GLOSSARY

of European Union Internal Market terminology

Amended to include the Association Agreement between the European Union and Ukraine

National University “Odessa Law Academy”
GLOSSARY
OF EUROPEAN UNION
INTERNAL MARKET
TERMINOLOGY.
AMENDED TO INCLUDE
THE ASSOCIATION AGREEMENT
BETWEEN THE EUROPEAN UNION
AND UKRAINE

Odesa
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This Glossary contains more than 400 terms used within the EU Internal Market. This text was compiled in accordance with the European Union-Ukraine Association Agreement.

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PREFACE

Lawyers of nowadays while trying to conceptualize the essence of integration in contemporary world argued whether the modern system of Rule of Law and Justice is suitable to administer international and multinational relations, i.e. not only appropriate to improve the protection of human rights, but also to promote justice and peace in general under the framework of basic economic and political freedoms in different cultures and states.

The implementation of Lisbon Treaty provisions have been sequentially leading to the necessity of unification of legislation on different kinds of relationships. This is what the modern action plans of the parliaments and legal committees of different countries of Europe operating in the framework of European economy, security and social policy. The same case we have while conceptualizing the Eurointegration contest. The aim and the Horizon. The urgent need to young democracies and developed economies. We all live in an age of the globalization and economic integration. The economies of world countries are strongly interlinked, which provides the liberalization of the movement of goods, workers, capital, investment, and technology. The nucleus of this process can be found on the European continent, where for almost seventy years, a great experiment has been conducted which addresses the question of how to integrate states economically, while leaving them politically
independent. A significant achievement on this road was the creation of the European Union – a legal entity, whose institutions possess sufficient competence to tackle all issues relating to trade and financial matters, and which fosters the development of the integration process. Moreover, these institutions are vested with the right to construct the corpus of EU law as a supranational legal system – the cornerstone of European integration.

This Glossary is intended to assist students who are endeavoring to research the foundations of European Union law, and EU and international business law in particular. The definitions outlined, represent those meanings understood and shared by the majority of Western scholars. It is worth noting that this glossary contains definitions from the Ukraine-EU Association Agreement of 2014, which was signed in order to allow Ukraine to reap the benefits of the EU internal market as a result of the creation of a Ukraine-EU deep and comprehensive free trade area. This document also established the political association, within which both parties undertake the obligation to work for the creation of the peace, international stability and security and will both address global and regional challenges, and key threats. Besides, the EU and Ukraine also will collaborate on the matter of the strengthening of the democratic values, rule of law, good governance, non-discrimination of persons belonging to minorities and respect for diversity. Furthermore, EU is ready to assist Ukraine in the process of introduction of political and economic reforms, which will
strongly benefit Ukrainian citizens and will improve the standards of their lives.

The adoption of common minimum rules on EU law due to modern harmonized EU policy is based on a mixture of necessity, proportionality and subsidiarity principles. One of the distinguishing features of this Glossary is that while analyzing these principles as the landscape of EU hard and soft law regulations it also clarifies the different forms of economic integration, such as: a free trade area; a customs union; a common market; and an economic union. Also it draws the difference between positive and negative integration, which is crucially important taking into account the process of the adaptation of the Ukrainian law to the EU law. The paradox of modern public law doctrine is the gradual smearing of publicity, the return of presuming of primacy of the individual, the private over the state, the public, the social. Thus, most part of this Glossary is devoted to analysis of European private law scholars’ ideas and positions in the field of market regulations and activity.

The purpose of this Glossary is not only to help scholars understand expertise within EU law, but also to assist the general public, which is especially important because Ukrainian people lack information about opportunities offered by the EU internal market. Furthermore, this Glossary will help readers to better understand European Union institutions and the specifics of its political system.

Suffice to say, this Glossary saw the light of day through fruitful efforts undertaken by the Compilers, who worked within the
framework of the Tempus Programme, supported by the European commission. The Compilers are sincerely grateful to Professors H. Horak and R. Knez as coordinators, advisers and managers of the project, the proofreaders professors Kh. Bekhruz (Head of the European Union Law and Comparative Jurisprudence Department of the National University “Odessa Law Academy, Associated member of International Academy of Comparative Law) and A. Kostin (Vice-president of Odessa Bar Association) for the useful suggestions expressed at the final stage of the preparation of this manuscript. Hope that transposing the ideas of this Glossary to young democracies legal practice and legislation would be the main aim of this work.

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Glossary of European Union
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A

Abstention, constructive (positive abstention)
As a general rule, all decisions taken with respect to the EU’s Common Foreign and Security Policy are adopted unanimously. However, in certain cases, an EU country can choose to abstain from voting on a particular action without blocking it. This could arise, for example, where the EU proposes to condemn the actions of a non-EU country. Under Article 31 of the Treaty on European Union (TEU), the country that constructively abstains may qualify its abstention by making a formal declaration. In that case, it shall not be obliged to apply this decision, but shall accept that the decision commits the EU.

Accession criteria (Copenhagen criteria)
The Treaty on European Union sets out the conditions (Article 49) and principles (Article 6(1)) to which any country wishing to become an EU member must conform. Certain criteria must be met for admission. These criteria (known as the Copenhagen criteria) were established by the Copenhagen European Council in 1993 and strengthened by the Madrid European Council in 1995. They are: stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities; a functioning market economy and the ability to cope with competitive pressure and market
forces within the EU; ability to take on the obligations of membership, including the capacity to effectively implement the rules, standards and policies that make up the body of EU law (the ‘acquis’), and adherence to the aims of political, economic and monetary union. For EU accession negotiations to be launched, a country must satisfy the first criterion.

Accession negotiations

Accession negotiations with a candidate member country are only launched when EU governments, meeting in the European Council, have unanimously agreed upon accession. Negotiations take place in intergovernmental conferences between the governments of the EU countries and that of the candidate country. They help candidate countries to prepare for EU membership as well as allow the EU to prepare itself for enlargement in terms of absorption capacity. On a practical level, the body of EU legislation (the ‘acquis’) is divided into 35 chapters (by policy). The Council decides unanimously whether to open each chapter. When negotiations on all chapters are completed, the terms and conditions – including possible safeguard clauses and transitional arrangements – are incorporated in an accession treaty. This treaty needs the European Parliament’s consent and the Council’s unanimous approval. All contracting states then ratify it in line with their own constitutional rules.

Accession partnership

When a country applies to join the EU, an Accession Partnership is agreed between that country and the EU. The Accession Partnership agreement sets out the following: the areas in which the candidate country needs to make progress in the short and medium term, based
on the accession criteria. These areas are identified in the Commission’s opinion on that country’s membership application; pre-accession assistance which involves financial and technical help to support economic and political reforms in the candidate country, preparing them for the rights and obligations that come with EU membership. Candidate countries draw up national programmes for the adoption of the acquis (NPAAs). These lay out a timetable for putting the partnership into practice. Candidate countries also prepare action plans aimed at strengthening their administrative and judicial capacities.

**Accidental pollution**

Episodes are major environmental accidents due to manifold causes, which may occur in relation to any structure of the environment. A comprehensive analysis of such accidents should be based upon a classification taking into account the polluted environment, the pollutant and the causes that led to the occurrence of the incident. Under all circumstances, the consequences of such environmental accidents hold significant social, ecological and economic implications.

**Accounting entry**

A written record of a commercial transaction.

**Accounting system**

Organized set of manual and computerized accounting methods, procedures, and controls established to gather, record, classify, analyze, summarize, interpret, and present accurate and timely financial data for management decisions.

**Acculturation**

Cultural modification of an individual, group, or people by adapting to or borrowing traits from another culture.
**Acquis**

The EU’s ‘acquis’ is the body of common rights and obligations that are binding on all EU countries, as EU Members. It is constantly evolving and comprises: the content, principles and political objectives of the Treaties; legislation adopted in application of the treaties and the case law of the Court of Justice of the EU; declarations and resolutions adopted by the EU; measures relating to the common foreign and security policy; measures relating to justice and home affairs; international agreements concluded by the EU and those concluded by the EU countries between themselves in the field of the EU’s activities. Applicant countries are required to accept the acquis before they can join the EU. Derogations from the acquis are granted only in exceptional circumstances and are limited in scope. The acquis must be incorporated by applicant countries into their national legal order by the date of their accession to the EU and they are obliged to apply it from that date.

**Acquisition**

The act by which the person procures the property of a thing.

**Action for annulment**

The action for annulment is one of the actions which may be brought before the Court of Justice of the European Union. Through this action, the claimant requests the annulment of an act adopted by a European Union institution, body, office or organisation.

**Added value**

An amount added to the value of a product or service, equal to the difference between its cost and the amount received when it is sold. Wages, taxes, etc. are deducted from the added value to give the profit.
**Advance payment**

Any type of payment that is made ahead of its normal schedule, such as paying for a good or service before you actually receive the good or service. Advance payments are sometimes required by sellers as protection against non-payment.

**Advisory board**

A group of individuals who’ve been selected to help advise a business owner regarding any number of business issues, including marketing, sales, financing, expansion and so on; a body that advises the board of directors and management of a corporation but does not have authority to vote on corporate matters.

**Alter ego**

Legal doctrine that lifts or pierces the ‘corporate veil’ (limited personal liability of the stockholders in a limited liability firm) and holds the directors and stockholders personally liable for the firm’s debts. It is applicable generally where it can be shown that the firm is merely a conduit or front for the personal dealings of certain individual(s). And that, in effect, the firm does not exist as a separate and independent entity envisaged in the corporate legislation. Latin for, the other I.

**Animal welfare**

Article 13 of the Treaty on the Functioning of the EU stipulates that, as sentient beings, full regard should be paid to animals’ welfare requirements. The EU aims to ensure that animals do not endure avoidable pain or suffering and to oblige animal owners or keepers to respect minimum welfare requirements. In 2012, a 4-year EU plan to improve animal welfare was adopted. This seeks to simplify laws on animal welfare to: increase the transparency of animal welfare claims so that conditions of competition are the
same for all producers; focus on the results for the animals; improve the education of those handling animals. It also aims to ensure better compliance with existing laws and improve information to consumers, retailers and the food industry. While animal welfare is mainly dealt with at EU level, it does not fall within its exclusive competence. Topics such as the use of animals in shows, cultural or sporting events, are the responsibility of EU countries at national level.

### Annual growth survey

The EU’s annual growth survey (AGS) kicks off the European semester, which is the EU’s annual cycle of economic and budgetary policy coordination. The AGS sets out the EU’s priorities in regard to growth and employment creation for the year to come. The AGS is presented by the Commission in late autumn and, following discussions within the Parliament and the Council, forms the basis of EU guidance for national growth and employment policies, issued in March by the EU Heads of State or Government, meeting in the European Council. The AGS is published in parallel with the draft joint employment report, which analyses the EU’s employment situation and how EU countries are addressing it, and the alert mechanism report, which looks for potential economic imbalances in need of policy action.

### Annual meeting of directors

The annual meeting of directors is a once-a-year meeting where the board of directors typically selects corporate officers for the upcoming year and addresses any other corporate issues that need to be handled. Most states’ corporate laws require corporations to hold such annual meetings, but corporations
typically do so even if incorporated in a state that does not require it. The corporate bylaws generally establish the date that the annual meeting must be held and, typically, corporations have their annual directors meeting immediately following their annual shareholders meeting. During the meeting, any vote is only valid if there is a quorum of directors present. This ensures that a minority of directors can’t take controlling actions. Each state’s corporate laws define what that state considers a “quorum” to be, and it is usually defined as simply being a majority of the directors.

**Annual meeting of shareholders**

The annual meeting of shareholders is a once-a-year meeting, required by state corporate law, where the shareholders elect the corporate directors for the next year. The corporate bylaws generally establish the date that the annual meeting must be held. Because this date is in the corporate bylaws, the corporation does not generally have to give any formal notice alerting shareholders of an upcoming annual meeting. However, most corporations provide such a reminder notice anyway. Many corporations set up their annual shareholder meeting to take place after its fiscal year has ended, so that the shareholders can also discuss the corporation’s financial performance during the annual meeting (of course, even if the annual meeting is not held after the fiscal year has ended, the shareholders often discuss many financial issues anyway). In addition, many corporations hold their annual meeting of directors on the same day as the annual meeting of shareholders, and they have the directors meeting right after the shareholders meeting. During the meeting, any vote is only valid if
there is a quorum of shareholders present. This ensures that a minority of shareholders can’t take controlling actions. Each state’s corporate laws define what that state considers a “quorum” to be, and it is usually defined as being a majority of the outstanding voting shares (thus, over 50% of the shares must be represented by present shareholders). However, corporations can change this via their bylaws, and some corporations raise the requirement from a simple majority to something greater (a so-called “supermajority”). Shareholders often appear at these meetings by proxy, which is where they authorize some other person to attend the meeting and vote their shares. Again, the state corporate laws and the corporate bylaws will generally define exactly how this proxy voting works. Finally, the corporate secretary must record minutes based on the meeting, outlining what the meeting was about, who attended, who ran it and when and where the meeting took place.

**Annual Report**

An annual publication that public corporations must provide to shareholders to describe their operations and financial conditions. The front part of the report often contains an impressive combination of graphics, photos and an accompanying narrative, all of which chronicle the company’s activities over the past year. The back part of the report contains detailed financial and operational information.

**Anti-Competitive Agreements**

An anti-competitive agreement is an agreement whereby two or more companies operating as competitors in the same market make an agreement to do something together, for example to fix prices or limit production which has the result of reducing the competition
on that particular market. The best example of an anti-competitive agreement is between a group of companies who fix prices and limit production amongst other things. This is generally called a cartel and carries with it the toughest of penalties.

**Anti-dumping duty**

A protectionist tariff that a domestic government imposes on foreign imports that it believes are priced below fair market value. In the United States, anti-dumping duties are imposed by the Department of Commerce and often exceed 100%. They come into play when a foreign company is selling an item significantly below the price at which it is being produced. The logic behind anti-dumping duties is to save domestic jobs, although critics argue that this leads to higher prices for domestic consumers and reduces the competitiveness of domestic companies producing similar goods.

**Anti-dumping measure**

Dumping is defined as a situation in which the export price of a product is lower than its selling price in the exporting country. A bargain sale, in the sense of ordinary trade, is not dumping. Where it is demonstrated that the dumped imports are causing injury to the importing country within the meaning of the WTO Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 ("Anti-dumping Agreement"), pursuant to and by investigation under that Agreement, the importing country can impose anti-dumping measures to provide relief to domestic industries injured by imports. The country’s imposition of an anti-dumping duty is determined by the dumping margin--the difference between the export price and the domestic selling price in the
exporting country. By adding dumping margin to export price, the dumped price can be rendered a "fair" trade price. When it is impossible to obtain a comparable domestic price because there are none or low volume sales in the ordinary course of trade in the domestic market, either export prices to third countries or a "constructed value" is used in price comparison. A "constructed value" is the cost of production in the country of origin plus a reasonable amount for administrative, selling and general costs and for profits. Similarly, when the export price is found to be unreliable, the price at which the product is first resold to independent buyers, or another price according to a reasonable basis determined by the authorities may be used in price comparison. Because anti-dumping measures are an exception to the rule of most-favoured-nation treatment, the utmost care must be taken in invoking them. However, unlike safeguard measures, which are also instruments for the protection of domestic industry, the implementation of anti-dumping measures does not require the government to provide offsetting concessions or consent to countermeasures taken by the trading partner. This has increasingly led to the abuse of anti-dumping measures. For example, anti-dumping investigations are often commenced based on insufficient evidence, and anti-dumping duties may be retained long after the conditions for their levy have been eliminated. Some countries have applied anti-dumping measures in an arbitrary manner to restrict imports, rather than to achieve the limited, remedial objective authorized in the Agreement. In light of this situation, one of the focal points of the Uruguay Round
negotiations was to establish disciplines to rein in the abuse of anti-dumping measures as tools for protectionism and import restriction. Although considerable progress was seen in this process, many countries still express much concern over this abuse.

**Antitrust**

The antitrust laws apply to virtually all industries and to every level of business, including manufacturing, transportation, distribution, and marketing. They prohibit a variety of practices that restrain trade.

**Antitrust control**

The Treaty on the Functioning of the EU (TFEU) prohibits antitrust (anti-competitive) behaviour in the form of: agreements and business practices which restrict competition (Article 101), abuse of dominant positions (Article 102). Article 101 forbids agreements (i.e. cartels) where 2 or more firms try to restrict competition. Agreements may be horizontal (between competitors at the same level of the supply chain fixing prices or limiting production) or vertical (such as between a manufacturer and a distributor). Under Article 101(3), restrictive agreements may be permitted, however, if they generate more positive than negative effects (if they improve production or product distribution, for example). Article 102 prohibits a firm abusing its dominant position (i.e. a substantial market share) by charging unduly low prices to prevent others entering the market or discriminating between commercial partners. The Commission may impose large fines on firms for such illegal business practices. Since 2004, national competition authorities can enforce EU antitrust rules on agreements and dominance abuse in the same way as the Commission.
| **Apportionment** | Division and distribution of assets and/or liabilities in proportion to the rights and interests of the parties involved. |
| **Areas where the standard of living is abnormally low or where there is serious underemployment** | These are areas where the economic situation is extremely unfavourable in relation to the European Union as a whole. This condition is fulfilled if a region or a subnational geographical administrative entity, with an average population of approximately 800,000 to 3,000,000 inhabitants, has a per capita gross domestic product (GDP), measured in purchasing power standards (PPS), of less than 75 % of the Union average. |
| **Articles of incorporation** | A set of formal documents filed with a government body to legally document the creation of a corporation. Articles of incorporation must contain pertinent information such as the firm’s name, street address, agent for service of process, and the amount and type of stock to be issued. Articles of incorporation are also referred to as the "corporate charter," "articles of association" or "certificate of incorporation." |
| **Association Agreement** | An agreement based on political association between the EU and any of the Eastern Partnership countries, and is unprecedented in its breadth (number of areas covered) and depth (detail of commitments and timelines). The Agreement focuses on support to core reforms, economic recovery and growth, and governance and sector cooperation in areas such as energy, transport and environment protection, industrial cooperation, social development and protection, equal rights, consumer protection, education, youth, and cultural cooperation. The Agreement also puts a strong emphasis on values and |
principles: democracy and the rule of law, respect for human rights and fundamental freedoms, good governance, a market economy and sustainable development. EU-Ukraine Association Agreement was signed on 27 June 2014. The signature was followed by simultaneous ratification by the Verhovna Rada and European Parliament on 16 September 2014.

**Association Council**

A highest level of political and policy dialogue between EU and its partners which shall provide overall guidance for the implementation of the Associate agreements as well as an opportunity to discuss any bilateral or international interests of mutual interest.

**Approximation**

A critical pillar in all EU cooperation agreements with third countries is that of legal adjustment of the EU law. Such harmonization is both extensive and highly technical requiring targeted and carefully interventions in public administrations. It helps the EU partners to facilitate the transition process towards democratic institutions and market economy.

**Audiovisual**

EU audiovisual policy draws on a variety of legal bases in the Treaty on the Functioning of the European Union, the main ones being Articles 167 (culture and cultural cooperation) and 173 (industry). Other EU rules such as those on competition, on state aids and on public service obligations also have an important impact on the sector. A key aspect of EU action has been the creation of a single European market for audiovisual services. The 2010 Audiovisual Media Services Directive provides a framework to promote the free movement, production and distribution of European
television programmes. In 2013, the European Commission published a Green Paper ‘Preparing for a Fully Converged Audiovisual World: Growth, Creation and Values. This aims to provoke debate on this rapidly evolving sector and on the way in which audiovisual services are consumed and delivered. The Creative Europe Programme (2014-2020) aims to strengthen cooperation between creative sectors both within the EU and beyond its borders.

In 2010, the EU codified the 2007 audiovisual media services directive. It aims to produce a framework for cross-border audiovisual media services in order to strengthen the internal programme production and distribution market and to guarantee conditions of fair competition. It takes account of technological developments in the audiovisual media sector such as the convergence between services and technology and the growing importance of non-linear services (for example, video on demand). It replaced the 1989 ‘television without frontiers’ directive. The directive contains rules on EU-wide coordination of national legislation on all audiovisual media (whether television or on-demand services). It includes aspects such as the protection of minors, a prohibition on incitement to hatred, accessibility needs of people with a visual or hearing disability and rules on advertising and product placement. The Contact Committee brings together EU countries’ representatives to monitor the implementation of the directive and the developments in the sector. In 2014, the European Commission established a European Regulators Group for Audiovisual Media Services to advise it on the directive’s implementation.
Authorised Capital

The number of stock units that a publicly traded company can issue as stated in its articles of incorporation, or as agreed upon by shareholder vote. Authorized share capital is often not fully used by management in order to leave room for future issuance of additional stock in case the company needs to raise capital quickly. Another reason to keep shares in the company treasury is to retain a controlling interest in the company.

Authorised shares

Authorized shares are defined as those available to issue to investors, and the total number is established in a company’s legal formation documents, known as the articles of incorporation. There is no limit as to the total number of shares that can be authorized within these documents for a larger company, while smaller companies that do not plan to expand or that have a set number of shareholders are limited to the number of authorized shares that they designate. For a company that does not have an authorized shares restriction, the articles of incorporation may authorize one share or millions of shares. The number of authorized shares can be changed by way of a vote from shareholders, typically during the annual shareholder meeting.

Balance sheet

A financial statement that summarizes a company’s assets, liabilities and shareholders’ equity at a specific point in time. These three balance sheet segments give investors an idea as to what the company owns and owes, as well as the amount invested by shareholders.

Bangemann Report

In its Brussels meeting of December 1993, the European Council requested that a report be
prepared for its meeting on 24-25 June 1994 in Corfu by a group of prominent persons on the specific measures to be taken into consideration by the Community and the Member States for the infrastructures in the sphere of information. On the basis of this report, the Council will adopt an operational programme defining precise procedures for action and the necessary means.

**Bank charges**

Individual or entity which is authorized to perform transactions on behalf of an account, such as a bank account. Authorization is provided through signatures placed on file with the bank or company managing the account.

**Barter**

The act of trading goods and services between two or more parties without the use of money. Bartering benefits individuals, companies and countries that see a mutual benefit in exchanging goods and services rather than cash, and it enables those who are lacking hard currency to obtain goods and services.

**Bid Rigging**

A scheme in which businesses collude so that a competing business can secure a contract for goods or services at a pre-determined price. Bid rigging stifles free-market competition, as the rigged price will be unfairly high. The Sherman Act of 1890 makes bid rigging illegal under U.S. antitrust law. Bid rigging is a felony punishable by fines, imprisonment or both.

**Bilateral relations**

or bilateralism – refers to the relationship between two independent regions. Cultural, economic, and political factors influence this relationship. As such, these relations may be diplomatic or hostile. Positive bilateralism comprises the most common alliance type.
Blue Sky Law
State regulations designed to protect investors against securities fraud by requiring sellers of new issues to register their offerings and provide financial details. This allows investors to base their judgments on trustworthy data.

Blue-collar worker
Blue-collar workers perform labor jobs and typically work with their hands. The skills necessary for blue-collar work vary by occupation. Some blue-collar occupations require highly skilled personnel who are formally trained and certified. These workers include aircraft mechanics, plumbers, electricians and structural workers. Many blue-collar employers hire unskilled and low-skilled workers to perform simple tasks such as cleaning, maintenance and assembly line work.

Board of directors
A group of individuals that are elected as, or elected to act as, representatives of the stockholders to establish corporate management related policies and to make decisions on major company issues. Every public company must have a board of directors. Some private and non-profit companies have a board of directors as well.

Bond
A bond is a debt investment in which an investor loans money to an entity (typically corporate or governmental) which borrows the funds for a defined period of time at a variable or fixed interest rate. Bonds are used by companies, municipalities, states and sovereign governments to raise money and finance a variety of projects and activities. Owners of bonds are debtholders, or creditors, of the issuer.
<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
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<tr>
<td><strong>Bonus payment</strong></td>
<td>Bonus pay is compensation over and above the amount of pay specified as a base salary or hourly rate of pay. The base amount of compensation is specified in the employee offer letter, in the employee personnel file, or in a contract.</td>
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<tr>
<td><strong>Border control</strong></td>
<td>Border control means measures adopted by a country to regulate and monitor its borders. It depicts a country’s physical demonstration of territorial sovereignty. It regulates the entry and exit of people, animals and goods across a country’s border. It aims at fighting terrorism and detecting the movement of criminals across the borders. In addition, it also regulates both legal and illegal immigration, collects excise taxes, prevents smuggling of illegal and hazardous material such as weapons, drugs, or endangered species, and prevents the spread of human or animal diseases. The degree of strictness at a border control varies depending upon the country and the border concerned.</td>
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<tr>
<td><strong>Brand name</strong></td>
<td>Word(s) that identify not only a product but also its manufacturer or producer, such as Apple, Coca Cola, IBM, Mercedes, Shell, Sony, Toyota.</td>
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<tr>
<td><strong>Breach of Contract</strong></td>
<td>Failing to perform any term of a contract, written or oral, without a legitimate legal excuse. This may include not completing a job, not paying in full or on time, failure to deliver all the goods, substituting inferior or significantly different goods, not providing a bond when required, being late without excuse, or any act which shows the party will not complete the work (&quot;anticipatory breach&quot;). Breach of contract is one of the most common</td>
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causes of law suits for damages and/or court-ordered "specific performance" of the contract.

**Breach of trust**

Any act which is in violation of the duties or a trustee or of the terms of a trust. Such a breach need not be intentional or with malice, but can be due to negligence. 2) breaking a promise or confidence.

**Brettonwood System**

Set of multilateral agreements on international economic relations, negotiated at the UN Monetary and Financial Conference held in July 1944 (in the aftermath of second world War) attended by the finance ministers of the UK, US, and other Allied countries. The major objectives of this conference included (1) financing the reconstruction of the postwar Europe, and (2) avoiding unstable exchange rates and competitive-devaluations of pre-Second World War Western economies by instituting fixed exchange rates. World Bank (then called International Bank for Reconstruction & Development or IBRD) was established to serve the first objective, and International Monetary Fund (IMF) for the second.

**Broad economic policy guidelines (BEPG)**

Under Article 121 of the Treaty on the Functioning of the European Union, EU countries must regard their economic policies as a matter of common concern and coordinate them within the Council. The Council formulates a non-binding recommendation on broad guidelines for the economic policies of EU countries (BEPGs). The BEPGs deal with macroeconomic and structural policies for both the EU as a whole and for individual EU countries. They are subject to a multilateral surveillance mechanism which aims to ensure
that EU countries comply with them. The Council may make public recommendations where a country’s economic policies are not consistent with the BEPGs. The BEPGs, together with the Employment Guidelines, were part of the Lisbon Strategy for Growth and Jobs. The 2 sets of guidelines were brought together under the single heading of the Integrated Guidelines (IGs) and revised in July 2010 as part of the adoption of the Europe 2020 Strategy. National reform programmes are adopted on the basis of the IGs.

**Budget**

All the EU’s revenue and expenditure is entered in its budget on the basis of annual forecasts. These forecasts must be in line with the multiannual financial framework (MFF), the EU’s medium-term spending plan, as laid down in the Lisbon Treaty (Art. 312 of the Treaty on the Functioning of the European Union). The latest MFF covers the 2014-2020 period. The budget is funded from the EU’s ‘own resources’ (i.e. a proportion of each EU country’s gross national income, and a share of their receipts from VAT, customs duties and other levies). Each year, the European Commission submits a preliminary draft budget to the Council and the European Parliament, which share budgetary authority. The Council has to adopt its position on the draft budget by 1 October of the year preceding that for which the budget is proposed. If the Parliament approves the Council’s position, the budget is adopted. If, however, the European Parliament adopts amendments to the Council’s position, the Conciliation Committee is convened in order to find an agreement. The President of Parliament has the role of declaring final
adoption of the budget. Budgetary policy refers to government attempts to run a budget in equilibrium or in surplus. The aim is to reduce the public debt. It is not the same as a fiscal policy, which deals with the fiscal stimulus to the economy, the repartition of taxes and the generosity of allowances.

**Budgetary control**

Methodical control of an organization’s operations through establishment of standards and targets regarding income and expenditure, and a continuous monitoring and adjustment of performance against them.

**Budgetary discharge**

The discharge for budget implementation is the decision by which the European Parliament (EP) "releases" the Commission from its responsibility for managing a given budget, by marking the end of that budget’s execution. It is granted by Parliament on a recommendation from the Council. The decision is based mainly on the following: The European Court of Auditors’ (ECA) reports, in particular its annual report, in which the ECA provides a statement of assurance – known as the DAS, its French acronym – "déclaration d’assurance"; The accounts; The legality and regularity of the transactions (payments and commitments); The statement underlying the budget implementation; The Commission’s responses (answering specific questions and providing further information requested).

**Budgetary discipline**

Tools to weaken budget increases and keep budgets within agreed limits. The EU budget may not exceed the agreed financial perspective decided by means of an inter-institutional agreement between the Commission, Council and Parliament.
**Budgetary reserve**

Funds that have been organized in the state budget in order to finance foreseen measures without interruption and to ensure financing of newly originating expenditures that cannot be postponed.

**Business activity**

Any activity that is engaged in for the primary purpose of making a profit. Business activities can include things like operations, marketing, production and administration.

**Business Europe**

The leading advocate for growth and competitiveness at European level, standing up for companies across the continent and campaigning on the issues that most influence their performance. A recognised social partner, we speak for all-sized enterprises in 34 European countries whose national business federations are our direct members. The organisation is headquartered in Brussels at the heart of the EU institutions. We work on behalf of our member federations to ensure that the voice of business is heard in European policy-making. We interact regularly with the European Parliament, Commission and Council as well as other stakeholders in the policy community. We also represent European business in the international arena, ensuring that Europe remains globally competitive.

**Business judgment rule**

In suits alleging a corporation’s director violated his duty of care to the company, courts will evaluate the case based on the business judgment rule. Under this standard, a court will not second guess the decisions of a director as long as they are made (1) in good faith, (2) with the care that a reasonably prudent person would use, and (3) with the reasonable belief that they are acting in the best interests of the corporation.
**Business lease**  
A legal document outlining the terms under which one party agrees to rent property from another party. A lease guarantees the lessee (the renter) use of an asset and guarantees the lessor (the property owner) regular payments from the lessee for a specified number of months or years. Both the lessee and the lessor must uphold the terms of the contract for the lease to remain valid.

**Business location**  
The location of a business is the place where it is situated. There are a number of factors that need to be considered in choosing a location for a business. One of the earliest decisions any entrepreneur has to make is where to locate his or her business. In order to do this, he or she has to make a careful assessment of costs. The ideal location would be one where costs are minimised. The entrepreneur would need to look at the benefits which each area had to offer as well as any government help which might be available.

**Business management**  
The activities associated with running a company, such as controlling, leading, monitoring, organizing, and planning.

**Business name**  
A trade name, also known as a trading name or a business name, is the name which a business trades under for commercial purposes, although its registered, legal name, used for contracts and other formal situations, may be another.

**Business park**  
Landscaped area in which are built offices, buildings for light industry, and the like, served by roads, and where development is controlled by a master-plan. A good example is Stockley Park, Heathrow, Hillingdon, London, developed to a master-plan by Arup Associates,
and containing buildings by Arup, Foster, Skidmore, Owings, & Merrill, and others. Other business parks include the Cambridge Science Park (1970s), and Aztec West, near Bristol (1980s). Large business parks have been laid out with attractive landscaping elsewhere, notably in the USA and France.

**Business policy**

Scope or spheres within which decisions can be taken by the subordinates in an organization. It permits the lower level management to deal with the problems and issues without consulting top level management every time for decisions.

**Business tax**

Five major types of business taxes are: (1) corporate franchise tax, (2) employment (withholding) tax, (3) excise tax, (4) gross-receipts tax, and (5) value added tax (VAT). Some types of firms (such as insurance, mining, and petroleum extraction companies) pay additional taxes peculiar to their industries. While firms too pay income, property, and sales taxes, such taxes are not specific to businesses. In terms of economic impact, however, all taxes are ‘people taxes’ because they affect human beings and not some abstraction labeled ‘business.’ Also called business activity tax.

**Buy-Sell Agreement**

An approach used by sole proprietorships, partnerships and closed corporations to divide the business share or interest of a proprietor, partner, or shareholder. The owner of the business interest being considered has to be disabled, deceased, retired or expressed interest in selling. The buy and sell agreement requires that the business share is sold according to a predetermined formula to the company or
the remaining members of the business. Before the interest of a deceased partner can be sold to the company or remaining partners, the deceased’s estate must agree to sell.

**Buying group**

An association of companies who use their combined purchasing power to achieve the best prices from suppliers.

**Bylaws**

Written rules for conduct of a corporation, association, partnership or any organization. They should not be confused with the Articles of Corporation which only state the basic outline of the company, including stock structure. Bylaws generally provide for meetings, elections of a board of directors and officers, filling vacancies, notices, types and duties of officers, committees, assessments and other routine conduct. Bylaws are, in effect a contract among members, and must be formally adopted and/or amended.

**C**

**Corporation**

A legal structure that businesses can choose to organize themselves under in order to limit their owners’ legal and financial liabilities. C corporations are legally considered separate entities from their owners. In a C corporation, income is taxed at the corporate level and is taxed again when it is distributed to owners.

**Calendar year**

The one-year period that begins on January 1 and ends on December 31, based on the commonly used Gregorian calendar. For individual and corporate taxation purposes, a calendar year will generally comprise all of the year’s financial information used to calculate income tax payable.
**Candidate countries**

A country is granted candidate country status by the European Council on the basis of an opinion from the European Commission, drawn up following that country’s application for EU membership. Candidate status does not give the country an automatic right to join the EU. The Commission scrutinises its application in the light of the accession criteria (Copenhagen criteria), and the accession process only starts with a unanimous decision from the European Council to open negotiations. Depending on their circumstances, candidate countries may be required to institute a reform process in order to bring their legislation into line with the existing body of EU laws and standards (known as the acquis) and to improve their infrastructure and administration. During the accession process, the candidate receives financial and technical assistance to help it prepare for EU membership. The Instrument for Pre-accession Assistance (IPA II) was adopted in late 2013 for the 2014-2020 period.

**Capacity to contract**

Capacity to contract means the legal competence of a person to enter into a valid contract. Usually the capacity to contract refers to the capacity to enter into a legal agreement and the competence to perform some act. The basic element to enter into a valid contract is that s/he much have a sound mind. Certain class of people are exempted from the category of people who are capable of entering into contract: 1. infants/minors; 2. insane; 3. people under the influence of drug; 4. bankrupt; and 5. enemy alien.

**Capital**

1. Financial assets or the financial value of assets, such as cash. 2. The factories, machinery and equipment owned by a business and used in production.
**Capital depreciation**

A method of allocating the cost of a tangible asset over its useful life. Businesses depreciate long-term assets for both tax and accounting purposes.

**Capital market**

Capital markets are markets for buying and selling equity and debt instruments. Capital markets channel savings and investment between suppliers of capital such as retail investors and institutional investors, and users of capital like businesses, government and individuals. Capital markets are vital to the functioning of an economy, since capital is a critical component for generating economic output. Capital markets include primary markets, where new stock and bond issues are sold to investors, and secondary markets, which trade existing securities.

**Capital transfer**

Capital transfers are unrequited transfers where either the party making the transfer realizes the funds involved by disposing of an asset (other than cash or inventories), by relinquishing a financial claim (other than accounts receivable) or the party receiving the transfer is obliged to acquire an asset (other than cash or inventories) or both conditions are met. Capital transfers are often large and irregular but neither of these are necessary conditions for a transfer to be considered a capital rather than a current transfer.

**Carlsberg Notice**

Notice published in the Official Journal whereby the Commission informs third parties of a notification and invites them to submit information and/or comments concerning the notified case. The invitation contains a short summary of the case and is published in the Official Journal with the consent of the parties.
directly involved in the matter. This possibility of obtaining case-related information was first used by the Commission in the ‘Carlsberg’ case in 1992. In contrast to an Article 19(3) notice, a Carlsberg notice is neutral and gives no indication on the preliminary position of the Commission. As regards mergers, the Commission is obliged to publish the fact that a merger has been notified, at the same time indicating the names of the parties, the nature of the concentration and the economic sector involved.

Carriage of goods

Carriage of goods, in law, the transportation of goods by land, sea, or air. The relevant law governs the rights, responsibilities, liabilities, and immunities of the carrier and of the persons employing the services of the carrier.

Carrier

Means a person by or on behalf of whom a contract of carriage has been concluded, whether the carriage is actually performed by him or by a performing carrier.

Carry-over of appropriations

Exception to the principle of annuality in so far as appropriations that could not be used in a given budget year may, under very strict conditions, be exceptionally carried over for use during the following year.

Cartel

An organization created from a formal agreement between a group of producers of a good or service, to regulate supply in an effort to regulate or manipulate prices. A cartel is a collection of businesses or countries that act together as a single producer and agree to influence prices for certain goods and services by controlling production and marketing. A cartel has less command over an industry
than a monopoly – a situation where a single group or company owns all or nearly all of a given product or service’s market.

**Cash flow**

Cash flow is the net amount of cash and cash-equivalents moving into and out of a business. Positive cash flow indicates that a company’s liquid assets are increasing, enabling it to settle debts, reinvest in its business, return money to shareholders, pay expenses and provide a buffer against future financial challenges. Negative cash flow indicates that a company’s liquid assets are decreasing. Net cash flow is distinguished from net income, which includes accounts receivable and other items for which payment has not actually been received. Cash flow is used to assess the quality of a company’s income, that is, how liquid it is, which can indicate whether the company is positioned to remain solvent.

**CCT duties**

Since the completion of the internal market, goods can circulate freely between Member States. The ‘Common Customs Tariff’ (CCT) therefore applies to the import of goods across the external borders of the EU. The tariff is common to all EU members, but the rates of duty differ from one kind of import to another depending on what they are and where they come from. The rates depend on the economic sensitivity of products. The tariff is therefore the name given to the combination of the nomenclature (or classification of goods) and the duty rates which apply to each class of goods. In addition the tariff contains all other Community legislation that has an effect on the level of customs duty payable on a particular import, for example country of origin. The tariff is a concept, a collection of laws as opposed to a
single codified law in itself. There is however a kind of working tariff, called TARIC, which is not actually a piece of legislation. Through the tariff, the Community applies the principle that domestic producers should be able to compete fairly and equally on the internal market with manufacturers exporting from other countries.

**CE**

CE marking is a mandatory conformity marking for certain products sold within the European Economic Area (EEA) since 1985. The CE marking is also found on products sold outside the EEA that are manufactured in, or designed to be sold in, the EEA. This makes the CE marking recognizable worldwide even to people who are not familiar with the European Economic Area.

**Certificate of authority**

In cryptography, a certificate authority or certification authority (CA) is an entity that issues digital certificates. A digital certificate certifies the ownership of a public key by the named subject of the certificate. This allows others (relying parties) to rely upon signatures or on assertions made by the private key that corresponds to the certified public key. In this model of trust relationships, a CA is a trusted third party-trusted both by the subject (owner) of the certificate and by the party relying upon the certificate. Many public-key infrastructure (PKI) schemes feature CAs.

**Certificate of good standing**

A Certificate of Good Standing, also called a "Certificate of Existence" or "Certificate of Authorization," is a state-issued document that shows that your corporation or limited liability company (LLC) has met its statutory requirements and is authorized to do business in that state. Think of it as a kind of ‘snapshot’ of your business’s compliance status.
**Cessation of trading**

When a company stops trading operations

**Charge having equivalent effect**

Levies having effect as duty payable on a cross-border transfer of goods. The legal regime of the European Union in attempting to establish a customs union prohibits not only customs duties but those charges that, if they were allowed, might seriously distort the market. A charge will be treated as subject to these rules if it is a levy imposed by a member state on goods when they cross a border, even if the charge is not formally called a customs duty but which does actually have the same blocking effect on the goods in question: see United Foods and Van den Abeele v. Belgium [1981] ECR 995. Compare measures having equivalent effect, quantitative restrictions.

**Charges for use of infrastructure**

The European Union (EU) encourages the establishment of fair and efficient charging systems for the use of infrastructure. Incentives have therefore been introduced to encourage both the optimal use of existing infrastructure and the necessary investment in new infrastructure. Charging systems must also allow for fair competition between different transport modes.

**Charter of Fundamental Rights**

The Charter of Fundamental Rights consolidates all the fundamental rights applicable at the European Union (EU) level. Broader than the European Convention for the Protection of Human Rights and Fundamental Freedoms, it establishes ethical principles and rights for EU citizens and residents that relate to dignity, liberty, equality, solidarity, citizenship and justice. In addition to protecting civil and political rights, it covers workers’
social rights, data protection, bioethics and the right to good administration. The Charter is legally binding. In accordance with Article 6 of the Treaty on European Union, it has the same legal value as the EU treaties. It applies only when EU institutions and EU countries are implementing EU law and does not extend the competences of the EU beyond those already granted in the treaties. The EU Agency for Fundamental Rights was created to provide EU institutions and countries with assistance and expertise in the field of fundamental rights. In order to increase citizens’ involvement in the democratic life of the EU, Article 11 of the Treaty on European Union establishes a citizens’ initiative right. Article 24 outlines the general principles for an EU regulation setting down practical conditions and procedures of European Citizens’ Initiative (ECI). The aim of an ECI is to invite the Commission to put forward a proposal in any field in which it has the power to propose legislation. The practical procedures and conditions for exercising this right of initiative are laid down in Regulation (EU) No 211/2011 which entered into force in 2011. An ECI requires the backing of at least one million citizens coming from at least 7 EU countries. The minimum number of signatories for each EU country is stipulated in the regulation. To launch an ECI, citizens must form a ‘citizens’ committee’. This must comprise at least 7 EU citizens who are resident in at least 7 of the 28 EU countries. Civil society refers to all forms of social action carried out by individuals or groups who are neither connected to, nor managed by, the State. A civil society organisation is an organisational structure whose members serve the general interest.
through a democratic process, and which plays the role of mediator between public authorities and citizens. Article 15 of the Treaty on the Functioning of the European Union recognises civil society’s role in the EU’s good governance. Article 11 of the Treaty on European Union stresses the need for the EU to have an open, transparent and regular dialogue with civil society organisations, e.g. when preparing proposals for EU laws. Examples of such organisations include: social partners (trades unions & employers’ groups); non-governmental organisations (e.g. for environmental & consumer protection); grassroots organisations (e.g. youth & family groupings). The European Economic and Social Committee represents civil society at EU level.

Civil society cooperation

A cooperation between EU and the third country in the strengthening of the contacts and encouraging mutual exchange of experience between all sectors of the civil society. This type of the joined activity helps to draw NGOs into the process of the implementation of the Association Agreement.

Climate action

Since the 1990s, the European Union has been at the forefront in international negotiations on climate change and played an important role in the development of the UN’s Framework Convention on Climate Change and the Kyoto Protocol. To prevent climate change from reaching dangerous levels, the international community has agreed that global warming must be kept below 2 °C compared with the pre-industrial temperature. The EU is therefore working hard to cut its member countries’ emissions and to promote strong action by other major polluters. It is also addressing the
unavoidable impacts of a changing climate. Taking action now to combat climate change can save human and economic costs in the longer term. The growing demand for clean technologies also offers an opportunity to modernise Europe’s economy and create green growth and jobs. For 2020, the EU has set itself binding climate and energy targets in order to: reduce EU greenhouse gas emissions to at least 20% below 1990 levels; increase to 20% the share of EU energy consumption coming from renewable sources; improve energy efficiency to reduce the amount of primary energy used by 20% compared with projected levels. The EU has offered to scale up its emissions cut from 20% to 30% by 2020 if other major economies commit to undertake their fair share of a global reduction effort. EU leaders agreed in October 2014 on new climate and energy targets for 2030. They include: reducing greenhouse emissions by at least 40% compared to 1990 levels; increasing the share of renewable energy to at least 27%; improving energy efficiency by at least 27%. In the longer term, much deeper cuts in world emissions will be needed to prevent dangerous climate change. The EU is committed to reducing its emissions by 80-95% of 1990 levels by 2050 as part of a collective effort by developed countries to do likewise. The European Commission describes how it could achieve reductions of this size most cost-effectively in its ‘Roadmap for a low-carbon economy in 2050’. Emissions trading: reducing emissions at least cost. The emissions trading system (EU ETS) is the cornerstone of the EU’s climate change strategy, and is gradually bringing down emissions from industry at least cost. Under the system, launched in 2005, a ceiling on emissions from energy-intensive
industries like power generation, steel and cement is lowered every year. Companies have to surrender allowances for every tonne of CO2 they emit, giving them a permanent incentive to minimise emissions. Some sectors receive a certain amount of allowances for free but, increasingly, firms must buy them at auction or on the carbon market. Preparing for the consequences of climate change. Even if all greenhouse gas emissions stopped today, those already in the atmosphere would continue changing the climate for decades to come. We therefore have no choice but to adapt to climate change. The kinds of action needed range from modifying building regulations to take account of future climate conditions, to building flood defences and developing drought-tolerant crops. The Commission has set out a strategy to promote and facilitate adaptation across the EU.

**Collective defence**

Following the Second World War, the Western European Union (WEU) and NATO were the main guarantors of European security. The Treaties for each of these organisations include a collective self-defence clause (Article V of the Treaty of Brussels establishing the WEU and Article 5 of the North Atlantic Treaty) in accordance with which the signatory countries have an obligation of mutual assistance in the case of aggression, in order to re-establish security. In 2000, the WEU agreed to gradually transfer its capabilities and tasks to the EU’s Common Security and Defence Policy (CSDP). It finally ceased to exist in June 2011. The Lisbon Treaty incorporates in the rules applicable to the CSDP a collective self-defence clause (Article 42(7) of the Treaty on European Union). When an EU country is the target of armed aggression on its territory, the
other EU countries must assist it by all the means in their power. Such commitments are to be consistent with the commitments made by EU countries as members of NATO.

**Comitology**

The term ‘comitology’ refers to the set of procedures through which the European Commission exercises the implementing powers conferred on it by the EU legislator, with the assistance of committees of representatives from EU countries. Such comitology committees are chaired by a Commission official and give an opinion on implementing acts proposed by the Commission. Regulation (EU) No 182/2011 lays down the general principles concerning mechanisms for control by EU countries of the Commission’s exercise of implementing powers. It put into practice Article 291 of the Treaty on the Functioning of the European Union (TFEU) on implementing acts. Under the Regulation, the committees use two types of procedures: examination and advisory. The choice of procedure for a committee is made by the EU legislator, and depends on the nature of the implementing powers that are laid out in the basic regulation, directive or decision.

**Committee of the Regions**

Created in 1992 under the Treaty of Maastricht and established in 1994, the Committee of the Regions (CoR) is consulted by the Commission, Council and Parliament on topics affecting local or regional interests (Article 307 Treaty on the Functioning of the European Union – TFEU). These topics include economic and social cohesion, employment, social policy, energy and telecommunications, vocational training, and, since the entry into force of the
Lisbon Treaty, issues such as climate change and civil protection. The CoR may also draw up opinions on its own initiative. The CoR is composed of 353 members from local and regional authorities (Article 305 TFEU). They are appointed by the Council of the EU for a 5-year term (Article 306 TFEU). The CoR also has the right to bring legal actions before the European Court of Justice in 2 instances: to protect its own institutional prerogatives, to request the annulment of new EU legislation that it considers being in breach of the principle of subsidiarity, in the policy areas where the EU Treaty requires that the CoR be consulted.

**Committees and working parties**

When drawing up new laws, the Commission consults committees representing stakeholders (e.g. consumer groups, in the case of food legislation), private sector or national government experts. They ensure that the Commission knows the concerns of those who will be affected by the new laws. The Council is assisted by committees and working parties which prepare its decisions. The existence of some committees is laid down in the treaties (Committee of Internal Security, Article 71 of the Treaty on the Functioning of the European Union), while others are set up on a case-by-case basis. These committees comprise EU countries’ representatives plus one member of the Commission. When the EU adopts a legislative text, it lays down the general principles to be complied with. More precise implementing measures may be needed to apply these. The text may require a committee to be set up by the Commission to take the required decisions. EU countries appoint experts to such committees which are chaired by the Commission.
**Council for Mutual Economic Assistance (COMECON)**

The Council for Mutual Economic Assistance was established in 1949 and collapsed in 1991. This organisation was introduced by the USSR in order to counterweight the influence of the OEEC. It included the communist states such as: Bulgaria, Czechoslovakia, Hungary, Poland, Romania, Soviet Union, Albania, East Germany, Mongolia, Cuba, Vietnam.

**Common agricultural policy (CAP)**

The common agricultural policy (CAP) is an area in which competence is shared between the European Union (EU) and EU countries. According to Article 39 of the Treaty on the Functioning of the European Union, the CAP aims to: increase agricultural productivity by promoting technical progress and ensuring the optimum use of the factors of production, in particular labour; ensure a fair standard of living for farmers.

**Common fisheries policy (CFP)**

The EU’s common fisheries policy (CFP) has its legal basis in Articles 38-44 of the Treaty on the Functioning of the EU (the same as the common agricultural policy, CAP). The objectives of the CFP (and CAP) are to increase productivity, to stabilise markets and to ensure security of supply and reasonable prices to the consumer. The CFP is an area of exclusive competence of the EU. In 2013, the CFP was reformed. A key priority is to ensure that EU fishing and aquaculture sectors are environmentally, economically and socially sustainable. For this, marine biological resources are protected and, progressively, the discarding of fish will be completely banned by 2019. EU countries must also ensure that their fishing fleet capacity is in line with the fishing opportunities over time. The financial instrument in support of the CFP reform
(the European Maritime and Fisheries Fund 2014-2020) provides grants to implement the transition to sustainability and to improve the common organisation of the markets for fishery and aquaculture products. Given their importance to the coastal communities, sustainable small-scale fisheries are encouraged and supported.

The EU’s CFSP was established in 1993 under the Maastricht Treaty. It has been progressively reinforced by subsequent treaties, particularly the Lisbon Treaty (Title V of the Treaty on European Union). The CFSP is guided by the principles, shall pursue the objectives of, and be conducted in accordance with, the general provisions applicable to the whole external action of the EU. In that respect, it seeks to preserve peace, reinforce international security and promote international cooperation, democracy, the rule of law, respect for human rights and fundamental freedoms. Since the Treaty of Lisbon entered into force, the EU has legal personality (i.e. it is able to sign international treaties). It also has a diplomatic service, the European External Action Service, which acts under the authority of the EU’s High Representative for Foreign Affairs and Security Policy and assists her in fulfilling her mandate (conduct of CFSP, in her capacity as President of the Foreign affairs Council, in her capacity as Vice-President of the Commission for fulfilling within the Commission the responsibilities incumbent on it in external relations). In 2014, Federica Mogherini was appointed as High Representative (HR). The Political and Security Committee (PSC), comprising ambassadors from the 28 EU countries, also acts under the responsibility
of the HR. It monitors the international situation in the areas covered by the CFSP and plays a key role in defining and following up the EU’s response to a crisis.

**Community and intergovernmental methods**

As a general rule, EU decisions are taken by means of the ‘Community’ method involving the use of the ordinary legislative procedure, as defined in Article 294 of the Treaty on the Functioning of the European Union. The Community method is characterised by the sole right of the European Commission to initiate legislation; the co-decision power between the Council and the European Parliament, and the use of qualified majority voting in Council. It contrasts with the intergovernmental method of operation used in decision-making, mainly on Common Foreign and Security Policy and aspects of police and judicial cooperation. This method has the following salient features: the Commission’s right of initiative is shared with the EU countries or confined to specific areas of activity; the European Council, explicitly mentioned in the Lisbon Treaty, often plays a key role; the Council generally acts unanimously; the European Parliament has a purely consultative role.

**Competition**

A market where there is free competition is a market on which mutually independent businesses engage in the same activity and contend to attract consumers. In other words, each business is subject to competitive pressure from the others. Effective competition thus gives businesses a level playing field but also confers many benefits on consumers (lower prices, better quality, wider choice, etc.). European competition policy is intended to
ensure free and fair competition in the European Union. EU rules on competition (Articles 101 to 109 of the Treaty on the Functioning of the European Union – TFEU) are based on 5 main principles: prohibition of concerted practices and agreements and of abuse of a dominant position liable to affect competition within the common market (antitrust rules); preventive supervision of mergers with a European dimension (i.e. to ensure that the significant size of the proposed merged operation in the EU market would not result in restrict competition; supervision of aid granted by EU countries which threatens to distort competition by favouring certain undertakings or the production of certain goods; liberalization of sectors previously controlled by public monopolies, such as telecommunications, transport or energy; cooperation with competition authorities outside the EU. The European Commission and the national competition authorities enforce EU competition rules. Cooperation between them, within the European Competition Network (ECN), ensures effective and consistent application of the rules.

**Competitiveness**

A competitive economy is an economy with a sustained high rate of productivity growth, and one of the EU’s key political priorities. Competitiveness is a pre-requisite if the EU is to achieve the goals of ‘a smart, sustainable and inclusive economy, delivering high levels of employment, productivity and social cohesion’, as laid down in its Europe 2020 strategy. To be competitive, the EU must outperform its competitors in terms of research and innovation, information and communication technologies, entrepreneurship, competition,
education and training. Europe 2020’s 7 flagship initiatives seek to address these challenges: Digital agenda for Europe; Innovation Union; Youth on the move; Resource-efficient Europe; An industrial policy for the globalisation era; An agenda for new skills and jobs; European platform against poverty.

**Composition of the European Commission**

The European Commission consists of 28 members, one from each EU country. Article 17(5) of the Treaty on European Union stipulates that as from 1 November 2014, the Commission is to be made up of a number of members corresponding to two-thirds of the number of EU countries. However, it also provides for some flexibility, in that it allows the European Council to decide unanimously to change that number. In 2009, before the second Irish referendum to ratify the Lisbon Treaty, the European Council reaffirmed its commitment (made previously in December 2008), to adopt a decision ensuring that the number of members of the Commission would correspond to the number of EU countries so that each one of them would continue to be entitled to nominate a member of the Commission. That decision was adopted by the European Council on 22 May 2013 (Decision 2013/272/EU).

**Conciliation Committee**

Under the ordinary legislative procedure (codecision), a Conciliation Committee may be set up as provided for in Article 294 (10) of the Treaty on the Functioning of the European Union (TFEU). It can be convened to resolve any disagreements between the Council and the European Parliament following the second reading of a legislative proposal of the European Commission. The Committee has
equal numbers of Council and Parliament representatives. Co-chaired by the Presidents of the Parliament and the Council, it has the task of reaching an agreement on a joint text on the basis of the positions of both institutions at second reading. The European Commission takes part in its proceedings with a view to reconciling the differing positions. This Committee has to adopt a proposal within 6 weeks following its convening: by an absolute majority of the Parliament’s votes; by a qualified majority of the Council’s votes. If, within 6 weeks of its being convened, the Conciliation Committee does not approve the joint text, the legislative act is deemed not to have been adopted. Specific rules exist if a Conciliation Committee is convened for budgetary matters.

Conferral

Under this fundamental principle of EU law, laid down in Article 5 of the Treaty on European Union, the EU acts only within the limits of the competences that EU countries have conferred upon it in the Treaties. These competences are defined in Articles 2–6 of the Treaty on the Functioning of the EU. Competences not conferred on the EU by the Treaties thus remain with EU countries. While the principle of conferral governs the limits to EU competences, the use of those competences is governed by the principles of subsidiarity and proportionality. Confirmation of the European Commission The confirmation procedure comprises 2 stages: Appointment of the President of the European Commission (President-elect): Under Article 17(7) of the Treaty on European Union, the appointment of the President of the European Commission should take into account the results of
the elections to the European Parliament. The President of the European Council consults with the President of the European Parliament on a possible candidate. This candidate is then proposed to the European Council which votes by qualified majority. Afterwards, the European Parliament elects the candidate by a majority of its component members. Adopting the list of commissioners: The Commission’s President-elect prepares a list of the commissioners-designate, based on proposals from EU countries. This list is adopted by the European Council by qualified majority. Each commissioner is given a specific portfolio. The European Parliament then organises hearings to assess the suitability of each commissioner-designate. Lastly, the European Parliament decides, by a majority of votes cast, whether to appoint the new College of Commissioners. Connecting Europe Facility (CEF). Trans-European Networks (TENs) projects serve fill the missing links in the EU’s energy, transport and digital backbone. Title XVI of the Treaty on the Functioning of the EU provides the legal basis for trans-European Networks. TENs projects are partly funded by the EU and partly by the EU countries involved. Starting in 2014, TENs projects will be funded by the Connecting Europe Facility – a new EU mechanism for the period up to 2020 – which groups together the EU finance for the 3 sets of TEN infrastructures into one fund. In line with the Europe 2020 strategy, the facility aims to by promote cleaner, more sustainable transport modes, more rapid broadband connections and facilitate the use of renewable energy and reduce the EU’s dependence on imported energy. The overall CEF budget for 2014-2020 is over €33 billion.
**Consent procedure**

The procedure requires the European Parliament’s consent to a proposed act, required under the Treaty on European Union or the Treaty on the Functioning of the European Union, before certain decisions can be taken. It is based on a single vote on consent with the majority of votes cast. The European Parliament may accept or reject a proposed act and cannot amend it. Where the European Parliament does not give its consent, the act cannot be adopted. As a non-legislative procedure, it usually applies to the ratification of certain agreements negotiated by the EU, or is applicable most notably in the cases of serious breach of fundamental rights under Article 7 of the Treaty on European Union (TEU) or for the accession of new EU members or arrangements for the withdrawal from the EU. As a legislative procedure, it is to be used also when new legislation on combating discrimination is being adopted and it gives the European Parliament a veto when the subsidiary general legal basis is applied in line with Article 352 of the Treaty on the Functioning of the EU (TFEU).

**Consumer protection**

EU consumer policy (Article 169 of the Treaty on the Functioning of the EU – TFEU) seeks to promote consumers’ health, safety and economic interests, as well as their right to information, to education and to organise themselves in order to protect their interests. Article 12 of the TFEU also requires consumer protection to be taken into account when defining other EU policies. Consumer policy is a shared responsibility between the European Union and EU countries. Under Article 114 of the TFEU, decisions on measures to approximate EU countries’ consumer
legislation are decided using the ordinary legislative procedure and after consultation of the European Economic and Social Committee. An EU country may keep or introduce stricter consumer protection measures than those laid down by the EU, as long as they are compatible with the Treaty and the Commission is notified of them.

**Convergence criteria**

All EU countries are part of the EU’s Economic and Monetary Union (EMU), a 3-stage process. The Treaty on the Functioning of the European Union (Article 140 and an annexed protocol) contains rules on the transition to the third stage of EMU which is when an EU country adopts the euro as its currency. To adopt the euro, a country must meet 4 main criteria (convergence criteria): it must not be subject to a Council decision that an excessive budgetary deficit exists; it must show a sustainable degree of price stability and an average inflation rate, observed over a period of 1 year before the examination, which does not exceed by more than 1.5 percentage points that of the 3 best performing EU countries in terms of price stability; it must have a long-term nominal interest rate which does not exceed by more than 2 percentage points that of the 3 best performing EU countries in terms of price stability; it must respect the normal fluctuation margins provided for by the exchange-rate mechanism without severe tensions for at least the last 2 years before the examination.

**Copernicus**

Copernicus is a European Union Programme aimed at developing European Information Services based on satellite Earth Observation and in situ (non space) data analyses. This initiative is headed by the European
Commission (EC) in partnership with the European Space Agency (ESA) and the European Environment Agency (EEA). In developing a competitive European space and services industry, Copernicus aims to nurture innovative earth observation systems and services and ensure Europe’s independent access to environmental knowledge and key observation and geo-information gathering technologies. The information services provided will be freely and openly accessible to its users. Copernicus comprises 3 components: a service component, a space component and an in situ component. Copernicus core users are policy-makers and public authorities who use the information as a basis for developing policies and legislation, such as in the environmental field or civil protection in the event of a natural disaster or humanitarian crisis. Other users include commercial and private users, the education and research sectors, and not-for-profit organisations. Copernicus data and information are made available on a full, open and non-fee basis, subject to certain conditions and limitations. This is to promote their use and sharing, as well as to boost European Earth observation markets, in particular the development of value-added services and products. Such downstream services may or may not be available for free, depending on the provider’s business model.

CORDIS

CORDIS (Community Research and Development Information Service), which was originally created in 1990, is managed by the EU’s Publications Office under the direction of the Common Support Centre for Horizon 2020. Focused on dissemination activities, CORDIS serves the various directorates-general
of the European Commission, executive agencies and joint undertakings implementing the EU’s research and innovation programme (Horizon 2020).

**Coreper**

The Permanent Representatives Committee or Coreper (Article 240 of the Treaty on the Functioning of the European Union – TFEU) is responsible for preparing the work of the Council of the European Union. It consists of representatives from the EU countries with the rank of ambassador to the European Union and is chaired by the EU country which holds the Council Presidency. Coreper occupies a pivotal position in the EU’s decision-making system. It is both a forum for dialogue (among the Permanent Representatives and between them and their respective national capitals) and a means of political control (guidance and supervision of the work of the expert groups). It thus carries out preliminary scrutiny of the dossiers on the Council’s agenda (proposals and drafts for acts tabled by the Commission). It seeks to reach agreement at its own level on each dossier, failing which it may suggest guidelines, options or suggested solutions to the Council. The agendas for Council meetings reflect the progress made in Coreper. They consist of A items, to be approved without discussion following agreement within Coreper, and B items, for discussion. Coreper works in 2 configurations: Coreper II, consisting of the ambassadors, deals with items pertaining to the General Affairs, Foreign Affairs, Economic and Financial Affairs and Justice and Home Affairs formations of the Council; Coreper I, consisting of the deputy permanent representatives, prepares all other Council formations. Coreper deals with all areas of the Council’s work apart
from some agricultural issues. When the Council sets up a special committee, such as the Political and Security Committee (PSC) for the CFSP or the Employment Committee for the field of employment, these operate with due regard for Coreper’s prerogatives.

**COREU**

*(CORespondance EUropéenne)*

COREU is an EU communication network between the 28 EU countries, the Council, the EEAS and the Commission. In providing a regular flow of information, it facilitates cooperation on foreign policy matters. In particular, COREU allows decisions to be taken swiftly in emergencies. Corporate social responsibility (CSR). Corporate social responsibility refers to businesses taking responsibility for their behaviour and its impact on society. This can include employment conditions and labour standards, freedom of association, well-being at work, non-discrimination and gender balance, stakeholder engagement, human rights, emissions and pollution reduction and eliminating bribery and corruption. The European Commission’s 2011-14 CSR strategy urges companies to establish processes to ‘integrate social, environmental, ethical human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders’. Publication of the strategy for the 2015-20 period is due in 2015. CSR is considered important for competitiveness and has been shown to yield benefits in terms of risk management, cost savings, access to capital, customer relationships, human resource management and innovation capacity. A European Multi-stakeholder Forum on CSR exists to promote periodic dialogue between business, trades unions, non-governmental
organisations and other groups about CSR developments and EU policy in the field. A coordination committee of the Forum meets on a more regular basis. EU CSR strategy is built upon international guidelines and principles set out by the United Nations and International Labour Organisation, and complements the work of the Organisation for Economic Cooperation and Development and national governments.

**COSME**

COSME is the EU programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (SMEs). It runs from 2014 to 2020 with a planned budget of €2.3bn. COSME supports better access to finance for SMEs; access to markets for SMEs; entrepreneurship; more favourable conditions for business creation and growth.

**Council of the European Union**

The Council of the European Union (‘Council’) is one of the EU’s main decision-making bodies. Its meetings are attended by ministers from the 28 EU countries, and it is the institution where these countries adopt laws and coordinate policies. The Council’s headquarters are in Brussels, but some of its meetings are held in Luxembourg. Sessions of the Council (except for Foreign Affairs Council) are convened by the rotating presidency, which sets the agenda. The Council meets in 10 configurations, bringing together the relevant ministers from EU countries: General Affairs; Foreign Affairs; Economic and Financial Affairs; Justice and Internal Affairs; Employment, Social Policy, Health and Consumer Affairs; Competitiveness; Transport, Telecommunications and Energy; Agriculture and Fisheries; Environment; Education, Youth
and Culture. The ‘General Affairs’ Council coordinates the work of the different Council formations, with the Commission’s help. Decisions are prepared by the Committee of Permanent Representatives of the EU countries (Coreper), assisted by working groups of national government officials. The Council, with the European Parliament, acts in a legislative and budgetary capacity. It is also the lead institution for decision-making on the common foreign and security policy (CFSP), and on the coordination of economic policies (intergovernmental approach), as well as being the holder of executive power, which it generally delegates to the Commission. In most cases, the Council’s decisions, based on proposals from the Commission, are taken jointly with the European Parliament under the ordinary legislative procedure. Depending on the subject, the Council takes decisions by simple majority, qualified majority or unanimity, although qualified majority is more widely used (agriculture, single market, environment, transport, employment, health, etc.).

Court of Auditors

The Court of Auditors, based in Luxembourg, was established in 1975. It is the EU’s independent external auditor and financial watchdog. It operates according to rules laid down in the Treaty on the Functioning of the EU (Articles 285-287). It comprises 1 member from each EU country. The members are appointed for 6 years (renewable). They appoint the President, whose mandate is for 3 years (renewable). All members must perform their duties in the general interest of the EU and in complete independence. The Court checks that EU revenue and spending (including that of
bodies created by the EU and external bodies managing EU funds) is legal and regular. It ensures that financial management is sound. It provides 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. At the end of each budgetary year, it publishes a report in the Official Journal of the European Union. If it discovers fraud or irregularities, it must inform the European Anti-Fraud Office.

**Court of Justice**

The Court of Justice, together with the General Court and the Civil Service Tribunal, forms the Court of Justice of the European Union whose aim is to ensure the uniform interpretation of EU law and that EU countries and Institutions respect the law. The Court is responsible for dealing with: references for preliminary rulings from national courts on interpretation of EU law; actions brought by an EU country or the Commission against an EU country for infringing EU law; some actions brought by an EU country for annulment of a measure adopted by an EU institution; actions against an EU institution for failure to act; appeals on points of law against judgments of the General Court. The Court may, in exceptional circumstances, also review decisions of the General Court on appeals against decisions of the Civil Service Tribunal. The Court is composed of 28 Judges (1 from each EU country) and 9 Advocates-General, who present opinions on cases brought before the Court. They are appointed by common accord of EU countries for 6 years. The Court of Justice of the European Union (CJEU) was first created in 1952. The Treaty of Lisbon added to its jurisdictional
The Court of Justice: this court continues to give preliminary rulings, hear some actions against EU institutions brought by EU countries and take appeals from the General Court. It now also gives rulings in the area of freedom, security and justice, makes decisions on police and judicial cooperation in criminal matters, and issues arising from the Charter of Fundamental Rights; the General Court: this court has jurisdiction to hear actions against EU institutions brought by citizens and, in some instances, by EU countries, and appeals from decisions of the Civil Service Tribunal; the Civil Service Tribunal: this Tribunal deals exclusively with cases on labour relations between the EU and its civil servants.

**Cross-border cooperation**

European Cross-Border cooperation, known as Interreg A, supports cooperation between NUTS III regions from at least two different Member States lying directly on the borders or adjacent to them. It aims to tackle common challenges identified jointly in the border regions and to exploit the untapped growth potential in border areas, while enhancing the cooperation process for the purposes of the overall harmonious development of the Union.

**Council of Europe**

An intergovernmental organisation which was established on 5 May 1949. It consists of 47 states and covers 820 million people. The activities of this organisation are directed towards the promotion and protection of human rights.

**Customs duty**

A tariff of tax imposed on goods when transported across international borders.
**Customs union**

It is generally agreed that a perfect customs union must meet the following conditions: 1) a complete elimination of tariffs as between the member territories; 2) the establishment of a uniform tariff on imports from outside the union; 3) apportionment of customs revenue between the members in accordance with an agreed formula. Moreover, the members of a customs union must agree to act as a single unit in negotiating tariff and trade agreements with non-members. Finally, the proper functioning of the customs union depends on at least some degree of coordination of its member’s domestic economic policies.

The customs union (Articles 28-29 of the Treaty on the Functioning of the European – TFEU) is an essential foundation of the EU and of its single 28-country market. For the single market to function properly, EU countries have agreed standardised rules that are applied in a uniform manner by all 28 EU customs administrations. There are no customs duties at the EU Customs Union’s internal borders. All goods circulate freely within the customs union area, whether they are made in the EU or imported from outside. A new EU Customs Code which simplifies rules and procedures for customs and makes trading more efficient was adopted in 2013. Once it applies, in May 2016, it will greatly simplify and streamline EU customs procedures. Efforts are also under way to improve customs risk management and the security of the supply chain, as well as to develop procedures to improve the efficiency of customs in enforcing health, safety and environment rules.

**Customs warehouse**

Secured facility supervised by customs authorities, where dutiable landed imports are
stored pending their re-export, or release on assessment and payment of import duties, taxes, and other charges. Also called customs warehouse.

**Common market**

A form of economic integration, where not only trade restrictions but also factor movement restriction (goods, workers, services, capital) are abolished. Also entails the suppression of any form of indirect discrimination in the form of measures equivalent to quantitative restrictions. As such common market entails a higher degree of cooperation in contrast to the customs union.

**Customs zone**

Special areas within the customs territory of the Community. Goods placed within these areas are free of import duties, VAT and other import charges.

**D**

**Damage**

Loss or harm resulting from injury to person, property, or reputation.

**Database management system**

(DBMS) is a collection of programs that enables you to store, modify, and extract information from a database. There are many different types of database management systems, ranging from small systems that run on personal computers to huge systems that run on mainframes.

**De Minimis Notice**

Article 101 of the Treaty on the Functioning of the European Union (TFEU) prohibits agreements between companies which have as their object or effect to restrict competition within the Single Market. The EU Court of Justice (EUCJ) has consistently held that Article 101 TFEU is not applicable where the impact of an agreement on competition is not appreciable.
In line with this jurisprudence, the Commission sets out in the De Minimis Notice how it determines, with the help of market share thresholds, which agreements have no appreciable effect on competition and are thus outside the scope of Article 101 TFEU. This provides a "safe harbour" for minor agreements between companies below certain market share thresholds. This does not imply that agreements between companies which exceed the market share thresholds set out in the Notice constitute an appreciable restriction of competition. It only means that such agreements need to be assessed individually. The outcome of this assessment may still be that they have only a negligible effect on competition and are therefore not prohibited by Article 101(1) TFEU.

**Deadlock**

Situation in which an agreement cannot be made: a situation in which ending a disagreement is impossible because neither side will give up something that it wants.

**Debenture**

A type of debt instrument that is not secured by physical assets or collateral. Debentures are backed only by the general creditworthiness and reputation of the issuer. Both corporations and governments frequently issue this type of bond in order to secure capital. Like other types of bonds, debentures are documented in an indenture.

**Debt Financing**

When a firm raises money for working capital or capital expenditures by selling bonds, bills, or notes to individual and/or institutional investors. In return for lending the money, the individuals or institutions become creditors and receive a promise that the principal and interest on the debt will be repaid.
**Deduction at source**

A method of tax collection on income assessments in India. The tax collection can be affected if the income increases. The taxpayer pays tax on income from the preceding year. Tax collection is therefore delayed until the year has been completed. In order to prevent from hiding income, the government collects some amount of tax owed from the amount that is receivable by the tax payer.

**Deepening and widening**

Deepening and widening are 2 schools of thought as to how the EU should develop. Over time, the European Union has progressively evolved into what aspires to be an ‘ever closer union’ among the peoples of Europe (Article 1 of the Treaty on European Union – TEU). The notion of deepening refers to this ever closer union and is seen in the increased integration of the EU. Its clearest manifestation has been the EU’s transition towards economic and monetary union (EMU) and the introduction of the single currency, the euro. Proponents of widening consider that the EU should expand in terms of membership but that this membership should be looser than that desired by the deepening school. The EU has also managed to widen itself, enlarging from 15 countries in 2004 to 28 in 2013.

**Deepening of the European Union**

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**Delegated Acts**

Article 290 of the TFEU allows the EU legislator (generally, the European Parliament and the Council) to delegate to the Commission the power to adopt non-legislative acts of general application that supplement or amend certain non-essential elements of a legislative act. For example, delegated acts may add new (non-essential) rules or involve a subsequent amendment to certain aspects of a legislative act. The legislator can thus concentrate on policy direction and objectives without entering into overly detailed and often highly technical debates. The delegation of power to adopt delegated acts is nevertheless subject to strict limits. Indeed, only the Commission can be empowered to adopt delegated acts. Furthermore, the essential elements of an area may not be subject to a delegation of power. In addition, the objectives, content, scope and duration of the delegation of power must be defined in the legislative acts. Lastly, the legislator must explicitly set in the legislative act the conditions under which this delegation may be exercised. In this respect, the Parliament and the Council may provide for the right to revoke the delegation or to express objections to the delegated act. This procedure is widely used in many areas, for example:
internal market, agriculture, environment, consumer protection, transport, and the area of freedom, security and justice.

`Democratic deficit` is a term used by people who argue that the EU institutions and their decision-making procedures suffer from a lack of democracy and seem inaccessible to the ordinary citizen due to their complexity. The real EU democratic deficit seems to be the absence of European politics. EU voters do not feel that they have an effective way to reject a ‘government’, they do not like, and to change, in some ways, the course of politics and policy. The current form of European governance is such that there is no ‘government’. The public are still generally pro-European, but they do not understand the political system that sometimes appears to threaten their way of life. Disaffection with Europe has been expressed in the low turnouts at European elections, which reached an all-time low in 2009 with an EU average of just 43 %. The issue of democratic legitimacy has been sensitive at each stage of the process of European integration. The issue was addressed in the intergovernmental conferences leading up to the signing of the Maastricht, Amsterdam and Nice Treaties by giving more powers to the European Parliament (EP) and extending the areas in which had joint decision-making powers with Council. As a result, the EP has evolved from a consultative assembly to a co-legislator. The Lisbon Treaty, has strengthened the European Parliament’s financial, legislative and supervisory powers. The EP has acquired considerable influence in the appointment of the Commission and its President. In addition, the European Citizens’ Initiative was created and the importance of
dialogue between civil society and the European institutions was recognised. Lastly, certain Council sessions have been made public to improve citizens’ information.

**Designation of origin**

Protected Designation of Origin, or PDO, is the toughest registration: the product must have qualities or characteristics which are determined by the region of production. It must also be produced, processed AND prepared exclusively in that region.

**Developing country**

Nation with less developed industrial base and a low Human Development Index relative to other countries. Also can be defined according to their Gross National Income (GNI).

**Development cooperation**

The beginning of the EU’s development cooperation coincided with the signature of the Treaty of Rome in 1957, and the overseas countries and territories of Member States were its first beneficiaries. Over the years, the ambit of EU development cooperation has gradually enlarged. The EU is now the world’s largest donor, working with some 160 countries. Development cooperation has to be conducted according to the principles and objectives of the EU’s external action. Its primary aim is to reduce, and in the long term eradicate poverty in the world by promoting the sustainable economic, social and environmental development of developing countries. The guiding principles of EU external action and development cooperation are found in Article 21 of the Treaty on European Union and Article 208 of the Treaty on the Functioning of the European Union, respectively. The EU’s instruments for financing external action have undergone a rationalisation in recent years. For
the 2014-2020 period, the main funding available for development comes from the Development Cooperation Instrument (DCI) and the European Neighbourhood Instrument (ENI), in addition to the European Development Fund (funded by EU countries but not from the EU’s budget).

**Development Expenses (R&D)**

Any expenses associated with the research and development of a company’s goods or services. R&D expenses are a type of operating expense that can be deducted as such on the business tax return. This type of expense is incurred in the process of finding and creating new products or services.

**Dilution**

A reduction in the ownership percentage of a share of stock caused by the issuance of new stock. Dilution can also occur when holders of stock options (such as company employees) or holders of other optionable securities exercise their options. When the number of shares outstanding increases, each existing stockholder will own a smaller, or diluted, percentage of the company, making each share less valuable. Dilution also reduces the value of existing shares by reducing the stock’s earnings per share.

**Disclaimer**

A denial or disavowal of legal claim: relinquishment of or formal refusal to accept an interest or estate.

**Dissolution**

The act or process of dissolving.

**Distribution**

The movement of goods and services from the source through a distribution channel, right up to the final customer, consumer, or user, and the movement of payment in the opposite
Direction, right up to the original producer or supplier.

**Distribution by age**

Percentage of the total population, or the population of each sex, at each age level.

**Distribution of competences**

The Treaty of Lisbon clarifies the division of competences between the EU and its member countries. Alongside the principles of subsidiarity and proportionality, sits the principle of conferral (Article 5 of the Treaty on European Union – TEU). This principle means that the EU can only act within the limits of the competences that have been conferred upon it by the EU treaties. These competences are defined in Articles 2-6 of the Treaty on the Functioning of the EU (TFEU). There are 4 types of competences: exclusive (Article 3 TFEU) only the EU can act in these areas e.g. customs union & trade policy; shared between the EU and EU countries (Article 4 TFEU). EU countries can act only if the EU has chosen not to, e.g. cohesion policy, energy & environment. EU countries may ask the Commission to repeal an adopted legislative act in one of the shared areas so as to better ensure compliance with the principles of subsidiarity and proportionality (Declaration No 18 annexed to the Treaty of Lisbon); EU sets up arrangements within which EU countries must coordinate policy (Article 5 TFEU) e.g. economic policy; EU can support, coordinate or supplement EU countries’ actions (Article 6 TFEU) e.g. culture & tourism.

**Doing business as (dba)**

Abbreviated DBA or d/b/a, doing business as is a term indicating that the name under which the business or operation is conducted and presented to the world is not the legal name of
the legal person (or persons) who actually own it and are responsible for it. This is often used in the case of brand names or franchises.

**Domestic corporation**

A company that conducts its affairs in its home country. A domestic corporation is often taxed differently than a foreign corporation, and may be required to pay duties or fees on the importation of its products. Typically, a domestic corporation is able to conduct business in other states or other parts of the country where it has filed its articles of incorporation.

**Domestic market**

A nation’s internal market representing the mechanisms for issuing and trading securities of entities domiciled within that nation.

**Dominant Position**

Relates to a position of economic strength enjoyed by an undertaking, which enables it to prevent effective competition being maintained on the relevant market by affording it the power to behave to an appreciable extent independently of its competitors, its customers and ultimately of the consumers. Such a position does not preclude some competition, which it does where there is a monopoly or quasi-monopoly, but enables the undertaking, which profits by it, if not to determine, at least to have an appreciable influence on the conditions under which that competition will develop, and in any case to act largely in disregard of it so long as such conduct does not operate to its detriment.

**Double Taxation**

Double taxation occurs because corporations are considered separate legal entities from their shareholders. As such, corporations pay taxes on their annual earnings, just as individuals do. When corporations pay out dividends to shareholders, those dividend payments incur
income-tax liabilities for the shareholders who receive them, even though the earnings that provided the cash to pay the dividends were already taxed at the corporate level. A taxation principle referring to income taxes that are paid twice on the same source of earned income.

**Downstream Market**

This style of marketer is most common. They are often marketing products which are handed to them from product teams, or remote engineering teams, even abroad in other countries. They often have little say over what they will market, and are often measured on transactional measurements, often signups, leads, or total sales. The downside for this marketer is they are often non-strategic, and focused on marketing tactics, but the upside is they’re role is often safe and secure for the short term.

**Due Diligence**

General: Measure of prudence, responsibility, and diligence that is expected from, and ordinarily exercised by, a reasonable and prudent person under the circumstances. Business: Duty of a firm’s directors and officers to act prudently in evaluating associated risks in all transactions. Investing: Duty of the investor to gather necessary information on actual or potential risks involved in an investment. Negotiating: Duty of each party to confirm each other’s expectations and understandings, and to independently verify the abilities of the other to fulfill the conditions and requirements of the agreement. Also called reasonable diligence.

**Duty free**

Merchandise on which import duty is not charged because it is sold only to departing passengers in an airport’s or port’s departure
lounge (which are bonded areas). Non-residents can buy it outside of bonded areas on presentation of valid travel documents (such as a passport and travel ticket) but can collect the purchased item only at the departing point.

E

**EACEA**

The Education, Audiovisual and Culture Executive Agency (EACEA) is responsible for the management of certain parts of the EU’s funding programmes in the fields of education, culture, audiovisual, sport, citizenship and volunteering.

The Agency is responsible for most management aspects of the programmes, including: drawing up conditions and guidelines for funding opportunities, evaluating applications, selecting projects and signing project agreements, financial management, contacts with beneficiaries, monitoring of projects (intermediate and final reports, and controls), on-site project visits. Fully operational since 1st of January 2006, the Executive Agency operates under the supervision of its four parent Directorates-General of the European Commission: Education and Culture, Communications Networks, Content and Technology, Migration and Home Affairs, Humanitarian Aid and Civil Protection.

**Easement**

A right of use over the property of another. Traditionally the permitted kinds of uses were limited, the most important being rights of way and rights concerning flowing waters. The easement was normally for the benefit of adjoining lands, no matter who the owner was (an easement appurtenant), rather than for the benefit of a specific individual (easement in gross).
**Eastern Partnership**

The Eastern Partnership is a joint initiative involving the EU, its Member States and 6 eastern European partners: Armenia, Azerbaijan, Belarus, Georgia, the Republic of Moldova and Ukraine.

It is based on a commitment to the principles of international law and fundamental values – democracy, the rule of law, human rights and fundamental freedoms. It also encompasses support for a market economy, sustainable development and good governance.

**Economic cooperation**

A form of the collaboration between states which includes actions aimed at lessening discrimination.

**European Fiscal Compact**

An intergovernmental treaty which was signed on 2 March 2012 out of the EU framework in order to bound the parties of the agreement to conduct the fiscal disciplined policy.

**Economic and Monetary Union (EMU)**

EMU is the process of harmonising EU countries’ economic and monetary policies with a view to the introduction of a single currency, the euro. It took place in 3 stages: 1990-1993: free movement of capital between EU countries, closer coordination of economic policies and closer cooperation between central banks. 1994-1998: convergence of EU countries’ economic and monetary policies (to ensure price stability and sound public finances) and the establishment of the European Monetary Institute (EMI) and, in 1998, of the European Central Bank (ECB). 1999 onwards: irrevocable fixing of exchange rates and introduction of the single currency on the foreign-exchange markets and for electronic payments. Introduction of euro notes and coins. As of January 2015, the euro is the currency...
of 19 of 28 EU countries. Since the 2008 crisis, the EU has greatly strengthened its economic governance systems to better detect, prevent, and correct problematic economic trends such as excessive government deficits, public debt levels or macroeconomic imbalances.

**Economic and social cohesion**

The Treaty on the European Union states that one of the objectives of the Union is to promote economic, social and territorial cohesion, and solidarity among Member States (Article 3 TEU). 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 aiming at reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions (Article 174 TFEU). The formulation and implementation of the Union’s policies and actions and the implementation of the internal market shall take into account these objectives 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, the European Investment Bank (EIB) and the other existing Financial Instruments (Article 175 TFEU). A Cohesion Fund shall provide a financial contribution to projects in the fields of environment and trans-European networks in the area of transport infrastructure (Article 177 TFEU). From the outset, a key EU objective has been to reduce the economic and social disparities between its very diverse regions by means of its cohesion policy. It uses its Structural Funds to deliver the goals of the Europe 2020 strategy. These funds address the problems of: regions with severe
and permanent natural or demographic handicaps (for example, very low population
density, island, cross-border and mountain regions, areas affected by industrial transition,
and rural areas. The Lisbon Treaty added a third dimension: territorial cohesion. This
means making the most of each territory’s strengths so as to contribute to the EU’s overall
sustainable and balanced development. It involves a territory and its neighbours jointly
planning and implementing optimal solutions to issues such as transport, internet, etc. Funding
for cohesion purposes is available from: European Regional Development Fund;
European Social Fund; European Cohesion Fund; European Agriculture Fund for Rural
Development; European Investment Bank. Articles 174-178 of the Treaty on the
Functioning of the EU provide the legal basis for EU cohesion policy. To coincide with the
adoption of the EU’s multiannual financial framework, the EU adopted a series of new
regulations governing the above-mentioned funds for the 2014-2020 period.

Economic policy

Economic policy covers a wide range of actions undertaken by governments to manage their
economy. These include monetary policy (money supply and demand), taxation, budget,
job creation, etc. Economic and Monetary Union (EMU) implies interdependence and the
close coordination of EU countries’ national economic policies. In the case of euro area
countries, monetary policy falls within the remit of the European Central Bank. Non-euro
area countries still manage their own monetary policy. Although other economic policies
remain the responsibility of EU countries’ governments, for EMU to operate optimally,
these must be closely coordinated. Since 2008, in view of the difficulties the EU (particularly the euro area) had in dealing with the economic, financial and sovereign debt crisis, several reforms were made: The Stability and Growth Pact was strengthened by the Treaty on Stability, Coordination and Governance, which came into force in 2013. The ‘6-pack’ (6 laws) which reinforce the Stability and Growth Pact and macroeconomic oversight of EU countries was adopted, as were two further laws (‘2-pack’) that provide for additional coordination and monitoring in the euro area. An annual policy coordination framework, the European Semester, was created. This seeks to identify and address macroeconomic imbalances between EU countries, and to supervise budget policy. The Commission also analyses each EU country’s structural reform policies, and then issues country-specific recommendations for action. The creation of an integrated banking union. This aims to align responsibility for supervision, resolution and funding at EU level and to ensure that euro area banks comply with uniform rules. Banks and their shareholders rather than taxpayers will be liable for eventual losses.

**Economies of Scale**

Economies of scale is the cost advantage that arises with increased output of a product. Economies of scale arise because of the inverse relationship between the quantity produced and per-unit fixed costs; i.e. the greater the quantity of a good produced, the lower the per-unit fixed cost because these costs are shared over a larger number of goods. Economies of scale may also reduce variable costs per unit because of operational efficiencies and synergies. Economies of scale can be classified into two
main types: Internal – arising from within the company; and External – arising from extraneous factors such as industry size.

**Economies of Scope**
An economic theory stating that the average total cost of production decreases as a result of increasing the number of different goods produced.

**Economic Integration**
It comprises measures that entail the suppression of some forms of economic discrimination. It is possible to differentiate by speaking of national (interprovincial, international), regional (multinational), and worldwide (global, universal) economic integration. Economic integration can take form of: free trade area, customs union, common market, economic union).

**Economic Union**
An economic arrangement which combines the suppression of the restrictions on commodity and factor movements with some degree of harmonization of national economic policies, in order to remove discrimination that was due to disparities in these policies. Thus, this arrangement usually requires the establishment of the supranational agencies whose decisions are binding on the union members and whose powers may supersede, in part or in whole, those of national decision-making authorities.

**Education**
Each EU country is responsible for the organisation of its education and training systems and the content of teaching programmes. In accordance with Article 165 of the Treaty on the Functioning of the European Union (TFEU), the EU contributes to the development of quality education by encouraging cooperation between EU countries.
and, if necessary, by supporting and supplementing their action. The Europe 2020 strategy highlights the important role to be played by education and training in achieving its targets. The EU thus plays a key role in supporting and supplementing efforts to improve and modernise EU countries’ education and training systems. The objectives, instruments and arrangements for joint work at EU level are outlined in the strategic framework known as Education and Training (ET) 2020. This policy aspect is complemented by the ERASMUS+ programme (2014-2020) which allows students, trainees and staff to spend time abroad to increase their skills and employability; and educational institutions to work together across borders to innovate in and improve the quality of education.

**Effect on trade between member states**

Article 81(1) provides that "the following shall be prohibited as incompatible with the common market: all agreements between undertakings, decisions of 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 common market". For the sake of simplicity the terms "agreements, decisions of associations of undertakings and concerted practices" are collectively referred to as "agreements".

**Effects Doctrine**

According to this doctrine, domestic competition laws are applicable to foreign firms – but also to domestic firms located outside the State’s territory, when their behaviour or transactions produce an ‘effect’ within the domestic territory. The ‘nationality’
of firms is irrelevant for the purposes of antitrust enforcement and the effects doctrine covers all firms irrespective of their nationality. The ‘effects doctrine’ was embraced by the Court of First Instance in the Gencor judgment when stating that the application of the merger regulation to a merger between companies located outside EU territory ‘is justified under public international law when it is foreseeable that a proposed concentration will have an immediate and substantial effect in the Community.’

**Electronic communication networks**

According to the EU’s law on electronic communications networks and services (Directive 2002/21/EC), electronic communication networks cover most transmission networks – whether the signals are conveyed by wire, radio, optical or other electromagnetic means. These include: satellite networks, fixed and mobile terrestrial networks, electricity cable systems to the extent that they are used for transmitting signals, and cable television networks, irrespective of the type of information conveyed.

**Electronic communication services**

According to EU law (Directive 2002/21/EC), electronic communications services are services provided by means of electronic signals over, for example, telecommunications or broadcasting networks. The term, however, excludes: services controlling editorial content and information society services which do not involve the transmission of signals.

**Electronic communications**

The EU regulatory framework on electronic communications is composed of Directive 2002/21/EC on a common regulatory framework for electronic communications
networks and services as amended by Directive 2009/140/EC and Regulation 544/2009 (known as the Framework Directive) and 4 specific Directives: Directive 2002/20/EC on the authorisation of electronic communications networks and services as amended by Directive 2009/140/EC (the ‘Authorisation Directive’ – lays down rules to enable networks and services provision EU-wide), Directive 2002/19/EC on access to and interconnection of electronic communications networks and associated facilities as amended by Directive 2009/140/EC (the ‘Access Directive’ – provides the framework for relationships between suppliers of networks and services), Directive 2002/22/EC on universal service and users’ rights relating to electronic communications networks and services as amended by Directive 2009/136/EC (‘Universal Service Directive’ – ensures a minimum set of high-quality services are available to all at an affordable price), Directive 97/66/EC concerning the processing of personal data and the protection of privacy in the telecommunications sector. Due to rapid technological change and the convergence of the telecommunications, media and information technology sectors, this framework is not limited to telecommunication services and networks. It is also applicable to all electronic communications networks and services, as defined in Article 2 of the Framework Directive, i.e. including those used for broadcasting.

**Emission trading**

This is also known as EU ETS. The European Union greenhouse gas emissions trading scheme was born on January 1 2005, and covers carbon dioxide emissions from six sectors of heavy industry, including electricity
generation, steel-making, cement-making, pulp and paper, and glass. Companies covered by the scheme may emit only a certain quota of carbon dioxide each year, and are issued with carbon permits for every tonne of the quota. They can trade these permits with each other. In successive phases of the scheme, the quota is reduced so that the overall emissions fall.

**Employment**

Under the Treaty on the Functioning of the EU, the Union and EU countries must work towards developing a coordinated strategy for employment and promoting a skilled, trained and adaptable workforce responsive to changes in labour markets. This is done mainly through the European Employment Strategy (EES) which fosters cooperation between countries, the coordination of national policies, and the participation of local authorities, unions, and employers’ organisations. Financial support for employment policy is provided through various instruments, including the priorities of the European Social Fund which are part of the EES objectives. The new Programme for Employment and Social Innovation (EaSI) 2014-2020 brings together 3 EU programmes managed separately between 2007 and 2013: PROGRESS, EURES and Progress Microfinance. The EaSI aims to encourage job mobility and provide targeted microfinance to the more vulnerable.

**Employment Committee**

Article 150 of the Treaty on the Functioning of the European Union provides for the establishment of the Employment Committee by the Council to advise EU Employment and Social Affairs Ministers in the Employment and Social Affairs Council (EPSCO). The Committee assists with the coordination of
European Union (EU) countries’ employment and labour market policies. It has a key role to play in advising on the employment aspects of the European Semester. Its main tasks include: assisting EPSCO in its work relating to the European Semester (Employment Guidelines, country-specific employment policy recommendations (CSRs), opinion on National Reform Programmes, etc.) preparing the Joint Employment Report; preparing draft EPSCO conclusions on the Annual Growth Survey; providing multilateral surveillance of EU countries’ implementation of CSRs and preparing the next year’s CSRs. The Committee also formulates opinions at the request of either the Council or the Commission or on its own initiative. It is made up of two representatives of each EU country and two representatives of the Commission. It consults the social partners at European level in order to carry out its work successfully.

**Encroachment**

A situation in real estate where a property owner violates the property rights of his neighbor by building something on the neighbor’s land or by allowing something to hang over onto the neighbor’s property. Encroachment can be a problem along property lines when a property owner is not aware of his property boundaries or intentionally chooses to violate his neighbor’s boundaries.

**Energy**

Article 194 of the Treaty on the Functioning of the European Union (TFEU) states that energy is a shared competence between EU countries and the EU. However, each EU country maintains its right to ‘determine the conditions for exploiting its energy resources, its choice between different energy sources and the
general structure of its energy supply’. The main aims of EU energy policy are to: ensure the functioning of the energy market; ensure security of energy supply; promote energy efficiency and energy saving and the development of new and renewable forms of energy; promote the interconnection of energy networks. The EU is committed to reducing greenhouse gas emissions to 80-95 % below 1990 levels by 2050 in the context of necessary reductions by developed countries as a group. The Commission’s ‘Energy Roadmap 2050’ explores the challenges posed by delivering the EU’s decarbonisation objective while at the same time ensuring security of energy supply and competitiveness.

**Enhanced cooperation**

Enhanced cooperation is a procedure where a minimum of 9 EU countries are allowed to establish advanced integration or cooperation in an area within EU structures but without the other EU countries being involved. This allows them to move at different speeds and towards different goals than those outside the enhanced cooperation areas. The procedure is designed to overcome paralysis, where a proposal is blocked by an individual country or a small group of countries who do not wish to be part of the initiative. It does not, however, allow for an extension of powers outside those permitted by the EU Treaties. Authorisation to proceed with the enhanced cooperation is granted by the Council, on a proposal from the Commission and after obtaining the consent of the European Parliament. As of February 2013, this procedure was being used in the fields of divorce law, and patents, and is approved for the field of a financial transaction tax.
Enterprise Europe Network is the largest business and innovation support network in Europe. It was launched on 2008. The aim of the network is to help small business to make the most of the European marketplace. Enterprise Europe Network is a focal point network consisting of 600 organizations - chambers of commerce, regional development agencies, university technology centers, where about 4000 professionals are working in over 50 countries worldwide. Enterprise Europe Network Staff assist small business in sourcing new business & technology partners in Europe and advise them on accessing EU Funding. The Network is partially funded through the EU's Competitiveness and Innovation Framework Programme, in cooperation with institutions at national and regional levels.

EU enterprise policy seeks to provide an environment that is conducive to business creation and development, and especially of small- and medium-sized enterprises (SMEs). The policy has received a new impetus in recent years with the recognition of the key role played by SMEs, particularly in terms of job creation. The Small Business Act for Europe which is a set of 10 principles that seek to improve the business environment and reduce regulatory burdens on SMEs was adopted in 2008. It was reviewed in 2011. New actions were set up to respond to challenges resulting from the economic crisis focusing on 4 priority areas: reduced burdens on business, access to finance, access to markets and promotion of entrepreneurship. The Entrepreneurship 2020 Action Plan was adopted in 2013. It focuses on 6 areas: Access to finance; Support for start-ups and development phases of SMEs; Encouraging
businesses to embrace information and communications technologies; Easier transfer of business ownership; A second chance for honest entrepreneurs after bankruptcy; Reduced red tape. The plan also emphasises the importance of education and training to nurture new generations of entrepreneurs. This links in with the Europe 2020 strategy flagship initiative ‘Agenda for new skills and jobs’.

**Entry barriers**

The existence of high start-up costs or other obstacles that prevent new competitors from easily entering an industry or area of business. Barriers to entry benefit existing companies already operating in an industry because they protect an established company’s revenues and profits from being whittled away by new competitors.

**Environment**

The EU’s environmental policy, based on Article 191 of the Treaty on the Functioning of the European Union (TFEU), aims to preserve, protect and improve the quality of the environment and to protect human health. It also focuses on the careful and rational use of natural resources and contributes to promoting, at international level, measures intended to combat regional or global environmental problems and tackling climate change in particular. It is based on precautionary and preventive action, correction at source and ‘polluter pays’ principles. In 2013, the EU adopted its 7th Environment Action Programme (EAP), which guides the EU’s environmental policy for the period up to 2020. The EAP sets out a long-term vision of where it wants the EU to be by 2050 and has three priority action areas: natural capital: protecting, conserving and enhancing fertile soil, seas, fresh water,
clean air and biodiversity; resource-efficient economy: the full delivery of the EU’s climate action and energy packages, improved environmental performance of products and reduced environmental impact of consumption; a healthy environment for healthy people.

**Environmental liability**

Environmental liability applies to environmental damage and the risk of damage resulting from commercial activities once it is possible to establish a causal link between the damage and the activity in question. Environmental damage may be direct or indirect damage caused to the aquatic environment, flora and fauna and natural habitats protected by the Natura 2000 network, as well as direct or indirect contamination of the soil, which could lead to a serious risk to human health. Environmental liability is an application of the ‘polluter pays’ principle as set out in Article 191(2) of the Treaty on the Functioning of the European Union. Arrangements for applying it are set out in Directive 2004/35/EC. Two systems of liability have been created: A system with no fault to be proven: this applies to dangerous or potentially dangerous commercial activities listed in EU law. Here, the operator may be held liable even if he has committed no fault. A system where evidence of a fault or negligence must be presented: this applies to all other commercial activities where species and natural habitats protected under EU law have been damaged or are at imminent risk of damage. The operator is only liable if he has committed a fault or has been negligent.

**Equal opportunities**

The EU is based on a set of values that include equality (Articles 2 and 3(3) of the Treaty on
European Union – TEU). Article 8 of the Treaty on the Functioning of the European Union (TFEU) empowers the EU to introduce measures eliminating inequalities and urges it to promote equality between men and women through all its policies. Article 153 TFEU underpins EU action in the area of equal opportunities and equal treatment in matters of employment and occupation and Article 157 recognises the principle that men and women should get equal pay for equal work. The EU’s Charter of Fundamental Rights, which is annexed to the Lisbon Treaty, includes a chapter entitled ‘Equality’. This sets out the principles of non-discrimination, equality between men and women, and cultural, religious and linguistic diversity. It also covers the rights of the child, the elderly and persons with disabilities.

**Equality between women and men**

The principle of equality between men and women was established in the Treaty of Rome 1957, with regard to equal pay. Since then, a series of EU laws (directives) broadened the principle of equality to cover working conditions, social security, access to goods and services, maternity protection and parental leave. The principle of equality as a common value of the EU was established in the Lisbon Treaty. The Commission adopted the Strategy for Equality between men and women 2010-2015, building on the Roadmap 2006-2010, and outlining the key actions planned, including the promotion of: equal economic independence for women and men; equal pay for work of equal value; equality in decision-making; dignity, integrity and ending gender-based violence; promoting gender equality beyond the EU; horizontal issues (gender roles, including the role
of men, legislation and governance tools). The European Progress Microfinance Facility, launched in 2010, promotes access to finance for vulnerable persons, including women. It has become part of the programme for Employment and Social Innovation (EaSI) for 2014-2020.

**EU citizenship**

European citizenship was first defined in Articles 9-12 of the Treaty on European Union. Articles 18-25 of the Treaty on the Functioning of the European Union (TFEU) set down the rights resulting from EU citizenship. Any national of an EU country is considered to be a citizen of the EU. EU citizenship does not replace national citizenship: it is an addition to it. Citizenship gives them the right to: move and take up residence anywhere in the EU; vote and stand in local government and European Parliament elections in their country of residence; diplomatic and consular protection outside the EU from the authorities of any EU country if their country of nationality is not represented; petition the European Parliament and appeal to the European Ombudsman; address the European institutions in any of its official languages and to receive a reply in the same language; non-discrimination on the basis of nationality, gender, race, religion, handicap, age or sexual orientation; invite the Commission to submit a legislative proposal (citizens’ initiative); access EU institutions’ and bodies’ documents, subject to certain conditions (Article 15 of the TFEU).

**EU law**

Strictly speaking, EU law consists of the founding Treaties (primary legislation) and the provisions of instruments enacted by the European institutions by virtue of them (secondary legislation – regulations, directives,
etc.). In a broader sense, EU law encompasses all the rules of the EU legal order, including general principles of law, the case law of the Court of Justice of the EU, law flowing from the EU’s external relations and supplementary law contained in conventions and similar agreements concluded between the EU countries to give effect to Treaty provisions.

**EU legal instruments**

The term European legal instruments refers to the instruments available to the European institutions to carry out their tasks. The instruments listed in Article 288 of the Treaty on the Functioning of the European Union (TFEU) are: regulations: these are binding in their entirety and directly applicable in all EU countries; directives: these bind the EU countries as to the results to be achieved; they have to be transposed into the national legal framework and thus leave margin for manoeuvre as to the form and means of implementation; decisions: these are fully binding on those to whom they are addressed; recommendations and opinions: these are non-binding, declaratory instruments. Furthermore, Article 290 of the TFEU introduces the possibility for the European legislator to delegate to the Commission the power to adopt non-legislative acts of general scope which supplement or amend non-essential elements of legislative acts. In addition to the instruments listed in Article 288 of the TFEU, practice has led to the development of a whole series of unique documents: interinstitutional agreements, resolutions, conclusions, communications, green papers and white papers. Under the Common Foreign and Security Policy, specific legal instruments are used, such as EU actions and positions.
**EU powers and competences**

European powers are those that are conferred on the European Union (EU) in specific areas by EU countries. There are 3 types of powers, which vary in how they are conferred: Explicit powers: these are clearly defined in the relevant articles of the Treaties. Implicit powers: according to the implicit powers theory, competence in external matters derives from explicit internal competence. Where the Treaties assign explicit powers to the EU in a particular area (e.g. transport), it must also have similar powers to conclude agreements with non-EU countries in the same field (the principle of parallelism between internal and external powers). Subsidiary powers: where the EU has no explicit or implicit powers to achieve a Treaty objective concerning the common market, Article 352 of the Treaty on the Functioning of the EU allows the Council, acting unanimously, to take the measures that it considers necessary.

**ERASMUS+**

Erasmus+ is the European Union’s new programme that supports projects, partnerships, mobility and dialogue in education, training youth and sport. It has a strong international focus, and many higher education opportunities will be open to individuals and institutions from Partner Countries’.

The main target group are higher education institutions, students, university staff, alumni, or Ministry of Education officials.

**Europeanisation**

The process in which a notionally non-European subject (be it a culture, a language, a city or a nation) adopts a number of European features.

**Euroregion**

Transnational co-operation structure between two (or more) contiguous territories located in
different European countries. Euroregions represent a specific type of cross-border region.

**EU Trade policy**

The EU’s common commercial or trade policy is one of the linchpins of its relations with the rest of the world (Article 207 of the Treaty on the Functioning of the European Union – TFEU), as well as an exclusive EU competence (Article 3 of the TFEU). The Lisbon Treaty extended this competence to cover foreign direct investment, as well as making the European Parliament a co-legislator alongside the Council on trade matters. On behalf of all EU countries, the European Commission handles trade issues, such as negotiating trade agreements with non-EU countries. These are concluded by qualified majority except in the case of agreements on trade in services, intellectual property, direct foreign investments, audiovisual and cultural services, and social, educational and health services, when Council adoption must be unanimous. The EU is active in the World Trade Organisation. It supports the abolition of trade and customs barriers. To defend its market, it has a battery of tools such as anti-dumping and anti-subsidy measures, the Trade Barriers Regulation and safeguard measures.

**EU-Ukraine Deep and Comprehensive Free Trade Area**

The Deep and Comprehensive Free Trade Area (DCFTA) is part of the Association Agreement (AA) between the EU and the Republic of Ukraine, one of EU’s the most ambitious bilateral agreements yet. The DCFTA offer Ukraine a framework for modernising its trade relations and for economic development by the opening of markets via the progressive removal of customs tariffs and quotas, and by an extensive harmonisation of laws, norms and regulations in various trade-related sectors,
creating the conditions for aligning key sectors of the Ukrainian economy to EU standards.

**EU-28 and candidate countries**

Accession of new countries to the European Union (EU) is governed by Article 49 of the Treaty on European Union (TEU). A country wishing to join the EU needs to satisfy 2 conditions: it must be a European state; it must respect the common values held by EU countries and undertake to promote them. These values are human dignity, liberty, democracy, the rule of law and respect for human rights, including those of minorities (Article 2 of TEU). Having met the accession (Copenhagen) criteria, a candidate country has to demonstrate, in the course of the negotiation period, that it is able to take on the rights and obligations of EU membership. Once negotiations are successfully completed on all the 35 chapters of the EU’s ‘acquis’, the Council must give its unanimous approval and Parliament its consent in order for an accession treaty to be signed. This treaty is then signed by the candidate country with the individual EU countries, which then ratify it in accordance with their individual constitutional rules.

**EURES – European Employment Services**

EURES – European Employment Services – is the European Job Mobility Portal and part of the EU programme for employment and social innovation (EaSI) for the period 2014-2020. EURES is a cooperation network involving the European Commission, the public employment services and other partner organisations, such as trade union and employers’ organisations of the countries in the European Economic Area (EEA – comprising the EU countries, Iceland, Liechtenstein & Norway) and Switzerland. Its main objectives are to: inform, guide and
provide advice to potentially mobile workers on job opportunities, as well as living and working conditions in the EEA & Switzerland; assist employers wishing to recruit workers from other countries; provide advice and guidance to workers and employers in cross-border regions. EURES comprises a network of more than 900 advisers who are in regular contact with jobseekers and employers across Europe.

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**Euro area**

The euro area comprises the EU countries that have adopted the euro as their currency. Because these countries share the same currency, they need to coordinate their economic policies very closely to ensure its stability. This is done on an ongoing basis and by means of monthly meetings of the Eurogroup where issues of common concern for
the euro area’s management are discussed and acted upon.

**Eurogroup**

An informal gathering of the ministers of economics and finance of the euro area member countries, at which they discuss issues connected with their shared responsibilities in respect of the single currency. The European Commission and the ECB are invited to take part in the meetings. The Eurogroup usually meets immediately before an Ecofin Council meeting.

**Eurojust**

Set up in 2002, Eurojust is an EU agency entrusted with reinforcing the fight against serious crime through closer judicial cooperation within the EU. Its seat is in The Hague. It is composed of a college of 28 national members, who are experienced judges, prosecutors, or police officers of equivalent competence from each EU country. Article 85 of the Treaty on the Functioning of the EU provided a basis for the further development of Eurojust, extending its scope to include serious crime not only affecting 2 or more countries but also requiring a prosecution on common bases. Using the ordinary legislative procedure, the Parliament and the Council determine Eurojust’s structure, operation, and tasks, which may include initiating criminal investigations or proposing the initiation of prosecutions. Eurojust also cooperates with non-EU countries and other EU bodies such as the European Judicial Network, Europol and the European Anti-fraud Office (OLAF).

**Europe ‘à la carte’**

This refers to the idea of a non-uniform method of European integration which allows EU countries to select policies, as if from a menu, and involve themselves fully in those policies.
The EU would still have a minimum number of common objectives. However, different countries would integrate at different levels (variable geometry) or at different speeds (multi-speed). Europe ‘à la carte’ is already a reality with some countries being part of the eurozone and others not.

**Europe’s banking union**

Banking union was created to ensure that banks are stronger and better supervised and, should problems arise within the financial sector, to resolve, i.e. restructure, the banks more efficiently. It consists of: a Single Supervisory Mechanism (SSM), which is a system for European banking supervision comprising the European Central Bank and the national supervisors of the euro area and other participating countries; a Single Resolution Mechanism (SRM), which is to ensure the efficient resolution of failing banks in the countries participating in the SSM at minimal costs to taxpayers and to the real economy. The SRM is supported by a single resolution fund which is to be used in resolution procedures where necessary to ensure the effective application of the resolution tools. The SSM and SRM apply a single rulebook, a set of uniform rules to regulate, supervise and govern the financial sector in all countries more efficiently. It is complementary to the banking union and also ensures a uniform level of protection for savers by guaranteeing their bank deposits up to €100,000. Banking union ensures that these rules are implemented consistently across the euro area and in other participating countries.

**European Agreement**

A type of the Association Agreement, concluded with the former COMECON countries, which established regular political
dialogue and institutes wide-ranging cooperation embracing movement of workers, establishment and services, current payments and capital movements, competition and other economic aspects, approximation of laws and cultural cooperation. There were also institutional and general provisions, as well as important sections on economic cooperation and financial cooperation.

**European arrest warrant**

The European arrest warrant is a judicial decision issued by an EU country with a view to the arrest and surrender by another EU country of a person being sought for a criminal prosecution or a custodial sentence. It is a tool designed to strengthen cooperation between EU countries’ judicial authorities based on the principle of mutual recognition of decisions in criminal matters. The European arrest warrant is based on a Framework Decision adopted by the Council on 13 June 2002 and amended in 2009. Three EU directives on procedural rights adopted since 2010 will ensure that persons who are the subject of a European arrest warrant are entitled to the services of a lawyer and an interpreter and must receive information on their rights.

**European Banking Authority (EBA)**

Following the 2008 global financial crisis, a High Level Group chaired by Jacques de Larosière, examined how the EU’s supervisory arrangements could be strengthened both to better protect its citizens and to rebuild trust in the financial system. It concluded that supervisory arrangements should focus both on individual firms (e.g. banks & insurance companies), and on the stability of the financial system as a whole. As a result, the European System of Financial Supervision (ESFS) was
established. It comprises 3 European supervisory authorities, the European Systemic Risk Board (ESRB), the Joint Committee of the European Supervisory Authorities and the national supervisory authorities. The European Banking Authority (EBA) is one of the 3 European supervisory authorities established in January 2011. It is an independent EU authority based in London. It works to ensure effective and consistent prudential regulation and supervision across the European banking sector. Its activities include carrying out EU-wide stress tests on banks to assess their resilience to adverse economic developments. The purpose is to identify vulnerabilities so as to repair the banking sector and increase confidence in it. The other European supervisory authorities are: the European Insurance and Occupational Pensions Authority (EIOPA); and the European Securities and Markets Authority (ESMA).

**European Central Bank (ECB)**

The European Central Bank (ECB) is the central bank of the euro area and an EU institution located in Frankfurt am Main, Germany. Together with the euro area national central banks, it forms the Eurosystem, which conducts monetary policy in the euro area. Its primary objective is to maintain price stability, i.e. to safeguard the value of the euro. In addition, the ECB, in cooperation with the national supervisors, carries out banking supervision in the euro area and in other participating Member States within the Single Supervisory Mechanism (SSM).

**European Commission**

Established in 1957, the European Commission now comprises 28 Commissioners including its President. It acts in the EU’s general interest
with complete independence from national governments and is accountable to the European Parliament. It has the right of initiative to propose laws in a wide range of policy areas. In the fields of justice and home affairs, it shares a right of initiative with EU countries. Like the European Parliament and the Council, EU citizens may also call on the Commission to propose laws by means of the European Citizens’ Initiative. The Commission has the right to adopt non-legislative acts, in particular delegated and implementing acts, and has important powers to ensure fair conditions of competition between EU businesses. The Commission oversees the implementation of EU law. It executes the EU’s budget and manages funding programmes. It also exercises coordinating, executive and management functions, as laid down in the Treaties. It represents the EU around the world in areas not covered by the common foreign and security policy, for example in trade policy and humanitarian aid. The Commission comprises Directorates-General (departments) and Services which are mainly located in Brussels and Luxembourg.

**European company**

The European Company (known by its Latin name of ‘Societas Europaea’ or SE) is a company established under EU law. It has its own legal framework and can operate as a single entity throughout the EU. In 2001, the EU adopted, after some 30 years of negotiations, the regulation on the Statute for a European Company and the associated directive on employee participation in European Companies. This legislation entered into force in 2004. It aims to cut companies’ administrative costs, provides them
with a legal structure suitable for their cross-border activities within the EU, and helps them avoid some of the legal and practical constraints arising from 28 different legal systems. Under the European Company Statute, an SE can be set up by: merger; creation of a holding company; creation of a joint subsidiary; conversion of an existing company set up under national law. The SE must have a minimum subscribed capital of €120,000 and its registered office must be at the same place as its head office.

**European Convention on Human Rights (ECHR)**

Signed in 1950 by the Council of Europe, the ECHR is an international treaty to protect human rights and fundamental freedoms in Europe. All 47 countries forming the Council of Europe are party to the Convention, 28 of which are members of the EU. The Convention established the European Court of Human Rights, intended to protect individuals from human rights violations. Any person whose rights have been violated under the Convention by a state party may take a case to the Court. This was an innovative feature, as it gave individuals rights in an international arena. Judgments finding violations are binding on the countries concerned. The Committee of Ministers of the Council of Europe monitors the execution of judgements. The Convention has several protocols, which amend its framework. The Treaty of Lisbon, in force since 1 December 2009, permits the EU to accede to the ECHR and a draft agreement for accession was finalised in 2013.

**European Council**

Under the Treaty of Lisbon, the European Council became an EU institution. The treaty also created the new position of the President of
the European Council. In late 2014, Donald Tusk was elected its president for a period of two and a half years. Comprising the Heads of State or Government of the EU countries, it meets at least 4 times a year and includes the President of the European Commission as a full member. The European Council’s role is to provide the impetus, general political guidelines and priorities for the EU’s development (Article 15 of the Treaty on European Union – TEU). It does not exercise any legislative function. However, it may be consulted on criminal matters (Articles 82-83 of the Treaty on the Functioning of the European Union – TFEU) or on social security matters (Article 48 of the TFEU) where an EU country opposes a legislative proposal in these areas. Its decisions are taken by consensus or, where so provided by the treaties by unanimity, qualified majority or simple majority. The conclusions of European Council proceedings are published after each meeting.

**European Development Fund**

Created by the Treaty of Rome in 1957, the European Development Fund (EDF) is the EU’s main instrument to finance development cooperation with African, Caribbean and Pacific (ACP) countries and overseas countries and territories (OCTs). The EDF finances any project or programme, which contributes to the economic, social or cultural development of the countries in question. It also funds regional cooperation and integration programmes. The EDF uses several types of financing, including grants, procurement contracts, and financial instruments, such as loans, guarantees, equity or quasi-equity, investments or participations, risk-sharing instruments. The EDF is funded by EU countries and has not yet come under the EU’s general budget, even
though a heading has been reserved for it in the budget since 1993. The EDF will continue to fund development cooperation with ACP States and OCTs for the period 2014-2020. The 11th EDF (2014-2020) has been allocated € 30.5 billion; in addition, € 2.6 billion will be made available by the European Investment Bank in the form of loans from its own resources.

**European Economic and Social Committee (EESC)**

The European Economic and Social Committee (EESC) is an EU consultative body. It was set up in 1957 to represent the interests of the various economic and social groups in EU countries. Under the Treaty on the Functioning of the European Union (TFEU), the EESC has 350 members. Currently, and until September 2015, the end of its current term of office, due to Croatia’s EU accession in July 2013, it has 353 members from organised civil society. Members fall into 3 groups representing the interests of employers, workers and particular types of activity (such as farmers, small businesses, professions, consumers, teachers, cooperatives, families, environmental groups). EESC members are appointed for 5 years (renewable). The EESC is consulted by the European Parliament, the Council and the Commission in the cases laid down in the EU treaties. It may also issue own-initiative opinions. Its role, organisation and powers are governed by Article 13 of the Treaty on EU and Articles 301-304 of the TFEU.

**European Employment Strategy (EES)**

Launched in 1997 at the Luxembourg European Council, the EES is the European Union’s main instrument for coordinating EU countries’ reform efforts in the area of labour market and social policies. The mechanism is based on benchmarking, monitoring and learning rather
than legislation. Since 1997, the EES has undergone various changes both in governance and policy orientation. In 2005, it was relaunched as part of the Lisbon Strategy. This led to a fusion of the European Employment Guidelines with the Broad Economic Policy Guidelines (BEPG) into a single set of Integrated Guidelines for Growth and Jobs. The Lisbon Strategy was revised in 2010 with the launch of the Europe 2020 Strategy. EU countries agreed on new priorities, which were expressed in new targets and integrated guidelines. Since 2011, the EES is fully integrated in the European Semester, the yearly cycle of economic policy coordination. The EES is based on: the Joint Employment Report, which analyses the main employment challenges facing EU countries and their policy responses to the Employment Guidelines over the past year; the Annual Growth Survey, which sets out the EU’s macroeconomic priorities to boost economic growth and job creation and opens the European semester; the Integrated Guidelines, which set the main policy priorities as regards employment and social matters; the Country-Specific Recommendations, which offer tailored guidance to EU countries on how to address the economic, employment and social challenges facing them. In carrying out her duties, the High Representative for Foreign Affairs and Security Policy (HR) is assisted by the European External Action Service (EEAS), the EU’s diplomatic service. The EEAS supports the HR in fulfilling her mandate of conducting the EU’s common foreign and security policy (CFSP), in her capacity as President of the Foreign Affairs Council, and in her capacity as Vice-President of the Commission for fulfilling,
within the Commission, the responsibilities incumbent on it in external relations. The EEAS also provides support to the President of the European Council, the President of the Council and to members of the Commission in the exercise of their respective functions in the area of external relations. The EEAS comprises officials and other agents from the EU, including personnel from EU countries’ diplomatic services. EU delegations and crisis management structures within the General Secretariat of the Council, such as the Crisis Management and Planning Directorate (CMPD), the Civilian Planning and Conduct Capability (CPCC) and the European Union Military Staff (EUMS), also form part of the European External Action Service.

**European Free Trade Association (EFTA)**

An intergovernmental organisation, which was set up in 1960 and represented a trade bloc of European states which were reluctant to join European Economic Community (Denmark, Ireland, UK, Switzerland, Norway, Liechtenstein, Austria, Sweden, Finland). These states only agreed to abolish tariff and quantitative restrictions in their mutual trade but retained the sole right to exercise their own external tariff and trade police over the third states.

**European Globalisation Adjustment Fund**

The European Globalisation Adjustment Fund (EGF) was first set up in 2006. It aims to help workers and self-employed persons reintegrate into the jobs market after they have lost jobs as a result of the relocation of production outside the EU, of major structural changes in world trade patterns or of the global financial and economic crisis. An EU country calls on the EGF only when over 500 workers are made
redundant by a single company (including its suppliers and downstream producers), or if at least 500 workers are laid off in a particular sector in one or more neighbouring regions. The EGF co-funds (with the country in question) projects that help workers to look for new jobs, retrain or create new businesses. Projects may also involve careers advice and coaching. The EGF does not co-fund social protection measures like pensions or unemployment benefit or help firms restructure. EGF projects are managed by EU countries’ national/regional authorities. They run for 2 years and differ from those under the EU’s Social Fund, which have a more strategic perspective.

**European governance**

Since 2001 and the European Commission’s White Paper on the subject, the issue of governance has become an EU imperative. The expression ‘European governance’ designates the body of rules, procedures and practices that relate to the way powers are exercised in the EU. The objective is to strengthen democracy at European level and to bring citizens closer to the European institutions. European governance is based on the following principles: opening up and transparency of the EU institutions; involving civil society in decision-making; framing and implementing consistent and well-managed policies; ensuring a clear, stable and predictable regulatory framework supporting growth and job respecting the principles of proportionality and subsidiarity; ensuring that each of the EU institutions and EU countries explains and takes responsibility for what it does in Europe; contributing to the global governance debate with a view to improving the operation of international institutions.
European institutions

The EU has an institutional framework aimed at promoting and defending its values, objectives and interests, the interests of its citizens and those of its member countries. This framework also contributes to ensuring the coherence, effectiveness and continuity of EU policies and actions. According to Article 13 of the Treaty on European Union, the institutional framework comprises 7 institutions: the European Parliament; the European Council; the Council of the European Union (simply called ‘the Council’); the European Commission; the Court of Justice of the European Union; the European Central Bank; the Court of Auditors. Each institution acts within the limits of its remit, granted in the Treaties in line with the procedures, conditions and purposes laid down therein. The European Parliament, the Council and the Commission are assisted by the European Economic and Social Committee and the Committee of the Regions performing advisory functions.

European Insurance and Occupational Pensions Authority (EIOPA)

Following the 2008 global financial crisis, a High Level Group chaired by Jacques de Larosière, examined how the EU’s supervisory arrangements could be strengthened both to better protect its citizens and to rebuild trust in the financial system. It concluded that supervisory arrangements should focus both on individual firms (e.g. banks & insurance companies), and on the stability of the financial system as a whole. As a result, the European System of Financial Supervision (ESFS) was established. It comprises 3 European supervisory authorities, the European Systemic Risk Board (ESRB), the Joint Committee of the European Supervisory Authorities and the national supervisory authorities. The European Insurance and Occupational Pensions Authority
(EIOPA) is one of the 3 European supervisory authorities established in January 2011. It is an independent EU authority based in Frankfurt. It works to support the stability of the financial system, transparency of markets and financial products. It also seeks to protect insurance policyholders, pension scheme members and beneficiaries. The other European supervisory authorities are: the European Banking Authority (EBA); and the European Securities and Markets Authority (ESMA).

**European Investment Bank (EIB)**

Established in 1958 under the Treaty of Rome, the EIB is the EU’s long-term lending institution, providing money for various projects in order to finance viable capital projects which further EU objectives. The EIB’s shareholders are the 28 EU countries. Nearly 90% of EIB lending is to EU countries with the remainder dispersed, under the external lending mandate, to 150 partner-countries around the world. The EIB Group, comprising the EIB and the European Investment Fund (EIF), was created in 2000 with a view to boosting lending to small- and medium-sized enterprises (SMEs). The capital of the EIB was almost doubled between 2007 and 2009 in response to the financial crisis. The total subscribed capital of the EIB was €243 billion at 1st July 2013.

**European Judicial Network in criminal matters (EJN)**

The purpose of the European Judicial Network (EJN) in criminal matters is to facilitate judicial cooperation, in particular in the fight against transnational crime. It originated in a Joint Action adopted by the Council on 29 June 1998, which was replaced by a Council decision of 16 December 2008. The judicial network is made up of contact points designed
to enable EU countries’ judicial and other competent authorities to establish direct contacts between each other. These contact points also provide the legal and practical information necessary for the authorities concerned to prepare an effective request for judicial cooperation. The EJN’s secretariat is based in the Hague. It enjoys a privileged relationship with Eurojust that is based on consultation and complementarity. There is also a European Judicial Network in civil and commercial matters (EJN-civil), established by a Council decision of 28 May 2001 and based on the network in criminal matters.

**European Parliament**

The European Parliament (EP) is the only directly-elected EU body and one of the largest democratic assemblies in the world. Its 751 Members represent the EU’s 500 million citizens. They are elected once every 5 years by voters from across the 28 EU countries. Its representatives are called Members of the European Parliament – MEPs. Following the 2014 elections to the European Parliament (EP), with a turnout of only 42.54%, the seats are distributed between 8 different Parliamentary groups the EPP – Group of the European People’s Party, the S&D – Group of the Progressive Alliance of Socialists and Democrats in the European Parliament, the ECR – European Conservatives and Reformists, the ALDE – Alliance of Liberals and Democrats for Europe, the Greens/EFA – Group of Greens/European Free Alliance, the GUE/NGL – European United Left/Nordic Green Left, the EFDD – Europe of Freedom and Direct Democracy Group and the NI – Non-attached Members – Members not belonging to any political group. The number
of MEPs per country is set by a European Council decision adopted unanimously on the EP proposal. No country has fewer than 6 or more than 96 MEPs: Austria: 18, Belgium: 21, Bulgaria: 17, Croatia: 11, Cyprus: 6, Czech Republic: 21, Denmark: 13, Estonia: 6, Finland: 13, France: 74, Germany: 96, Greece: 21, Hungary: 21, Ireland: 11, Italy: 73, Latvia: 8, Lithuania: 11, Luxembourg: 6, Malta: 6, Netherlands: 26, Poland: 51, Portugal: 21, Romania: 32, Slovakia: 13, Slovenia: 8, Spain: 54, Sweden: 20, United Kingdom: 73. The EP’s main functions are as follows: legislative power: the EP is now a co-legislator. For most legal acts, the legislative power is shared with the Council, through the ordinary legislative procedure. budgetary power: the EP shares budgetary powers with the Council in voting on the annual budget, rendering it enforceable through the President of Parliament’s signature, and overseeing its implementation power of control over the EU’s institutions, in particular the Commission. The EP can give or withhold approval for the designation of Commissioners and has the power to dismiss the Commission as a body by passing a motion of censure. It also exercises a power of control over the EU’s activities through written and oral questions, put to the Commission and the Council. It sets up temporary committees and committees of inquiry, whose remit is not necessarily confined to the activities of EU institutions but can extend to action taken by EU countries in implementing EU policies. The Lisbon Treaty has strengthened the EP’s role by placing it on an equal footing with the Council of Ministers. It has: extended the ordinary legislative procedure (ordinary legislative procedure) to 40 new fields
including agriculture, energy security, immigration, justice and home affairs, health and structural funds; reinforced the EP’s role in the adoption of the EU budget. The EP is responsible for the adoption of the entire budget together with the Council; enabled MEPs to give their consent on a wide range of international agreements negotiated by the EU such as international trade agreements; introduced new rights to be informed on the activities of the European Council, the rotating Council presidency and the EU’s external action; given the EP the right to propose changes to the Treaty; improved EP’s power of scrutiny by electing the President of the European Commission, and by approving European Commission’s members by a vote of consent.

**European political parties**

New rules were agreed in 2014 governing the statute of European political parties at European level (also known as ‘Europarties’) and European political foundations replacing rules dating from 2004. These lay down the conditions governing the statute and funding of political parties at European level, as well as European-level political foundations. The term ‘Europarties’ means: transnational, extra-parliamentary federations of national political parties from several EU Member States, united by political affinity. These organizations are therefore not identical with political groups in the EP, although they closely cooperate with one another. The two biggest and most well-known Europarties are the European People’s Party (EPP) and Party of European Socialists (PES). A ‘political party’ is defined as an association of citizens, which pursues political objectives, and is either recognised by, or
established in accordance with, the laws of at least one EU country. Its name and logo must be clearly distinguishable from those of any existing European political party and European political foundation. Registration and control of European political parties and foundations will be ensured by an independent European authority set up for the purpose. It will check regularly that the rules relating to registration are respected. The majority of political groups in the European Parliament work closely with their corresponding Europarties. Following the 2014 elections to the European Parliament (EP), the seats are distributed between 8 different Parliamentary groups: the EPP – Group of the European People’s Party, the S&D – Group of the Progressive Alliance of Socialists and Democrats in the European Parliament, the ECR – European Conservatives and Reformists, the ALDE – Alliance of Liberals and Democrats for Europe, the Greens/EFA – Group of Greens/European Free Alliance, the GUE/NGL – European United Left/Nordic Green Left, the EFDD – Europe of Freedom and Direct Democracy Group and the NI – Non-attached Members – Members not belonging to any political group.

**European Public Prosecutor’s Office**

Under Article 86 of the Treaty on the Functioning of the European Union, the European Union may establish a European Public Prosecutor’s Office. This Office would be an independent EU body, responsible for investigating and prosecuting those committing offences against the EU’s financial interests, most notably fraud. Equipped with its own powers and competences, the European Public Prosecutor’s Office would substantially
enhance the current efforts at national levels, including with the assistance of OLAF and Eurojust. The Commission submitted the proposal for the establishment of European Public Prosecutor’s Office in 2013. Fourteen chambers of national parliaments in 11 EU countries raised concerns on subsidiarity grounds. Following a thorough scrutiny of the proposal, the Commission concluded that the proposal complies with the principle of subsidiarity. The proposal is currently under negotiation.

**European Research Area (ERA)**

The European Research Area (ERA) is a unified research area open to the world based on the Internal market, in which researchers, scientific knowledge and technology circulate freely. This concept was originally launched by the European Commission in 2000. Article 179 of the Treaty on the Functioning of the European Union establishes a clear legal basis for the creation of a European Research Area (ERA). The ERA reform agenda focuses on the following 5 priorities: More effective national research systems. Optimal transnational cooperation and competition (on common research agendas, grand challenges and infrastructures). An open labour market for researchers (removing barriers to international mobility, open recruitment, innovative doctoral training, Human Resources Strategies in line with the European Charter & Code for Researchers, mobility between industry and academia). Gender equality and gender mainstreaming in research (encouraging gender diversity to foster science excellence and relevance). Optimal circulation and transfer of scientific knowledge (to guarantee access to and uptake of knowledge by all). The ERA
Progress Report, monitors progress in all EU countries and associated countries every 2 years. Information about and results of EU-funded research projects is available in CORDIS (Community Research and Development Information Service), a public repository and portal, originally set up in 1990 by the European Commission. It is funded by the Horizon 2020 Framework Programme for Research and Technological Development.

Following the 2008 global financial crisis, a High Level Group chaired by Jacques de Larosière, examined how the EU’s supervisory arrangements could be strengthened both to better protect its citizens and to rebuild trust in the financial system. It concluded that supervisory arrangements should focus both on individual firms (e.g. banks & insurance companies), and on the stability of the financial system as a whole. As a result, the European System of Financial Supervision (ESFS) was established. It comprises 3 European supervisory authorities, the European Systemic Risk Board (ESRB), the Joint Committee of the European Supervisory Authorities and the national supervisory authorities. The European Securities and Markets Authority (ESMA) is one of the 3 European supervisory authorities established in January 2011. It is an independent EU authority based in Paris. ESMA seeks to safeguard the stability of the EU’s financial system by ensuring the integrity, transparency, efficiency and orderly functioning of securities markets, as well as enhancing investor protection. The other European supervisory authorities are: the European Banking Authority (EBA); and the European Insurance and Occupational Pensions Authority (EIOPA).
At the 1996 NATO ministerial meeting in Berlin, it was agreed to develop a European Security and Defence Identity (ESDI). The essential element of the development of this ESDI was the preparation of Western European Union (WEU) operations with the involvement of WEU and NATO based on identification within the Alliance of separable but not separate capabilities, assets and support assets and elaboration of appropriate multinational European command within NATO in order to prepare, support, command and conduct WEU-led operations.

The European Semester is an annual cycle of economic and budgetary policy coordination in the EU in which guidance is provided to EU countries before they take policy decisions at national level. The guidance is provided in the context of the Stability and Growth Pact and the Macroeconomic Imbalances Procedure. The European Semester also serves to implement the Europe 2020 strategy. It runs as follows: In late autumn, the European Commission publishes its Annual Growth Survey which outlines general economic priorities for the EU for the coming year. The Annual Growth Survey is debated by the other institutions and feeds the discussion leading up to the spring European Council. In April, EU countries present national programmes. Based on a comprehensive assessment of the economic situation in each country, the Commission then proposes country-specific policy recommendations for each one. The recommendations are discussed in the Council and endorsed by the June European Council, before being finally adopted by the Council. EU countries are expected to reflect the
recommendations in their budgetary and policy plans for the subsequent year and to implement them in the coming 12 months.

**European Social Fund (ESF)**

The European Social Fund (ESF) is one of the EU’s 5 Structural and Investment Funds and serves as one of its main tools to promote jobs & social inclusion, fight poverty and promote education, training & the acquisition of life-long skills. The ESF has existed since the original 1957 treaty (Treaty of Rome) setting up the then European Economic Community. It now has its legal basis in the Treaty on the Functioning of the European Union (Articles 162-164, 174, 175, 177 & 178). For the 2014-2020 period, with an overall budget of €74 billion, the ESF co-funds national or regional operational programmes which run for the 7-year duration (Regulation (EU) No 1303/2013). These programmes are developed by EU countries themselves and then approved by a Commission decision.

**European Supervisory Authorities (ESAs)**

Following the 2008 global financial crisis, a High Level Group chaired by Jacques de Larosière, examined how the EU’s supervisory arrangements could be strengthened both to better protect its citizens and to rebuild trust in the financial system. The Group concluded that supervisory arrangements should focus both on individual firms (e.g. banks & insurance companies), and on the stability of the financial system as a whole. As a result, in January 2011, the European System of Financial Supervision (ESFS) was established. It comprises 3 European supervisory authorities, the European Systemic Risk Board (ESRB), the Joint Committee of the European Supervisory Authorities and the national supervisory
authorities. The 3 European supervisory authorities are: the European Banking Authority; the European Insurance and Occupational Pensions Authority; and the European Securities and Markets Authority. European Systemic Risk Board (ESRB). The European Systemic Risk Board (ESRB) is part of the European System of Financial Supervision (ESFS) whose aim is to ensure supervision of the EU’s financial system. It was set up on the recommendation of a High Level Group which, following the 2008 financial crisis, examined how the EU’s supervisory arrangements could be strengthened both to better protect its citizens and to rebuild trust in the financial system. The High Level Group concluded that supervisory arrangements, while focusing on individual firms (e.g. banks and insurance companies), should also monitor the stability of the financial system as a whole. The ESRB is an independent EU body responsible for the macro-prudential oversight of the financial system within the EU. Its mission is to contribute to preventing or mitigating systemic risks to the EU’s financial stability that arise from developments within the financial system. It started work in December 2010. It is based in Frankfurt am Main and its Secretariat is provided by the European Central Bank (ECB).

**European System of Central Banks**

The European System of Central Banks comprises the European Central Bank and the national central banks of all 28 European Union countries.

**European Union**

The European Union (EU) was established with the Treaties of Rome in 1958. Since then, it has evolved through a long history of successive
Treaty reforms. The EU is both a political project and a form of legal organisation. It is a political project that reflects the will of the EU countries to create 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 (Article 1 of the Treaty on European Union). To achieve this, the EU has a number of objectives: to promote peace, its values and the well-being of its peoples; to offer European citizens an area of freedom, security and justice without borders; to establish an internal market which ensures the sustainable development based on balanced economic growth and price stability, a highly competitive social market economy aiming at full employment, social progress, protection of the environment and promoting scientific advance; to combat social exclusion and discrimination and to promote equality between women and men, solidarity between generations and the rights of the child; to ensure economic, social and territorial cohesion between EU countries; to respect the cultural and linguistic diversity of EU countries and to protect European cultural heritage; to establish an economic and monetary union whose currency is the euro; to act in accordance with its values and international law in its relations with the wider world to ensure peace, security, sustainable development, development of people, and the protection of human rights. The EU is founded on values: respect for human dignity, liberty, democracy, equality, the rule of law and human rights. It is recognisable by its symbols: a flag (twelve stars on a blue background), an anthem (Ludwig van Beethoven’s ‘Ode to Joy’), a motto (‘United in diversity’), a currency (the euro) and a Europe
Day (9 May). The EU is a form of legal organisation founded on the Treaty on European Union and the Treaty on the Functioning of the EU. EU countries confer competences on the EU to attain objectives that they have in common. The ‘Community method’ applies to all policies coming under the EU’s responsibility, with the exception of: police and judicial cooperation on criminal matters where EU countries have a right of initiative and a right of appeal to the European Council on legislative matters; the common foreign and security policy where the intergovernmental method prevails. It has a single institutional framework (consisting of the European Parliament, the European Council, the Council, the European Commission, the Court of Justice, the European Central Bank and the Court of Auditors). Furthermore, the Treaty of Lisbon confers legal personality on the EU.

**European Union hierarchy of norms**

European Union law is based on primary legislation and secondary legislation. Primary legislation is made of the Treaties, general principles established by the Court of Justice of the European Union (CJEU) and international agreements. Secondary legislation is made of all the acts which enable the EU to exercise its powers. With the entry into force of the Treaty of Lisbon and the abolition of the former ‘pillar’ structure, the majority of European policies are subject to the Community method with the exception of the Common Foreign and Security Policy (CFSP). Only acts covered by Article 288 of the Treaty on the Functioning of the EU (TFEU) may be adopted. This includes regulations, directives, decisions, recommendations and opinions. In the majority
of cases, the Treaties detail the type of act which should be used. In those cases where it does not, Article 296 of the TFEU permits the institutions to choose the type of act to be adopted on a case-by-case basis. The Treaty on the Functioning of the European Union (TFEU) also introduces a hierarchy of norms within the secondary legislation. It establishes a distinction between: legislative acts (Article 289 TFEU). These are legal acts adopted by an ordinary or special legislative procedure; delegated acts (Article 290 TFEU). These are non-legislative acts of general application which supplement or amend certain non-essential elements of the legislative act. The power to adopt this type of act may be delegated to the Commission by the European Parliament or the Council; implementing acts (Article 291 TFEU). These acts are generally adopted by the Commission, which is conferred with implementing powers; in certain cases the Council may also be called upon to adopt implementing acts.

European Union agencies

European Union (EU) agencies are bodies set up by the EU to carry out specific technical, scientific or administrative tasks. They are divided into 4 groups: Decentralised agencies carry out technical, scientific or managerial tasks that help the EU institutions make and implement policies. They are set up for an indefinite period and are located across the EU. Executive agencies help the European Commission manage EU programmes. They are set up for a fixed period and must be based in the same location as the Commission (either Brussels or Luxembourg). European Atomic Energy Community Treaty (EURATOM) agencies were created to coordinate national
nuclear research programmes for peaceful purposes; to provide knowledge, infrastructure and funding for nuclear energy; and to ensure sufficient and secure supplies of nuclear energy. European Institute of Innovation and Technology (EIT), an independent EU body which seeks to promote Europe’s ability to develop new technologies, by pooling its best scientific, business and education resources. It is located in Hungary.

**Europol (European Police Office)**

Europol is an agency that seeks to create a safer Europe by improving cooperation between EU countries’ police authorities and law enforcement services. Its mission is to help EU countries to prevent and combat international crime and terrorism. It is based in The Hague (Netherlands). The Treaty provisions on Europol fall under the Treaty on the Functioning of the European Union (Article 88, Title V – Area of freedom, security and justice). Europol’s goals are to: support law enforcement authorities by facilitating exchanges of information, providing criminal analyses, as well as helping and coordinating cross border operations; become the EU’s criminal information hub by identifying common information gaps and investigation priorities; develop further as an EU centre for law enforcement expertise by pioneering new techniques, as well as facilitating knowledge sharing and quality training in specialist areas like terrorism, drugs and euro counterfeiting.

**Eurosystem**

The Eurosystem is the central banking system of the euro area. It consists of the European Central Bank (ECB) and the euro area national central banks. The Eurosystem conducts the
monetary policy of the euro area with the primary objective of maintaining price stability, i.e. to safeguard the value of the euro.

**Excessive imbalance procedure**

The excessive imbalance procedure is the corrective arm of the EU’s macroeconomic imbalance procedure (MIP). The MIP is a key element in the EU’s reformed economic governance framework brought into being following the 2008 financial crisis. The procedure is designed to: identify potential risks at an early stage (an alert mechanism), prevent the emergence of harmful macroeconomic imbalances, and correct any imbalances that are already in place. If the alert mechanism identifies concerns over a country’s macroeconomic imbalances, the European Commission and the Council can adopt preventive country-specific recommendations. In more serious cases, the excessive imbalance procedure may be triggered. The country which is found to experience excessive imbalances has to submit an action plan with clear milestones and deadlines for implementing corrective action in line with the recommendations. The Commission closely monitors its progress. Sanctions of up to 0.1% of the country’s gross domestic product (GDP) may be imposed by the Council, in the event that a euro area country repeatedly fails to take the agreed measures or if its corrective action plan is insufficient.

**Exclusive rights**

These are rights that are granted by a Member State to one undertaking through any legislative, regulatory or administrative instrument, reserving it the right to provide a service or undertake an activity within a given geographical area.
**Fight against drugs**

The EU’s drugs policy involves various activities, focusing both on public health and law enforcement. The legal bases for EU action are Article 83(1) of the Treaty on the Functioning of the European Union (TFEU), on police and judicial cooperation in criminal matters and Article 168 of the TFEU, which stipulates that the EU should complement EU countries’ action in reducing drugs-related health damage, including information and prevention. EU legislation on drug-related issues concerns, in particular, drug trafficking and new drugs. The Framework Decision 2004/757/JHA provides an EU definition of drug trafficking offences and establishes minimum rules on sanctions, while the Council Decision 2005/387/JHA on new psychoactive substances set up a system to exchange information on new drugs, to assess their risks and subject to control those new drugs that are harmful. In September 2013, the European Commission presented legislative proposals to revise the existing legislation on new drugs, to enable the EU to address this growing problem in a more effective way. The proposals are currently under negotiation.

**Fight against fraud**

The fight against fraud and corruption is based on Article 325 of the Treaty on the Functioning of the European Union (TFEU), requiring the Council and the European Parliament to adopt the necessary measures in the fight against fraud affecting the financial interests of the EU. The European Anti-fraud Office (OLAF), created in 1999, is charged with fighting fraud affecting the EU budget, as well as corruption and misconduct within the EU institutions.
On the basis of Part Three, Title V, Chapters 4 and 5 of the TFEU, which deal with police and judicial cooperation in criminal matters, Eurojust and Europol have the power to support EU countries in the fight against fraud and corruption. In 2013, the Commission introduced a proposal to establish a European Public Prosecutor’s Office, under Article 86 TFEU, to investigate and prosecute crimes affecting the EU budget. Previously, in 2012, the Commission proposed a Directive to fight against fraud to the Union’s financial interests by means of criminal law. It will further clarify, harmonise and strengthen EU countries’ criminal law as regards offences related to the EU budget in order to improve protection of tax payers’ money.

**Fight against organised crime**

EU policy seeks to combat organised crime. Whilst operational activities, such as prosecuting criminals, remain the responsibility of EU countries, the EU’s objective is to assist in fighting organised crime more effectively. EU action is based on various tools, such as the gathering of reliable crime statistics and establishing networks for exchanging information and best practice. The EU is assisted by its specialised agencies, such as Europol, Eurojust and CEPOL. The Internal Security Fund (ISF), set up for the period 2014-20 promotes the implementation of the Internal Security Strategy, and is composed of 2 instruments: ISF Borders and ISF Police. ISF Police will support actions related to combating cross-border, serious and organised crime, and reinforce cooperation between law enforcement authorities. The budget allocation for the implementation of the programme 2014-2020 is set at €1.004 billion.
**Fight against terrorism**

The EU’s efforts to combat terrorism fall under police and judicial cooperation in criminal matters, i.e. Title V of the Treaty on the Functioning of the European Union (TFEU). Article 83 of the Treaty refers specifically to terrorism as a serious crime. Article 222 of the TFEU provides for a solidarity clause. This allows for joint action on the part of EU countries when 1 of them is the object of a terrorist attack. The EU has specific laws concerning terrorist organisations, their members and operations. These include one on a joint EU list of persons whose terrorist assets must be confiscated. In 2015, the EU will present a new Internal Security Strategy to step up the EU’s response to common threats, such as terrorism. Work is also under way to assess the main issues to be tackled in the coming years when the Stockholm Programme on EU priorities for the area of justice, freedom and security comes to an end in December 2014. The EU’s Internal Security Fund (2014-2020) (ISF-Police) includes finance for actions relating to fighting serious and organised crime, including terrorism.

**Food safety**

EU food safety policy was reformed in the early 2000s following several human food and animal feed crises, such as bovine spongiform encephalopathy (BSE). The EU seeks to ensure: food and animal feed are safe and nutritious; there are high standards of animal health and welfare, as well as of plant protection (e.g. safe use of pesticides); information is clear about the content (e.g. additives or preservatives), origin (traceability) and use of food (e.g. special diets). EU food safety policy is mainly governed by Articles 168 (public health) and
169 (consumer protection) of the Treaty on the Functioning of the European Union. EU law covers the entire food chain – ‘from farm to fork’ – using an integrated approach. This addresses aspects ranging from labelling through packaging to hygiene. Decisions in the field are based on independent, sound scientific advice given by the European Food Safety Authority (EFSA). The Food and Veterinary Office conducts on-the-spot inspections both in and outside the EU. The EU has a rapid early warning system – RASFF – to protect people from non-compliant food.

**Free movement of capital**

Free movement of capital is at the heart of the Single Market and is one of its ‘four freedoms’. It enables integrated, open, competitive and efficient European financial markets and services – which bring many advantages to us all.

**Free movement of goods**

The free movement of goods, the first of the four fundamental freedoms of the internal market, is secured through the elimination of customs duties and quantitative restrictions, and the prohibition of measures having an equivalent effect. The principles of mutual recognition, elimination of physical and technical barriers, and promotion of standardisation were added in order to continue the completion of the internal market. The adoption of the New Legislative Framework (NLF) in 2008 significantly strengthened product marketing rules, the free movement of goods, the EU’s market surveillance system and the CE mark. The mutual recognition principle was also consolidated, and applies to a wide range of products not covered by EU harmonisation.
**Free movement of persons**

Freedom of movement and residence for persons in the EU is the cornerstone of Union citizenship, which was established by the Treaty of Maastricht in 1992. Its practical implementation in EU law, however, has not been straightforward. It first involved the gradual phasing-out of internal borders under the Schengen agreements, initially in just a handful of Member States. Today, the provisions governing the free movement of persons are laid down in Directive 2004/38/EC on the right of EU citizens and their family members to move and reside freely within the territory of the Member States, although substantial implementation obstacles persist.

**Free movement of persons, asylum and immigration**

Title V of the Treaty on the Functioning of the European Union (Articles 67-89, TFEU) is devoted to the EU’s area of freedom, security and justice (AFSJ). This is an area 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. It therefore comprises: policies on border checks, asylum and immigration; judicial cooperation in civil matters; judicial cooperation in criminal matters; and police cooperation. Most EU legislative proposals in this field are now adopted under the ordinary legislative procedure. Article 12 of the Treaty on European Union allows the national parliaments of EU countries 8 weeks to examine a given legislative proposal in the light of the subsidiarity principle. Until those 8 weeks have elapsed, no decision can be taken at EU level on that proposal. As regards the AFSJ, if a quarter of the national parliaments so request,
a proposal must be reviewed (Article 7(2) of Protocol No 2).

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<td>Article 56 of the Treaty on the functioning of the EU (ex Article 49 TEC) states that restrictions on &quot;freedom to provide services&quot; within the Union are prohibited in respect of nationals of Member States who are established in a State other than that of the person for whom the services are intended. Any discrimination concerning the provision of services on the basis of nationality is prohibited directly by this Article (without the need of specific European legislation). Under Article 57 of the TFEU (ex Article 50 TEC), services shall be considered as such 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. This Article specifies, however, that the provisions on the free movement of services cover all activities of an industrial or commercial character or of craftsmen and the activities of the professions.</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th><strong>Free port</strong></th>
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<tbody>
<tr>
<td>A port or an area of a port in which imported goods can be held or processed free of customs duties before reexport.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Free price</strong></th>
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<tbody>
<tr>
<td>A price determined purely by the forces of supply and demand without interference from an outside source, such as a government. This concept assumes that markets are efficient, which is not always true in practice.</td>
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</table>

<table>
<thead>
<tr>
<th><strong>Free Riding</strong></th>
</tr>
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<tbody>
<tr>
<td>An illegal practice in which an underwriting syndicate member withholds part of a new securities issue and later sells it at a higher price.</td>
</tr>
</tbody>
</table>
**Free trade area**

An arrangement that provides for the removal of all tariff and quantitative restrictions are abolished, but each country retains its own tariff policy against third countries. In other words, while committing themselves to free trade vis-à-vis each other, the individual members of a free trade area may pursue either liberal or restrictive policies in their relations with non-members.

**Free zone**

An area within a country where imported goods can be stored or processed without being subject to import duty. Also called a "free zone," "free port," or "bonded warehouse."

**Free-at-frontier price**

In international trade, a contract specification requiring the seller to deliver goods to a named destination, usually a border location, by a predetermined time. Up to the border, the seller is responsible for all risks and expenses associated with the delivery.

**Freedom and security**

The creation of an area of freedom, security and justice (AFSJ) is one of the objectives of the European Union (EU). It is based on Article 3 of the Treaty on European Union (TEU) and on Article 67 of the Treaty on the Functioning of the European Union. In this area with no internal borders, citizens can move about freely. The AFSJ also includes measures in respect to external border controls, asylum and immigration, as well as in regard to preventing and fighting crime. The legally binding EU’s Charter of Fundamental Rights consolidates all the fundamental rights applicable at the European Union (EU) level. In addition to protecting civil and political rights, it covers workers’ social rights, data protection, bioethics and the right to good administration. Policy and
legislation under the EU’s freedom and security policy embrace a wide range of important themes including: citizens’ free movement throughout the EU with no border checks at internal borders – Schengen Agreement; a common asylum and immigration policy; border controls at external borders based on solidarity between EU countries and what is equitable in regard to non-EU citizens. The EU aims to ensure a high level of safety for its citizens. It seeks to achieve this by measures to prevent crime, racism and xenophobia, as well as by measures to promote coordination and cooperation between police (Europol) and judicial (Eurojust) authorities. EU police cooperation is developing. This involves EU countries’ competent authorities such as police forces, customs and other services specialised in areas such as crime prevention, detection or investigation. In March 2014, the European Commission adopted a communication entitled ‘The EU Justice Agenda for 2020 – Strengthening Trust, Mobility and Growth within the Union’. This outlines its vision for the future of EU justice policy.

Galileo

Galileo is the EU programme aiming to deploy and operate the first global satellite navigation and positioning system (providing navigation, time and location data) operated under civilian control, which can be used by a variety of public and private actors in Europe and worldwide. Galileo has been designed to function independently of other existing systems. However, it is interoperable or compatible with some of them, which allows manufacturers to develop terminals that work
with more than 1 system. The Galileo infrastructure will consist of a constellation of satellites and a global network of ground stations. The signals emitted by the system will be used to offer services which can be used in a large variety of markets such as transport (road, aviation, maritime, rail), agriculture, mapping and surveying, and search-and-rescue operations. Furthermore, location-based services and timing services provide interesting opportunities for many sectors including network-related ones like energy and telecommunications. Galileo is expected to be fully deployed and operational in 2020.

**GATS**

The General Agreement on Trade in Services (GATS) came into force in 1995 and constitutes the legal framework through which World Trade Organization (WTO) Members progressively liberalize trade in services, including health-related services. GATS allows WTO Members to choose which service sectors to open up to trade and foreign competition. To date, only 50 WTO Members have made some type of commitment on health services under GATS, much less than in financial services (100 Members). Liberalization of financial services may have implications for health systems through its impact on health insurance.

**GATT**

Set of multilateral trade agreements aimed at the abolition of quotas and the reduction of tariff duties among the contracting nations. GATT’s most important principle was that of trade without discrimination, in which each member nation opened its markets equally to every other. As embodied in unconditional most-favoured nation clauses, this meant that once a country
and its largest trading partners had agreed to reduce a tariff, that tariff cut was automatically extended to every other GATT member. GATT included a long schedule of specific tariff concessions for each contracting nation, representing tariff rates that each country had agreed to extend to others. Another fundamental principle was that of protection through tariffs rather than through import quotas or other quantitative trade restrictions; GATT systematically sought to eliminate the latter. Other general rules included uniform customs regulations and the obligation of each contracting nation to negotiate for tariff cuts upon the request of another. An escape clause allowed contracting countries to alter agreements if their domestic producers suffered excessive losses as a result of trade concessions.

**General Court**

The General Court, together with the Court of Justice and the Civil Service Tribunal, form the Court of Justice of the European Union whose aim is to ensure the uniform interpretation of EU law. Decisions of the General Court can be appealed to the Court of Justice, but only on a point of law. Prior to the coming into force of the Lisbon Treaty on 1 December 2009, it was known as the Court of First Instance. The Court is responsible for dealing with: cases lodged by natural and legal persons against acts by Union institutions, and bodies; cases lodged by EU countries against certain decisions of the Commission or the Council; cases relating to the Community trade mark; appeals against decisions by the EU Civil Service Tribunal. The General Court is composed of 28 judges. The judges are appointed for a renewable term of 6 years by common accord of the governments of EU countries.
**General-interest services**

The services of general interest indicate "market" and "non-market" activities, considered to be of general interest by the public authorities, and subjected for this reason to specific public service obligations. Article 106 of the Treaty on the functioning of the EU (ex Article 86 TEC) states that undertakings entrusted with the operation of (market) services of general economic interest are 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 of the particular tasks assigned to them (postal, telecommunications, transport, electricity, broadcasting, etc.). A Commission Decision sets out the conditions under which State aid in the form of public service compensation granted to certain undertakings entrusted with the operation of services of general economic interest is compatible with the internal market [Decision 2012/21 and communications from the Commission].

**Genetically modified organisms (GMO)**

Organism whose genome has been engineered in the laboratory in order to favour the expression of desired physiological traits or the production of desired biological products. In conventional livestock production, crop farming, and even pet breeding, it has long been the practice to breed select individuals of a species in order to produce offspring that have desirable traits. In genetic modification, however, recombinant genetic technologies are employed to produce organisms whose genomes have been precisely altered at the molecular level, usually by the inclusion of genes from unrelated species of organisms that code for traits that would not be obtained easily.
through conventional selective breeding. GMOs are organisms whose genetic material (DNA) has been altered not by reproduction and/or natural recombination but by the introduction of a modified gene or a gene from another variety or species. EU legislation on GMOs seeks to: protect human life, health and welfare; protect the environment; defend consumer interests; ensure that the EU’s single market works effectively. It deals with the use, dissemination, marketing, labelling and traceability of GMOs both in food and in animal feed. There are common procedures for risk assessment and authorisation which are carried out by the European Food Safety Authority. Current EU legislation on GMOs offers limited scope to EU countries to decide on GMO cultivation on their territory. In 2009, 13 of them called for more flexibility in this regard. The Commission issued proposals and in June 2014, the European Council reached political agreement on allowing EU countries to restrict or ban GMO cultivation on their territory.

*Geneva Act of the Hague Agreement Concerning the International Registration of Industrial Designs Adopted by the Diplomatic Conference*

The Hague Agreement governs the international registration of industrial designs. First adopted in 1925, the Agreement effectively establishes an international system – the Hague System – that allows industrial designs to be protected in multiple countries or regions with minimal formalities. 3.2 The Geneva Act is made by revising and developing the Hague Agreement. The main points of the revision are briefly stated below. For further details, please refer to the new Act and Regulations.

*Geographical Indication (GI)*

A geographical indication is a distinctive sign used to identify a product as originating in the territory of a particular country, region or
locality where its quality, reputation or other characteristic is linked to its geographical origin.

Three EU schemes known as PDO (protected designation of origin), PGI (protected geographical indication) and TSG (traditional speciality guaranteed) promote and protect names of quality agricultural products and foodstuffs. The following EU schemes encourage diverse agricultural production, protect product names from misuse and imitation and help consumers by giving them information concerning the specific character of the products:

Protected Designation of Origin: covers agricultural products and foodstuffs which are produced, processed and prepared in a given geographical area using recognised know-how.

Protected Geographical Indication: covers agricultural products and foodstuffs closely linked to the geographical area. At least one of the stages of production, processing or preparation takes place in the area.

Traditional Speciality Guaranteed: highlights traditional character, either in the composition or means of production.

Globalisation refers to the phenomenon of the opening up of economies and borders. It results from the increase in trade and capital movements, the movement of people and ideas, spread of information, knowledge and technology and from a process of deregulation. This process, both geographic and sectorial, is not recent but has been accelerating over the past 2 decades. While globalisation is the source of many opportunities, it is also one of the greatest challenges that the EU faces today.
These challenges are among the many addressed in the Europe 2020 strategy. This 10-year growth strategy seeks to ensure that the EU becomes a smart, sustainable and inclusive economy by 2020. In 2006, the EU created the European Globalisation Adjustment Fund. This assists workers who lose their jobs due to the relocation of production outside the EU or as a result of the global financial and economic crisis. It can cover aspects such as training, careers advice and assistance to find a job.

**Go public**

The process of selling shares that were formerly privately held to new investors for the first time. Otherwise known as an initial public offering (IPO).

**Going Concern**

A term for a company that has the resources needed in order to continue to operate indefinitely. If a company is not a going concern, it means the company has gone bankrupt.

**Good standing**

A corporation actually exists, has paid all its statutory dues, has met all filing requirements and, therefore, is authorized to transact business in that state. Also called certificate of authorization or certificate of existence.

**Goodwill**

An intangible asset that arises as a result of the acquisition of one company by another for a premium value. The value of a company’s brand name, solid customer base, good customer relations, good employee relations and any patents or proprietary technology represent goodwill. Goodwill is considered an intangible asset because it is not a physical asset like buildings or equipment. The goodwill account can be found in the assets portion of a company’s balance sheet.
**Green Paper**

Green Papers are documents published by the European Commission to stimulate discussion on given topics at European level. They invite the relevant parties (bodies or individuals) to participate in a consultation process and debate on the basis of the proposals they put forward. Green Papers may give rise to legislative developments that are then outlined in White Papers. Examples of recent Green Papers include: Mobile health (‘mHealth’) (2014); Preparing for a Fully Converged Audiovisual World; Growth, Creation and Values (2013); A 2030 framework for climate and energy policies (2013); On a European Strategy on Plastic Waste in the Environment (2013); and Building a Capital Markets Union (2015).

**Guidelines**

is a statement by which to determine a course of action.

**H**

**Harmonisation of prices**

A price stability and inflation indicator used by the European Central Bank, assembled using methods harmonized across all countries in the European Union. The European Central Bank uses the Harmonised Index of Consumer Prices to assess when changes to short term interest rates are needed to adjust inflation levels in European economies.

**Harmonisation of standards**

A harmonised standard is a European standard developed by a recognised European Standards Organisation: CEN, CENELEC, or ETSI. It is created following a request from the European Commission to one of these organisations. Manufacturers, other economic operators, or conformity assessment bodies can use
harmonised standards to demonstrate that products, services, or processes comply with relevant EU legislation.

Hidden unemployment

Exists where part of the labor force is either left without work or is working in a redundant manner where worker productivity is essentially zero. An economy demonstrates disguised unemployment where productivity is low and where too many workers are filling too few jobs.

High Representative of the Union for Foreign Affairs and Security Policy

The post of the High Representative for the Common Foreign and Security Policy was originally created under the Amsterdam Treaty. The first holder was Javier Solana, Secretary General of the Council of the European Union. The Lisbon Treaty maintains the function of the High Representative for Foreign Affairs and Security Policy. Federica Mogherini was appointed to the post for the 2014-2020 period. She succeeds Catherine Ashton who held the post between 2009 and 2014. The High Representative conducts the Common Foreign and Security Policy, including the Common Security Defence policy, presides over the Foreign Affairs Council and is one of the vice-presidents of the European Commission. She ensures the consistency of the EU’s external action. She is in charge, within the Commission, of responsibilities incumbent to her mission in external relations and of coordinating other aspects of the EU’s external action. The High Representative is appointed by the European Council acting by a qualified majority, with the agreement of the President of the Commission for a mandate of 5 years. In carrying out her mission, the High Representative is supported by the European External Action Service. This
Service works in cooperation with EU countries’ diplomatic services. It comprises officials and agents from the EU, as well as personnel seconded from national diplomatic services.

**Highway code**

is a set of information, advice, guides and mandatory rules for all road users in the United Kingdom.

**Holding company**

A parent corporation, limited liability company or limited partnership that owns enough voting stock in another company to control its policies and management. A holding company exists for the sole purpose of controlling another company, which might also be a corporation, limited partnership or limited liability company, rather than for the purpose of producing its own goods or services. Holding companies also exist for the purpose of owning property such as real estate, patents, trademarks, stocks and other assets. If a business is 100% owned by a holding company, it is called a wholly owned subsidiary.

**Holdover Tenancy**

A renter who remains in a property after the expiration of the lease. If the landlord continues to accept rent payments, the holdover tenant can continue to legally occupy the property. State laws and court rulings determine how long the holdover tenant’s new rental term is if the landlord accepts rent. If the landlord does not accept further rent payments, the tenant is considered to be trespassing if he does not promptly move out, and eviction may be necessary to force the tenant to leave.

**Horizon 2020**

Horizon 2020 (H2020) is the European Union’s multiannual research and innovation programme, which, with a budget of close to €80 billion available from the EU budget, runs
for the period 2014-20. This common strategic framework for the EU’s funding of excellent research and innovation is expected to attract additional investment from the private and public sector. H2020 follows on from the seventh framework programme for research and technological development and demonstration activities, which ran for the 2007-2013 period. It is designed to maximise EU added value and impact, focusing on objectives and activities that cannot be efficiently achieved by EU countries acting alone. It supports the implementation of the innovation union, one of the flagship initiatives of the Europe 2020 strategy, which aims, among other things, at securing Europe’s competitiveness. Lastly, H2020 is complemented by measures to support the achievement and functioning of the European research area.

**Horizontal agreement**

Horizontal Agreement is an agreement for cooperation between two or more competing businesses operating at the same level in the market. This is generally to develop a healthy relationship between competitors. The substantial clauses of the agreement may include policies regarding pricing, production and distribution. The Agreement may also discuss sharing of information regarding the products and the market. Horizontal agreements can prompt violations of antitrust laws because these agreements may include clauses which restrict competition.

**Human rights**

The term ‘fundamental rights’ is used in a constitutional context in the European Union to express the concept of ‘human rights’ which is the term used in international law. Respect for human rights and dignity is one of
the EU’s core values. Together with the principles of freedom, democracy, equality and the rule of law, it guides EU action both within and beyond its borders. Action in this field mainly focuses on: fighting discrimination, racism and xenophobia; protecting vulnerable groups, such as children, women and minorities. The Charter of Fundamental Rights brings together in a single document the fundamental rights protected in the EU. It applies to the EU institutions, subject to the principle of subsidiarity, and cannot extend the powers and tasks conferred upon them by the treaties. It also applies to EU countries when they implement EU law. Based on the Council of Europe Convention on Human Rights, and originally proclaimed in 2000, the Charter became legally binding on the EU with the entry into force of the Treaty of Lisbon, in December 2009.

**Humanitarian aid**

The European Union and the 28 EU countries represent the world’s leading humanitarian aid donor. The European Commission’s Directorate-General for Humanitarian Aid and Civil Protection (ECHO) aims to save and preserve life, prevent and alleviate human suffering and safeguard the integrity and dignity of populations outside the EU affected by natural disasters and man-made crises. Its mandate also covers risk reduction and disaster preparedness. ECHO’s actions are needs-based and conducted in compliance with international law and with the international humanitarian principles (humanity, impartiality, neutrality and independence) which are enshrined in the European Consensus on Humanitarian Aid. EU-funded aid is carried out in partnerships with international organisations (such as United Nations agencies or the international
component of the Red Cross-Red Crescent movement), humanitarian non-governmental organisations or specialised agencies of EU countries. Aid covers areas such as food and nutrition, shelter, health, water and sanitation. Article 214 of the Treaty on the Functioning of the EU created the basis for a European Voluntary Humanitarian Aid Corps, which provides opportunities for volunteers to engage in humanitarian aid.

I

**Important project in the common European interest or in the common interest of the Parties**

A project is important and in the common European interest or in the common interest of the Parties only if

(i) the aid concerns a project which is clearly defined regarding the terms of its implementation including its participants as well as its objectives;

(ii) the project must be in the common European interest in the sense that the advantage achieved by the objective of the project must not be limited to one Member State or the Member States implementing it, but must extend to the EU as a whole or,

it must be in the common interest of the Parties, in the sense that the advantage achieved by the objective of the project must extend to both Parties;

(iii) the project must be of great importance with respect to its character and its volume: it must be a meaningful project with regard to its objectives and a project of a substantial size.

**Information society**

The term ‘information society’ describes a society where a significant degree of activity
focuses on the creation, distribution, use and reuse of information. This activity takes place by means of what are known as information and communication technologies (ICTs). The use of ICTs, the growth of the internet and the opening up of telecommunications markets have revolutionised Europeans’ daily lives over the last 25 years. They offer opportunities like teleworking, ehealth and elearning to name but a few. There are, however, also some downsides to the information society. Steps need to tackle new forms of crime, such as cyber crime, as well as data protection and intellectual property violations. What is known as the digital divide also needs to be addressed: those who are equipped to participate in the information society and those who are not. The Digital Agenda, one of the flagships of the Europe 2020 strategy to deliver smart sustainable and inclusive growth, aims to help EU citizens and business to get the most out of the digital revolution.

Institutional balance

The principle of institutional balance in the EU implies that each of its institutions has to act in accordance with the powers conferred on it by the Treaties, in accordance with the division of powers. The principle derives from a 1958 judgment by the Court of Justice (the Meroni judgment) and prohibits any encroachment by one institution on the powers of another. It is the responsibility of the Court of Justice of the European Union to ensure that this principle is respected. Put at its simplest, this refers to the relationship between the three main EU institutions: the European Parliament, the Council of the European Union and the European Commission. The dynamics between these bodies have evolved considerably over
the years with the adoption of new treaties. The competences of the European Parliament, in particular, have expanded, giving it the right of co-decision with the Council (under the ordinary legislative procedure) in the majority of EU policy areas, as well as wider budgetary powers.

**Intellectual Property**

Intellectual Property is intangible property resulting from creations of the mind. It falls into 2 categories: industrial property, such as patents on new inventions, trademarks, designs and models, as well as service brands and protected designations of origin; copyright and related rights, such as music, literature, paintings and sculptures. Intellectual Property rights (IPRs) allow owners – creators as inventors or artists, or any rightsholders – to decide how, when and where their creations are used and/or exploited. The EU adopts legislation on Intellectual Property.

**Internal Security Strategy (ISS)**

The Treaty on the Functioning of the European Union (in particular Article 72), which entered into force in late 2009, along with the EU Charter on Fundamental Rights, laid the foundations for the development of an EU security policy based on the rule of law, respect for fundamental rights and solidarity. Following the adoption of the Stockholm programme (the EU’s programme for justice and home affairs for the period 2010-14), the EU adopted, in 2010, its internal security strategy (ISS). Given that many security challenges (cybercrime, terrorism, illegal immigration and organised crime) are cross-border and cross-sectoral in nature, no single EU country is able to respond effectively to these threats on its own. In addition, the EU needs to improve its resilience
to crises and disasters. The EU’s ISS is thus its joint agenda to use all the resources and expertise available to jointly tackle these challenges. In June 2014, the European Commission published a report assessing the progress made under the ISS and identifying its future priorities for a renewed ISS. The European Commission will adopt a communication on the European agenda on security for 2015-20 in the course of 2015. The Communication will be the basis for the European Parliament and Council to agree on a renewed EU ISS.

Ioannina compromise

The Ioannina compromise takes its name from an informal meeting of EU foreign ministers in the Greek city of Ioannina in late March 1994. At the meeting, the Council adopted a decision concerning the specific question of qualified majority voting in an enlarged 16-member EU. The decision was later adjusted in the light of Norway’s decision not to join. The resulting compromise laid down that if members of the Council representing between 23 votes (the old blocking minority threshold) and 26 votes (the new blocking minority threshold) demonstrated their intention to oppose the taking of a decision by the Council by qualified majority, the Council would do all within its power, within a reasonable space of time, to reach a satisfactory solution that could be adopted by at least 68 votes out of 87. Article 16 of the Treaty on European Union introduces a new definition of the rule of qualified majority which applies from 1 November 2014 onwards. However, between that date and 31 March 2017, it will be possible for each EU country to require the previous weighting rules to be applied. It will also be possible to make the
Ioannina compromise applicable. This will enable countries representing at least three-quarters of the EU’s population or at least three-quarters of the number of EU countries required to constitute a blocking minority, to oppose the vote for an act by the Council by qualified majority in order to try to find a solution within a reasonable space of time. From 1 April 2017, the new rule of qualified majority becomes compulsory. The activating percentage of the Ioannina compromise will be reduced to at least 55% of the EU’s population or at least 55% of the number of EU countries required to constitute a blocking minority.

Joint undertakings

Article 187 of the Treaty on the Functioning of the European Union (TFEU) specifies that the EU may set up joint undertakings (JUs) or any other structure necessary for the efficient execution of EU research, technological development and demonstration programmes. Article 187 TFEU has been used under the EU’s seventh framework programme for research and technological development (FP7) and the Horizon 2020 research framework programmes to set up, in particular, public-private partnership bodies in order to integrate industrial research in specific areas. The members of these JUs are typically the European Union (represented by the European Commission) and, industry-led association(s), as well as other partners. JUs adopt their own research agenda and award funding mainly on the basis of open calls for proposals. Joint technology initiatives joint undertakings (JTI JUs) are a type of JU set up to implement part
of a strategic research agenda of a broader industrial initiative (the JTI) arising primarily from the work of European technology platforms. JU have also been set up under the Euratom Treaty (Articles 45-51).

**Judicial cooperation in civil matters**

In a genuine European area of justice, individuals and businesses should be free to exercise their rights fully. The main objective of judicial cooperation in civil matters is to improve collaboration between EU countries’ authorities in order to eliminate all obstacles stemming from incompatibility between the various judicial and administrative systems (mutual recognition and enforcement of foreign judgments, access to justice and harmonisation of national legislation). In 1993, the Maastricht Treaty included judicial cooperation in civil matters in its Title VI. The Amsterdam Treaty transferred judicial cooperation in civil matters to Title IV of the EC Treaty (Article 65), thus ´communitising` it and including it in the area of freedom, security and justice (AFSJ). The Tampere European Council (October 1999) made the principle of mutual recognition of judgments the true cornerstone of judicial cooperation in both civil and criminal matters within the EU. With the entry into force of the Lisbon Treaty in December 2009, judicial cooperation in civil matters was moved under Title V of the Treaty on the Functioning of the European Union, together with all other aspects of the area of freedom, security and justice. Since then, decisions in this field are taken in accordance with the ordinary legislative procedure, except for issues relating to family law. In 2014, the European Commission presented a communication setting out the political priorities to be pursued to make further
progress towards a fully functioning common European area of justice oriented towards trust, mobility and growth by 2020.

**Justice**

The creation of an area of freedom, security and justice (AFSJ) is one of the objectives of the European Union (EU). It is based on Article 3 of the Treaty on European Union (TEU) and on Article 67 of the Treaty on the Functioning of the European Union. In this area with no internal borders, citizens can move about freely. The AFSJ also includes measures in respect to external border controls, asylum and immigration, as well as in regard to preventing and fighting crime. The legally binding EU’s Charter of Fundamental Rights consolidates all the fundamental rights applicable at the European Union (EU) level. In addition to protecting civil and political rights, it covers workers’ social rights, data protection, bioethics and the right to good administration. The primary aim of the EU’s justice policy is to create an EU-wide area of justice based on mutual cooperation in the fields of both civil and criminal law. This entails building up mutual trust among EU countries’ courts and national administrations and their mutual recognition of judicial decisions. In the area of civil law, the EU has introduced a wide range of measures. These seek to give citizens greater legal certainty and easy and effective access to justice when they are involved in issues of a cross-border nature, such as disputes, divorces, etc. In the EU, where people and goods can move around freely, it is important to establish a European area of justice. To address the challenges posed by crime, the EU has introduced laws that seek to ensure that the rights of victims, suspects and prisoners are safeguarded in cross-border cases.
(such as on mutual legal assistance, the mutual recognition of decisions in criminal cases and the European Arrest Warrant). In both the criminal and civil law areas, measures have been adopted to: simplify procedures enabling national courts to cooperate with their equivalents in other EU countries, train professionals involved in cross-border cases, and develop information and communication technologies (like videoconferencing) in the EU’s justice system (e-Justice). In March 2014, the European Commission adopted a communication entitled ‘The EU Justice Agenda for 2020 – Strengthening Trust, Mobility and Growth within the Union’. This outlines its vision for the future of EU justice policy. For the period 2014-2020, a sum of €377.6 million has been allocated to the EU’s Justice Programme which aims to ensure that EU civil and criminal justice legislation is implemented correctly.

K

Kyoto Protocol

Adopted in December 1997, the Kyoto Protocol to the United Nations Framework Convention on Climate Change (UNFCCC) highlights the international community’s attitude towards the phenomenon of climate change. The Protocol entered into force in 2005. Under the Kyoto’s Protocol first commitment period, the industrialised countries committed to reducing their emissions of 6 greenhouse gases (carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride) by an average of 5% between 2008-2012 compared with 1990 levels. The EU and 15 EU countries -its members at the time Kyoto was adopted -committed to an 8% cut for the bloc as a whole. To bridge
the gap between the end of the 1st Kyoto period in 2012 and the start of the new global agreement in 2020, an amendment to the Kyoto Protocol was adopted at the Doha (Qatar) climate change conference in December 2012. Parties agreed to reduce greenhouse gas (GHG) emissions by at least 18 % below 1990 levels in the 2013-2020 period. The EU, the EU countries and Iceland have agreed to meet a 20 % reduction target to be fulfilled jointly and are on track to do so. Furthermore, the list of GHGs covered by the Protocol was extended to include nitrogen trifluoride. Under the Protocol, parties must meet their targets primarily through national measures. However, the Protocol also offers them additional means to meet their targets by way of 3 market-based mechanisms. The Kyoto mechanisms are: emissions trading between parties which signed the Protocol, joint implementation of projects by these parties, and the clean development mechanism (with parties which did not sign the Protocol). Under the Protocol, parties’ actual emissions are monitored and precise records are kept of the trades carried out. The Commission publishes annually the Kyoto and EU 2020 Progress Report, which provides information about the progress made by the European Union and EU countries towards their greenhouse gas emission targets.

**Language policy**

A real estate owner who rents or leases land or a building to another party, known as a tenant. The landlord will often provide the necessary maintenance or repairs during the rental period, while the tenant is responsible for the cleanliness and general upkeep of the property.
| **Launch vehicle** | In spaceflight, a rocket-powered vehicle used to transport a spacecraft beyond Earth’s atmosphere, either into orbit around Earth or to some other destination in outer space. |
| **Law of succession** | The statutory rules of inheritance of a dead person’s estate when the property is not given by the terms of a will, also called laws of “descent and distribution”. |
| **Law of the sea** | Branch of international law concerned with public order at sea. Much of this law is codified in the United Nations Convention on the Law of the Sea, signed Dec. 10, 1982. The convention, described as a “constitution for the oceans”, represents an attempt to codify international law regarding territorial waters, sea-lanes, and ocean resources. It came into force in 1994 after it had been ratified by the requisite 60 countries; by the early 21st century the convention had been ratified by more than 150 countries. |
| **Lease** | A legal document outlining the terms under which one party agrees to rent property from another party. A lease guarantees the lessee (the renter) use of an asset and guarantees the lessor (the property owner) regular payments from the lessee for a specified number of months or years. Both the lessee and the lessor must uphold the terms of the contract for the lease to remain valid. |
| **Legal personality of the Union** | Article 47 of the Treaty on European Union (TEU) explicitly recognises the legal personality of the European Union, making it an independent entity in its own right. Article 47 of the Treaty on European Union (TEU) explicitly recognises the legal personality of the European Union, making it an independent entity in its |
own right. The conferral of legal personality on the EU means that it has the ability to: conclude and negotiate international agreements in accordance with its external commitments; become a member of international organisations; join international conventions, such as the European Convention on Human Rights, stipulated in Article 6(2) of the TEU.

**M**

**Macro-Economic Cooperation**

The EU’s assistance in the facilitation of the process of economic reform in order to maintain macroeconomic stability, sound public finances and a sustainable balance of payments.

**Madrid Agreement**

The Madrid Agreement Concerning the International Registration of Marks (Madrid Agreement) was adopted in 1891 and entered into force in 1892. The agreement was revised in 1900, 1911, 1925, 1934, 1957 and 1967 and amended in 1979. Any country that is a contracting party to the Paris Convention may join the Madrid Agreement. A national of any party to the Madrid Agreement may secure protection of its trademark through an International Registration (IR). The applicant can file an application directly with its national or regional trademark office, which in turn will forward the application to the International Bureau of WIPO.

**Madrid Protocol**

The Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (Madrid Protocol) was adopted in 1989 and entered into force on December 1, 1995. It was amended in 2006 and 2007. The Madrid Protocol makes the Madrid System more flexible. For instance, it
allows an application for international registration to be based upon a pending trademark application filed in the applicant’s country of origin. Also, if the national application on which the IR is based is refused, withdrawn or cancelled, the IR may be converted into national applications without losing the original filing date or priority date.

**Madrid System**

The Madrid Agreement and the Madrid Protocol constitute the Madrid System, which governs the international registration of trademarks. This system provides a means to seek protection for a trademark in a large number of countries simultaneously. An application for international registration (international application) may be filed only by a natural person or legal entity having a connection—through establishment, domicile or nationality—with a party to the Agreement or a contracting party the Protocol. The Madrid System is administered by the International Bureau of WIPO, which maintains the International Register and publishes the WIPO Gazette of International Marks.

**Measures Equivalent to Quantitive Restrictions (MEQR)**

A group of measures which state use when they are limited in their power to introduce direct discrimination (tariffs, quantitative restrictions). In the case law of the ECJ, the MEQR was defined as measures which are capable of hindering directly or indirectly, actually or potentially, Intra-Community trade (Dassonville, Case 8 / 74).

**Measures to combat money laundering**

Money laundering is the process by which criminals conceal the illegal origin of the resulting property or income. The EU is working to prevent the misuse of the financial
system and to improve cooperation between EU countries so as to fight against money laundering. Its measures are governed by the Treaty on the Functioning of the European Union (TFEU): under Title VII (approximation of laws for the internal market): with the creation of the internal market, rules were implemented throughout the EU in order to effectively prevent money laundering as well as terrorism financing. Financial flows are regulated to ensure that transactions can be fully traced and monitored. Financial and certain non-financial operators must also identify their clients (including beneficial owners of companies and trusts), monitor transactions and reports any suspicions of money laundering to Financial Intelligence Units; under Title V (police and judicial cooperation in criminal matters): here, the focus is on defining offences and on strengthening mutual assistance. EU financial crime rules are mostly based on international standards adopted by the Financial Action Task Force. Proposals made in 2013 seek to update and improve the existing rules on anti-money laundering and information accompanying funds transfers.

**Member States**

A candidate country that meets the accession criteria as defined by the Copenhagen European Council of 1993 and signs the accession Treaty with the individual EU countries becomes a Member State of the European Union. Since 1 July 2013, when Croatia joined the EU, the European Union counts 28 Member States which are: Belgium, Bulgaria, Czech Republic, Denmark, Germany, Estonia, Ireland, Greece, Spain, France, Croatia, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, the Netherlands, Austria, Poland, Portugal,
Romania, Slovenia, Slovakia, Finland, Sweden and the United Kingdom. In the summaries of EU legislation, the term ‘EU countries’ is increasingly used instead of ‘Member States’ (the term which is used in legal acts and documents), in order to make the summaries more understandable.

**Mergers**

A ‘concentration’ is the legal combination of two or more firms by merger or acquisition. Although such operations may have a positive impact on the market, they may also appreciably restrict competition, if they create or strengthen a dominant market player. In order to preclude restrictions of competition, the European Commission exercises control over planned concentrations with an EU dimension (i.e. when the operation extends beyond the borders of an EU country and exceeds certain worldwide and EU-wide turnover thresholds). It may then authorise them subject to conditions or forbid them. In determining whether a concentration is compatible with the common market, the Commission takes account on a case-by-case basis of several factors, such as the concepts of ‘EU dimension’, ‘dominant position’, ‘effective competition’ and ‘relevant market’. The basic criterion used to analyse concentrations is that of a ‘dominant position’. One or more firms are said to hold a dominant position if they have the economic power to influence the parameters of competition, especially prices, production, product quality, distribution and innovation, and to limit competition to an appreciable extent. EU rules for the control of concentrations are found in Regulation (EC) No 139/2004, which entered into force on 1 May 2004.
Monetary policy

Monetary policy concerns the decisions taken by central banks to influence the cost and availability of money in an economy. In the case of the European Central Bank (ECB), the main objective of monetary policy is to maintain price stability, which is defined as year-on-year inflation of below, but close to, 2% over the medium term (as measured by the Harmonised Index of Consumer Prices). The ECB’s most important monetary policy tool is control of the key interest rates. Changes to the key rates affect the interest rates offered by commercial banks for borrowing or depositing money, which influences consumer spending and business investment decisions. If the normal channels for implementing monetary policy are disrupted, central banks (including the ECB) may also adopt non-standard monetary policy measures, such as asset purchase programmes, in order to restore the proper transmission of monetary policy.

Monitoring the application of EU law

Article 17 of the Treaty on European Union (TEU) states that the European Commission is the guardian of the EU treaties. It thus has the task of monitoring the application of EU primary and secondary law and ensuring its uniform application throughout the EU. It gathers information to monitor EU countries’ compliance. Where an EU country fails to comply with EU law, the Commission may send it a ‘letter of formal notice’, which allows the EU country to submit its observations. If the Commission is still of the opinion that the violation of EU rules persists, it sends a reasoned opinion to the EU country. If this opinion remains without effect, the Commission may bring the case before the Court of Justice of the European Union (under
Article 258 of the Treaty on the Functioning of the European Union (TFEU)). If the EU country fails to observe the judgment, the Court may impose a financial penalty on the country in question following a second Court procedure (Article 260(2) TFEU). In certain specific cases, the Court may impose financial sanctions already when passing its first judgment under Article 258 TFEU (Article 260(3) TFEU). Any individual or entity may also lodge a complaint with the Commission if a measure or an administrative practice in an EU country appears to violate EU rules. However, it is only the Commission that may initiate the procedure under Articles 258 and 260 TFEU.

**Most favoured nation**

A level of status given to one country by another and enforced by the World Trade Organization. A country grants this clause to another nation if it is interested in increasing trade with that country. Countries achieving most favored nation status are given specific trade advantages such as reduced tariffs on imported goods. Special consideration is given to countries that are classified as "developing" by the World Trade Organization.

**‘Multi-speed’ Europe**

‘Multi-speed’ Europe is the term used to describe the idea of a method of differentiated integration whereby common objectives are pursued by a group of EU countries both able and willing to advance, it being implied that the others will follow later.

**Multiannual Financial Framework**

The EU’s multiannual financial framework (MFF), of which the latest runs for the period 2014-2020, sets out the annual amounts that can be spent on various policy areas. The MFF ensures that EU spending remains both
predictable and stays within agreed limits. It allows the EU to plan over the medium term rather than from year to year, resulting in more effective policies. This is as important for the EU as for the beneficiaries of its spending. The MFF is both an expression of the EU’s political priorities and a budgetary planning tool. The EU’s annual budget must respect the ceilings agreed in the MFF. The MFF is proposed by the European Commission and then discussed in the Council, as well as in the European Parliament (EP). To be adopted, the EP’s consent and unanimity in the Council are required. The MFF is accompanied by an agreement between the EU institutions to implement budgetary discipline and to cooperate on budgetary matters.

**Mutual defence clause**

The Treaty of Lisbon strengthens the solidarity between EU countries in dealing with external threats by introducing a mutual defence clause (Article 42(7) of the Treaty on European Union). This clause provides that if an EU country is the victim of armed aggression on its territory, the other EU countries have an obligation to aid and assist it by all the means in their power, in accordance with Article 51 of the United Nations Charter. This obligation of mutual defence is binding on all EU countries. However, it does not affect the neutrality of certain EU countries and is consistent with the commitments of EU countries which are NATO members. This provision is supplemented by the solidarity clause (Article 222 of the Treaty on the Functioning of the EU) which provides that EU countries are obliged to act jointly where an EU country is the victim of a terrorist attack or a natural or man-made disaster.
**Mutual recognition**

An agreement by which two countries agree to recognize one another’s conformity standards. The principle of ‘mutual recognition’ played a crucial role in the emergence of the EU common market during 1960-s when the European Communities suffered from the institutional deadlock.

**National parliaments**

Under the Lisbon Treaty, national parliaments were given a number of new rights and powers. Article 12 of the Treaty on European Union (TEU) and Protocol No 1 give them the right to receive information directly from the EU institutions on legislative programmes, consultative documents, Council minutes, etc., in addition to EU legislative acts. Article 5 TEU and Protocol No 2 give them the right to object to EU acts on the basis of subsidiarity by means of a system of yellow (Article 7(2) of Protocol No 2) and red (Article 7(3) of Protocol No 2) cards. Under Article 8 of Protocol No 2, EU countries can ask the Court of Justice of the EU to review the legality of EU acts. In the area of freedom, security and justice (AFSJ), under Article 70 of the Treaty on the Functioning of the European Union (TFEU), parliaments must be kept informed of the evaluation system of EU countries’ implementation of AFSJ policies. Articles 85 and 88 TFEU permit their scrutiny of Eurojust and Europol activities. Article 48 TEU and Article 81 TFEU allow for the use of general and specific passerelle clauses. These permit the legislative procedure normally used to be altered under certain specific conditions.

**Natura 2000**

Natura 2000 is an EU network of areas of high biodiversity value. It comprises special
protection areas (SPAs) established under the ‘birds directive’ (1979) and special areas of conservation (SACs) established under the ‘habitats directive’ (1992). EU countries designate SPAs for rare and migratory bird species under the birds directive. They also propose sites for protection under the habitats directive for species of fauna and flora and habitats that are of special interest because of their rarity or vulnerability, or risk of extinction. On the basis of these proposals and within the framework nine bio-geographical regions of the EU (Alpine, Atlantic, Black Sea, Boreal, Continental, Macaronesian, Mediterranean, Pannonian and Steppic), the European Commission adopts sites of community importance. EU countries then have 6 years to designate these areas as SACs. Natura 2000 is the largest co-ordinated network of protected areas globally and accounts for almost one fifth of the EU’s land area and more than 250 000 km2 of marine area.

**Negative economic integration**

The elimination of the restrictions (institutions), whereas the positive economic integration precludes the creation of the unified legal and economic institutions, generated on the supranational level.

**Neighbourhood Policy**

First created in 2004, the European Neighbourhood Policy (ENP) seeks to establish special relations with 16 of the EU’s neighbours in the Southern Mediterranean and the Southern Caucasus for which accession is not in prospect. It is part of the European security strategy. The ENP’s focus is on promoting sustainable democracy, accompanied by inclusive economic development. It is based
on a mutual interest in upholding common values: democracy, the rule of law, human rights, good governance, the principles of a market economy and sustainable development. The policy is put into effect by means of bilateral, 3-5 year action plans. These set out an agenda, covering political and economic reforms, closer alignment of legislation with that of the EU, participation in certain EU programmes and the development or strengthening of cooperation and dialogue. The ENP is supported by the European Neighbourhood Instrument 2014-2020 with a budget of €15.4 billion.

**Nice Agreement**

The Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks (Nice Agreement) was concluded by states attending the Nice Diplomatic Conference on June 15, 1957. The classification entered into force on April 8, 1961, was revised in Stockholm in 1967 and in Geneva in 1977, and was amended in 1979. The Nice Classification (NCL), the classification system set up by the Nice Agreement, comprises a List of Classes (34 classes for goods and 11 classes for services) and an Alphabetical List of Goods and Services. The NCL is now in its tenth edition. The 2015 version of the tenth edition came into force on January 1, 2015.

**Non-discrimination (the principle of)**

The aim of non-discrimination law is to allow all individuals an equal and fair prospect to access opportunities available in a society. This principle essentially means that individuals who are in similar situations should receive similar treatment and not be treated less
favourably simply because of a particular ‘protected’ characteristic that they possess. The Treaty on the Functioning of the European Union prohibits (TFEU) discrimination on grounds of nationality. It also enables the Council to take appropriate action to combat discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation. Discrimination on the ground of nationality has always been forbidden by the EU treaties (as well as discrimination on the basis of sex in the context of employment). The other grounds of discrimination were mentioned for the first time in the Amsterdam Treaty. In 2000, two directives were adopted: the employment equality directive, which prohibits discrimination on the basis of sexual orientation, religious belief, age and disability in the area of employment; and the racial equality directive, which prohibits discrimination on the basis of race or ethnicity, again in the context of employment, but also in accessing the welfare system and social security, and goods and services. In 2009, the Lisbon Treaty introduced a horizontal clause with a view to integrating the fight against discrimination into all EU policies and actions (Article 10 TFEU). In this area of the fight against discrimination, a special legislative procedure is to be used: The Council must act unanimously and after obtaining the European Parliament’s consent. EU citizens may exercise their right to judicial recourse in cases of direct or indirect discrimination, specifically in cases where they are being treated differently in comparable situations or when a disadvantage cannot be justified by a legitimate and proportional objective.
Organisation for European Economic Cooperation (OEEC)
The organisation which came into being as a result of the negotiations within the Marshall Plan. This organisation consisted of the eighteen states (Austria, Belgium, Denmark, France, Greece, Iceland, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Sweden, Switzerland, Turkey, United Kingdom, and Western Germany (originally represented by both the combined American and British occupation zones (The Bizone) and the French occupation zone). Despite the fact that it was intergovernmental, it still can be regarded as the first attempt to institutionalize economic integration process. The major contribution of this organization is the adoption of the Trade Liberalization Code in 1950, which completely eliminated all quantitative restrictions in the mutual trade.

Offshoring
Shifting a business function from one country to another. For a business, this can entail moving product manufacturing, service centers or operations to a different country. Offshoring is often used to reduce the cost of business, with the company seeking to move parts of operations to countries with more favorable economic conditions.

OLAF (European Anti-Fraud Office)
The European Anti-Fraud Office (OLAF) was set up in 1999 to investigate corruption and serious misconduct within EU institutions, as well as fraud against the EU’s budget. OLAF investigates within EU bodies to detect fraud, corruption, and other illegal activity affecting the EU’s financial interests. It also looks into matters relating to the discharge of professional
duties not affecting EU financial interests. In addition, it also investigates external individuals or organisations to detect fraud or other irregular conduct (for example, in the operation of EU funding programmes or customs frauds), often in cooperation with EU countries’ authorities and sometimes those of non-EU countries. In 2013, new laws resulted in greater independence for OLAF and more efficient working procedures. Since 2012, OLAF has recommended that a total of €686.8 million be recovered by the competent authorities.

**Ombudsman**

The position of Ombudsman was established by the Treaty on European Union (Maastricht, 1992) to ensure the sound administration and transparency of EU institutions. On 16 December 2014, Emily O’Reilly was re-elected as European Ombudsman by the European Parliament for a 5-year term. The Ombudsman is completely independent and impartial in the performance of her duties. Her main objective is to support the EU institutions in becoming more effective, transparent and accountable. The Ombudsman can open an investigation on her own initiative or following a complaint, if an institution or body of the European Union fails to respect: fundamental rights, legal rules or principles, the principles of good administration. Any EU citizen, resident or enterprise or association in an EU country, can lodge a complaint with the Ombudsman about maladministration. Complaints may relate to: access to information, administrative delay, unfairness or discrimination, lack of transparency. Where the Ombudsman finds maladministration, she refers it to the institution concerned, and, where necessary, submits draft
recommendations to which the institution must reply within 3 months. If the institution does not agree to the proposed recommendations, the Ombudsman may not impose a solution but is able to submit a report on the question to the Parliament so that it can take the appropriate measures. The Ombudsman cannot investigate: complaints against national, regional, or local authorities in EU countries, even when the complaints are related to EU matters; the activities of national courts or ombudsmen; complaints against businesses or private individuals.

**Open method of coordination**

The open method of coordination (OMC) in the European Union may be described as a form of ‘soft’ law. It is a form of intergovernmental policy-making that does not result in binding EU legislative measures and it does not require EU countries to introduce or amend their laws. The OMC, originally created in the 1990s as part of employment policy and the Luxembourg process, was defined as an instrument of the Lisbon strategy (2000). This was a time when EU economic integration was advancing quickly but EU countries were reticent to give more powers to the European institutions. The OMC has provided a new framework for cooperation between the EU countries, whose national policies can thus be directed towards certain common objectives. Under this intergovernmental method, the EU countries are evaluated by one another (peer pressure), with the Commission’s role being limited to surveillance. The European Parliament and the Court of Justice play virtually no part in the OMC process. The OMC takes place in areas which fall within the competence of EU countries, such as employment, social
protection, education, youth and vocational training. The OMC is principally based on: jointly identifying and defining objectives to be achieved (adopted by the Council); jointly established measuring instruments (statistics, indicators, guidelines); benchmarking, i.e. comparison of EU countries’ performance and the exchange of best practices (monitored by the Commission).

**Opting out**

Certain European Union countries have what are known as ‘opt-outs’, which are a means of ensuring that when a given country does not wish to join the others in a particular field of EU policy, it can opt out, thus avoiding an overall stalemate. Examples of opt-outs include: Schengen Agreement: Ireland and the United Kingdom; economic and monetary union: Denmark and the United Kingdom; defence: Denmark; EU Charter of Fundamental Rights: Poland and the United Kingdom; area of freedom, security and justice: Denmark, Ireland and the United Kingdom (the latter two countries may opt into given initiatives if they wish).

**Ordinary legislative procedure (Codecision)**

The ordinary legislative procedure consists in the joint adoption by the European Parliament and the Council of a regulation, directive or decision on a proposal from the Commission. It is defined in Article 294 of the Treaty on the Functioning of the EU as the most common EU law making procedure. It gives the European Parliament the power to adopt EU laws jointly with the Council of the European Union. With the Lisbon Treaty, the European Parliament has become a co-legislator on an equal footing with the Council, except in the cases provided for in the Treaties where the procedures regarding
consultation and approval apply. The ordinary legislative procedure also includes qualified majority voting in the Council. The treaty also increased the number of policy areas to which voting by means of this procedure applies, thus enhancing the European Parliament’s powers. The procedure comprises 1, 2 or 3 readings, as well as a conciliation procedure. It has the effect of increasing contacts between the European Parliament and the Council, the co-legislators, with the European Commission.

**Outermost regions**

The European Union (EU) has nine ‘outermost regions’ (ORs): Guadeloupe, French Guiana, Martinique, Mayotte, Réunion and Saint Martin (France), the Canary Islands (Spain) and the Azores and Madeira (Portugal). The ORs are an integral part of the EU and must apply its laws and obligations. The ORs are distinguished by their remoteness from mainland Europe, insularity, small size (except French Guiana), difficult topography and climate and economic dependence on a few products. Over the years, the Commission has adopted several communications on the ORs. The last one was adopted in 2012 (COM(2012) 287: The outermost regions of the European Union: towards a partnership for smart, sustainable and inclusive growth), in which it supports the ORs in exploiting all opportunities for smart, sustainable and inclusive growth based on their assets and endogenous potential, it ensures that European policy frameworks contribute to reducing obstacles specific to the ORs’ full integration into the single market and it increases recognition of the ORs as an asset to all, and of the need to take their specificities and constraints into account. Article 349 of the Treaty on the Functioning of the EU recognises
the specific constraints of the ORs and provides for the adoption of specific measures in their regard. The ORs, as fully fledged EU regions and in contrast with the overseas countries and territories, are eligible for funding from the European Structural and Investment Funds.

**Overseas countries and territories (OCTs)**

Articles 198-204 of the Treaty on the Functioning of the European Union recognise that 4 European Union countries (Denmark, France, the Netherlands and the United Kingdom) have special links with certain overseas countries and territories (OCTs). Relations between the EU and these OCTs – all 25 of which are islands scattered around the world’s oceans – are based on EU law rather than on the constitutional law of the EU country in question. OCT nationals are EU citizens. The 2013 overseas association decision (OAD) aims to modernise the relations between the EU and the OCTs and to take into account changing global trade patterns, as well as concerns such as climate change and environmental protection. It seeks to go beyond development cooperation and work towards building a relationship based on mutual interests and shared values, and in pursuit of sustainable development. While EU laws as such are not in force in the OCTs, the OAD lays down the detailed rules and procedures of the association. Under the OAD, the EU provides financial support for the OCTs’ development strategies. OCTs receive funding through the European Development Fund and are eligible for programmes funded by the EU’s general budget.

**Own resources**

The EU’s own resources are the main sources of revenue for the EU budget. Its annual
expenditure may not exceed its revenue (i.e. it operates a balanced budget). There are 3 types of own resource: traditional: these mainly comprise customs duties on imports to the EU and sugar levies. Countries retain 25% of the duties collected to cover their collection costs; based on Value-Added Tax (VAT): a rate of 0.3% of each EU country’s VAT base is transferred to the EU; based on Gross National Income (GNI): each EU country transfers to the EU a uniform percentage of its GNI. The percentage is adjusted so that overall revenue matches the agreed level of payments. This is the EU’s largest source of revenue. Correction mechanisms have been introduced to correct what is perceived as excessive contributions by certain countries, e.g. Germany, the Netherlands, Sweden & the United Kingdom. In 2014, the Council adopted a new own resources decision which introduced some changes – in particular concerning the correction mechanisms – for the 2014-2020 period. It enters into force only after ratification in EU countries but the new provisions are to be applied retroactively from 1 January 2014. A high-level group on own resources was also set up in 2014 to suggest improvements to the system.

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Paris Agreement

The Paris Agreement (French: L’accord de Paris) is an agreement within the framework of the United Nations Framework Convention on Climate Change (UNFCCC) dealing with greenhouse gases emissions mitigation, adaptation and finance starting in the year 2020. An agreement on the language of the treaty was negotiated by representatives of 195 countries
at the 21st Conference of the Parties of the UNFCCC in Paris and adopted by consensus on 12 December 2015. It was opened for signature on 22 April 2016 (Earth Day), and 177 UNFCCC members signed the treaty, 15 of which ratified it. It has not entered into force.

The aim of the convention is described in Article 2, "enhancing the implementation" of the UNFCCC through:

(a) Holding the increase in the global average temperature to well below 2 °C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5 °C above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change;
(b) Increasing the ability to adapt to the adverse impacts of climate change and foster climate resilience and low greenhouse gas emissions development, in a manner that does not threaten food production;
(c) Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development."

Countries furthermore aim to reach "global peaking of greenhouse gas emissions as soon as possible".

Paris Convention

The Paris Convention for the Protection of Industrial Property (Paris Convention) is the oldest major international treaty concerning the protection of intellectual property. It was adopted in 1883 and has been revised several times (1900–1967) and amended once (1979). Each of the revision conferences, starting with the Brussels Conference in 1900, ended with the adoption of a revised Act of the Paris Convention. Among the most relevant
provisions of the Paris Convention are the following: Creation of a legal entity recognized under international law. This entity consists of the following administrative bodies: the World Intellectual Property Organization (WIPO), the Assembly (which comprises all member nations) and the Executive Committee.

**Partnership and Cooperation Agreement**

A set of bilateral agreements, concluded by EU with post Soviet countries in order to help them in transition from centralised to market economy. Despite the fact that there was no provision about possible accession of these states to EU, however, these treaties offered the perspectives of the conclusion of free trade area, in case the states comply with EU standards and obtained the membership in WTO. EU and Ukraine signed such Agreement in 1994, after ratification, it came into force in 1998.

**Parliamentary committees**

As is the case in national parliaments, the European Parliament (EP) sets up parliamentary committees. The political groups and the non-attached Members of the EP (MEPs) submit nominations for electing members to different committees at the beginning of a parliamentary term and 2½ years thereafter. On a proposal from its Conference of Presidents, the EP sets up various committees defining their size and powers reflecting, as far as possible, the composition of the EP. Currently, there are 22 standing committees and one special committee, dealing with different areas of EU activities (e.g. Agriculture and Rural Development, Employment, and Social Affairs, Industry, Research and Energy, Constitutional Affairs, Legal Affairs, Budgets, Budgetary Control, etc.). The following types
exist: standing committees; committees of inquiry to investigate breaches or poor application of EU law. The EP can also set up: sub-committees (Human Rights and Security and Defence), temporary committees on specific issues with a 1-year mandate (e.g. Special Committee on the Financial, Economic and Social Crisis). The committees produce reports that are piloted by a ‘Rapporteur’: legislative reports, proposing amendments to a draft legislation proposal from the European Commission; non-legislative reports; own-initiative reports. Committees meet when convened by their Chair or at the request of the President of the EP. The European Commission and the Council of the European Union are allowed to take part in meetings, if invited to do so. Parliamentary committees conduct hearings of Commissioners-designate in their specialised areas prior to the EP’s confirmation of a new European Commission.

Permanent structured cooperation

The Lisbon Treaty introduced the possibility for certain EU countries to strengthen their cooperation in military matters by creating permanent structured cooperation (Articles 42(6) and 46 of the Treaty on European Union (TEU)). In order to do this, interested countries must fulfill two main conditions provided in Protocol No 10 annexed to the treaty: They must intensively develop defence capacities through the development of national contributions and their participation in multinational forces, in the main European equipment programmes and in the activities of the European Defence Agency in the field of defence capabilities development, research, acquisition and armaments; They must have the
capacity by 2010 to supply combat units and support logistics for the tasks referred to in Article 43 TEU within a period of 5 to 30 days and, depending on needs, for a period of 30 to 120 days. The European Defence Agency regularly assesses the contributions of participating countries. EU countries wishing to constitute permanent structured cooperation must notify their intention to the Council and to the EU’s High Representative for Foreign Affairs and Security Policy. Following this notification, the Council must adopt a decision by qualified majority establishing permanent structured cooperation and the list of participating countries. The membership of new countries or the suspension of some of them is decided by the Council by a qualified majority of the members participating in the permanent structured cooperation. The decisions and recommendations taken within the framework of such permanent structured cooperation are adopted by unanimity of the participating Council members only.

Petersberg tasks

These tasks were set out in the Petersberg Declaration adopted at the Ministerial Council of the Western European Union (WEU) in June 1992. On that occasion, the WEU member countries declared their readiness to make available to the WEU, but also to NATO and the EU, military units from the whole spectrum of their conventional armed forces. From then on, they have covered: humanitarian and rescue tasks; conflict prevention and peace-keeping tasks; tasks of combat forces in crisis management, including peacemaking; joint disarmament operations; military advice and assistance tasks; post-conflict stabilisation tasks.
**Petitions**

The right of petition is the right of any EU citizen, and any natural or legal person residing or having its registered office in an EU country, to submit a request or complaint to the European Parliament on a matter which comes within the EU’s fields of activity and which affects him, her or it directly (Article 227 of the Treaty on the Functioning of the European Union). Petitions are defined as follows: ‘for information’ (indicating where further information may be obtained); ‘for further action’ (take into account in legislative proposals or political action); ‘for opinion’ (requiring a written response from the competent Parliamentary Committee). The Parliament’s Committee on Petitions, which does its work on behalf of EU citizens and residents, considers whether such requests are admissible. Where it sees fit, it may refer a question to the Ombudsman. When drawing up an opinion on a petition deemed to be admissible, it may ask the European Commission for documents or information. It can also send the petition to other parliamentary committees for information purposes in order for them to take action. In certain exceptional cases, the Committee on Petitions can submit a report to the Parliament for adoption in plenary session or conduct a fact-finding mission.

**Police and judicial cooperation in criminal matters**

Within the area of freedom, security and justice (AFSJ), the aim of police and judicial cooperation in criminal matters is to ensure a high level of safety for European Union (EU) citizens by preventing and combating crime, racism and xenophobia. It is dealt with in Title V of the Treaty on the Functioning of the European Union (Chapters I, IV and V).
EU police and judicial cooperation in criminal matters takes 3 forms: cooperation between national police forces; cooperation between national administrations (in particular customs services); cooperation between national judicial authorities. Cooperation is implemented with the help of EU agencies such as Eurojust, Europol and the European Judicial Network. Cooperation between the judiciary mainly operates through a mechanism called mutual recognition of judgments and judicial decisions (e.g. in the area of detention & transfer of prisoners, the European Arrest Warrant, the European Investigation Order, the confiscation & freezing of assets, and financial penalties).

### Political and Security Committee (PSC)

The Political and Security Committee is a Committee of the Council of the European Union dealing with the common foreign and security policy (CFSP) mentioned in Article 38 of the Treaty on European Union. It comprises representatives from the 28 EU countries. Its remit is: to monitor the international situation in the areas covered by the CFSP; to contribute to the definition of policies; to monitor implementation of policies without prejudice to the powers of the EU’s High Representative for Foreign Affairs and Security Policy. Under the responsibility of the Council and the High Representative, the committee exercises political control and strategic direction of crisis management operations. It may thus be authorised to take decisions on the political control and strategic direction of an operation. It is assisted by a Politico-Military Group, a Committee for Civilian Aspects of Crisis Management, and the Military Committee and Military Staff.
**Political dialogue**

A form of the rapprochement between European Union and candidate-state. The aims of the political dialogue include: a) to deepen political association and increase political and security policy convergence and effectiveness; b) to promote international stability and security based on effective multilateralism; c) to strengthen cooperation and dialogue between the parties on international security and crisis management, particularly in order to address global and regional challenges and key threats; d) to foster result-oriented and practical cooperation between the Parties for achieving peace, security and stability on the European continent; e) to strengthen respect for democratic principles, the rules of law and good governance, human rights and fundamental freedoms; f) to develop dialogue and to deepen cooperation between the Parties in the field of security and defense; to promote the principles of independence, sovereignty, territorial integrity and the inviolability of borders.

**Positive economic integration**

The establishment of the unified institutions, whereas the negative integration is provided for the elimination of restrictions.

**Pre-accession assistance**

Pre-accession assistance helps candidate countries and potential candidates for European Union membership to satisfy the accession conditions (the Copenhagen criteria). Considerable investment is required if these countries are to bring their institutions and standards in line with the EU acquis and to be able to meet their obligations as member countries. Pre-accession financial assistance is a key element of the EU’s pre-accession strategy and is provided by means of the Instrument for Pre-Accession Assistance (IPA).
For the period 2014-20, IPA II (IPA I covered the 2007-13 period) has a budget of €11.7 billion. Its beneficiaries are: Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Kosovo*, Montenegro, Serbia and Turkey. A 7-year country strategy is agreed with each country covering aspects that need to be addressed, such as democracy and governance, the rule of law and growth and competitiveness. (*) This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence.

Pre-accession strategy

The pre-accession strategy offers a ‘structured dialogue’ between EU institutions and enlargement countries (Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Kosovo*, Montenegro, Serbia and Turkey). These countries all have an EU perspective and need to fulfil the Copenhagen criteria. Bilateral agreements form the basis for our relations. For the western Balkans, the main framework for relations is the stabilisation and association process, and each country has a stabilisation and association agreement in place (except for Kosovo). Turkey has an association agreement with the EU. The pre-accession strategy also includes the accession negotiations process once certain conditions are met, as well as substantial pre-accession assistance support. (*) This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence.

Precautionary Principle

The concept of the precautionary principle was first set out in a European Commission communication adopted in February 2000
in which it defined the concept and envisaged how it would be applied. The precautionary principle is detailed in Article 191 of the Treaty on the Functioning of the European Union (TFEU). It relates to an approach to risk management whereby if there is the possibility that a given policy or action might cause harm to the public or the environment and if there is still no scientific consensus on the issue, the policy or action in question should not be pursued. Once more scientific information becomes available, the situation should be reviewed. The precautionary principle may only be invoked in the event of a potential risk and can never justify arbitrary decisions. The EU’s regulatory framework for chemicals (Regulation (EC) N 1907/EC – known as REACH) is based on the precautionary principle, as is its general regulation on food law (Regulation (EC) N 178/2002)).

**Presidency of the Council of the European Union**

Article 16(9) of the Treaty on European Union provides that the Presidency of the Council of the European Union in its different configurations – other than the Foreign Affairs – be held by EU countries’ representatives in the Council on the basis of equal rotation. The Council decided on it to be carried out by groups of three EU countries determined beforehand. Each member of the trio holds the Presidency for a period of 6 months, thus ensuring the smooth operation of the Council’s work. The Presidency of the Foreign Affairs Council is held by the High Representative for Foreign Affairs and Security Policy (since 2014, Federica Mogherini) who also represents the EU in issues relating to the common foreign and security policy. The responsibilities of the Presidency are: to chair the meetings of Coreper and other
Council working parties and committees; to organise and manage the Council’s business in line with its rules of procedure.

**President of the European Commission**

Under Article 17 of the Treaty on European Union (TEU), the European Council acting by a qualified majority proposes to the European Parliament (EP) a candidate for President of the European Commission. The choice of candidate must take the result of the EP elections into account. The EP elects the proposed candidate by a majority of its members. If a majority is not obtained, the European Council must propose a new candidate within 1 month. Further to proposals from EU countries, the Commission President must agree with the Council of the EU on the list of members of the Commission. His/her agreement is needed to appoint the EU’s High Representative for Foreign Affairs and Security Policy (who also becomes a Commission Vice-President). The President: decides on the Commissioners’ portfolios and the Commission’s internal organisation; provides the Commission’s political guidance to fulfil its tasks; leads the Commission’s work; chairs the College of Commissioners’ meetings; represents the EU around the world, at the level of Heads of State and Government, in matters falling under the Commission’s responsibility, for example in G7 meetings; takes part in the European Council and in major debates in the EP. Jean-Claude Juncker, former Luxembourg Prime Minister, was elected President for the period 1 November 2014 – 31 October 2019.

**President of the European Council**

Article 15 of the Treaty on European Union (TEU) establishes the position of president of the European Council. The President is elected
by the European Council by a qualified majority for a term of 2½ years, renewable once. He/she cannot simultaneously hold any national office. The main functions of the President are: to independently and impartially chair and drive the European Council; to prepare the Council’s work and ensure its continuity in cooperation with the President of the Commission and on the basis of the work of the General Affairs Council; to seek cohesion and consensus among member countries; to ensure the EU’s representation on issues concerning the common foreign and security policy without prejudice to the powers of the EU’s High Representative for Foreign Affairs and Security Policy; to report to the Parliament about the work of the European Council. On 1 December 2014, Donald Tusk succeeded Herman Van Rompuy as President of the European Council.

**Proportionality principle**

Like the principle of subsidiarity, the principle of proportionality regulates the exercise of powers by the European Union (EU). It seeks to set actions taken by EU institutions within specified bounds. Under this rule, the action of the EU must be limited to what is necessary to achieve the objectives of the Treaties. In other words, the content and form of the action must be in keeping with the aim pursued. The principle of proportionality is laid down in Article 5 of the Treaty on European Union. The criteria for applying it are set out in the Protocol (No 2) on the application of the principles of subsidiarity and proportionality annexed to the Treaties.

**Public health**

Under Article 168 of the Treaty on the Functioning of the European Union, public
health is a competence shared between the European Union and EU countries. While EU countries define and deliver their national health services and medical care, the EU seeks to complement national policies by means of its Health Strategy to: prevent illness/disease by promoting healthier lifestyles; facilitate access to better and safer healthcare; contribute to innovative, efficient and sustainable health systems; deal with cross-border threats; keep people healthy throughout their lifetimes; harness new technologies and practices. The European Commission’s 2013 paper ‘Investing in Health’ seeks to help the EU rise to these challenges, many of which have been compounded by the economic crisis, i.e. an ageing population, an increase in chronic diseases, a greater demand for healthcare and the high cost of technological progress. The EU’s Health programme (2014-20) has a budget of almost EUR 450 million. It aims to support projects to improve Europeans’ health and reduce health inequalities.

Public procurement

Public procurement contracts cover supplies, services and works purchased by the public sector. Contracts over a certain value are subject to European Union rules and procedures. These rules seek to ensure fair treatment for businesses and openness in the handling of calls to tender. They should be seen in the context of greater competition and the freedom to provide services within the European single market. Certain contracts, such as in the defence field, remain a matter for EU countries themselves, because they affect specific state interests. In 2014, the EU adopted new rules on public works, supply and service contracts, as well as on concession contracts
which enter into force in 2016. They seek to reduce red tape, remove barriers for market access by small- and medium-sized enterprises and ensure that contracting authorities prevent, identify and remedy conflicts of interests arising in the conduct of procurement procedures.

**Public service**

The concept of public service is a twofold one: it embraces both the bodies providing services and the services of general-interest they provide. Public service obligations may be imposed by the public authorities on the body providing a service (airlines, road or rail carriers, energy producers and so on), either nationally or regionally. Incidentally, the concept of the public service and the concept of the public sector (including the civil service) are often wrongfully confused; they differ in terms of function, status, ownership and ‘clientele’.

**Public undertakings**

Any undertaking over which the public authorities may exercise directly or indirectly a dominant influence by virtue of their ownership of it, their financial participation therein, or the rules which govern it.

**Q**

**Qualified majority**

A qualified majority (QM) is the number of votes required in the Council for a decision to be adopted when issues are being debated on the basis of Article 16 of the Treaty on European Union and Article 238 of the Treaty on the Functioning of the European Union. Under the ordinary legislative procedure, the Council acts by QM, in codecision with the Parliament. On 1 November 2014, a new
procedure for QM voting, the ‘double majority’ rule, was introduced. Here, when the Council votes on a proposal by the Commission or the EU’s High Representative for Foreign Affairs and Security Policy, a QM is reached if two conditions are met: 55% of EU countries vote in favour – i.e. 16 out of 28; the proposal is supported by countries representing at least 65% of the total EU population. When the Council votes on a proposal not made by the Commission or the High Representative, a decision is adopted if: there are 72% of EU country votes in favour; and they represent at least 65% of the EU population. Until 31 March 2017, any EU country may request that a decision be taken in accordance with the rules in force before 1 November 2014 (i.e. in accordance with the rules as defined by the Treaty of Nice).

REACH
(regulatory framework for chemicals)

Regulation (EC) No 1907/2006 establishes the ‘REACH’ (Registration, Evaluation, Authorisation and Restriction of Chemicals) system. It aims to protect human health and the environment by ensuring greater safety in the production and use of chemical substances. REACH, which entered into force in 2007, applies to all chemical substances and thus has an impact on many businesses. It requires companies to identify and manage the risks linked to the substances they manufacture and sell in the EU. This information must be sent to the European Chemicals Agency in Helsinki for registration in a database. Companies must also demonstrate the safe use of the substance and communicate the risk management measures to users. Unregistered substances may not be
manufactured in the EU or imported into the EU. Authorities (European Commission and the relevant national authorities) identify substances of very high concern and place them on the REACH candidate list. These substances will eventually be phased out of the market. The list serves as an incentive to companies using these substances to look for safer alternatives or innovative solutions.

**Recasting of legislation**

The recasting of legislation means the adoption, when an amendment is made to a basic instrument, of a new legal instrument which incorporates the said amendment into the basic instrument, but repeals and replaces the latter. Unlike formal consolidation, it involves changes of substance. It also gives a comprehensive overview of an area of legislation. The new legal instrument is published in the Official Journal (L series).

**Regional cooperation**

The EU promotes with the third countries the multi-level cooperation, including cooperation in the field of regional policy with the special emphasis on the development of the disadvantaged areas. The cross-border activities include such sensitive areas as: transport, energy, communication networks, culture, education, tourism, health etc.

**Reinforced qualified majority**

When the Council acts without a Commission proposal or one from the High Representative for Foreign Affairs and Security Policy (i.e. in the fields of police and judicial cooperation in criminal matters), the qualified majority must include at least two-thirds of EU countries. The provisions of the Lisbon Treaty regarding qualified majority voting entered into force on 1 November 2014. The reinforced qualified
majority therefore comprises at least 72% of the members of the Council representing 65% of the EU’s population. This provision conveys the idea that the Commission safeguards the general interest. When the Council takes a decision not drawn upon a Commission proposal, the general interest is less assured. It is therefore necessary to gather together a larger majority than usual in favour of such a proposal.

Research and development

Investigative activities that a business chooses to conduct with the intention of making a discovery that can either lead to the development of new products or procedures, or to improvement of existing products or procedures. Research and development is one of the means by which business can experience future growth by developing new products or processes to improve and expand their operations.

Revision of the Treaties

Prior to the Treaty of Lisbon’s entry into force in 2009, there was only one procedure for the revision of the treaties on which the EU is based: the convening of an intergovernmental conference. Since 2009, Article 48 of the Treaty on European Union has laid down two procedures for the revision of the treaties. Ordinary revision: this relates to key changes in relation to the competences of the EU and requires the convening of an intergovernmental conference to adopt proposals for amendments by consensus. All EU countries have to ratify the treaty amendments for them to enter into force. Simplified revision: where the proposed amendments relate to the EU’s policies and its internal actions, the European Council unanimously adopts a decision on the amendments having consulted the Commission,
the Parliament and the European Central Bank (if the amendment concerns monetary matters). The new treaty provisions only enter into force following their ratification by all EU countries according to their own constitutional procedures.

**Right of initiative**

To enable it to play its role as guardian of the EU treaties and representative of the general interest, the European Commission has been given a right of initiative to propose new laws on the matters contained in the treaties, either because the treaties explicitly provide for it or because the Commission considers it necessary. The Council and the European Parliament may also ask the Commission to put forward a proposal if they consider it necessary. Since April 2012, by means of the European Citizens’ Initiative (ECI), EU citizens may call on the Commission to make proposals. For an ECI to be triggered, at least 1 million signatures from at least 7 of the 28 EU countries are required. In certain cases, initiatives from EU countries remain possible.

**Rule of law**

According to Article 2 of the Treaty on European Union, the rule of law is one of the EU’s fundamental values. It is the idea that both the EU itself and all EU countries are governed by a body of law (legal codes and processes) adopted by established procedures rather than discretionary or case-by-case decisions. Along with having a functional democracy and respect for human rights, including the rights of persons belonging to minorities, the rule of law is one of the political criteria that countries wishing to join the EU have to meet. Having concluded that a tool was required at EU level to deal with systemic
threats to the rule of law in EU countries, the European Commission adopted a ‘rule of law framework’ in 2014. Where EU law has been breached, the procedure under Article 7 of the Treaty on European Union would come into play. At its most severe, an EU country’s voting rights could be suspended in the event that its breach of EU values is ‘serious and persistent’.

**Rural development**

Rural development policy is the second pillar of the EU’s common agricultural policy. It seeks to help the EU’s rural areas address the economic, environmental and social challenges that they face. It has three long-term objectives: to foster competitive farming; to manage natural resources sustainably and implement climate action measures; to achieve balanced territorial development in rural areas, including creating and maintaining jobs. Most EU funding available for rural development is available from the European Agricultural Fund for Rural Development (EAFRD) which runs for the 2014-20 period and has a budget of €95 billion. The policy is implemented by means of 7-year rural development programmes drawn up in partnership with the EU. These focus on the following six priorities: Knowledge transfer and innovation; Competitiveness of all types of farming and sustainable management of forests; Promoting food chain organisation; Restoring, preserving and enhancing ecosystems; Promoting resource efficiency and the transition to a low-carbon economy; Promoting social inclusion, poverty reduction and economic development in rural areas. The principles, rules and standards for the implementation of the EAFRD, as for the other European Structural and Investment Funds, are laid down in Regulation (EU) N 1303/2013.
Schengen (Agreement and Convention)

By the Schengen Agreement signed on 14 June 1985, Belgium, Germany, France, Luxembourg and the Netherlands agreed to gradually remove controls at their internal borders and to introduce freedom of movement for all nationals of the signatory countries, other EU countries and some non-EU countries. The Schengen Convention supplements the agreement and lays down the arrangements and safeguards for establishing an area without internal border control. It was signed by the same five countries on 19 June 1990, and entered into force in 1995. The agreement and the convention, as well as the related agreements and rules, together form the ‘Schengen acquis’, which was integrated in the framework of the EU in 1999 and has become EU legislation. Twenty-two out of 28 EU countries form the Schengen area. Bulgaria, Croatia, Cyprus and Romania will join the area in time. Ireland and the United Kingdom have opt-outs and maintain their border controls. Four further countries, Iceland, Liechtenstein, Norway and Switzerland, also participate in the Schengen area. EU accession candidate countries must accept the whole of the Schengen acquis at the time of their accession. However, border control at internal borders is only lifted (by unanimous Council decision) after an evaluation by Commission and EU country experts has been carried out to ensure that all accompanying measures allowing for the lifting of internal border control are in place.

Screening

Screening, or analytical examination of the EU’s acquis (the body of EU law applicable in the EU), is the preparatory stage of accession negotiations. It is vital since it forms the basis
for the bilateral negotiations between the European Union and the various candidate countries. The screening process is carried out jointly by the European Commission and each of the candidate countries, allowing the latter to familiarise themselves with EU law and demonstrate their capacity to put it into effect. A further purpose of screening is to identify those areas of EU law in which progress is needed if the candidate countries’ legislation is to be compatible with EU rules. These areas are divided into chapters, which are negotiated individually. A further screening exercise may be carried out during the accession negotiations if EU law has been updated. Services of general economic interest Services of general economic interest (SGEI) are commercial services of general economic utility subject to public-service obligations. Transport, energy, communications and postal services are prime examples. The Treaty of Lisbon breaks new ground: by adding a protocol on services of general interest to the founding Treaties; by creating a new legal basis which enables the European institutions to adopt regulations concerning the operation of SGEI (Article 14 of the Treaty on the Functioning of the EU). However, EU law leaves EU countries free to decide how they organise SGEIs. Free market and competition rules apply to undertakings responsible for managing SGEIs so long as these rules do not prevent them from accomplishing their tasks in the general interest.

**Securities**

A security is a financial instrument that represents an ownership position in a publicly-traded corporation (stock), a creditor relationship with governmental body or
a corporation (bond), or rights to ownership as represented by an option. A security is a fungible, negotiable financial instrument that represents some type of financial value. The company or entity that issues the security is known as the issuer.

**Serious disturbance**

The disturbance in question must affect the whole of the economy of the Party concerned, or one of its Member States. A disturbance is deemed not to be serious for the purposes of this section if it is limited to one of the Parties' regions or parts of their territories.

**Service of general economic interest**

This means economic activities that public authorities identify as being of particular importance to citizens and that would not be supplied (or would be supplied under different conditions) if there was no public intervention. The activity must exhibit special characteristics as compared with the general economic interest of other economic activities.

**Simplification of legislation**

EU legislation replaces 28 sets of national rules or aligns them with one set, thereby offering a more certain legal environment and one that is better focused on common objectives, along with a level playing field for business in the Single Market. Existing legislation has been essential, for example in establishing the EU’s Single Market, developing EU environmental policy and setting EU-wide levels of worker and consumer protection. Regulations must be easily accessible and easy to understand to ensure compliance. The EU aims to keep regulatory burdens to a minimum to promote innovation, productivity and growth. Simplifying legislation means rigorously
applying the principles of necessity and proportionality. The exercise involves the simplification, codification, recasting and consolidation of legal texts, as well as repealing obsolete provisions. In 1996, the EU launched a pilot programme (Simplification of Legislation for the Internal Market – SLIM) which has since been followed by multiannual programmes to simplify and update EU legislation, such as the Commission’s rolling programme for simplification, launched in 2005, which by 2012 resulted in the identification of more than 640 initiatives for simplification, codification or recasting. This was followed by the Administrative Burden Reduction Programme and its follow-up in EU countries ‘ABRPlus’, which reduced administrative burdens on business stemming from EU legislation by an estimated 25% by 2012. The latest programme, known as REFIT (Regulatory Fitness and Performance programme) was launched in 2012. REFIT identifies opportunities to cut red tape, remove regulatory burdens and simplify and improve the design and quality of the legislation so that the policy objectives are achieved most efficiently and effectively, at lowest cost and with a minimum of administrative burden, fully respecting the principles of subsidiarity and proportionality set out in the EU Treaties.

The 2008 financial crisis exposed many problems in the EU’s banking sector. Many of these were serious and taxpayers ended up coming to the rescue. It became clear that, particularly in the euro area where countries shared a currency, action would need to be taken at EU level rather than relying on national policy measures. The EU therefore took action
to ensure that banks’ behaviour would never again undermine the foundations of the financial system by proposing the creation of a Banking Union. The EU’s Banking Union comprises: the Single Resolution Mechanism (SRM) and the Single Supervisory Mechanism (SSM). The SRM comprises: a new resolution board which is responsible for drawing up resolution plans and resolution schemes for banks in bad health; a single resolution fund to help finance the resolution of banks. This will be funded by the banks themselves and should amount to 1% of insured deposits within the participating countries by 2024. The SSM, the second pillar of the Banking Union, gives the European Central Bank direct supervisory powers over the euro area’s banks, although smaller banks remain under the direct responsibility of national supervisors.

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European Central Bank (ECB) became the main prudential supervisor of euro area credit institutions (some 6,000 banks). It ensures that they comply with EU banking rules and identify problems at an early stage so that they take timely action. The ECB directly supervises the largest credit institutions and national supervisors continue to oversee the smaller ones. Membership of the Banking Union is obligatory for all euro area countries and open to all other EU countries.

Small and medium-sized enterprises

There are over 20 million small- and medium-sized enterprises (SMEs) in the EU and they account for 99% of businesses and 2 in 3 private sector jobs. They are a key motor of the economy. According to EU recommendation 2003/361, two factors determine whether a business is an SME: the number of employees and either turnover or balance sheet total. A medium-sized company has up to 250 employees, a turnover of up to €50 million or a balance sheet total of up to €43 million. A small-sized company has up to 50 employees & a turnover or balance sheet total of up to €10 million. A micro-company has up to 10 employees & a turnover or balance sheet total of up to €2 million. In 2013, the EU adopted the programme for the Competitiveness of Enterprises and small and medium-sized enterprises (COSME) (2014-2020). Its aims are to: help SMEs access funding and markets, support entrepreneurs (training), create more favourable conditions for business creation and growth. While the EU encourages the use of its SMEs definition as a reference, it is binding only for certain matters, such as state aid, implementing structural funds or EU programmes.
**Social dialogue**

‘Social dialogue’ describes the negotiations conducted by the social partners (i.e. employers’ and workers’ organisations) in order to defend the interests of their members. It is recognised as an EU objective under Article 151 of the Treaty on the Functioning of the European Union (TFEU). Social dialogue contributes to the development of European social policy. The social partners are involved in discussions, consultations, negotiations and joint actions conducted at European level, in addition to those conducted at national level. Prior to taking action in the social field, the European Commission must consult the social partners (Article 154 TFEU). Then, the partners can negotiate agreements that can be implemented independently according to their national practices, or request their implementation through a Council decision (Article 155 TFEU). European social dialogue may be either: tripartite (social partners and EU institutions) or bipartite (employer organisations and trade unions). Examples of agreements resulting from social dialogue include those on harassment and violence at work (2007) and on inclusive labour markets (2010).

**Social partners**

The social partner organisations represent the interests of European workers and employers. The main cross-industry organisations representing social partners at EU level are: the European Trade Union Confederation (ETUC); the Union of Industrial and Employers’ Confederations of Europe (BUSINESSEUROPE); the European Association of Craft, Small and Medium-sized Enterprises (UEAPME); the European Centre of Enterprises with Public Participation
Alongside these cross-industry organisations are many other socio-professional groups representing specific or sectoral interests. Article 152 of the Treaty on the Functioning of the Eurcognises the role of the social partners in labour relations and European social dialogue. They represent their members during consultations with the Commission and the negotiation of collective agreements. They also sit with the European Economic and Social Committee, alongside other organisations representing civil society.

**Social policy**

Article 151 of the Treaty on the Functioning of the European Union (TFEU) details the EU’s social policy objectives: promoting employment, improving working and living conditions, equal treatment of workers, adequate social protection according to need, social dialogue, developing human resources aimed at achieving a high and sustainable level of employment, as well as combating exclusion. In addition, Article 6 of the Treaty on European Union (TEU) gives binding force to the social rights in the EU Charter of Fundamental Rights. A horizontal social clause is introduced by Article 9 of the Treaty on the Functioning of the EU. The definition and implementation of the EU’s policies and actions must take into account the following social requirements: the promotion of a high level of employment; the guarantee of adequate social protection; the fight against social exclusion; a high level of education, training and protection of human health. Social policy is primarily the responsibility of EU countries. However, certain aspects are a shared competence with the EU. The European Parliament and the Council may adopt incentive measures to
support and complement the actions of EU countries in certain areas, such as the fight against social exclusion. They may also adopt minimum requirements in the form of directives, namely legislation which enables EU countries to adopt additional stricter provisions. These directives only concern: health and safety of workers; working conditions; social security and social protection of workers (EU countries remain responsible for defining the fundamental principles of their social security systems); protection of workers in the case of termination of their employment contract; information and protection of workers; collective representation and defence of workers’ and employers’ interests; working conditions for non-EU nationals residing legally on EU territory; integration of persons excluded from the labour market; equality between men and women concerning their treatment in relation to employment.

**Solidarity clause**

The Solidarity clause, introduced by Article 222 of the Treaty on the Functioning of the European Union (TFEU), provides the option for the EU and EU countries: to act jointly; to prevent the terrorist threat in the territory of an EU country; to provide assistance to another EU country which is the victim of a natural or man-made disaster. The clause was implemented as anticipated following the terrorist attacks in Madrid in March 2004. In 2014, the EU adopted a decision laying down the rules and procedures for the operation of the solidarity clause. It ensures that all the parties concerned at national and at EU levels work together to respond quickly, effectively and consistently in the event of terrorist attacks or natural or man-made disasters. The European
Union Solidarity Fund is an instrument financing operations in the field of civil protection first created in 2002. Under revised rules adopted in 2014, working procedures have been simplified and eligibility criteria clarified and extended to cover drought.

**Special rights**

These are rights that are granted by a Member State to a limited number of undertakings which, within a given geographical area, and otherwise than according to objective, proportional and non-discriminatory criteria,
– limit to two or more the number of such undertakings authorised to provide a service or undertake an activity, or
– designate several competing undertakings as being authorised to provide a service or undertake an activity, or
– confer on any undertaking or undertakings any legal or regulatory advantages which substantially affect the ability of any other undertaking to provide the same service or to operate the same activity in the same geographical area under substantially equivalent conditions.

**Stabilisation and Association Process**

The Stabilisation and Association Process (SAP) is the European Union's policy towards the Western Balkans, established with the aim of eventual EU membership. Western Balkan countries are involved in a progressive partnership with a view of stabilising the region and establishing a free-trade area. The SAP sets out common political and economic goals although progress evaluation is based on countries' own merits.

The SAP was launched in June 1999 and strengthened at the Thessaloniki Summit in
June 2003 taking over elements of the accession process. It rests on: contractual relationships (bilateral Stabilisation and Association agreements); trade relations (autonomous trade measures); financial assistance (the Instrument for Pre-accession Assistance); regional cooperation and good neighbourly relations.

The Stability and Growth Pact (SGP) was introduced as part of the third stage of economic and monetary union (EMU). It was designed to ensure that EU countries maintained sound public finances after the single currency was introduced. In formal terms, the Pact originally comprised a European Council resolution (adopted in 1997) and two Council Regulations of 7 July 1997 laying down detailed technical arrangements (one on the surveillance of budgetary positions and the coordination of economic policies and the other on implementing the excessive deficit procedure). Following discussions on the SGP’s operation, the regulations were amended in 2005. Enforcement, however, was weak, resulting in serious fiscal imbalances in some EU countries, exposed when the economic and financial crisis struck in 2008. Since the crisis, the EU’s economic governance rules have been strengthened by means of 8 EU regulations and one international treaty: the 6-pack (which introduced a system to monitor broader economic policies, so as to detect problems like real estate bubbles or falling competitiveness early on); the 2-pack (a new cycle of monitoring for the euro area, with countries – except those with macroeconomic adjustment programmes – submitting their draft budgetary plans to the European Commission every autumn); the 2012
Treaty on Stability, Coordination and Governance (Fiscal Compact) which introduces stricter fiscal provisions than the SGP. This set of measures is now an integral part of the European Semester, the EU’s economic policy coordination mechanism. In January 2015, following a review, the European Commission issued detailed guidance on how it will apply the existing SGP rules so as to strengthen the link between structural reforms, investment (particularly in view of the recently created European Fund for Strategic Investments) and fiscal responsibility in support of jobs and growth.

**Standing Committee on Internal Security**

Article 71 of the Treaty on the Functioning of the European Union (TFEU) establishes a Standing Committee on Internal Security (COSI) within the Council. COSI is composed of members of the competent national ministries who are assisted by the permanent representatives to the European Union of the EU countries in Brussels and by the secretariat of the Council. COSI’s objective is to facilitate, promote and strengthen the coordination of operational cooperation of EU countries in the field of internal security. In this capacity, it acts in a number of different areas, including police and customs co-operation, the protection of external borders and judicial cooperation in criminal matters. It must submit a regular report on its activities to the Council, which then informs the European Parliament and the national parliaments. COSI, as well as the Political and Security Committee, must also assist the Council with regard to the ‘solidarity clause’ (Article 222 of the TFEU). COSI does not take part in the preparation of new legislation or the conduct of operations.
**State aid**

State aid means action by a (national, regional or local) public authority, using public resources, to favour certain undertakings or the production of certain goods. A business that benefits from such aid thus enjoys an advantage over its competitors. Aid granted selectively by EU countries or through state resources and which may affect trade between EU countries or distort competition is prohibited under Article 107 of the Treaty on the Functioning of the European Union (TFEU). Aid may be permitted if justified by objectives of general interest: aid to promote the development of disadvantaged areas or for services of general economic interest, small and medium-sized enterprises, research and development, environmental protection, training, employment and culture. EU countries must notify the European Commission of the aids that they grant – except in certain specified instances. Under Article 108 TFEU, the European Commission has the task of keeping under review state aid granted by EU countries, whether planned or already operational, so as to ensure that it does not distort competition.

**State monopoly of commercial character**

State monopolies of a commercial character are monopolies through which the national, regional or local authorities or other public bodies of any kind of a Party are in a position, in law or in fact, to supervise, determine or appreciably influence, either directly or indirectly, imports or exports between the Parties. The provisions in this Agreement regarding State monopolies of a commercial character apply likewise to monopolies delegated by the Parties.
Article 223 (2) of the Treaty on the Functioning of the EU requires the European Parliament (EP) to lay down the regulations and general conditions governing the performance of the duties of its Members, after seeking an opinion from the Commission and with the consent of the Council, acting by a qualified majority (except as regards taxation, for which unanimity within the Council is required). These are the EP’s internal organisational and operational rules. Each time they are updated, they are published in the Official Journal of the European Union. The current Statute for Members of the European Parliament (MEPs) entered into force on the first day of the parliamentary term that began on 14 July 2009. It makes the terms and conditions of MEPs’ work more transparent and introduces a common salary for all MEPs, which is paid from the EU budget. Based on the Decision adopting the Statute, and according to the EP’s Rules of Procedure, the EP’s Bureau laid down the implementing measures for the MEP’s Statute on 19 May and 9 July 2008. It has since been amended several times. The Code of Conduct for MEPs entered into force on 1 January 2012. It sets out as its guiding principles that MEPs must act solely in the public interest and conduct their work with disinterest, integrity, openness, diligence, honesty, accountability and respect for the European Parliament’s reputation. It defines conflicts of interest and how MEPs should address them. It also includes rules on, for example, official gifts to MEPs and the professional activities of former MEPs. In accordance with the EP’s Rules of Procedure and its Code of Conduct, the EP’s Bureau, on 15 April 2013, laid down implementing
measures to ensure transparency with respect to financial interests and conflicts of interests. A publicly accessible register of gifts and a declaration of attendance at events organised by third parties have been introduced. These measures entered into force on 1 July 2013.

Stock

A type of security that signifies ownership in a corporation and represents a claim on part of the corporation’s assets and earnings. There are two main types of stock: common and preferred. Common stock usually entitles the owner to vote at shareholders’ meetings and to receive dividends. Preferred stock generally does not have voting rights, but has a higher claim on assets and earnings than the common shares.

Stock Purchase Agreement

The Stock Purchase Agreement ("SPA") is the definitive agreement that finalizes all terms and conditions related to the purchase and sale of the shares of a company. It is different from an Asset Purchase Agreement ("APA") where the assets (not the shares) of a company are being bought/sold.

Stockholder

The portion of the balance sheet that represents the capital received from investors in exchange for stock (paid-in capital), donated capital and retained earnings. Stockholders’ equity represents the equity stake currently held on the books by a firm’s equity investors. It is calculated either as a firm’s total assets minus its total liabilities, or as share capital plus retained earnings minus treasury shares.

Strategy on Sustainable Development ‘Ukraine – 2020’

This strategic document was adopted by the President of Ukraine on 12 January 2015. It provides for the agenda on the reforming of the economic sectors of Ukraine, including
the facilitation of the industrial output, tax reform and the substantial increase in the national energy efficiency.

**Structural and Investment Funds**

The European Structural and Investment Funds are funds that work together to support economic, social and territorial cohesion and deliver the objectives of the EU’s Europe 2020 strategy to generate smart, sustainable and inclusive growth. There are five funds: European Regional Development Fund (ERDF); European Social Fund (ESF); Cohesion Fund (CF); European Agricultural Fund for Rural Development (EAFRD); European Maritime and Fisheries Fund (EMFF). There are three funds that fall under the EU’s cohesion policy: ERDF, ESF and CF. All EU regions are eligible for ERDF and ESF funding but only less-developed regions are eligible for CF support. Available funding under EU cohesion policy for the period 2014-2020 amounts to €351.8 billion. Two further funds, the EAFRD (under the common agricultural policy, €85 billion) and EMFF (under the common fisheries policy, €6.5 billion), are specifically targeted at the needs of rural and maritime regions respectively. Spending of these funds will be complemented by the European Fund for Strategic Investments, announced in November 2014. All of the above funds pursue the EU’s goal of economic, social and territorial cohesion as laid down in Article 3 of the Treaty on European Union and Article 174 of the Treaty on the Functioning of the European Union.

**Subject to contract**

The words “subject to contract” is used on documents exchanged by parties during
contract negotiations. These words denote that the document is not an offer or acceptance and negotiations are still going on. The expression “without prejudice” is also used in place of “subject to contract.”

**Sublease**

A real property rental agreement between an original tenant and a new tenant. The most common type of lease arrangement is between the landlord who owns the property and a tenant. If that tenant finds him or herself unable to continue meeting the terms of their lease, they may opt to create a sublease if the landlord allows it. The sublessee is subject to the same rental terms that the original lessee was subject to. Subleases can be executed for both residential and commercial properties.

**Subsidiarity**

The principle of subsidiarity is defined in Article 5 of the Treaty on European Union. It aims to ensure that decisions are taken as closely as possible to the citizen and that constant checks are made to verify that action at EU level is justified in light of the possibilities available at national, regional or local level. Specifically, it is the principle whereby the EU does not take action (except in the areas that fall within its exclusive competence), unless it is more effective than action taken at national, regional or local level. It is closely bound up with the principle of proportionality, which requires that any action by the EU should not go beyond what is necessary to achieve the objectives of the Treaties. There are two Protocols annexed to the Treaty of Lisbon that are key: Protocol No 1 on the role of national Parliaments encourages national Parliaments’ involvement in EU activities and requires EU documents and proposals to be forwarded
promptly to them so they can examine them before the Council takes a decision. Protocol No 2 requires the Commission to take into account the regional and local dimension of all draft legislative acts and to make a detailed statement on how the principle of subsidiarity is respected. This Protocol allows national Parliaments to object to a proposal on the grounds that it breaches the principle, as a result of which the proposal must be reviewed and may be maintained, amended or withdrawn by the Commission, or blocked by the European Parliament or the Council. In the case of a breach of the principle of subsidiarity, the Committee of the Regions or EU countries may refer an adopted act directly to the Court of Justice of the EU.

**Subsidiary powers**

Article 352 of the Treaty on the Functioning of the European Union (TFEU) contains a provision allowing the EU to adopt an act necessary to attain objectives laid down by the treaties when the latter have not provided the powers of action necessary to attain them. Article 352 TFEU may only be used as a legal basis when the following conditions are met: the action envisaged is ‘necessary to attain, in the context of the policies defined by the treaties (with the exception of the common foreign and security policy), one of the Union’s objectives’; no provision in the treaty provides for action to attain the ‘objective’; the envisaged action must not lead to the EU’s competences being extended beyond those provided for by the treaties. On a proposal from the Commission, the Council adopts acts based on Article 352 TFEU unanimously, following the consent of the European Parliament. The European Commission, using the procedure for
controlling the respect of the principle of subsidiarity provided by Article 5 of the Treaty on European Union (TEU) and Protocol 2 to the Treaty of Lisbon, must draw national parliaments’ attention to initiatives taken on the basis of Article 352 TFEU.

**Suspension clause**

Article 7 of the Treaty on European Union allows for the possibility of suspending EU membership rights (such as voting rights in the Council) if a country seriously and persistently breaches the principles on which the EU is founded (liberty, democracy, respect for human rights and fundamental freedoms, and the rule of law). Nevertheless, that country’s membership obligations remain binding. According to Article 7, on the proposal of one third of EU countries, or of the Commission or of the European Parliament, the Council, acting by a majority of four fifths of its members, having obtained the European Parliament’s consent, may determine that there is a clear risk of a serious breach of these fundamental principles by an EU country, and address appropriate recommendations to it. Article 354 of the Treaty on the Functioning of the European Union lays down the voting procedures to be used by the main European institutions when an EU country faces the application of Article 7. The country in question does not take part in the vote. It does not figure in the calculation of the one third of countries required for the proposal or the four fifths required for the majority. Parliament’s consent requires a two-thirds majority.

**Sustainable development**

Promotes the idea that social, environmental, and economic progress are all attainable within the limits of our earth’s natural resources.
Sustainable development approaches everything in the world as being connected through space, time and quality of life. Sustainable development was defined in the World Commission on Environment and Development’s 1987 Brundtland report ‘Our Common Future’ as ‘development that meets the needs of the present without compromising the ability of future generations to meet their own needs’. It seeks to reconcile economic development with the protection of social and environmental balance. In 2001, the EU adopted a strategy in favour of sustainable development. This was revised in 2006 providing ‘a long-term vision for sustainability in which economic growth, social cohesion and environmental protection go hand in hand and are mutually supporting’. The European Commission’s review of the strategy in 2009 highlighted the persistence of some unsustainable trends and the need for greater efforts in their regard. However, it also noted the EU’s progress in mainstreaming sustainable development in many of its policies (including trade and development) and pointed to the lead it has taken in regard to climate change and promoting a low-carbon economy. Sustainable development formally became one of the European Union’s long-term goals under Article 3(3) of the Treaty on European Union.

**TAIEX**

(Technical Assistance and Information Exchange) Technical Assistance and Information Exchange (TAIEX) is an EU institution-building instrument for short-term assistance to partner countries providing expertise on the transposition of EU laws into their national law, and their subsequent application and
enforcement. It also seeks to encourage greater economic integration and political cooperation between the European Neighbourhood Policy Instrument (ENPI) partner countries and the EU. TAIEX’s beneficiaries are: EU membership candidate countries: Albania, the former Yugoslav Republic of Macedonia, Serbia and Turkey; Potential candidates: Bosnia and Herzegovina and Kosovo (*); The Turkish community in northern Cyprus; ENPI countries: Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel Jordan, Lebanon, Libya, Moldova, Morocco, Palestine, Syria, Tunisia and Ukraine. TAIEX has been operational since 1996 and is managed by the European Commission’s Directorate-General for Neighbourhood and Enlargement Negotiations. (*)This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence.

**Take or pay contracts**

A provision, written into a contract, whereby one party has the obligation of either taking delivery of goods or paying a specified amount.

**Takeover**

When an acquiring company makes a bid for a target company. If the takeover goes through, the acquiring company becomes responsible for all of the target company’s operations, holdings and debt. When the target is a publicly traded company, the acquiring company will make an offer for all of the target’s outstanding shares.

**Tariff Truce**

It is an cooperation arrangement between states which are not willing to compromise their tariff policy but ready to halt its further increase. The Tariff Truce Conferences were held in Europe during 1930-1932 after the
Briand’s Plan of the creation of the European Common Market had not found support in European capitals.

**Tax benefits**

is an allowable deduction on a tax return intended to reduce a taxpayer’s burden while typically supporting certain types of commercial activity. A tax benefit allows some type of adjustment benefiting a taxpayer’s tax liability.

**Tax harmonisation**

Specific provisions regarding taxation are laid down in Articles 110 to 113 of the Treaty on the Functioning of the EU (TFEU). The main focus of EU tax policy is the smooth operation of its single market, i.e. to ensure that individuals and businesses do not have to face obstacles relating to cross-border economic activity. Tax measures at the level of the EU can also be adopted to support the environmental and energy policies (Articles 192 and 194 respectively of the TFEU). The European Commission does not consider that across-the-board harmonisation of EU countries’ tax systems is necessary to the extent that the establishment and functioning of the internal market is not hampered; countries should be able to choose what they consider to be the most appropriate system for themselves. According to the principle of subsidiarity, there should only be action at EU level where action at individual country level does not yield an effective solution, but can be better achieved at EU level. EU harmonisation efforts predominantly focus on legislation on taxes levied on goods and services (indirect taxes, such as value-added tax (VAT), excise duties levied on energy products, electricity, alcohol and
manufactured tobacco) rather than taxes on incomes or profits (direct taxes).

**Tax holiday**
A government incentive program that offers a tax reduction or elimination to businesses. Tax holidays are often used to reduce sales taxes by local governments, but they are also commonly used by governments in developing countries to help stimulate foreign investment.

**Tax on income**
There are no EU-wide rules that say how EU nationals who live, work or spend time outside their home countries are to be taxed on their income – coming from wages, pensions, benefits, property, successions and donations, or any other sources.

**Television without frontiers**
The "Television Without Frontiers" Directive (TVWF Directive) is the cornerstone of the European Union’s audiovisual policy. It rests on two basic principles: the free movement of European television programmes within the internal market and the requirement for TV channels to reserve, whenever possible, more than half of their transmission time for European works ("broadcasting quotas"). The TVWF Directive also safeguards certain important public interest objectives, such as cultural diversity, the protection of minors and the right of reply. In December 2005 the Commission submitted a proposal to revise the TVWF Directive.

**TEMPUS program**
TEMPUS program is an educational program of mobility which supports modernization of higher education system and creates the area for collaboration in countries – EU partners. TEMPUS program created in 1990 for the most balanced collaboration and improvement of
higher education system in countries – EU partners, currently covers 27 countries in Western Balkans, Eastern Europe, Central Asia, North Africa and in the Middle East. TEMPUS program finances interuniversity collaboration in such spheres as working of study program, university management, cooperation of scholars and civil society, education and business partnership, as well as structural reforms in higher education system.

**Tenancy**

Right or interest of a tenant who occupies or possesses land or property from another for an agreed period, usually in exchange for rent and under a lease agreement.

**Tendering**

Period of such occupancy or possession.

**Tenure**

The right to use property.

**The Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs**

The Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs is the European Commission service responsible for: – completing the Internal Market for goods and services; – helping turn the EU into a smart, sustainable, and inclusive economy by implementing the industrial and sectorial policies of the flagship Europe 2020 initiative; – fostering entrepreneurship and growth by reducing the administrative burden on small businesses; facilitating access to funding for small and medium-sized enterprises (SMEs); and supporting access to global markets for EU companies. All of these actions are encapsulated in the Small Business Act; – generating policy on the protection and enforcement of industrial property rights, coordinating the EU position and negotiations
in the international intellectual property rights (IPR) system, and assisting innovators on how to effectively use IP rights;
– delivering the EU’s space policy via the two large-scale programmes Copernicus (European Earth observation satellite system) and Galileo (European global navigation satellite system), as well research actions to spur technological innovation and economic growth.

**The European Union’s external action**

While internal competences concern the European Union’s internal functioning, external competences are those that fall within the framework of the EU’s relations and partnerships with non-EU countries and international, regional or global organisations (such as the United Nations, the World Trade Organisation, etc.). The EU may conclude, within the framework of its competences, external agreements with non-EU countries or international organisations (Article 216 (1) of the Treaty on the Functioning of the European Union) which are binding on the EU’s institutions and on EU countries. Such agreements are an integral part of the EU’s legal order.

**The Executive Agency for Small and Medium-sized Enterprises (EASME)**

The Executive Agency for Small and Medium-sized Enterprises (EASME) is an Executive Agency of the European Commission. EASME was founded in 2003 as the Intelligent Energy Executive Agency and was renamed the European Agency for Competitiveness and Innovation in 2007, finally becoming EASME in 2014. It is responsible for managing specific programmes in the fields of energy, the environment, and business support. Its goal is to promote sustainable development while improving the competitiveness of European industries. While the Agency has its own legal
identity, it reports to several Directorate-Generals of the European Commission, which remain responsible for programming and evaluation of the programmes.

**Tradable emission permit**

Tradable-permit system in which a greenhouse gases emitter (firm or country under obligation to limit its total air pollution emissions to a specified level) can buy/sell permission to emit a certain amount of emissions from/to other emitters (who are below/above their limit). The market price of these permits (called ‘pollution credits’) reflects the marginal cost of emission reduction and gives an emitter the incentive to install and manage a cost effective pollution control system as an income producing asset. Accumulating emissions reductions for trading is called ‘banking.’

**Trade balance**

The difference between a country’s imports and its exports. Balance of trade is the largest component of a country’s balance of payments. Debit items include imports, foreign aid, domestic spending abroad and domestic investments abroad. Credit items include exports, foreign spending in the domestic economy and foreign investments in the domestic economy. A country has a trade deficit if it imports more than it exports; the opposite scenario is a trade surplus.

**Trade restriction**

A government-imposed trade restriction that limits the number, or in certain cases the value, of goods and services that can be imported or exported during a particular time period. Quotas are used in international trade to help regulate the volume of trade between countries. They are sometimes imposed on specific goods
and services to reduce imports, thereby increasing domestic production. In theory, this helps protect domestic production by restricting foreign competition.

**Trademark**

A trade mark may consist of any signs capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, the shape of goods or of their packaging, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings. The Trademark Law Treaty (“TLT”) was adopted in Geneva on October 27, 1994. It restricts the use of formalistic administrative requirements of the national offices of contracting parties by establishing standards for registration, changes after registration and the renewal of trademarks, in an attempt to simplify and harmonize procedures.

**Trademark Law Treaty**

The aim of the Trademark Law Treaty (TLT) is to standardize and streamline national and regional trademark registration procedures. This is achieved through the simplification and harmonization of certain features of those procedures, thus making trademark applications and the administration of trademark registrations in multiple jurisdictions less complex and more predictable.

**Transition agreement**

A transition agreement is an agreement by which a contractor agrees to provide service to a company in a transition period, even though the original agreement is discontinued. For instance, when a certain service provided by a service providing company to another party is going to change or discontinue at some time in future the parties through a transition agreement
agrees that the providing company will help the other party through the transition period. Generally, a transition agreement is a more general contract that can be used for any service industry.

**Transition period**

A period during which an applicant state can adjust to the EU economic and legal standards and be ready to fully fulfill its obligations.

**Treaties**

The creation of the European Coal and Steel Community (ECSC) was the starting point for over 50 years of European treaty-making. Between 1951 (ECSC Treaty) and 2001 (Treaty of Nice), no fewer than 16 treaties were signed. This series of treaties did far more than simply amend the original text; new treaties were born and gradually extended the family. The principal treaties are as follows: Treaty establishing the European Coal and Steel Community (ECSC), signed in Paris in 1951. This treaty expired on 23 July 2002. Treaty establishing the European Economic Community (EEC), signed in Rome in 1957. Treaty establishing the European Atomic Energy Community (Euratom), signed in Rome in 1957. Single European Act (SEA), signed in Luxembourg in 1986. Treaty on European Union (TEU), signed in Maastricht in 1992. Treaty of Amsterdam, signed in 1997. Treaty of Nice, signed in 2001. All these treaties were amended on a number of occasions, in particular at the time of accession to membership of new countries in 1973 (Denmark, Ireland and the United Kingdom), in 1981 (Greece), in 1986 (Spain and Portugal), in 1995 (Austria, Finland and Sweden), in 2004 (Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia
and Slovakia), in 2007 (Bulgaria and Romania) and in 2013 (Croatia). Following difficulties in some EU countries in ratifying a European constitutional treaty signed in 2004, European leaders in 2007 agreed to convene an intergovernmental conference to finalise and adopt not a constitution but a ‘reform treaty’ for the EU. The Lisbon Treaty, signed on 17 December 2007, entered into force on 1 December 2009. It comprises the Treaty on European Union (TEU) and the Treaty on the Functioning of the EU (TFEU). Its provisions are incorporated in the existing treaties.

**Trio**

The trio refers to the 3 EU countries which hold the presidency of the Council of the European Union for a total of 18 months and which work closely together over that period. Each member of the trio chairs all configurations of the Council for a 6-month period, with the exception of the Foreign Affairs configuration. This system was introduced after the Lisbon Treaty in 2009. Each trio sets long-term goals and develops a joint agenda identifying the topics and issues to be addressed by the Council over a period of 18 months. Each of the 3 EU countries prepares its own more detailed 6-month programme, taking due account of the goals and the agenda.

**TRIPS Agreement**

The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) introduced intellectual property rules into the multilateral trading system for country members of the World Trade Organization (WTO). The TRIPS Agreement came into force on January 1, 1995. With regard to trademarks, the Agreement defines what types of signs are eligible for protection.
Trust company

A legal entity that acts as fiduciary, agent or trustee on behalf of a person or business entity for the purpose of administration, management and the eventual transfer of assets to a beneficial party. The entity acts as a custodian for trusts, estates, custodial arrangements, asset management, stock transfer, beneficial ownership registration and other related arrangements. A trust company does not own the assets its customers assign to its management, but it may assume some legal obligation to take care of assets on behalf of other parties.

Under-capitalization

When a company does not have sufficient capital to conduct normal business operations and pay creditors. This can occur when the company is not generating enough cash flow or is unable to access forms of financing such as debt or equity. If a company can’t generate capital over time, it increases its chance of going bankrupt as it loses the ability to service its debts. Undercapitalized companies also tend to choose high-cost sources of capital, such as short-term credit, over lower-cost forms such as equity or long-term debt.

Undertaking

Company, in business, in particular in EU Law, the term is used interchangeably, i.e. a business entity.

Underwriter

An underwriter is a company or other entity that administers the public issuance and distribution of securities from a corporation or other issuing body. An underwriter works closely with the issuing body to determine the offering price of the securities, buys them from
the issuer and sells them to investors via the underwriter’s distribution network.

**Unfair competition**

The law of unfair competition serves five purposes. First, the law seeks to protect the economic, intellectual, and creative investments made by businesses in distinguishing themselves and their products. Second, the law seeks to preserve the good will that businesses have established with consumers. Third, the law seeks to deter businesses from appropriating the good will of their competitors. Fourth, the law seeks to promote clarity and stability by encouraging consumers to rely on a merchant’s good will and reputation when evaluating the quality of rival products. Fifth, the law seeks to increase competition by providing businesses with incentives to offer better goods and services than others in the same field.

**Unfair terms**

Contract clause that directly or indirectly limits (or attempts to limit) the rights of a counterparty (such as a consumer) protected under contract law, is held unreasonable and/or liable to be void. Any clause that attempts to exclude liability for injury or death is often automatically invalid.

**Unitary patent**

Over winter 2012/2013, EU countries agreed on a ‘patent package’ (Regulations (EU) No 1257/2012 and 1260/2012, and an Agreement on a Unified Patent Court) one element of which is the European patent with unitary effect, also known as the unitary patent. The objective of the unitary patent is to ensure uniform protection for an invention across all EU countries (except Croatia, Italy and Spain). It reduces considerably the
burden on businesses and the cost of obtaining a patent. It therefore helps make Europe more competitive and encouraging innovation. The participating countries (plus Italy) have signed an international agreement setting up the Unified Patent Court (Council document No 16351/12), which will be the future centralised patent jurisdiction for the unitary patent. Inventors will still have the option to apply for national patents and ‘classical’ European patents (i.e. without unitary effect).

**United Nations Commission on International Trade Law (UNCITRAL)**

The United Nations Commission for International Trade Law (UNCITRAL), established by the United Nations General Assembly by its resolution 2205 (XXI) of 17 December 1966, plays an important role in developing that framework in pursuance of its mandate to further the progressive harmonization and modernization of the law of international trade, by preparing and promoting the use and adoption of legislative and non-legislative instruments in a number of key areas of commercial law. UNCITRAL has become recognized as the core legal body of the United Nations system in the field of international trade law.

**Universal service**

Universal service is a concept developed by the European Union (EU). It refers to the set of general interest demands to which services such as telecommunications and the mail should be subject throughout the EU. The aim is to ensure that all users have access to quality services at an affordable price.
‘Variable-geometry’ Europe is the term used to describe the idea of a method of differentiated integration in the European Union. It acknowledges that, particularly since the EU’s membership almost doubled in under a decade, there may be irreconcilable differences among countries and that there should be a means to resolve such stalemates.

The party in the supply chain that makes goods and services available to companies or consumers. The term vendor is typically used to describe the entity that is paid for the goods that are provided, rather than the manufacturer of the goods. A vendor, however, can operate both as the supplier of goods (seller) and the manufacturer.

Money provided by investors to startup firms and small businesses with perceived long-term growth potential. This is a very important source of funding for startups that do not have access to capital markets. It typically entails high risk for the investor, but it has the potential for above-average returns.

Vertical Agreement is an agreement for cooperation between two or more competing businesses operating at different levels of production or distribution chain in the market. For example, a vertical agreement could be between a manufacturer, distributor and a retailer. These agreements are generally illegal because they may eliminate competition, create a monopoly, artificially raise prices or otherwise adversely affect free market. If the
agreements are in the best interest of the parties and the public they may be declared reasonable.

The Vienna Agreement Establishing an International Classification of the Figurative Elements of Marks ("Vienna Agreement") was adopted in June 1973 and amended in October 1985. The International Classification of the Figurative Elements of Marks (Vienna Classification), established by the Vienna Agreement, comprises a list of categories, divisions and sections classifying the figurative elements of trademarks (such as designs, pictures, drawings and logos). Although only 32 states are contracting parties to the Vienna Agreement, the Vienna Classification is used by the industrial property offices of at least 30 other states, as well as by the International Bureau of WIPO, the OAPI, the BOIP and OHIM.

The United Nations Convention on Contracts for the International Sale of Goods (CISG) has been recognized as the most successful attempt to unify a broad area of commercial law at the international level. The self-executing treaty aims to reduce obstacles to international trade, particularly those associated with choice of law issues, by creating even-handed and modern substantive rules governing the rights and obligations of parties to international sales contracts. At the time this is written (February 2009), the CISG has attracted more than 70 Contracting States that account for well over two thirds of international trade in goods, and that represent extraordinary economic, geographic and cultural diversity.
**Voluntary dissolution**

An action taken by shareholders, incorporators or initial directors to dissolve a corporation. It is caused upon a vote of the stockholders, subject to statutory conditions respecting the percentage of the stock voted in favor of dissolution, or at the instance of the directors with the consent of a certain proportion of the stockholders. The process of voluntary dissolution is completed by filing Articles of Dissolution with the Secretary of State.

**Voting right**

The right of a stockholder to vote on matters of corporate policy and who will make up the board of directors. Voting often involves decisions on issuing securities, initiating corporate actions and making substantial changes in the corporation’s operations.

**W**

**Wage cost**

The cost of wages paid to workers during an accounting period on daily, weekly, monthly, or job basis, plus payroll and related taxes and benefits (if any).

**Warrant**

A document issued by a court that gives the police the power to do something.

**Watered Shares**

Issued with a value much greater than the value of the issuing company’s assets.

**White Paper**

European Commission White Papers are documents containing proposals for European Union action in a specific area. In some cases, they follow on from a Green Paper published to launch a consultation process at European level. The purpose of a White Paper is to launch a debate with the public, stakeholders, the European Parliament and the Council in order
to facilitate a political consensus. The Commission’s 1985 White Paper on the completion of the internal market is an example of a blueprint that was adopted by the Council and resulted in the adoption of wide-ranging legislation in this field. Recent Commission White Papers include: ‘Adapting to climate change: towards a European framework for action’ (2009); ‘Roadmap to a single European transport area’ (2011); ‘An agenda for adequate, safe and sustainable pensions’ (2012); ‘Towards more effective EU merger control’ (2014).

**White-collar worker**

A working class that is known for earning high average salaries and not performing manual labor at their jobs. White collar workers historically have been the "shirt and tie" set, defined by office jobs and not "getting their hands dirty" (or their white collar dress shirts).

**Winding up**

The process of selling all the assets of a business, paying off creditors, distributing any remaining assets to the principals or parent company, and then dissolving the business. Winding up can refer to such a process either for a specific business line of a corporation or to the dissolution of a corporation itself.

**Withdrawal clause**

Article 50 of the Treaty on European Union provides for a mechanism for the voluntary and unilateral withdrawal of a country from the European Union (EU). An EU country wishing to withdraw must notify the European Council of its intention to do so. The European Council is then required to provide guidelines for the conclusion of an agreement setting out the arrangements for that country’s withdrawal. This agreement is concluded on behalf of the EU by the Council, acting by qualified
majority, having obtained the European Parliament’s consent. The EU treaties cease to apply to the country in question from the date of entry into force of the agreement, or within 2 years of the notification of the withdrawal. The Council may decide to extend that period. Any country that has withdrawn from the EU may apply to rejoin. It would be required to go through the accession procedure.

**Work permit**

An authorization to work on a given job issued by a union to a non-member.

**World Intellectual Property Organisation**

The World Intellectual Property Organization (WIPO) is a United Nations (U.N.) agency charged with protecting intellectual property (IP) through an international system that promotes and sustains creativity and innovation and helps develop international economies. WIPO is dedicated to protecting IP by working with worldwide organizations. It enlists the cooperation of member states through the nine foundational goals of its Strategic Plan.

**World Trade Organisation**

The World Trade Organization (WTO) is the only global international organization dealing with the rules of trade between nations. At its heart are the WTO agreements, negotiated and signed by the bulk of the world’s trading nations and ratified in their parliaments. The goal is to help producers of goods and services, exporters, and importers conduct their business.

**Written consent**

An official binding agreement signed either on paper or digitally by parties involved, which is recognized legally.
Довідкове видання

ГЛОСАРІЙ ТЕРМІНІВ
ВНУТРІШНЬОГО РИНКУ
ЄВРОПЕЙСЬКОГО СОЮЗУ ДОПОВНЕННИЙ
ВІДПОВІДНО ДО УГОДИ ПРО АСОЦІАЦІЮ
МІЖ ЄВРОПЕЙСЬКИМ СОЮЗОМ
І УКРАЇНОЮ

Англійською мовою

Видавець і виготовлювач ПП «Фенікс»
(свідоцтво суб’єкта видавничої справи ДК № 1044 від 17.09.2002)
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