMING the legislative proposals made by the European Commission for the euro area, within the framework of the Treaties on which the European Union is founded, on 23 November 2011, on the strengthening of economic and budgetary surveillance of Member States experiencing or threatened with serious difficulties with respect to their financial stability, and on common provisions for monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficit of the Member States, and TAKING NOTE of the European Commission's intention to present further legislative proposals for the euro area concerning, in particular, ex ante reporting of debt issuance plans, economic partnership programmes detailing structural reforms for Member States under an excessive deficit procedure as well as the coordination of major economic policy reform plans of Member States;

EXPRESSING their readiness to support proposals which the European Commission might present to further strengthen the Stability and Growth Pact by introducing, for Member States whose currency is the euro, a new range for medium-term objectives in line with the limits established in this Treaty;

TAKING NOTE that, when reviewing and monitoring the budgetary commitments under this Treaty, the European Commission will act within the framework of its powers, as provided by the Treaty on the Functioning of the European Union, in particular Articles 121, 126 and 136 thereof;

NOTING in particular that, in respect of the application of the "balanced budget rule" set out in Article 3 of this Treaty, that monitoring will be carried out through the setting up, for each Contracting Party, of country-specific medium-term objectives and of calendars of convergence, as appropriate;

NOTING that the medium-term objectives should be updated regularly on the basis of a commonly agreed method, the main parameters of which are also to be reviewed regularly, reflecting appropriately the risks of explicit and implicit liabilities for public finance, as embodied in the aims of the Stability and Growth Pact;

NOTING that sufficient progress towards the medium-term objectives should be evaluated on the basis of an overall assessment with the structural balance as a reference, including an analysis of expenditure net of discretionary revenue measures, in line with the provisions specified under European Union law, in particular Council Regulation (EC) No 1466/97 of 7 July 1997 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies, as amended by Regulation (EU) No 1175/2011 of the European Parliament and of the Council of 16 November 2011 ("the revised Stability and Growth Pact");
NOTING that the correction mechanism to be introduced by the Contracting Parties should aim at correcting deviations from the medium-term objective or the adjustment path, including their cumulated impact on government debt dynamics;

NOTING that compliance with the Contracting Parties’ obligation to transpose the "balanced budget rule" into their national legal systems, through binding, permanent and preferably constitutional provisions, should be subject to the jurisdiction of the Court of Justice of the European Union, in accordance with Article 273 of the Treaty on the Functioning of the European Union;

RECALLING that Article 260 of the Treaty on the Functioning of the European Union empowers the Court of Justice of the European Union to impose a lump sum or penalty payment on a Member State of the European Union which has failed to comply with one of its judgments and RECALLING that the European Commission has established criteria for determining the lump sum or penalty payment to be imposed in the framework of that Article;

RECALLING the need to facilitate the adoption of measures under the excessive deficit procedure of the European Union in respect of Member States whose currency is the euro and whose planned or actual ratio of general government deficit to gross domestic product exceeds 3 %, whilst strongly reinforcing the objective of that procedure, namely to encourage and, if necessary, compel a Member State to reduce a deficit which might be identified;

RECALLING the obligation for those Contracting Parties whose general government debt exceeds the 60 % reference value to reduce it at an average rate of one twentieth per year as a benchmark;

BEARING IN MIND the need to respect, in the implementation of this Treaty, the specific role of the social partners, as it is recognised in the laws or national systems of each of the Contracting Parties;

STRESSING that no provision of this Treaty is to be interpreted as altering in any way the economic policy conditions under which financial assistance has been granted to a Contracting Party in a stabilisation programme involving the European Union, its Member States or the International Monetary Fund;

NOTING that the proper functioning of the economic and monetary union requires the Contracting Parties to work jointly towards an economic policy where, whilst building upon the mechanisms of economic policy coordination, as defined in the Treaties on which the European Union is founded, they take the necessary actions and measures in all the areas which are essential to the proper functioning of the euro area;

NOTING, in particular, the wish of the Contracting Parties to make a more active use of enhanced cooperation, as provided for in Article 20 of the Treaty on European Union and Articles 326 to 334 of the Treaty on the Functioning of the European Union, without undermining the internal market, and their wish to have full recourse to measures specific to the Member States whose currency is the euro pursuant to Article 136 of the Treaty on the Functioning of the European Union, and to a procedure for the ex ante discussion and coordination among the Contracting Parties whose currency is the euro of all major economic policy reforms planned by them, with a view to benchmarking best practices;
RECALLING the agreement of the Heads of State or Government of the euro area Member States, of 26 October 2011, to improve the governance of the euro area, including the holding of at least two Euro Summit meetings per year, to be convened, unless justified by exceptional circumstances, immediately after meetings of the European Council or meetings with the participation of all Contracting Parties having ratified this Treaty;

RECALLING also the endorsement by the Heads of State or Government of the euro area Member States and of other Member States of the European Union, on 25 March 2011, of the Euro Plus Pact, which identifies the issues that are essential to fostering competitiveness in the euro area;

STRESSING the importance of the Treaty establishing the European Stability Mechanism as an element of the global strategy to strengthen the economic and monetary union and POINTING OUT that the granting of financial assistance in the framework of new programmes under the European Stability Mechanism will be conditional, as of 1 March 2013, on the ratification of this Treaty by the Contracting Party concerned and, as soon as the transposition period referred to in Article 3(2) of this Treaty has expired, on compliance with the requirements of that Article;

NOTING that the Kingdom of Belgium, the Federal Republic of Germany, the Republic of Estonia, Ireland, the Hellenic Republic, the Kingdom of Spain, the French Republic, the Italian Republic, the Republic of Cyprus, the Grand Duchy of Luxembourg, Malta, the Kingdom of the Netherlands, the Republic of Austria, the Portuguese Republic, the Republic of Slovenia, the Slovak Republic and the Republic of Finland are Contracting Parties whose currency is the euro and that, as such, they will be bound by this Treaty from the first day of the month following the deposit of their instrument of ratification if the Treaty is in force at that date;

NOTING ALSO that the Republic of Bulgaria, the Kingdom of Denmark, the Republic of Latvia, the Republic of Lithuania, Hungary, the Republic of Poland, Romania and the Kingdom of Sweden are Contracting Parties which, as Member States of the European Union, have, at the date of signature of this Treaty, a derogation or an exemption from participation in the single currency and may be bound, as long as such derogation or exemption is not abrogated, only by those provisions of Titles III and IV of this Treaty by which they declare, on depositing their instrument of ratification or at a later date, that they intend to be bound;

HAVE AGREED UPON THE FOLLOWING PROVISIONS:

TITLE I

PURPOSE AND SCOPE

ARTICLE 1

By this Treaty, the Contracting Parties agree, as Member States of the European Union, to strengthen the economic pillar of the economic and monetary union by adopting a set of rules intended to foster budgetary discipline through a fiscal compact, to strengthen the coordination of their economic policies and to improve the governance of the euro area, thereby supporting the achievement of the European Union’s objectives for sustainable growth, employment, competitiveness and social cohesion.
This Treaty shall apply in full to the Contracting Parties whose currency is the euro. It shall also apply to the other Contracting Parties to the extent and under the conditions set out in Article 14.

TITLE II

CONSISTENCY AND RELATIONSHIP WITH

THE LAW OF THE UNION

ARTICLE 2

1. This Treaty shall be applied and interpreted by the Contracting Parties in conformity with the Treaties on which the European Union is founded, in particular Article 4(3) of the Treaty on European Union, and with European Union law, including procedural law whenever the adoption of secondary legislation is required.

2. This Treaty shall apply insofar as it is compatible with the Treaties on which the European Union is founded and with European Union law. It shall not encroach upon the competence of the Union to act in the area of the economic union.

TITLE III

FISCAL COMPACT

ARTICLE 3

1. The Contracting Parties shall apply the rules set out in this paragraph in addition and without prejudice to their obligations under European Union law:

(i) The budgetary position of the general government of a Contracting Party shall be balanced or in surplus;

(ii) The rule under point:

(a) Shall be deemed to be respected if the annual structural balance of the general government is at its country-specific medium-term objective, as defined in the revised Stability and Growth Pact, with a lower limit of a structural deficit of 0.5% of the gross domestic product at market prices. The Contracting Parties shall ensure rapid convergence towards their respective medium-term objective. The time-frame for such convergence will be proposed by the European Commission taking into consideration country-specific sustainability risks. Progress towards, and respect of, the medium-term objective shall be evaluated on the basis of an overall assessment with the structural balance as a reference, including an analysis of expenditure net of discretionary revenue measures, in line with the revised Stability and Growth Pact;

(b) The Contracting Parties may temporarily deviate from their respective medium-term objective or the adjustment path towards it only in exceptional circumstances, as defined in point (b) of paragraph 3;
Where the ratio of the general government debt to gross domestic product at market prices is significantly below 60 % and where risks in terms of long-term sustainability of public finances are low, the lower limit of the medium-term objective specified under point (b) can reach a structural deficit of at most 1,0 % of the gross domestic product at market prices;

(c) In the event of significant observed deviations from the medium-term objective or the adjustment path towards it, a correction mechanism shall be triggered automatically. The mechanism shall include the obligation of the Contracting Party concerned to implement measures to correct the deviations over a defined period of time.

2. The rules set out in paragraph 1 shall take effect in the national law of the Contracting Parties at the latest one year after the entry into force of this Treaty through provisions of binding force and permanent character, preferably constitutional, or otherwise guaranteed to be fully respected and adhered to throughout the national budgetary processes. The Contracting Parties shall put in place at national level the correction mechanism referred to in paragraph 1(e) on the basis of common principles to be proposed by the European Commission, concerning in particular the nature, size and time-frame of the corrective action to be undertaken, also in the case of exceptional circumstances, and the role and independence of the institutions responsible at national level for monitoring compliance with the rules set out in paragraph 1. Such correction mechanism shall fully respect the prerogatives of national Parliaments.

3. For the purposes of this Article, the definitions set out in Article 2 of the Protocol (No 12) on the excessive deficit procedure, annexed to the European Union Treaties, shall apply.

The following definitions shall also apply for the purposes of this Article:

4. "Annual structural balance of the general government" refers to the annual cyclically-adjusted balance net of one-off and temporary measures;

5. "Exceptional circumstances" refers to the case of an unusual event outside the control of the Contracting Party concerned which has a major impact on the financial position of the general government or to periods of severe economic downturn as set out in the revised Stability and Growth Pact, provided that the temporary deviation of the Contracting Party concerned does not endanger fiscal sustainability in the medium-term.

ARTICLE 4

When the ratio of a Contracting Party's general government debt to gross domestic product exceeds the 60 % reference value referred to in Article 1 of the Protocol (No 12) on the excessive deficit procedure, annexed to the European Union Treaties, that Contracting Party shall reduce it at an average rate of one twentieth per year as a benchmark, as provided for in Article 2 of Council Regulation (EC) No 1467/97 of 7 July 1997 on speeding up and clarifying the implementation of the excessive deficit procedure, as amended by Council Regulation (EU) No 1177/2011 of 8 November 2011.

The existence of an excessive deficit due to the breach of the debt criterion will be decided in accordance with the procedure set out in Article 126 of the Treaty on the Functioning of the European Union.
ARTICLE 5

1. A Contracting Party that is subject to an excessive deficit procedure under the Treaties on which the European Union is founded shall put in place a budgetary and economic partnership programme including a detailed description of the structural reforms which must be put in place and implemented to ensure an effective and durable correction of its excessive deficit. The content and format of such programmes shall be defined in European Union law. Their submission to the Council of the European Union and to the European Commission for endorsement and their monitoring will take place within the context of the existing surveillance procedures under the Stability and Growth Pact.

2. The implementation of the budgetary and economic partnership programme, and the yearly budgetary plans consistent with it, will be monitored by the Council of the European Union and by the European Commission.

ARTICLE 6

With a view to better coordinating the planning of their national debt issuance, the Contracting Parties shall report ex-ante on their public debt issuance plans to the Council of the European Union and to the European Commission.

ARTICLE 7

While fully respecting the procedural requirements of the Treaties on which the European Union is founded, the Contracting Parties whose currency is the euro commit to supporting the proposals or recommendations submitted by the European Commission where it considers that a Member State of the European Union whose currency is the euro is in breach of the deficit criterion in the framework of an excessive deficit procedure. This obligation shall not apply where it is established among the Contracting Parties whose currency is the euro that a qualified majority of them, calculated by analogy with the relevant provisions of the Treaties on which the European Union is founded, without taking into account the position of the Contracting Party concerned, is opposed to the decision proposed or recommended.

ARTICLE 8

1. The European Commission is invited to present in due time to the Contracting Parties a report on the provisions adopted by each of them in compliance with Article 3(2). If the European Commission, after having given the Contracting Party concerned the opportunity to submit its observations, concludes in its report that such Contracting Party has failed to comply with Article 3(2), the matter will be brought to the Court of Justice of the European Union by one or more Contracting Parties.

Where a Contracting Party considers, independently of the Commission's report, that another Contracting Party has failed to comply with Article 3(2), it may also bring the matter to the Court of Justice. In both cases, the judgment of the Court of Justice shall be binding on the parties to the proceedings, which shall take the necessary measures to comply with the judgment within a period to be decided by the Court of Justice.
2. Where, on the basis of its own assessment or that of the European Commission, a Contracting Party considers that another Contracting Party has not taken the necessary measures to comply with the judgment of the Court of Justice referred to in paragraph 1, it may bring the case before the Court of Justice and request the imposition of financial sanctions following criteria established by the European Commission in the framework of Article 260 of the Treaty on the Functioning of the European Union. If the Court of Justice finds that the Contracting Party concerned has not complied with its judgment, it may impose on it a lump sum or a penalty payment appropriate in the circumstances and that shall not exceed 0.1% of its gross domestic product. The amounts imposed on a Contracting Party whose currency is the euro shall be payable to the European Stability Mechanism. In other cases, payments shall be made to the general budget of the European Union.

3. This Article constitutes a special agreement between the Contracting Parties within the meaning of Article 273 of the Treaty on the Functioning of the European Union.

TITLE IV

ECONOMIC POLICY COORDINATION AND CONVERGENCE

ARTICLE 9

Building upon economic policy coordination, as defined in the Treaty on the Functioning of the European Union, the Contracting Parties undertake to work jointly towards an economic policy that fosters the proper functioning of the economic and monetary union and economic growth through enhanced convergence and competitiveness. To that end, the Contracting Parties shall take the necessary actions and measures in all the areas which are essential to the proper functioning of the euro area in pursuit of the objectives of fostering competitiveness, promoting employment, contributing further to the sustainability of public finances and reinforcing financial stability.

ARTICLE 10

In accordance with the requirements of the Treaties on which the European Union is founded, the Contracting Parties stand ready to make active use, whenever appropriate and necessary, of measures specific to those Member States whose currency is the euro, as provided for in Article 136 of the Treaty on the Functioning of the European Union, and of enhanced cooperation, as provided for in Article 20 of the Treaty on European Union and in Articles 326 to 334 of the Treaty on the Functioning of the European Union on matters that are essential for the proper functioning of the euro area, without undermining the internal market.

ARTICLE 11

With a view to benchmarking best practices and working towards a more closely coordinated economic policy, the Contracting Parties ensure that all major economic policy reforms that they plan to undertake will be discussed ex-ante and, where appropriate, coordinated among themselves. Such coordination shall involve the institutions of the European Union as required by European Union law.
ARTICLE 12

1. The Heads of State or Government of the Contracting Parties whose currency is the euro shall meet informally in Euro Summit meetings, together with the President of the European Commission. The President of the European Central Bank shall be invited to take part in such meetings.

The President of the Euro Summit shall be appointed by the Heads of State or Government of the Contracting Parties whose currency is the euro by simple majority at the same time as the European Council elects its President and for the same term of office.

2. Euro Summit meetings shall take place when necessary, and at least twice a year, to discuss questions relating to the specific responsibilities which the Contracting Parties whose currency is the euro share with regard to the single currency, other issues concerning the governance of the euro area and the rules that apply to it, and strategic orientations for the conduct of economic policies to increase convergence in the euro area.

3. The Heads of State or Government of the Contracting Parties other than those whose currency is the euro, which have ratified this Treaty, shall participate in discussions of Euro Summit meetings concerning competitiveness for the Contracting Parties, the modification of the global architecture of the euro area and the fundamental rules that will apply to it in the future, as well as, when appropriate and at least once a year, in discussions on specific issues of implementation of this Treaty on Stability, Coordination and Governance in the Economic and Monetary Union.

4. The President of the Euro Summit shall ensure the preparation and continuity of Euro Summit meetings, in close cooperation with the President of the European Commission. The body charged with the preparation of and follow up to the Euro Summit meetings shall be the Euro Group and its President may be invited to attend such meetings for that purpose.

5. The President of the European Parliament may be invited to be heard. The President of the Euro Summit shall present a report to the European Parliament after each Euro Summit meeting.

6. The President of the Euro Summit shall keep the Contracting Parties other than those whose currency is the euro and the other Member States of the European Union closely informed of the preparation and outcome of the Euro Summit meetings.

ARTICLE 13

As provided for in Title II of Protocol (No 1) on the role of national Parliaments in the European Union annexed to the European Union Treaties, the European Parliament and the national Parliaments of the Contracting Parties will together determine the organisation and promotion of a conference of representatives of the relevant committees of the European Parliament and representatives of the relevant committees of national Parliaments in order to discuss budgetary policies and other issues covered by this Treaty.
TITLE VI

GENERAL AND FINAL PROVISIONS

ARTICLE 14

1. This Treaty shall be ratified by the Contracting Parties in accordance with their respective constitutional requirements. The instruments of ratification shall be deposited with the General Secretariat of the Council of the European Union ("the Depositary").

2. This Treaty shall enter into force on 1 January 2013, provided that twelve Contracting Parties whose currency is the euro have deposited their instrument of ratification, or on the first day of the month following the deposit of the twelfth instrument of ratification by a Contracting Party whose currency is the euro, whichever is the earlier.

3. This Treaty shall apply as from the date of entry into force amongst the Contracting Parties whose currency is the euro which have ratified it. It shall apply to the other Contracting Parties whose currency is the euro as from the first day of the month following the deposit of their respective instrument of ratification.

4. By derogation from paragraphs 3 and 5, Title V shall apply to all Contracting Parties concerned as from the date of entry into force of this Treaty.

5. This Treaty shall apply to the Contracting Parties with a derogation, as defined in Article 139(1) of the Treaty on the Functioning of the European Union, or with an exemption, as referred to in Protocol (No 16) on certain provisions related to Denmark annexed to the European Union Treaties, which have ratified this Treaty, as from the date when the decision abrogating that derogation or exemption takes effect, unless the Contracting Party concerned declares its intention to be bound at an earlier date by all or part of the provisions in Titles III and IV of this Treaty.

ARTICLE 15

This Treaty shall be open to accession by Member States of the European Union other than the Contracting Parties. Accession shall be effective upon depositing the instrument of accession with the Depositary, which shall notify the other Contracting Parties thereof. Following authentication by the Contracting Parties, the text of this Treaty in the official language of the acceding Member State that is also an official language and a working language of the institutions of the Union, shall be deposited in the archives of the Depositary as an authentic text of this Treaty.

ARTICLE 16

Within five years, at most, of the date of entry into force of this Treaty, on the basis of an assessment of the experience with its implementation, the necessary steps shall be taken, in accordance with the Treaty on the European Union and the Treaty on the Functioning of the European Union, with the aim of incorporating the substance of this Treaty into the legal framework of the European Union.
Done at Brussels this second day of March in the year two thousand and twelve.

This Treaty, drawn up in a single original in the Bulgarian, Danish, Dutch, English, Estonian, Finnish, French, German, Greek, Hungarian, Irish, Italian, Latvian, Lithuanian, Maltese, Polish, Portuguese, Romanian, Slovak, Slovenian, Spanish and Swedish languages, each text being equally authentic, shall be deposited in the archives of the Depositary, which shall transmit a certified copy to each of the Contracting Parties.
THE EU TREATIES

The Consolidated and Readable Edition of the EU Treaties as amended by the Lisbon Treaty:

The Treaty on European Union, TEU
The Treaty on the Functioning of the EU, TFEU Protocols and Declarations
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