

Chapter Two

The Institutions of the European Union

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Introduction

Dealing with the European Union (EU) requires an understanding the architecture of its institutions and its policy-making processes. This is particularly relevant for the Western Balkans countries, i.e., Albania, Bosnia and Hercegovina, Kosovo, Montenegro, North Macedonia and Serbia, which aspire to EU membership. The Western Balkans countries, not yet members of the EU, have special links with it primarily through stabilization and association agreements and other arrangements, such as the Regional Economic Area, the Central European Free Trade Area (CEFTA) and other regional organizations. Kosovo, in addition, has its peculiar arrangements with the EU since it is not recognized by five EU member states despite the fact that it hosts the EU's largest rule of law mission known as EULEX. This chapter will provide an overview of the most important EU institutions, their functions and composition which are critical for understanding any interaction of the Western Balkans when dealing with the EU.

The EU is an international organization which, according to the Treaty of Lisbon of 2009, is the successor to the European Communities established in 1957. The international treaties, which form the constitutional framework of the EU, are the Treaty on the European Union (TEU) and the Treaty on the Functioning of the European Union (TFEU) (Consolidated Version of the Treaty on the European Union and Consolidated Version of the Treaty on the Functioning of the European Union, 2016), together called the EU Treaties. The European Atomic Energy Community is a separate international organization.

The EU has an international legal personality (TEU, Art. 47) and establishes diplomatic relations to the extent that it is recognized by

states and other international organizations (Herdegen, 2020). The EU is a special form of an international organization as its member states have conferred significant powers upon the EU, including legislative authority that has resulted in the establishment of an autonomous supranational organization (Frenz, 2011). The EU, acting through its institutions, has policy and law-making powers in specific areas and its legislative acts have direct effect in the territory of its member states. The EU is also a community of values which include respect for human dignity, freedom, democracy, equality, the rule of law, and respect for human rights and minority rights (TEU, Art. 2).

However, the EU member states retain their sovereignty and the EU's powers are limited by the principle of conferral. This means that the EU may act only within the limits of the powers conferred on it by the member states (TEU, Art. 5.2). Pursuant to the principle of sincere cooperation, member states are required to assist each other and the EU in carrying out the tasks which derive from the EU Treaties (TEU, Art. 4.3). The member states must ensure the fulfilment of their obligations arising out of the EU Treaties or from the acts of the institutions of the EU, and they must facilitate the achievement of the EU's tasks and refrain from any measure which could jeopardize the attainment of the EU's objectives (TEU, Art. 4.3).

As an international organization, the EU acts through its institutions. Their aim is to promote the EU's values, advance its objectives, serve its interests, those of its citizens and member states, and ensure the consistency, effectiveness and continuity of its policies and actions (TEU, Art. 13.1).

The EU has the following institutions (TEU, Art. 13):

- The European Council;
- The Council;
- The European Commission (Commission);
- The European Parliament;
- The Court of Justice of the European Union;
- The European Central Bank;
- The Court of Auditors.

In addition, there is the Economic and Social Committee and the Committee of the Regions as advisory bodies to the European Parlia-

ment, the Council, and the Commission (TEU, Art. 13.4). The European Investment Bank is also a special financial body, which will be briefly outlined in this chapter.

The design and arrangement of the EU's institutions reflects the need to balance the interests between the EU and its member states and that of the member states between them. The principle of institutional balance governs the relations between the EU institutions (Klamert, 2014). It means that legislative and executive functions are not vested in a single institution, but they are distributed between different institutions (Haratsch et al. 2020). This principle requires EU institutions to cooperate with each other to fulfill the legislative or executive function and no institution has so much power that it can abuse it. It is therefore the equivalent of checks and balances in a modern constitutional order. The principle of institutional balance also requires every institution to act in accordance with the powers conferred on it by the EU Treaties (Kaczorowska, 2016). An act that is outside the powers conferred by the EU Treaties is *ultra vires* and challengeable.

The EU institutions are also governed by the principle of institutional autonomy and the principle of sincere cooperation. The principle of institutional autonomy means that every EU institution is authorized to organize its work (Kaczorowska, 2020). The principle of sincere co-operation requires EU institutions to cooperate in good faith with each other by respecting the other institutions' responsibilities and powers.

The European Council

The European Council started in 1972 as informal meetings of heads of state and government of EU member states. The Treaty of Lisbon finally defined the legal status of the European Council which was not clear until then.

Composition

The European Council consists of the heads of state or government of the member states (TEU, Art. 15.2). The President of the European Council, the President of the Commission, and the High Representative for Foreign Affairs and Security Policy are also part of the European Council.

The President of the European Council is elected by the European Council and may also be dismissed in the same manner in the event of

an impediment or serious misconduct (TEU, Art. 15.5). The President of the European Council is responsible for:

- Chairing the European Council;
- Ensuring the preparation and continuity of the work of the European Council in cooperation with the President of the Commission,
- Facilitating cohesion and consensus within the European Council;
- Presenting a report to the European Parliament after each of the meetings of the European Council;
- Ensuring the external representation of the EU on issues concerning its common foreign and security policy, however, without prejudice to the powers of the High Representative for Foreign Affairs and Security Policy.

Responsibilities

The European Council is the EU's main political body. Its primary functions are:

- To provide the EU with the necessary impetus for its development and defines its general political directions and priorities (TEU, Art. 15.1);
- To identify the EU's strategic interests, to determine the objectives of and define general guidelines for the EU's common foreign and security policy, including for matters with defense implications (TEU, Art. 26.1);
- To define the strategic guidelines for legislative and operational planning within the area of freedom, security and justice (TFEU, Art. 68);
- To decide on the composition of the European Parliament (TEU, Art. 14.2);
- To establish a system of rotation in the Commission (TEU, Art. 17.5);
- To appoint and dismiss the High Representative for Foreign Affairs and Security Policy (TEU, Art. 18.1).

The European Council does not exercise any legislative function; these are reserved to the Council and the European Parliament. As an

exception, in matters related to judicial cooperation in criminal matters, draft regulations may be referred to the European Council when there is no unanimity in the Council (TFEU, Art. 83.3).

The European Council meets twice every six months, but it may also meet at special meetings when required (TEU, Art. 15.3). The European Council decides, in principle, by consensus. A member of the European Council may vote for another member, but not more than for one (TFEU, Art. 235.1). In exceptional situations, and when prescribed by the EU Treaties, the European Council decides by qualified majority (e.g. appointment of the High Representative for Foreign Affairs and Security Policy) or by unanimity.

The qualified majority requirements are the same as for the Council (TFEU, Art. 235). In the event of a unanimity vote, the abstention of a member of the European Council does not prevent the adoption of the decision (TFEU, Art. 235).

The Council

The Council, together with the European Parliament, is the main legislative institution of the EU and is, in terms of competencies, the most powerful EU institution. The Council builds the institutional bridge between the EU and its member states because, on the one hand, it is the forum where member states promote their national interests and, on the other hand, they are required to promote the interests of the EU as a supranational organization. Member states meet in the Council as members of the Council and act on behalf of the EU. They can also meet in the Council without acting for the EU but on an intergovernmental basis (Herdegen, 2020). In such an event, the decisions taken by the member states are not attributable to the EU. It is therefore important to clearly distinguish in what capacity the member states meet in the Council.

The Council has its seat in Brussels. During the months of April, June and October, the Council meets in Luxembourg.

Composition

The Council consists of a representative of each member state at the ministerial level who are authorized to commit their state and cast its vote (TEU, Art. 16.2). The wording of the TEU is such that it allows ministers of units of federal states, e.g. Germany and Austria, to represent their state in the Council. Administrative practice in the Council also

authorizes secretaries of state to vote in Council meetings on behalf of their state.

The Council meets in different configurations of ministers (TEU, Art. 16.6). This means that the membership of the Council depends on the subject-matter which will be discussed. The list of Council configurations, excluding the General Affairs Council and the Foreign Affairs Council, is determined by the European Council (TFEU, Art. 236). At present, the Council meets in the following ten configurations:

- General Affairs
- Foreign Affairs
- Agriculture and Fisheries
- Economic and Financial Affairs
- Education, Youth, Culture and Sport
- Employment, Social policy, Health and Consumer Affairs
- Environment
- Justice and Home Affairs
- Transport, Telecommunications and Energy

The Presidency of the Council configurations is determined by the European Council (TFEU, Art. 236). The only exception is the Foreign Affairs Council which is chaired by the High Representative for Foreign Affairs and Security Policy. The Presidency of the Council configurations must be determined on the basis of equal rotation between the member states.

The Council is supported by a General Secretariat (TFEU, Art. 240.2) and a Committee of Permanent Representatives of the Governments of the Member States which is responsible for preparing the work of the council (TEU, Art. 16.7). This Committee is also known as the COREPER. It is made up of permanent representatives of the Member States to the EU. The main function of COREPER is to support the Council by preparing proposals, which are discussed before they are submitted to the Council (Kaczorowska, 2016). There are two configurations of COREPER (Kaczorowska, 2016), i.e., COREPER I consists of ambassadors of the member states to the EU, and COREPER II is composed of the ambassadors' deputies (Fairhurst, 2010).

If there is unanimous agreement in COREPER, the proposal is included in part A of the Council's agenda and will be adopted by it

without further discussion (Hartley, 2016). If there is no agreement in COREPER, or the Commission objects to the proposal, the proposal is included in part B of the Council's agenda and is subject to further discussion and decision by the Council (Hartley, 2016).

Functions and Powers

The Council is the EU's main legislative body (TEU, Art. 16.1) despite increasing participation of the European Parliament in the legislative process. The Council establishes the EU's annual budget, together with the EU Parliament (TFEU, Art. 310.1). The Council has powers in the EU's external relations, such as to authorize the opening of negotiations, to adopt negotiating directives, to authorize the signing of agreements and to conclude them (TFEU, Art. 218.2), and to adopt economic sanctions against states (TFEU, Art. 215).

The Council decides by a qualified majority except where the EU Treaties provide otherwise (TEU, Art. 16.3). A qualified majority is defined as at least 55 % of the members of the Council, comprising at least fifteen of them and representing Member States comprising at least 65 % of the population of the Union (TEU, Art. 16.4).

As an exception, i.e., in cases when the Council does not act on a proposal from the Commission or from the High Representative for Foreign Affairs and Security Policy, the qualified majority is defined as at least 72 % of the members of the Council representing the participating Member States, comprising at least 65 % of the population of these States. A blocking minority can prevent a decision by the Council when a qualified majority is required. A blocking minority must include at least four Council members (TEU, Art. 16.4). The population percentage required for a qualified majority is calculated on the basis of the share of the population of each voting member state in total EU population. These shares are shown in Table 2.1 (the United Kingdom is excluded).

In certain matters the Council may also decide by simple majority, e.g., to adopt its rules of procedure (TFEU, Art. 240.3). In particularly important matters, the Council must decide by unanimity, e.g., when deciding on the admission of a new member state to the EU (TEU, Art. 49). In the event of a unanimity vote, the abstention of a member present in person or otherwise represented does not prevent the adoption of the decision (TFEU, Art. 237.4).

The EU Treaties enable the member states, in limited cases, to suspend the legislative procedure in the Council and to refer the decision

TABLE 2.1 Population of EU Member States and Their Share in Total EU Population

Member State	(1)	(2)	Member State	(1)	(2)
Germany	82.9	18.54	Bulgaria	7.0	1.56
France	67.0	14.98	Denmark	5.7	1.30
Italy	61.0	13.65	Finland	5.5	1.23
Spain	46.9	10.49	Slovakia	5.4	1.22
Poland	37.9	8.49	Ireland	4.9	1.10
Romania	19.4	4.34	Croatia	4.0	0.91
The Netherlands	17.4	3.89	Lithuania	2.7	0.62
Belgium	11.4	2.56	Slovenia	2.0	0.47
Greece	10.7	2.40	Latvia	1.9	0.43
Czech Republic	10.5	2.35	Estonia	1.3	0.30
Portugal	10.2	2.30	Cyprus	0.8	0.20
Sweden	10.2	2.29	Luxemburg	0.6	0.14
Hungary	9.7	2.18	Malta	0.4	0.11
Austria	8.8	1.98	Total	446.2	100.00

NOTES Column headings are as follows: (1) total population in millions, (2) percentage share of total. Adapted from Herdegen (2020)

to the European Council. For example, when a member of the Council considers that a draft directive would affect fundamental aspects of its criminal justice system, it may request that the draft directive be referred to the European Council (TFEU, Art. 82.3). In that case, the legislative procedure is suspended, and the European Council has four months to reach a consensus on the draft and refer it back to the Council.

Voting by qualified majority means that certain decisions may be taken against the will of states and create legal obligations for them even if they are against that decision. France's rejection of the majority voting for funding the common agricultural policy and its boycotting of the Council resulted in the Luxemburg Compromise of 1966. The Luxemburg Compromise means that a member state may request a unanimity vote even where a qualified majority vote is prescribed, if the subject matter is of vital interest for that state. The legal status of the Luxemburg Compromise is controversial, but the dominant view seems to be that it is not legally binding but merely reflects a political understanding (Herdegen, 2020). However, it reflects the political nature of the Council where decisions are the result of political bargaining

between the member states that primarily promote their national interests (Hartley, 2016).

The European Commission

The European Commission (the ‘Commission’) is the EU’s politically most independent institution. The TEU explicitly provides that in carrying out its responsibilities, the Commission must be completely independent (TEU, Art. 17.3). The members of the Commission must neither seek nor take instructions from any Government or other institution, body, office or entity (TEU, Art. 17.3). Because of its independence, the Commission is known as the ‘Guardian of the Treaties’ and the promoter of the EU’s supranational interests and of the EU’s integration process. It is also known as the executive branch of the EU, although it has additional powers which are related to legislation and external relations (Horspool & Humphreys, 2012). The Commission has its seat in Brussels.

Composition

The Commission is composed of one national of each member state, including the President of the Commission and the High Representative for Foreign Affairs and Security Policy who is one of its Vice-Presidents (TEU, Art. 17.4). As of 1 November 2014, the Commission was supposed to consist of a number of members, including its President and the High Representative for Foreign Affairs and Security Policy, which corresponds to two thirds of the number of member states (TEU, Art. 17.5). However, the European Council postponed the implementation of this provision, which aimed at reducing the number of EU Commissioners.

The Commission’s term of office is five years (TEU, Art. 17.3), and it is responsible to the European Parliament (TEU, Art. 17.7). The European Parliament may vote on a motion of censure of the Commission (TEU, Art. 17.8). If such a motion is successful, the Commission must resign as a body.

The President of the Commission is elected by the European Parliament based on a proposal by the European Council (TEU, Art. 17.7). The President of the Commission is a member of the European Council and has the following responsibilities:

- To lay down guidelines within which the Commission is to work;
- To decide on the internal organisation of the Commission;

- To ensure that the Commission acts consistently, efficiently and as a collegiate body.

Next to the President, the other important position in the Commission is that of the High Representative for Foreign Affairs and Security Policy (High Representative). The High Representative holds two different mandates. On the one hand, the High Representative is responsible for the EU's common foreign and security policy, which he carries out as mandated by the Council (TEU, Art. 18.2). In this capacity, the High Representative presides over the Foreign Affairs Council (TEU, Art. 18.3). On the other hand, the High Representative is one of the Vice-Presidents of the Commission (TEU, Art. 18.4). In this capacity, the High Representative is responsible for ensuring the consistency of the EU's external action. The European Council, acting in agreement with the President of the Commission, appoints the High Representative (TEU, Art. 18.1).

The other members of the Commission are selected by the Council and the President-elect of the Commission based on the suggestions made by the member states (TEU, Art. 17.7). They must be chosen based on their general competence and European commitment from persons whose independence is beyond doubt (TEU, Art. 17.3).

The Commission is organized in departments, known as Directorates-General (DG), and executive agencies. DG's develop and implement EU policies, while executive agencies manage specific programmes (a full list of the DGs and executive agencies is available at: <https://ec.europa.eu/info/departments>). At present, the Commission employs around 32000 persons.

Responsibilities

The Commission's responsibilities are set out in TEU, Art. 17.1:

- To promote the general interest of the Union and take appropriate initiatives to that end;
- To ensure the application of the EU Treaties, and of measures adopted by the institutions pursuant to them;
- To oversee the application of EU law under the control of the Court of Justice of the European Union;
- To execute the budget and manage programmes;
- To exercise coordinating, executive and management functions;

- To ensure the EU's external representation, with the exception of the common foreign and security policy;
- To initiate the EU's annual and multiannual programming with a view to achieving inter-institutional agreements.

The Commission plays a critical role for the adoption of legislative acts, as legislative procedures can, in principle, be initiated only by the Commission. The Commission is also responsible for negotiating international agreements and to represent the EU in its external relations. The Commission has also executive powers, such as in the area of competition law. The Commission is also authorized to initiate judicial proceedings before the Court of Justice of the European Union in cases when member states breach EU law.

The Commission makes decisions by a majority vote of its members (TFEU, Art. 250). The Commission is a collegiate body. This means that any decision made by a Commissioner is attributed to the Commission (Kaczorowska, 2010). The principle of collegiality is based on the equal participation of the commissioners in the adoption of decisions. The immediate consequence of this principle is that decisions should be the subject of collective deliberation and that all the members of the College of Commissioners bear collective responsibility at political level for all decisions adopted (Kaczorowska, 2010). Additionally, this principle means that each decision must be formally approved by the Commission. Failure to ensure this may render a measure invalid. The Commission must also follow its rules and procedures. Failure to comply with them makes a decision taken by the Commission challengeable before the Court of Justice of the European Union (Herdegen, 2020).

European Parliament

The EU is founded on representative democracy (TEU, Art. 10.1) and EU citizens are directly represented in the EU through the European Parliament. EU citizens are all those persons who are nationals of a member state of the EU. The Parliament is thus the institution that provides for democratic representation in the EU.

The European Parliament has its seat in Strasbourg where the 12 periods of monthly plenary sessions, including the budget session, are held. The periods of additional plenary sessions are held in Brussels. The committees of the European Parliament meet in Brussels while the

TABLE 2.2 The Distribution of Seats in the Parliament

Member State	Seats	Member State	Seats
Belgium	21	Estonia	7
Denmark	14	Latvia	8
Germany	96	Lithuania	11
Greece	21	Malta	6
Spain	59	Poland	52
France	79	Slovakia	14
Ireland	13	Slovenia	8
Italy	76	Czech Republic	21
Luxembourg	6	Hungary	21
The Netherlands	26	Cyprus	6
Austria	19	Bulgaria	17
Portugal	21	Romania	33
Finland	14	Croatia	12
Sweden	21	Total	702

NOTES After Brexit (i.e. the UK withdrawing from the EU), the total number of members of the Parliament will be 705. Adapted from Morano-Faodi and Neller (2020).

General Secretariat of the European Parliament and its departments are in Luxembourg.

Composition

The Parliament is composed of a maximum number of 751 representatives of the EU's citizens, including the President of the Parliament (TEU, Art. 14.2). The representation of EU citizens must be regressively proportional, with a minimum number of 6 seats, and a maximum of 96, per member state. Regressive proportionality means that the larger the population of a member state the higher the number of seats it has in the Parliament. However, it also means that a representative of a large state represents more citizens than a representative of a small state (Herdegen, 2020).

The members of the Parliament are elected for a term of five years by direct universal suffrage in a free and secret ballot (TEU, Art. 14.3). They are independent in the exercise of their mandate and not subject to any instructions. EU citizens can vote and stand as candidates for the Parliament when they reside in their country or in any other member state of the EU. The Parliament elects its President (TEU, Art. 14.5)

and up to 14 Vice-Presidents from among its members (European Parliament, 2021, Rule 17).

Members of the Parliament may establish political groups based on similar political affinities (European Parliament, 2021, Rule 33). A political group must consist of members elected in at least one-quarter of the member states with a minimum of 23 members for a political group. The following political groups are presently in the Parliament:

- Group of the European People’s Party (Christian Democrats);
- Group of the Progressive Alliance of Socialists and Democrats in the European Parliament;
- Renew Europe Group;
- Group of the Greens/European Free Alliance;
- Identity and Democracy Group;
- European Conservatives and Reformists Group;
- Confederal Group of the European United Left – Nordic Green Left.

Responsibilities

The Parliament exercises together with the Council legislative and budgetary functions and it also exercises political control functions (TEU, Art. 14.1). Specifically, this includes the following responsibilities:

1. The Parliament and the Council establish together the EU’s annual budget (TFEU, Art. 314).
2. In the ordinary legislative procedure, which is the standard law-making procedure in the EU, as well as in special legislative procedures, a legislative act is adopted only if the Parliament votes in favour of it (TFEU, Art. 294).
3. The Parliament may request the Commission to submit a proposal on matters on which it considers that an EU act is required (TFEU, Art. 225).
4. The EU may conclude the following international treaties only with the consent of the Parliament (TFEU, Art. 218.6):
 - association agreements;
 - agreement on Union accession to the European Convention for the Protection of Human Rights and Fundamental Freedoms;

- agreements establishing a specific institutional framework by organising cooperation procedures;
 - agreements with important budgetary implications for the Union;
 - agreements covering fields to which either the ordinary legislative procedure applies, or the special legislative procedure where consent by the European Parliament is required.
5. Accession of a state to the EU requires the consent of the Parliament (TEU, Art. 49).
 6. The Parliament elects the President of the Commission (TEU, Art. 14.1).
 7. The Parliament may set up a temporary committee of Inquiry to investigate alleged violation of EU law, except where the case is being examined by a court (TFEU, Article 226).
 8. The Parliament may, by means of a motion of censure, dismiss the Commission, including the High Representative for Foreign Affairs and Security Policy (TFEU, Art. 234).

The Parliament makes decisions by a majority of the votes cast, unless the EU Treaties require another majority (TFEU, Art. 231). A quorum, i.e., the capacity to make decisions, exists when one third of the members of the Parliament are present (European Parliament, 2021, Rule 178.2).

The Court of Justice of the European Union

The Court of Justice of the European Union (CJEU) is the judicial institution of the EU. It includes the Court of Justice, the General Court and specialised courts (TEU, Art. 19.1). The European Union Civil Service Tribunal is so far the only specialized court. The CJEU has its seat in Luxembourg.

Composition

The Court of Justice consists of one Judge from each member state and is assisted by Advocates-General. The Advocates-General, in total eight, assist the Court of Justice by making submissions related to cases to be decided by the Court of Justice (TFEU, Art. 252). The Judges and Advocates-General of the Court of Justice are appointed for a term of six years by agreement between the governments of the member states (TFEU, Art. 253). They are chosen from persons whose independence is

beyond doubt and who possess the qualifications required for appointment to the highest judicial offices in their respective countries or who are *jurisconsults* of recognized competence.

The General Court includes at least one judge per member state. Since 2019, there are two judges from each member state due to increased workload (Morano-Faodi & Neller, 2020). The judges of the General Court are appointed by the governments of the member states for a term of six years. They must be independent and demonstrate independence, and possess the ability required for appointment to high judicial office (TFEU, Art. 254).

Jurisdiction

The CJEU is responsible for ensuring that in the interpretation and application of the EU Treaties the law is observed (TEU, Art. 19.1). In fulfilling this responsibility, the CJEU has jurisdiction in the following cases (TEU, Art. 19.3):

- To rule on actions brought by a member state, an institution or a natural or legal person;
- To give preliminary rulings, at the request of courts or tribunals of the member states, on the interpretation of Union law or the validity of acts adopted by the institutions;
- To rule in other cases provided for in the EU Treaties.

This general jurisdiction is divided between the General Court and the Court of Justice. The General Court, as the first instance court, has jurisdiction to hear and decide on the following cases:

- Actions brought by a member state, the European Parliament, the Council or the Commission concerning an EU act on grounds of lack of competence, infringement of an essential procedural requirement, infringement of the Treaties or of any rule of law relating to their application, or misuse of powers;
- Actions brought by the Court of Auditors, by the European Central Bank and by the Committee of the Regions for the purpose of protecting their prerogatives;
- Actions brought by natural or legal person against an act addressed to that person or which is of direct and individual concern to them, and against a regulatory act which is of direct concern to them and does not entail implementing measures;

- Actions brought by natural or legal persons against acts of other EU bodies, offices or agencies intended to produce legal effects in relation to them;
- Actions brought by the member states and other institutions of the EU for a failure to act by the European Parliament, the European Council, the Council, the Commission or the European Central Bank, as well as other bodies, offices and agencies of the EU which fail to act;
- Actions brought by natural or legal persons that an EU institution, body, office or agency has failed to address to that person any act other than a recommendation or an opinion;
- Disputes relating to compensation for damage.

Decisions of the General Court may be appealed before the Court of Justice. In all other instances where the CJEU has jurisdiction, the Court of Justice is the court of first instance. Decisions given by specialised courts may be appealed before the General Court (TFEU, Art. 257). The CJEU has no jurisdiction with respect to acts relating to the common foreign and security policy (TFEU, Art. 275). The CJEU has through its case law and methods of interpretation significantly developed the legal framework of the EU. Its case law on the direct effect of EU law with primacy over national law, the establishment of general principles of EU law, the liability of member states for failure to implement EU law are just a few examples of the impact of the CJEU on the legal system of the EU and its member states.

The European Central Bank

The European Central Bank (ECB) is the core institution of the European System of Central Banks (ESCB) whose primary objective is to maintain price stability and to support the general economic policies of the EU (TFEU, Art. 127). The ECB has the exclusive right to authorize the issue of euro banknotes within the EU (TFEU, Art. 128).

The main bodies of the ECB are the Governing Council and the Executive Board (TFEU, Art. 129). The Governing Council comprises the members of the Executive Board of the ECB and the governors of the national central banks of the Member States whose currency is the euro. The Executive Board comprises the President, the Vice-President and four other members who are appointed by the European Council from among persons of recognised standing and professional experience in monetary or banking matters.

The Governing Council formulates the monetary policy of the EU including, as appropriate, decisions relating to intermediate monetary objectives, key interest rates and the supply of reserves in the ESCB and establishes the necessary guidelines for their implementation.

The Executive Board implements the monetary policy in accordance with the guidelines and decisions laid down by the Governing Council and gives the necessary instructions to national central banks.

The ECB and national central banks of the member states are independent in the performance of their tasks (TFEU, Art. 130). The ECB has its seat in Frankfurt.

The Court of Auditors

The Court of Auditors is responsible for auditing EU institutions (TFEU, Art. 285). More specifically, the Court of Auditors:

- Examines the accounts of all revenue and expenditure of the EU institutions;
- 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;
- Examines whether all revenue has been received and all expenditure incurred in a lawful and regular manner and whether the financial management has been sound.

It consists of one national of each member state who must be completely independent in the performance of their duties, and act solely in the EU's general interest (TFEU, Art. 285). The members of the Court of Auditors are chosen from among persons who belong or have belonged in their respective States to external audit bodies or who are especially qualified for this office (TFEU, Art. 286). They are appointed for a term of six years. The Court of Auditors has its seat in Luxembourg.

Other EU Institutions

European Economic and Social Committee and Committee of Regions

The Economic and Social Committee and the Committee of Regions advise the European Parliament, the Council and the Commission.

The Economic and Social Committee consists of representatives of organisations of employers, employees, and other parties' representative of civil society, notably in socioeconomic, civic, professional and

cultural areas (TFEU, Art. 300.3). The Committee of the Regions consists of representatives of regional and local bodies who either hold a regional or local authority electoral mandate or are politically accountable to an elected assembly (TFEU, Art. 300.4). The members of both committees are independent in the exercise of their functions. Both committees have their seat in Brussels.

European Investment Bank

The task of the European Investment Bank (EIB) is to contribute to the balanced and steady development of the internal market in the interest of the EU. For this purpose the EIB, operating on a non-profitmaking basis, grants loans and gives guarantees which facilitate the financing of the following projects in all sectors of the economy:

- Projects for developing less-developed regions;
- Projects for modernising or converting undertakings or for developing fresh activities called for by the establishment or functioning of the internal market, where these projects are of such a size or nature that they cannot be entirely financed by the various means available in the individual member states;
- Projects of common interest to several member states which are of such a size or nature that they cannot be entirely financed by the various means available in the individual member states.

The members of the EIB are the Member States. The EIB has its seat in Luxembourg.

Concluding Observations

The institutional architecture of the EU reflects the attempt to bring together institutional concepts of international organizations and of a federal state. The European Council and the Council represent the political interests of the member states. The European Parliament provides the democratic element within the EU but falls short of the powers of a parliament in a state (Hartley, 2014). The Commission is the institutional component that independently promotes EU integration, but it must negotiate with the Council and the European Parliament to achieve this goal (Craig & de Burca, 2020). The Court of Justice of the EU, although a judicial body, has also continuously provided an interpretation of the EU Treaties that furthers European integration by

strengthening the EU, increasing the effectiveness of EU law, especially in relation to national law, and enlarging the powers of the EU institutions (Hartley, 2016). While this has indeed promoted EU integration, it has also exposed the Court of Justice of the EU to criticism that it is acting outside its authorizations under the EU Treaties raising questions about the political acceptance of its judgments in member states (Official Journal of the European Union, 2016). In sum, the EU institutional architecture is a complex system that requires a thorough understanding of its structure and processes to understand and interact effectively with the EU.

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